



**ANNUAL REPORT AND  
ACCOUNTS**

**FOR YEAR ENDED  
31 MARCH 2010**





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Ron and Robert Laphorn

Second Severn Crossing from Black Rock, Portskewett  
(The main shipping channel is visible between the two towers)

# The Trustees



Anthony Potts      Barry Leat      Mike Johnson      Tom Appleby      Carl Merry      Derek Hughes  
 John Powell      Garry Strickland      Edmund Dorman      John Beevor      Basil Booth

## TRUSTEES

<b>Name</b>	<b>Category</b>
Tom Appleby	Environmental Interest
Basil Booth	Environmental Interest
John Beevor	Legal Affairs
Edmund Dorman	Chairman
Derek Hughes	Maritime Interest / Vice-Chairman
Michael Johnson	Principal Operational Officer
Carl Merry	Maritime Interest
Barry Leat	Maritime Interest
Anthony Potts	Community Interest
John Powell <sup>†</sup>	Community Interest
Garry Strickland	Maritime Commercial Interest

<sup>†</sup> Stood down at the end of 2009 through pressure of other commitments. Vacancy not yet filled.



## **CHAIRMAN'S REPORT**

I have pleasure in introducing the Gloucester Harbour Trustees' annual report and accounts.

We began the year in a state of some uncertainty about what the future might hold. The previous year's activities had been something of a roller-coaster ride with some very good months and some very poor months. Our neighbouring ports in the Severn Estuary had all suffered a considerable down-turn in their trade and we felt that it was only prudent to take a conservative view of the activity we might expect during 2009/2010, which would directly affect our level of income. We are very dependent on the harbour dues paid by commercial ships entering and leaving Sharpness for our income and had to assume that this would be less than previous years. The Trustees therefore agreed that the rate would have to rise at the beginning of the financial year for the first time since July 2007. We also looked very carefully at our expenditure and reluctantly agreed that the maintenance programme would be limited to essential repairs and routine work and any major improvement work would be put on hold for the time being.

As the year progressed we were pleased to discover that trade to Sharpness was holding up well. This is due in no small part to the efforts of the local port operator, Sharpness Dock Ltd, in maintaining existing customers and attracting new business to the port. Sharpness has been able to offer a good service to the smaller ships which are currently trading in the harbour area and has been less affected by the global downturn in shipping than other ports.

It became clear towards the end of the financial year that, as a result of this prudent management, GHT would after all be able to make a small surplus. We, as Trustees, were therefore pleased to be able to authorise the expenditure on a number of schemes to bring some of the older navigation aids up to modern safety standards which had been shelved at the beginning of the year. We feel that this work is to the benefit of our stakeholders, the users of our Harbour.

We had a very successful lunch in January when many of our commercial stakeholders were invited to meet the Trustees and learn more about the work which we do. We intend to repeat this initiative and hope to widen the guest list and include our leisure and community stakeholders.

Most of the Trustees and staff were able to attend the latest training seminar organised by the Department for Transport and the British Ports Association and we now feel that we meet the criteria set down in the DfT's latest guidance, Modernising Trust Port 2.

We look forward to the challenges of the next financial year determined to maintain our high standards, come what may.

A handwritten signature in black ink, which appears to read "Edmund Dorman".

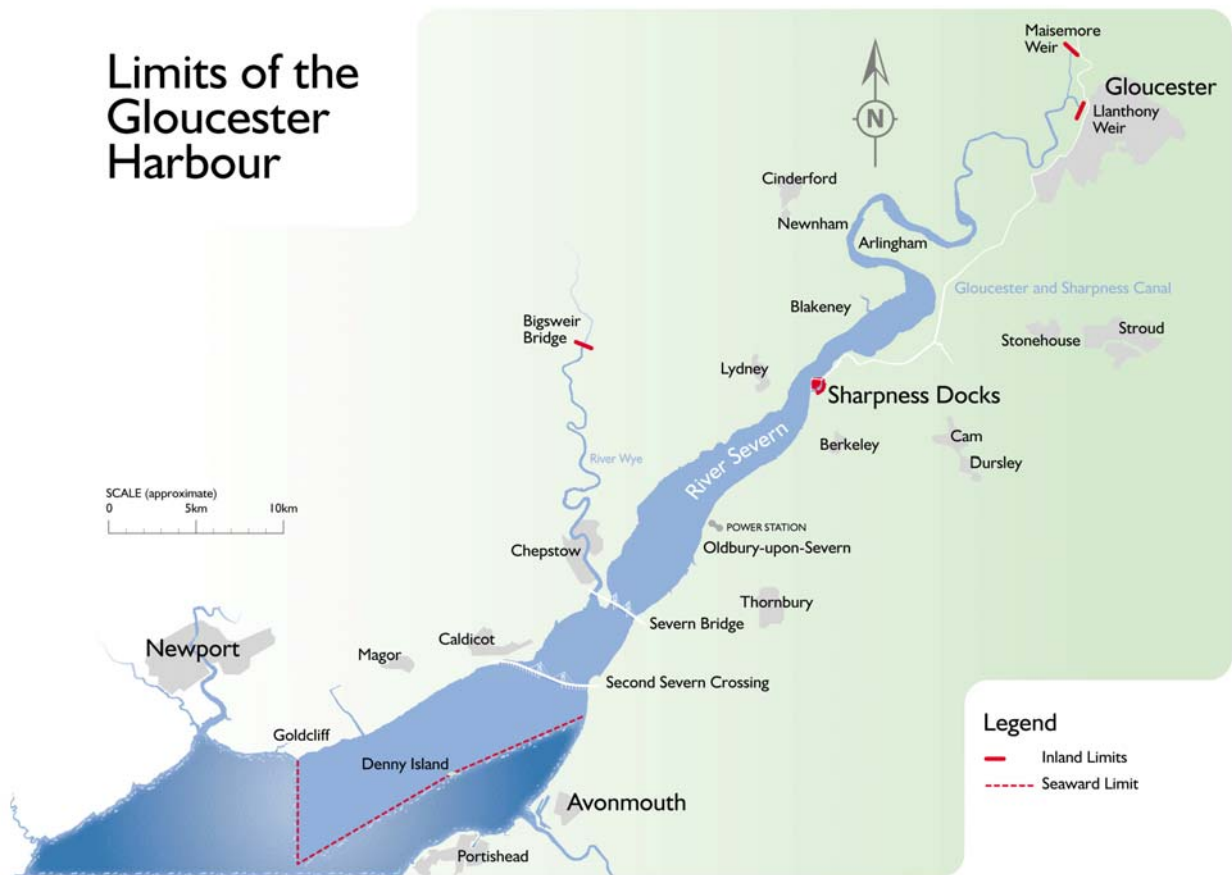
**Edmund Dorman  
Chairman of GHT**

# The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2010

## INTRODUCTION

GHT is the competent harbour authority for the Gloucester Harbour. Its main duties and responsibilities are to provide a pilotage service, to provide and maintain navigation aids and generally to ensure the safety of navigation within the Gloucester Harbour. GHT is a statutory body and the Gloucester Harbour is classed as a Trust Port. Its powers are derived from general legislation and local Acts and Orders. The Trustees aim to break-even taking one year with another and any surplus is reinvested for the benefit of the Harbour. In addition, a small contingency fund has built up over the years through prudent management which is kept in reserve to deal with any unforeseen emergency.

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



Pilotage is compulsory for vessels over 100 dwt and this service is provided by self-employed pilots licensed by GHT. There are between 400 and 500 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. Both the docks and the dry dock at Sharpness are operated by private sector companies and the Trustees do not own or operate any docks, quays, marinas or loading/unloading facilities.

In this report the Trustees 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**

The Trustees have as their overriding consideration the safety of navigation within the Gloucester Harbour, which is achieved through the provision of a pilotage service and aids to navigation.

The Trustees aim to run an efficient, effective and economic operation for the benefit of all stakeholders, In particular, the Trustees continues 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.

## **BACKGROUND INFORMATION ABOUT THE TRUSTEES**

Ten 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.

The Trustees are responsible for the overall strategy and performance of the Authority. They are not appointed as representatives of any organisation or interest and, apart from the Chairman, receive no remuneration other than occasional expenses incurred in carrying out their duties and functions.

### **Tom Appleby**

Non-practising solicitor and senior lecturer working in the Faculty of the Built and Natural Environments of the University of the West of England; property and constitutional lawyer with research interests in marine environmental matters; visiting research fellow at the University of Bristol Law School

### **John Beevor**

Solicitor with wide commercial experience

### **Basil Booth**

Farmer; County Councillor; member of ASERA

### **Edmund Dorman (Chairman)**

Former ship-owner and timber sales consultant

### **Derek Hughes (Vice-Chairman)**

Experienced shipping broker and agent / ship manager

### **Mike Johnson**

GHT's Marine Officer / Harbour Master – appointed a Trustee as Principal Operational Officer under the 2002 HRO

### **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

### **John Powell**

Freelance journalist and writer; local fishing and estuarial interests

### **Garry Strickland**

General Manager of Sharpness Dock Ltd, the port operator at Sharpness

## TRUSTEES' ATTENDANCE RECORD

Trustee	Possible Attendances	Actual Attendances
Tom Appleby	6	4
John Beevor	6	5
Basil Booth	6	4
Edmund Dorman	6	6
Derek Hughes	6	6
Mike Johnson	6	5
Barry Leat	6	4
Carl Merry	6	6
Anthony Potts	6	6
John Powell	4	3
Garry Strickland	6	5

## OFFICERS

Harbour Master/Marine Officer	Mike Johnson Eng Tech AMIIE AMNI
Finance Officer	Katrina Douglas FCA
Administrative Officer	Rosemary Elsey

The day to day running of the Authority is carried out by a small staff based at Sharpness who report to the bi-monthly meetings of the Trustees. 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.

### Mike Johnson

Former merchant marine officer with an engineering / technical background and considerable experience of ocean-going yachts as Yachtmaster.

### Katrina Douglas

Qualified accountant with experience working for several large organisations and more recently as a freelance with a portfolio of local clients.

### Rosemary Elsey

A graduate with more than ten years' experience working for GHT, provides administrative support to the Trustees and acts as Clerk.

The licensed Pilots (GPP) are self-employed but one acts as Duty Pilot on a rota basis and is deemed to be an officer of the Trustees during his period of duty. GPP also provides relief harbour master services when GHT's Marine Officer is unavailable

## PROFESSIONAL ADVISERS

In addition to its own expertise, GHT engages from time to time such professional advice as is believed necessary to ensure that decisions made are best advised and that the activities of the Harbour Authority meet all requirements and standards.



## 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.

The guidance contained in the Department for Transport's document 'Modernising Trust Ports 2' stresses the requirement for trustees to receive training to enable them to undertake their role effectively. To this end, most of GHT's Trustees and staff, together with representatives from the Newport and Teignmouth Harbour Commissioners, attended an interesting and informative trust port briefing/training session organised by the British Ports Association and the Department for Transport which was held in Cheltenham in November 2009.

## SAFETY

Safety continues to be of paramount importance to the Trustees who 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. The Trustees are committed to performing their duties and responsibilities in a safe and efficient manner.

The Trustees, as Duty Holder, formally certified continued compliance with the Port Marine Safety Code at their meeting on 16 January 2009 and confirmed this to the MCA. All procedures and policies are reviewed at regular intervals and updated as appropriate. GHT's Designated Person reviews all safety documents on a regular basis and reports his findings to the Board.

Following consultation with the pilots, a section setting out port specific best practice for undertaking acts of pilotage and the management of a passage in adverse conditions had now been added to the Safety Management Plan.



GHT's officers have regular meetings with British Waterways staff to discuss matters of mutual interest and concern. New systems were introduced by BW to cover the duties of the Sharpness harbour masters when these posts were made redundant and GHT and GPP have reviewed a number of minor teething problems with senior managers at BW.

BW's project to replace the 50 year-old outer lock gates at Sharpness was undertaken at the beginning of March 2010. Careful planning ensured that there was minimal disruption to port operations and the work was completed in the scheduled two-week period while the port was closed. Remedial work to replace rotten timber is continuing on the North Pier.

Work in progress on the installation of the new lock gates

There have been several well-publicised large Bores during the year which attracted considerable numbers of surfers and hundreds more spectators on the bank. However, concerns continue to be expressed about the behaviour of some motor-boats on the water and the potential danger they represent to surfers. Some onlookers were also disappointed that the activities of a small number of irresponsible boats had spoiled the spectacle. Boat owners have been reminded of appropriate behaviour on the river where a 12 knot speed limit is in force and extensive guidance is available on GHT's website. The Environment Agency has agreed

to reincorporate a reference to this safety guidance in the 2011 edition of its brochure publicising the Severn Bore. The MCA shares GHT's concerns about safety and has endorsed GHT's guidance by authorising the inclusion of its official logo.

The Trustees have no wish to interfere with the public's right to enjoy the Bore phenomenon but have a duty to educate participants in responsible behaviour so that all can enjoy the spectacle in safety.



Photo by kind permission of Mark Humpage: [www.mhweather.co.uk](http://www.mhweather.co.uk)

## **ENVIRONMENT**

The Trustees have environmental duties placed upon them by both British and European legislation. In particular, this requires GHT to have regard to the environmental impact of any proposed works or activities in the Harbour. The long-standing application to dredge on the North Middle Grounds has now been submitted to the Welsh Assembly Government for determination and a decision is expected in the near future.

The Trustees have close links with the bodies responsible for the management of the River Wye (Marine) Special Area of Conservation (SAC), and Severn Estuary SAC, which has now been formally designated by the European Commission. GHT continues to consult Natural England, the Countryside Council for Wales and the Environment Agency on matters of mutual interest in relation to the Severn Estuary and River Wye.

GHT has continued to comment to the Department for the Environment and Climate Change and to Parsons Brinkerhoff, the co-ordinators of the feasibility study into generating power from the Severn Estuary. GHT is anxious to ensure that the potential impact on shipping in the upper estuary is taken into account and has provided data to inform this process.

GHT has also been consulted by Horizon Nuclear Power as part of its preliminary planning for a potential scheme to build a new nuclear power station at Oldbury.

Issues surrounding the proper body to determine a long-standing application for sand dredging on the North Middle Grounds have finally been resolved, and the application is now with the Welsh Assembly Government. GHT will be officially consulted in its role as a "regulator".

GHT is mindful of the need to reduce energy consumption and to use renewable resources and, where this is compatible with its statutory duties, takes this into account in its activities, particularly in the planning of the maintenance programme.

## PILOTAGE

The pilotage service is provided by the self-employed pilots, licensed by GHT, who make up the Gloucester Pilots Partnership. Traffic levels are carefully monitored to ensure that these can be managed safely by the appropriate number of licensed pilots: three pilots are currently needed to operate the service safely.

Ken Higgs, the senior pilot, retired at the end of June after more than thirty-five years' service. He was the last pilot to have served his apprenticeship on the Severn and the Trustees marked his long service with a formal lunch. His replacement is continuing his training with a view to full authorisation in the near future.

The training and licensing regime for pilots has been updated to take account of the fact that fewer, but generally larger, ships are using Sharpness and the steps to full authorisation now reflect this trend.

Pilot exemption certificates have been issued to the two masters of a dredger working in the Gloucester Harbour and these are reviewed annually.

A selection of the ships piloted in the Gloucester Harbour during 2009/2010



The Earl of Pembroke and the Kaskalot sailing to Sharpness for the Gloucester Festival of Sail in May 2009

A sand dredger, the Agabay



The Arklow Rainbow sailing under the old Severn Bridge



The Flinterzee coming into Sharpness March 2010



The Sprinter near the Lyde Light

Photographs courtesy of Mike Nash

## 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. The Pilot Watch Radar system has again worked well during the year.

GHT has a regular 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. Over the last few years, the GHT has been able to replace a number of these structures, many of which are over 100 years old and in need of modernisation. This work is undertaken when funds permit.

As part of this programme the old lattice-work lighting mast at Sheperdine was taken down in early March and replaced with a modern hydraulic column which can be maintained more easily and safely. The old structure had probably been in place since 1906 and was in poor condition and beyond economic repair.

In addition, work to replace the old fashioned light at Chapel Rock with a modern lighting column and refurbish the lantern housing at Berkeley Pill is in progress and will be completed shortly.



Work to dismantle old light in progress at Sheperdine

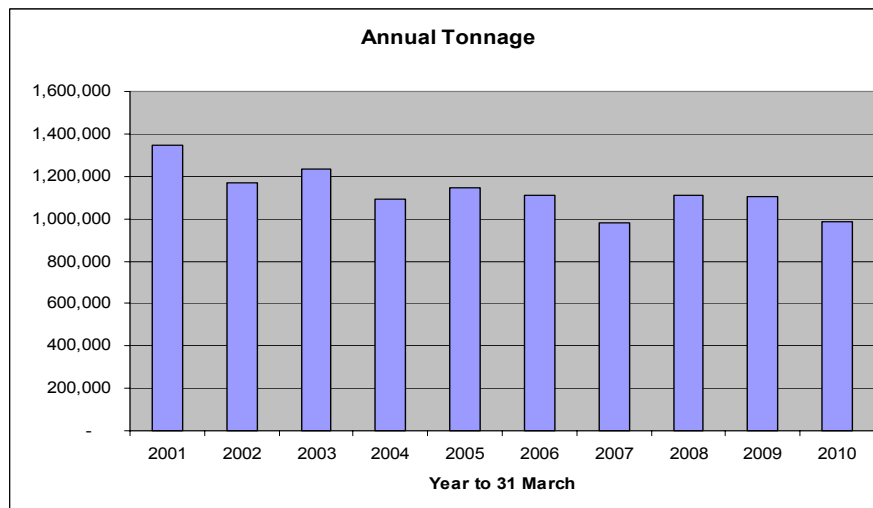


New lighting column in place

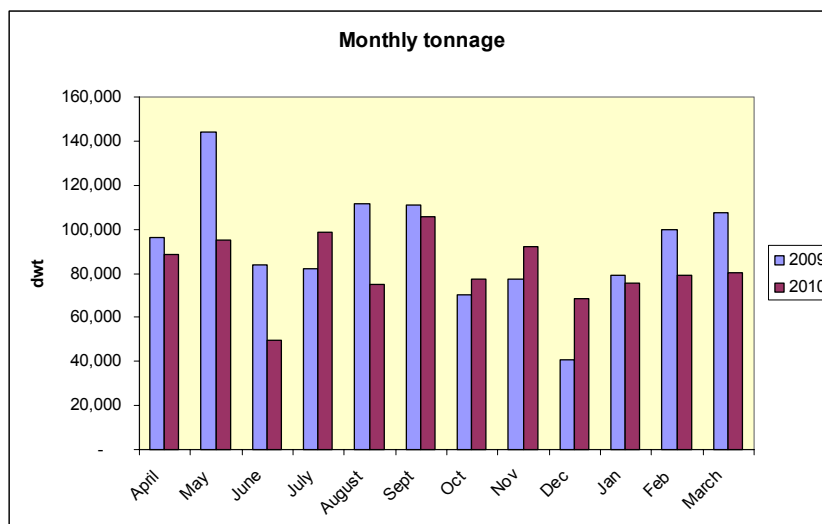
The operators of the Second Severn Crossing recently asked permission to extinguish the viaduct lights fitted to the bridge caissons. Their maintenance, for which the operators are responsible, can only be undertaken by workers abseiling down from the bridge which is a time-consuming and potentially hazardous procedure. GHT consulted Trinity House and harbour users including commercial operators, pilots, pilot exemption certificate holders and leisure users who generally agreed that these viaduct lights served no useful navigational purpose. With the permission of Trinity House these lights have now been discontinued, though the situation will be reviewed periodically. The bridge operators have agreed to install a conspicuous day mark on the Lady Bench light to aid all mariners navigating upstream of the bridge.

## FINANCE

As GHT is a conservancy body and does not own any land or own/operate any docks or quays, it is not in a position to generate income from cargo handling, leisure boat use, or other commercial activities. The Trustees derive most of their income from the charges levied on ships coming to or going from the port of Sharpness. Their 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 tonnage of the ships using Sharpness has been in the region of 1,000,000 dwt.

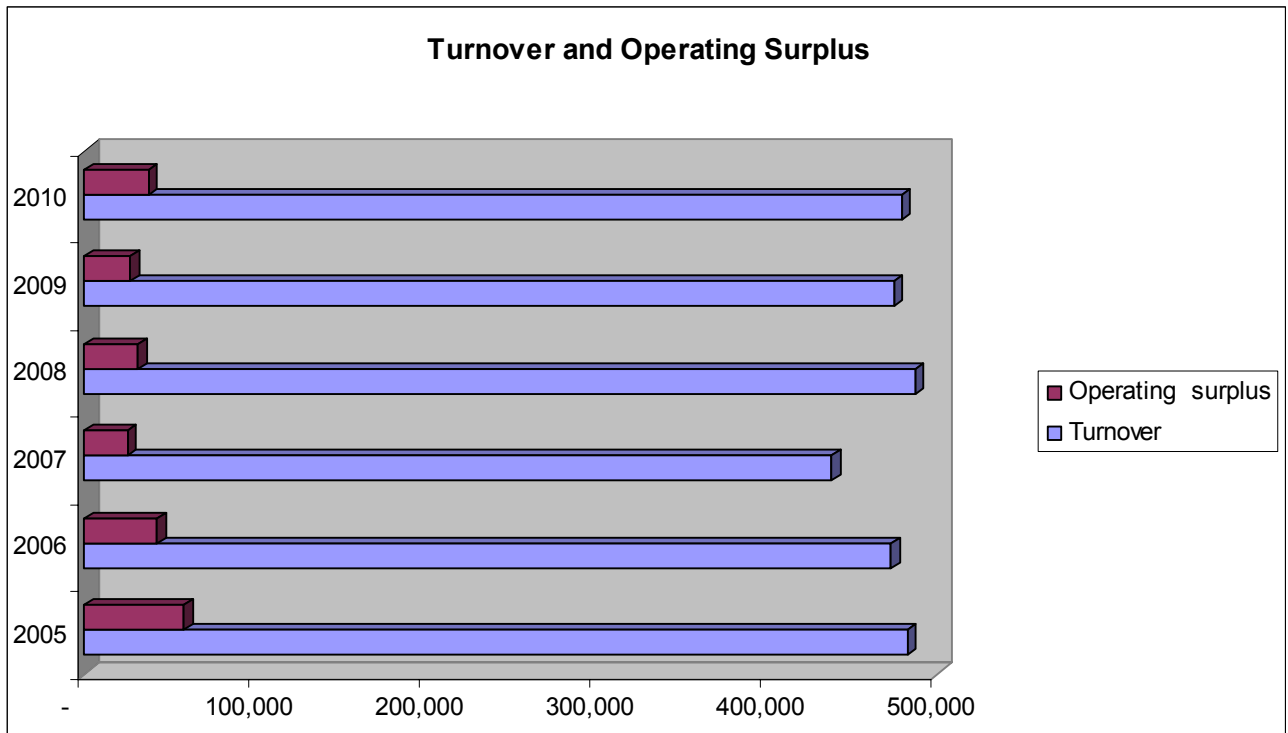


The Trustees took a very conservative view at the beginning of the financial year and based their expenditure on an expectation of an average monthly dwt of 75,000, which meant that plans for major improvements to navigation aids were temporarily put on hold. They had also decided that the pilotage rate in place since 2007 could no longer be maintained at that level and introduced a small increase.



After the fluctuations of the previous year, the level of shipping has, in fact, been much more stable this year and generally above the expectations underlying GHT's forecast for the year.

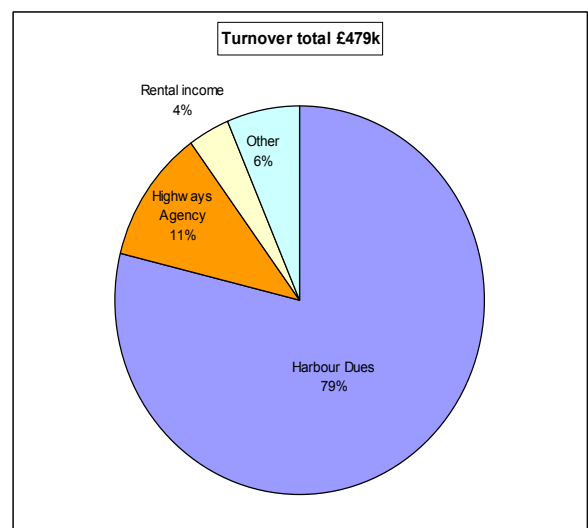
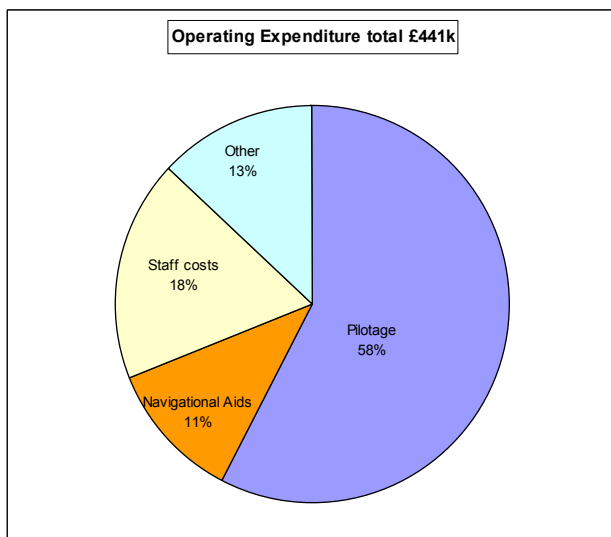
In the event, the increase in the harbour dues coupled with a slightly higher level of trade than anticipated, led to the generation of a small operating surplus before depreciation, interest and tax of £38,500 at the end of the year.



Most of the key performance indicators identified by DfT in its recent guidance 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.

GHT has, therefore, chosen to measure its performance using profitability (which is defined as profit ie earnings before interest, tax and depreciation divided by turnover) as its benchmark. Profitability for the year ended 31 March 2010 is 8.0% which compares favourably with the 2008/9 figure of 5.8%.

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



## **STAKEHOLDER BENEFIT**

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

GHT sees the users of the Harbour as its stakeholders and believes that their interests are best served by continuing investment in the improvement of the aids to navigation and other measures to ensure safety in the Harbour area.. The long-term programme of maintaining and upgrading the aids to navigation for the benefit of Harbour users therefore continues with significant work undertaken each year to upgrade and modernise the older structures and ensure that all remain effective and efficient. The surpluses generated in recent years have ensured that this work can be funded from within GHT's resources.

At the beginning of the financial year, the Trustees had decided to restrict the works programme to essential maintenance in anticipation of a difficult financial year. However, it became clear after a few months that trade was ahead of expectation and funds would, after all, be available for work to upgrade some of the older structures and improve safety. Consequently, the Trustees were pleased to approve the following projects which will directly benefit GHT's stakeholders and contribute to the safe operation of the Harbour:

- Installation of new lighting masts at Sheperdine and Chapel Rock
- Refurbishment of Berkeley rear light
- Purchase of two gangways to improve safety of boarding and landing at Sharpness
- Installation of new tide gauge at Sharpness to give improved information on tide heights over the cill (in collaboration with British Waterways)

## **OTHER ACTIVITIES**

As a purely conservancy body rather than a port operator, GHT has fewer opportunities for engaging with its stakeholders than more conventional harbour authorities. However, the Advisory Body continues to provide a useful forum for organisations with an interest in the work of the Trustees to exchange views and question Trustees and their officers on any matters of concern. They were also represented at a lunch hosted by GHT in January for its commercial stakeholders to give them an opportunity to meet the Trustees. This was so successful that the Trustees have decided to make this an annual event and invite representatives from all its stakeholders both commercial and leisure/sporting.

During the year the Trustees have, either by invitation or in their role as statutory consultees, provided comment or responses to several proposals and studies, including:

- Feasibility Study on Severn Tidal Power
- Potential new nuclear power station at Oldbury

Other organisations with which GHT has links include:

- British Ports Association
- South West Regional Ports Association
- ASERA (Association of Severn Estuary Relevant Authorities)
- Bristol Channel VTS User Group

## THE YEAR AHEAD

The Trustees have again taken a conservative view of the level of shipping activity likely in the next twelve months and have assumed that trade will remain at the current level in the coming financial year. Costs will continue to be monitored carefully and the Trustees have concluded that GHT's current high standards can be maintained within the anticipated level of income, which is mainly derived from the due paid by ships trading to Sharpness. They have therefore agreed to maintain the current level of harbour dues at 35p per dwt, but will continue to monitor levels of shipping and review this policy if necessary later in the year. Work will continue through the year on the scheduled programme of routine maintenance and repairs.



The Waverley on a trip to Sharpness June 2009

### GHT OFFICE:

Navigation House, The Docks, Sharpness, Berkeley, GL13 9UD

Tel: 01453 811913

Fax: 01453 810381

Website: [www.gloucesterharbourtrustees.org.uk](http://www.gloucesterharbourtrustees.org.uk)



## **TRUSTEES' RESPONSIBILITIES**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law 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 company 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 company 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 16 July 2010 and signed on their behalf by the Chairman.

Signed .....

## **REPORT OF THE AUDITORS TO THE TRUSTEES OF THE GLOUCESTER HARBOUR TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010**

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2010 on pages 20 to 31. 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 17, 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 2010 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 matter 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 2010

	Notes	2010	2009
		£	£
Income	2	479,344	467,437
Expenditure	3	440,844	440,499
			<hr/>
<b>Operating surplus before Depreciation and interest</b>		38,500	26,938
Provision for depreciation	8	(12,851)	(11,507)
Income from investments	11	9,414	7,569
Profit/(loss) on disposal of Investments	11	14,995	(923)
		<hr/>	<hr/>
<b>Net surplus before taxation</b>	4	50,058	22,077
Corporation tax at 21% (2009 - 21%) Current	5	(6,038)	(4,241)
Deferred taxation	6	(584)	(162)
		<hr/>	<hr/>
<b>Net surplus for the year</b>	12	43,436	17,674
		=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Balance Sheet as at 31 March 2010

	Notes	2010	2009
		£	£
<b>Fixed assets</b>			
Tangible assets	8	122,853	128,988
		_____	_____
		122,853	128,988
		_____	_____
<b>Current assets</b>			
<b>Debtors:</b> due within one year	9	47,703	72,653
Bank balances		94,684	111,703
Cash		146	102
Other Investments	11	309,750	226,353
		_____	_____
		452,283	410,811
		_____	_____
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	10	68,609	76,519
		_____	_____
<b>Net current assets</b>		<b>383,674</b>	<b>334,292</b>
		_____	_____
<b>Total assets less current liabilities</b>		<b>506,527</b>	<b>463,280</b>
		_____	_____
<b>Long Term Liabilities</b>			
Creditors: amounts falling due	10	20,144	20,917
After more than one year		_____	_____
<b>Total Assets less Total Liabilities</b>		<b>486,383</b>	<b>442,363</b>
		_____	_____
<b>Provisions for liabilities and charges</b>	6	(795)	(211)
		_____	_____
<b>Net assets</b>		<b>485,588</b>	<b>442,152</b>
		=====	=====
<b>Capital and reserves</b>			
Income and expenditure reserve	12	485,588	442,152
		=====	=====

Signed on behalf of the Trustees

E Dorman (Chairman) .....

K Douglas (Finance Officer) .....

Dated: 16 July 2010

## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2010**

#### **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.

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

#### 2 Income

	2010	2009
	£	£
Harbour Dues (Pilotage & Conservancy)	377,851	383,528
Pilotage Exemption Certificate Income	857	787
Conservancy Dues Income	2,341	3,056
Highways Agency	53,385	52,449
Contribution towards repairs, maintenance and lighting:- Magnox BNFL	25,065	10,428
Bank Interest received	256	3,354
Other Interest received	6	512
Licensing fees received	470	786
Navigation House Rental & Service Charges Income	17,501	12,237
Other Income	1,612	300
<b>Total Income</b>	<b>479,344</b>	<b>467,437</b>
	=====	=====



## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

#### 3 Expenditure

	<b>2009</b>	
	£	£
<b>Conservancy and Administration</b>		
Navigational Aids Repairs and Maintenance	29,022	19,071
Beacon and radar costs on behalf of Highways Agency	6,496	5,317
Lighting supplies	2,904	2,007
Workshop Accommodation costs	6,897	6,842
Vehicle costs (excl Depreciation)	1,015	1,068
Boat costs (excl Depreciation)	754	458
Lights maintenance contract	8,750	18,365
Navigation House Costs (excl Depreciation)	15,809	5,171
Establishment and administration costs	52,154	54,870
Marine Officer costs	50,601	47,847
Audit fee	3,200	3,170
Subscriptions and licences	1,489	1,777
River Surveys	3,260	3,168
Professional advice and expenses	3,008	2,041
Oil Spill Measures	550	1,127
Software for radar recording system	-	2,394
Investment administration charges	880	2,492
	<u>186,789</u>	<u>177,185</u>
	=====	=====
	<b>2010</b>	<b>2009</b>
	£	£
<b>Pilotage</b>		
Pilotage contract	216,802	228,309
Boarding and landing fees	29,253	27,025

Pilots' lodge facilities	7,812	7,330
Other Costs	188	650
	<u>          </u>	<u>          </u>
	254,055	263,314
	=====	=====
<b>Total Expenditure</b>	<b>440,844</b>	<b>440,499</b>
	<b>=====</b>	<b>=====</b>

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

	2010	2009
<b>4 Surplus before Taxation</b>	50,058	22,077

Surplus before taxation is stated after charging/(crediting)

Depreciation charge for the year:-		
Tangible owned fixed assets	12,851	11,507
Adjustment on disposal of investments	14,995	923
Auditor's remuneration	3,200	3,170

<b>5 Taxation</b>	<b>2010</b>	<b>2009</b>
Domestic current year tax:-		
UK Corporation tax	6,038	4,241

Current tax charge	6,038	4,241
	=====	=====

Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	50,058	22,077
	=====	=====

Profit on ordinary activities before tax multiplied by standard rate of tax - 21% (2009 21%)	10,512	4,636
---	--------	-------

Effect of :-		
Depreciation	2,699	2,417
Capital allowances	(2,057)	(1,151)
Other tax adjustments	(5,116)	(1,661)
	(4,474)	(395)

Current tax charge	6,038	4,241
	=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

#### 6 Deferred Taxation

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

		<b>2009</b>
	<b>£</b>	<b>£</b>
Decelerated Capital Allowances	(795)	(211)
	-----	-----
Deferred taxation liability	(795)	(211)
	=====	=====
		<b>£</b>
Balance at 1 April 2009		(211)
Movement in the year		<u>(584)</u>
Balance at 31 March 2010		<u>(795)</u>
		=====

#### 7 Employees

	<b>2010</b>	<b>2009</b>
The average weekly number of persons employed during the year was	2	2
	==	==
Staff costs (for the above persons):-		
Wages and salaries	63,603	60,373
Pension contributions	9,337	8,819
Social security costs	5,948	5,640

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

#### 8 Fixed Assets

	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Furniture</b>	<b>Marine Equipment</b>	<b>Property</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>						
At 1 April 2009	12,185	39,432	3,908	38,556	157,646	251,727
Additions	-	2,500	1,892	2,324	-	6,716
Adjustment	-	-	-	-	-	-
Disposals	-	6,241	-	-	-	6,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	12,185	35,691	5,800	40,880	157,646	252,201
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>						
At 1 April 2009	12,185	38,125	3,908	23,932	44,589	122,739
Charge for year	-	827	378	5,340	6,306	12,851
Adjustment	-	-	-	-	-	-
Disposals	-	6,241	-	-	-	6,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	12,185	32,711	4,286	29,272	50,895	129,348
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
At 31 March 2010	-	2,980	1,514	11,608	106,751	122,853
	=====	=====	=====	=====	=====	=====
At 31 March 2009	-	1,307	-	14,624	113,057	128,988
	=====	=====	=====	=====	=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

<b>9 Debtors</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Pilotage fees	30,503	38,121
Highways Agency	14,733	31,444
Magnox Electric PLC	2,293	2,644
Other debtors	174	444
	-----	-----
	47,703	72,653
	=====	=====
 <b>10 Creditors</b>		
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Short Term : Amounts falling due within one year:-</b>		
Other creditors	40,082	48,073
Corporation tax	6,038	4,241
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	1,482	3,209
Deferred income credit	1,007	996
	-----	-----
	68,609	76,519
	=====	=====
 <b>Long Term: Amounts falling due in more than one year:-</b>		
Deferred income credit	20,144	20,917
	-----	-----
	20,144	20,917
	=====	=====

The deferred income credit represents the amount remaining from BNFL Magnox Electric's one-off payment in 2005 to buy out its obligation for the maintenance of the Hayward Rock & Bull Rock Beacons.

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2010

#### II Other Investments

	2010	2009
	£	£
Listed Investments	246,092	221,705
Cash	63,658	4,648
	-----	-----
	309,750	226,353
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	284,967	213,524
Cash	63,658	4,648
	-----	-----
	348,625	218,172
	=====	=====
Acquisitions	161,723	19,282
Disposals	(137,335)	(18,659)
Movement in cash balance	59,010	(3,899)
	-----	-----
	83,398	(3,276)
	=====	=====
Income Received:-		
Dividends	7,842	5,174
Interest (net of tax)	1,572	2,395
Disposals adjustment	14,995	(923)
Administration charges	(1,012)	(2,492)
	-----	-----
	23,397	4,154
	=====	=====

## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2010**

#### **12 Income and Expenditure Reserve**

	<b>£</b>
Balance at 1 April 2009	442,152
Surplus for year	43,436
	<hr/>
Balance at 31 March 2010	485,588
	=====

#### **13 Financial commitments**

At 31 March 2010 the trust had annual commitments under a non-cancellable operating lease as follows:

	<b>Land</b>	
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
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	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Contributions payable by the authority for the year	9,337	8,819

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 2010**

#### **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 Trustee of the PNPF is 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 employed pilots. GHT has never employed pilots under contracts of employment and the self-employed pilots of GPP are, and have always been, responsible for making their own pension contributions. GHT has therefore strenuously resisted any suggestion that it might be required to make a contribution to the PNPF's deficit. An initial ruling by the Courts was handed down at the end of June 2010, but GHT is not able to quantify its potential liability, if any, at this stage.

#### **16 Related Party Transactions**

A total sum of £6,200 (2009 - £5,675) was paid to Edmund L B Dorman in his capacity as Chairman of the Trustees of Gloucester Harbour Trustees.

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