

A photograph of a sailboat on the water, viewed from the deck looking forward. The boat's mast and rigging are visible on the right. In the background, a large white suspension bridge spans across the water under a clear blue sky. The water is calm and reflects the sky.

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED  
31 MARCH 2012**



The Eva Maria Müller and the Monika Müller passing near Sharpness \*

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\* We are grateful to Mike Nash for providing most of the photographs in this report



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Mühlenau passing Lydney Dock en route to Sharpness

## THE TRUSTEES – MARCH 2012



John Beevor  
Chairman  
Community Interest



Basil Booth  
Environmental Interest



Barry Leat  
Maritime Interest



Gordon Craig  
Co-opted Trustee



Carl Merry  
Maritime Interest



Derek Hughes  
Vice-Chairman  
Maritime Interest



Anthony Potts  
Community Interest



Mike Johnson  
Principal Operational  
Officer



Garry Strickland  
Commercial Maritime  
Interest

## CHAIRMAN'S REPORT

I have pleasure in introducing the Gloucester Harbour Trustees' annual report and accounts for the first time since my appointment as Chairman at the beginning of the year.

We as Trustees were sorry when Edmund Dorman decided to stand down as Chairman at the end of December. He has served GHT well over the last ten years and has guided the organisation through many changes which have left it fitter, more effective and financially viable. We hope that we will continue to have the benefit of his knowledge and advice in the future.

Overall, we have had another successful year as Sharpness continues to maintain a consistent level of trade, at a time when other local ports have experienced a downturn in their cargoes. 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. Cement has continued to be imported in quantity through Sharpness and is seen as an important commodity throughout the south-west region. In addition, the expansion of the local metal recycling plant has led to the movement of significant quantities of scrap metal through Sharpness to Liverpool for export throughout the world.

This buoyant trade has enabled us to maintain our rates at their current level for another year and to invest in further improvements to maintenance equipment to enable us to fulfil our statutory duties.

I look forward to the challenges of leading the Trustees in my first full year as Chairman to ensure that all harbour users can navigate safely in our area and to deliver a benefit to our stakeholders.

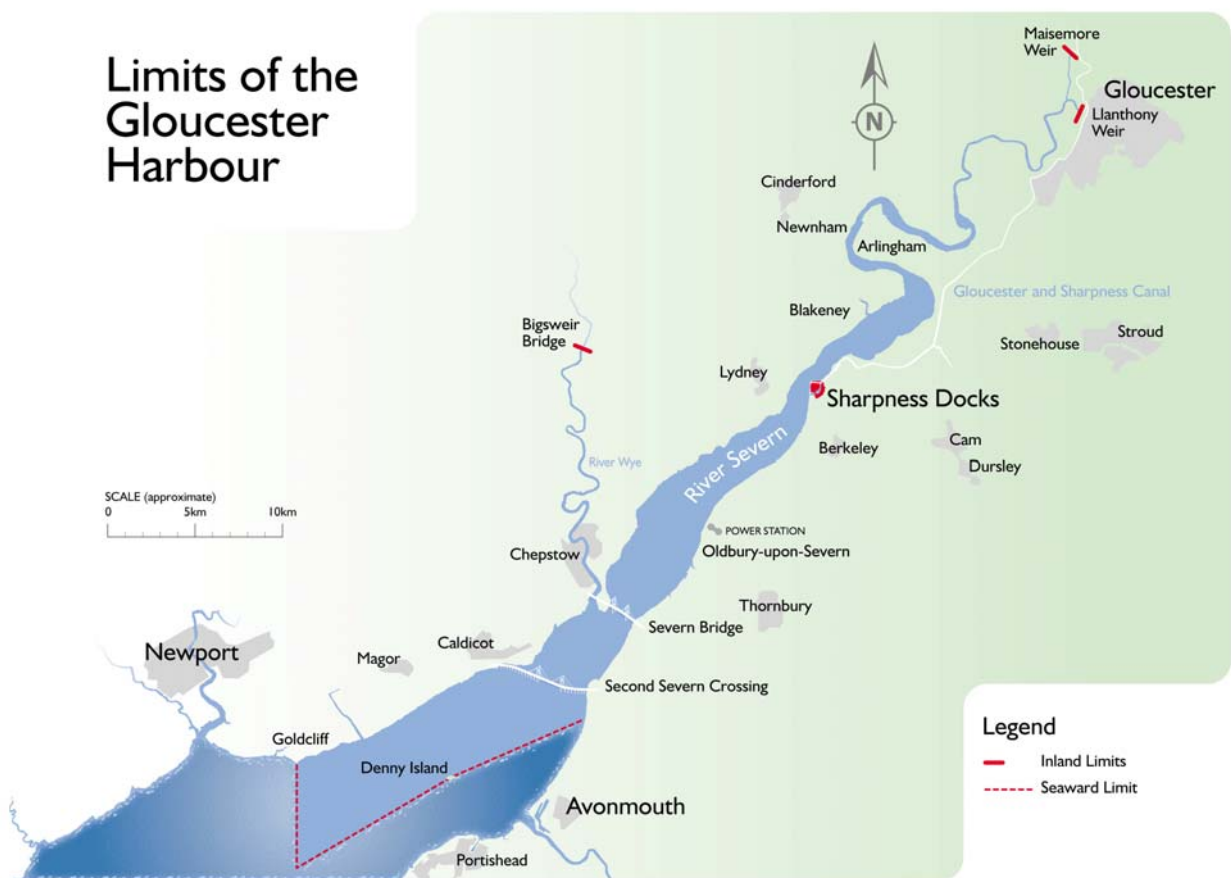
**John Beevor**  
**Chairman of GHT**

# The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2012

## INTRODUCTION

GHT is the competent harbour authority for the Gloucester Harbour. 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. 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 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 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. 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 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.

Edmund Dorman stood down at the end of his term of office in December 2011; Tom Appleby resigned in November 2011 through pressure of other commitments. Gordon Craig was co-opted in March 2012 to fill this vacancy. The current Board is made up of the following Trustees:

|                         |   |
|-------------------------|---|
| <b>John Beevor</b>      | Semi-retired commercial lawyer; Estonian honorary consul  |
| <b>Basil Booth</b>      | Farmer; County Councillor; member of ASERA  |
| <b>Gordon Craig</b>     | Management consultant; Stroud District Councillor; experienced sailor   |
| <b>Derek Hughes</b>     | Experienced shipping broker and agent / ship manager  |
| <b>Mike Johnson</b>     | GHT's Marine Officer / Harbour Master – ex officio  |
| <b>Barry Leat</b>       | Retired metallurgist; member of Royal Yachting Association; experienced dinghy sailor and yachtsman                   |
| <b>Carl Merry</b>       | Master Mariner and former shipmaster; currently authorised as a First Class Pilot within the Gloucester Harbour area. |
| <b>Anthony Potts</b>    | Retired accountant with wide local authority and legal experience; experienced boater                                 |
| <b>Garry Strickland</b> | General Manager of Sharpness Dock Ltd, the port operator at Sharpness   |

## TRUSTEES' ATTENDANCE RECORD

| Trustee          | Possible Attendances | Actual Attendances |
|------------------|----------------------|--------------------|
| Tom Appleby      | 3                    | 2                  |
| John Beevor      | 6                    | 5                  |
| Basil Booth      | 6                    | 6                  |
| Gordon Craig     | 1                    | 1                  |
| Edmund Dorman    | 4                    | 4                  |
| Derek Hughes     | 6                    | 3                  |
| Mike Johnson     | 6                    | 6                  |
| Barry Leat       | 6                    | 5                  |
| Carl Merry       | 6                    | 6                  |
| Anthony Potts    | 6                    | 6                  |
| Garry Strickland | 6                    | 5                  |

## OFFICERS

The day to day running of the Authority is carried out by a small staff 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.

### Finance Officer - Katrina Douglas FCA

A qualified accountant with a technical background and experience of working in the charity and voluntary sector.

### 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 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.



View of Sharpness Dock from GHT's office



## SAFETY

Safety is of paramount importance to us and, as Duty Holder, we operate in compliance with the Port Marine Safety Code. 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.

We certified our continuing compliance with the standards required by the Port Marine Safety Code to the Marine and Coastguard Agency on 20 January 2012.

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. The latest edition of GHT's Safety Management Plan is published on GHT's website. Advice to leisure boaters is also available on the 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' give useful information on passage planning and safe navigation in the potentially hazardous waters of the Harbour.

GHT's officers have regular meetings with staff from British Waterways to discuss matters of mutual interest and concern to ensure that all vessels enter and leave Sharpness safely.

### Incident

A potentially serious near miss between a commercial vessel and a sailing dinghy was a cause for some concern. Fortunately, neither vessel came to harm and lessons have been learned from the incident. Local sailors have been reminded of the importance of keeping an adequate look-out and abiding by the rules for the prevention of collisions especially when sailing in a designated narrow channel; sailing instructions for organised events have been amended to reinforce this requirement.

## 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.

All three pilots have attended a generic ECDIS course in order to gain a proper understanding of this technology which is increasingly available on the ships using Sharpness and will be mandatory on the majority of vessels in due course.



Arklow Ruler



Giessenborg



Severn Sins towed by New Ross

# PILOTAGE

The pilotage service is provided by the self-employed pilots, authorised by GHT, who make up the Gloucester Pilots Partnership (GPP). GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master. GPP also provides relief harbour master services when GHT's Marine Officer is unavailable.

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



DC Merwestone



Neri



MS Lagona

One particular cargo which attracted a lot of interest locally and in the media was the recent shipment of five large redundant boilers from Berkeley Power Station. These were brought by special 18-axle transporters to the dock, loaded on to a heavy-duty barge and taken down the estuary to Avonmouth for onward shipment to Sweden, where they will be dismantled and most of the material recycled. The entire operation, which took place over several days and involved local road closures and a tricky transit of Berkeley's main street, went very smoothly as the result of long and careful planning by all involved.



One of the boilers arrives at the dock



The barge 'Terra Marique' waiting to load the boilers



The tug 'Victory' and the 'Terra Marique' leave Sharpness with two of the boilers

## 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 100% availability was achieved once again.

The Pilot Watch Radar system has again worked well during the year and has proved particularly useful in low visibility. However, it has been showing signs of its age and replacement components are no longer readily available. We were, therefore, extremely pleased when the Highways Agency agreed to fund the upgrading of this equipment. Funding was allocated in March for an updated system which will be installed shortly.

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 projects undertaken during the year included the following:

- The installation of modern lighting columns at both Hills Flats and Counts was completed during April and both are now working well.
- Agreement was finally reached with the owner of a fishing engine at Aylburton to mark this with a conspicuous mark onshore. This was installed during the summer and is now indicated on the relevant nautical chart.
- We decided during the year that it was time to replace GHT's aging Landrover, which was nearly twenty years old and no longer suitable for the work required, and we took delivery in January of a smart new vehicle which can carry more passengers as well as large loads. It has already proved useful in routine visits to a number of the navigation aids.

## THE ENVIRONMENT

The Severn Estuary and River Wye are protected by extensive national, European and international legislation which places 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 in our environmental responsibilities as a public body the importance of preserving and enhancing the natural habitat and its flora and fauna, 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.



Charston Rock and the Second Severn Crossing  
© Chris Witts

GHT maintains close links with the bodies responsible for the management of the River Wye (Marine) Special Area of Conservation (SAC), and Severn Estuary SAC and 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.

## FINANCE

GHT is a conservancy body and does not own any land or own/operate any docks or quays, so it is not in a position to generate income from cargo handling, leisure boat use, or other commercial activities. Most of the income is derived from the charges levied on ships coming to or going from the port of Sharpness. Its 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.

We aim to break-even each year and in March 2011 calculated that this could be achieved in 2011/12 with an average monthly piloted dwt of 75,000. We were reasonable confident that this target could be met and, therefore, felt able to keep the pilotage rate at the same level as the previous two years.

In the event, trade has consistently been above the predicted monthly target and in the end achieved an average piloted tonnage of just over 100,000 dwt per month. This is largely due to the continuing buoyancy of existing cargoes, such as cement and fertiliser, and the increased movement of scrap metal which is shipped to Liverpool for onward shipment internationally. This led to an increase in the income from harbour dues for the year ended 31 March 2012 of £108,000, compared with the previous year, and a corresponding increase in pilotage expenditure of £78,000. The total income was £653,000 and total expenditure (excluding depreciation) £615,000. Depreciation charges of £21,000 resulted in a profit before interest and taxation of £17,000. It should also be noted that the income and expenditure figures are both increased by £83,000 for the upgrade of the radar system on behalf of the Highways Agency.

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 loss/surplus before interest and taxation divided by turnover, as our benchmark.

Using this formula, profitability for the year ended 31 March 2012 is 2.6% which is generally in line with the figures achieved in previous years. The increase in pilotage dues in April 2009 was responsible for the jump in 2009/2010, whilst the apparently anomalous percentage of -4% achieved in 2010/11 was mainly the result of the significant investment we agreed to make that year in our fixed assets and maintenance. This year's good performance is the result of the increased level of shipping to and from Sharpness and our continuing vigilance in keeping costs under control.

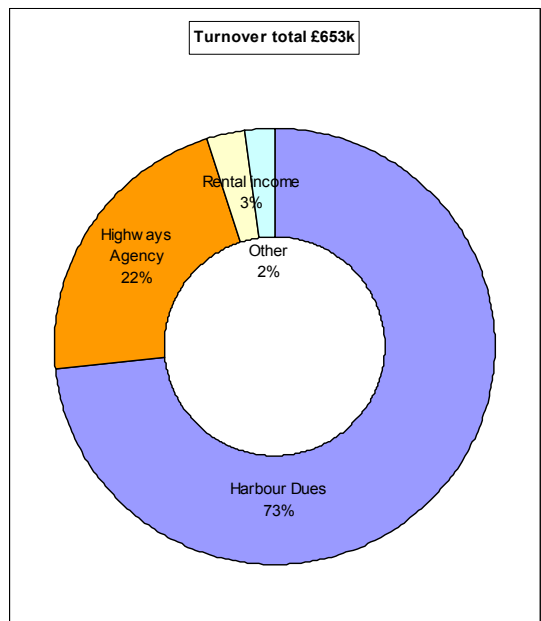
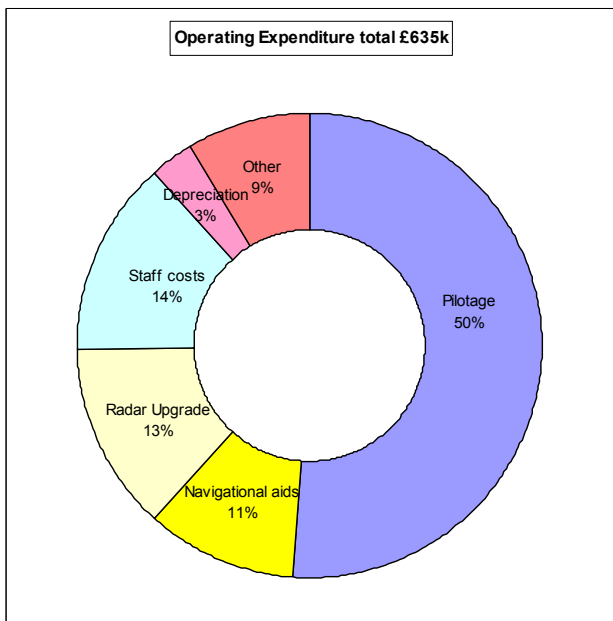
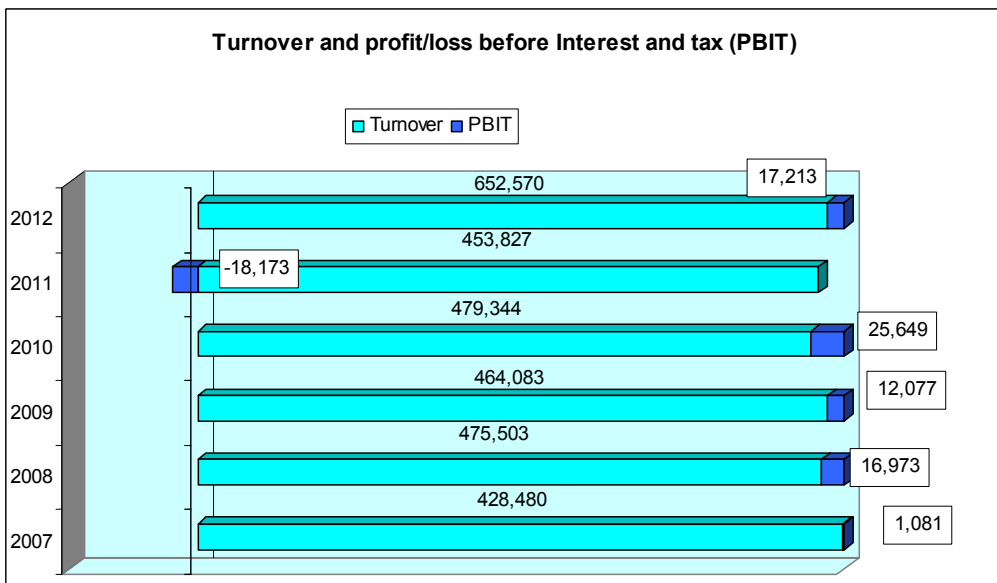
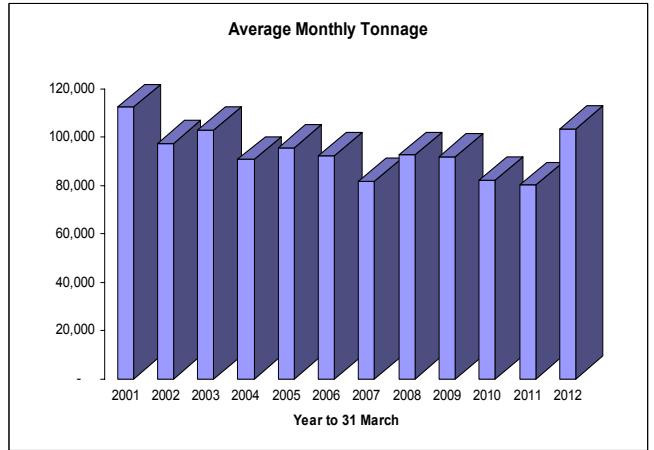
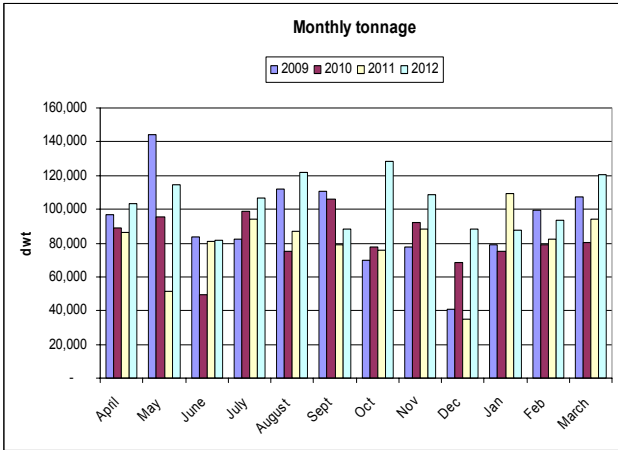
| % PROFITABILITY |         |         |         |         |
|-----------------|---------|---------|---------|---------|
| 2007/08         | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| 3.6             | 2.6     | 5.4     | -4      | 2.6     |

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 authorises self-employed pilots who are members of the PNPF. The fund is severely in deficit and the Trustee of the PNPF has been looking at ways to make up the shortfall. It, therefore, commenced court proceedings in 2009 in order to determine which parties could be compelled to contribute to a recovery scheme required to make up the deficit.

Judgement was received in May 2010 and a number of appeals were subsequently lodged which have now either been settled or withdrawn. However, the actuarial valuations for 2007 and 2010 have still yet to be completed. Consequently, no firm information has been received to date on the nature of any liabilities and the plans for a recovery scheme. Therefore, due to the continuing high level of uncertainty in both the allocation and extent of liabilities and the possible recovery options, no provision has been made in these accounts.



## 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.

We see the users of the Harbour as our stakeholders and believe 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.

The usual routine maintenance has been carried out during the year on our navigation aids, but a review of some of the older structures has shown it is likely that major work will be essential in the next few years. We, therefore, plan to use any surpluses to build up our reserves in order to fund these improvements in due course.



Early morning start from Sharpness on a maintenance trip

## STAKEHOLDER ENGAGEMENT

As a purely conservancy body rather than a port operator, GHT has fewer opportunities for involving its stakeholders than more conventional harbour authorities. However, the Advisory Body continues to provide a forum for organisations with an interest in the work of GHT to exchange views and question trustees and their officers on any matters of concern.

We again invited our stakeholders, representing commercial, environmental, leisure and community interests, to join us for a buffet lunch in January to give them an opportunity to meet and discuss issues of mutual interest and concern.

## PERFORMANCE SUMMARY

|                                       |  |
|---------------------------------------|--|
| <b>Pilot Service Availability</b>     | The availability of pilots is carefully monitored and potential difficulties are discussed by the pilots with the port operator and GHT. There were two occasions when an off-duty pilot was not available to deal with additional shipping movements. |
| <b>Navigational Aids Availability</b> | Continued to be 100%   |
| <b>Time Loss Accidents</b>            | There were no time loss accidents or reportable incidents during the year.   |

|                    |   |
|--------------------|---|
| <b>Incidents</b>   | One near-miss incident was reported during the year and action was taken to ensure that appropriate lessons were learned and promulgated widely in the local sailing community. |
| <b>Environment</b> | There were no reported incidents of pollution in the harbour area.  |
| <b>Finance</b>     | Profitability was 2.6 % which was in line with expectation.   |

## THE YEAR AHEAD

We have again assumed that trade will remain at the current level in the coming financial year. Although costs continue to rise, we have concluded that GHT's current high standards can be maintained within the anticipated level of income, which is mainly derived from the dues paid by ships trading to Sharpness. We have, therefore, agreed to maintain the current level of harbour dues at 35p per dwt for the fourth successive year, but will continue to monitor levels of shipping and review this policy if necessary.

As a result of the recent major investment in the navigation aids which has brought all the aids up to modern standards, no major projects are planned for the coming year. GHT remains well placed to fulfil its statutory responsibilities with confidence.



Surfers on the Severn Bore at the Lower Parting near Gloucester in March 2012

## **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 20 July 2012 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 2012**

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2012 on pages 19 to 30. 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 2012 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 2012

|  | Notes | 2012          | 2011            |
|--|-------|---------------|-----------------|
|  |       | £             | £               |
| <b>Income</b>  | 2     | 652,570       | 453,827         |
| <b>Expenditure</b>   | 3     | 614,696       | 457,850         |
|  |       |               | <hr/>           |
| <b>Operating loss before<br/>Depreciation and interest</b> |       | 37,874        | (4,023)         |
| Provision for depreciation                                 | 8     | (22,161)      | (18,150)        |
| Profit on disposal of fixed assets                         | 8     | 1,500         | 4,000           |
|  |       |               | <hr/>           |
| <b>Loss/surplus before interest and taxation</b>           |       | <b>17,213</b> | <b>(18,173)</b> |
| Income from investments                                    | 11    | 8,627         | 7,703           |
| Loss/profit on disposal of Investments                     | 11    | (4,826)       | 22,052          |
|  |       |               | <hr/>           |
| <b>Net surplus before taxation</b>                         | 4     | 21,014        | 11,582          |
| UK corporation tax   | 5     | (3,427)       | 4,360           |
| Deferred taxation  | 6     | (1,106)       | (4,266)         |
|  |       | <hr/>         | <hr/>           |
| <b>Net surplus for the year</b>                            | 12    | <b>16,481</b> | <b>11,676</b>   |
|  |       | =====         | =====           |



# GLOUCESTER HARBOUR TRUSTEES

## Balance Sheet as at 31 March 2012

|   | Notes | 2012           | 2011           |
|---|-------|----------------|----------------|
|   |       | £              | £              |
| <b>Fixed assets</b>                                     |       |                |                |
| Tangible assets   | 8     | 129,096        | 131,197        |
|   |       | _____          | _____          |
|   |       | 129,096        | 131,197        |
|   |       | _____          | _____          |
| <b>Current assets</b>                                   |       |                |                |
| <b>Debtors:</b> due within one year                     | 9     | 72,146         | 63,909         |
| Bank balances   |       | 149,812        | 92,506         |
| Cash  |       | 39             | 161            |
| Other Investments                                       | 11    | 339,401        | 338,274        |
|   |       | _____          | _____          |
|   |       | 561,398        | 494,850        |
|   |       | _____          | _____          |
| <b>Current liabilities</b>                              |       |                |                |
| <b>Creditors:</b> amounts falling due within one year   | 10    | 150,688        | 102,611        |
|   |       | _____          | _____          |
| <b>Net current assets</b>                               |       | <b>410,710</b> | <b>392,239</b> |
|   |       | _____          | _____          |
| <b>Total assets less current liabilities</b>            |       | 539,806        | 523,436        |
| <b>Long Term Liabilities</b>                            |       |                |                |
| Creditors: amounts falling due after more than one year | 10    | 19,894         | 21,111         |
|   |       | _____          | _____          |
| <b>Total Assets less Total Liabilities</b>              |       | 519,912        | 502,325        |
|   |       | _____          | _____          |
| <b>Provisions for liabilities and charges</b>           | 6     | (6,167)        | (5,061)        |
|   |       | _____          | _____          |
| <b>Net assets</b>                                       |       | <b>513,745</b> | <b>497,264</b> |
|   |       | =====          | =====          |
| <b>Capital and reserves</b>                             |       |                |                |
| Income and expenditure reserve                          | 12    | 513,745        | 497,264        |
|   |       | =====          | =====          |

Signed on behalf of the Trustees

J Bevor (Chairman) .....

K Douglas (Finance Officer) .....

Dated: 20 July 2012

# **GLOUCESTER HARBOUR TRUSTEES**

## **Notes to the accounts for the year ended 31 March 2012**

### **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 2012

#### 2 Income

|  | 2012           | 2011           |
|--|----------------|----------------|
|  | £              | £              |
| Harbour Dues (Pilotage & Conservancy)*                           | 471,705        | 363,663        |
| Pilotage Exemption Certificate income                            | 877            | 877            |
| Conservancy Dues income  | 5,546          | 1,720          |
| Highways Agency – contribution to ship protection measures       | 58,891         | 53,726         |
| Highways Agency – contribution to radar upgrade                  | 83,495         | -              |
| Magnox Sites - contribution to repairs, maintenance and lighting | 12,008         | 11,135         |
| Bank interest received   | 160            | 159            |
| Other interest received  | 26             | 3              |
| Licensing fees received  | 260            | 353            |
| Navigation House rental & service charges income                 | 17,502         | 17,172         |
| Other income   | 2,100          | 5,019          |
| <b>Total Income</b>  | <b>652,570</b> | <b>453,827</b> |
|  | =====          | =====          |

\* Includes charge for use of pilot boat



## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2012

#### 3 Expenditure

|  | 2012           | 2011           |
|--|----------------|----------------|
|  | £              | £              |
| <b>Conservancy and Administration</b>                |                |                |
| Navigational aids: renewals, repairs and maintenance | 40,768         | 51,789         |
| Beacon and radar costs on behalf of Highways Agency  | 10,213         | 5,445          |
| Radar upgrade on behalf of Highways Agency           | 83,495         | -              |
| Lighting supplies                                    | 1,311          | 1,701          |
| Workshop accommodation costs                         | 6,960          | 6,920          |
| Vehicle costs  | 1,292          | 866            |
| Boat costs   | 900            | 204            |
| Lights maintenance contract                          | 8,750          | 8,750          |
| Navigation House costs                               | 13,099         | 12,139         |
| Office Costs   | 14,109         | 14,031         |
| Salary Costs   | 86,024         | 86,517         |
| Trustee and staff expenses                           | 11,335         | 11,105         |
| Audit fee  | 3,185          | 3,150          |
| Subscriptions and licences                           | 1,496          | 1,375          |
| River surveys  | 3,543          | 3,384          |
| Professional advice and expenses                     | 210            | 765            |
| Oil spill measures                                   | 415            | 550            |
| Investment administration charges                    | 2,674          | 1,231          |
|  | <u>289,779</u> | <u>209,922</u> |
|  | =====          | =====          |
|  | <b>2012</b>    | <b>2011</b>    |
|  | <b>£</b>       | <b>£</b>       |
| <b>Pilotage</b>                                      |                |                |
| Pilotage contract                                    | 279,481        | 214,002        |
| Boarding and landing fees                            | 34,019         | 25,932         |
| Pilots' lodge facilities                             | 8,196          | 7,882          |
| Training (ECDIS)                                     | 3,002          | -              |
| Other pilotage costs                                 | 219            | 112            |

|                          |                |                |
|--------------------------|----------------|----------------|
|                          | 324,917        | 247,928        |
|                          | =====          | =====          |
| <b>Total Expenditure</b> | <b>614,696</b> | <b>457,850</b> |
|                          | =====          | =====          |

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2012

|   | 2012        | 2011        |
|---|-------------|-------------|
| <b>4 Surplus before Taxation</b>  | 21,014      | 11,582      |
| Surplus before taxation is stated after charging/(crediting)                                    |             |             |
| Depreciation charge for the year:-  |             |             |
| Tangible owned fixed assets   | 22,161      | 18,150      |
| Profit on disposal of vehicle/boat  | (1,500)     | (4,000)     |
| Adjustment on disposal of investments   | 4,826       | (22,052)    |
|   | )           |             |
| Auditor's remuneration  | 3,185       | 3,150       |
| <br>  |             |             |
| <b>5 Taxation</b>   | <b>2012</b> | <b>2011</b> |
| Domestic current year tax:-   |             |             |
| UK Corporation Tax at 20% (2011: 21%)   | 3,805       | (4,360)     |
| Adjustment for prior year   | (378)       | -           |
|   | -----       | -----       |
| Current tax charge (credit)   | 3,427       | (4,360)     |
|   | =====       | =====       |
| Factors affecting the tax charge for the year:-   |             |             |
| Profit on ordinary activities before tax  | 21,014      | 11,582      |
|   | =====       | =====       |
| Profit on ordinary activities before tax multiplied<br>by standard rate of tax - 20% (2011 21%) | 4,203       | 2,432       |
|   | -----       | -----       |
| Effect of :-  |             |             |
| Depreciation  | 4,432       | 3,811       |
| Capital allowances  | (4,218)     | (5,913)     |
| Other tax adjustments   | (990)       | (4,690)     |
|   | -----       | -----       |
|   | (776)       | (6,792)     |
|   | -----       | -----       |
| Current tax charge  | 3,427       | (4,360)     |
|   | =====       | =====       |

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2012

#### 6 Deferred Taxation

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

|                                | 2012    | 2011    |
|--------------------------------|---------|---------|
|                                | £       | £       |
| Decelerated Capital Allowances | (6,167) | (5,061) |
|                                | -----   | -----   |
| Deferred taxation liability    | (6,167) | (5,061) |
|                                | =====   | =====   |
|                                |         | £       |
| Balance at 1 April 2011        |         | (5,061) |
| Movement in the year           |         | (1,106) |
| Balance at 31 March 2012       |         | 6,167   |
|                                |         | =====   |

#### 7 Employees

|   | 2012   | 2011   |
|---|--------|--------|
| The average weekly number of persons employed during the year was | 2      | 2      |
|   | ==     | ==     |
| Staff costs (for the above persons):-                             |        |        |
| Wages and salaries  | 69,246 | 70,052 |
| Pension contributions   | 10,148 | 9,693  |
| Social security costs   | 6,630  | 6,772  |

# GLOUCESTER HARBOUR TRUSTEES

## Notes to the accounts for the year ended 31 March 2012

### 8 Fixed Assets

|                       | Motor<br>Vehicles | Office<br>Equipment | Furniture | Marine<br>Equipment | Property | Total    |
|-----------------------|-------------------|---------------------|-----------|---------------------|----------|----------|
|                       | £                 | £                   | £         | £                   | £        | £        |
| <b>Cost</b>           |                   |                     |           |                     |          |          |
| At 1 April 2011       | 12,185            | 35,691              | 5,800     | 55,141              | 157,646  | 266,463  |
| Additions             | 20,060            |                     |           |                     | -        | 20,060   |
| Disposals             | (12,185)          |                     | -         |                     |          | (12,185) |
|                       | -----             | -----               | -----     | -----               | -----    | -----    |
| At 31 March 2012      | 20,060            | 35,691              | 5,800     | 55,141              | 157,646  | 274,338  |
|                       | -----             | -----               | -----     | -----               | -----    | -----    |
| <b>Depreciation</b>   |                   |                     |           |                     |          |          |
| At 1 April 2011       | 12,185            | 33,537              | 4,665     | 27,678              | 57,201   | 135,266  |
| Charge for year       | 4,012             | 827                 | 378       | 10,638              | 6306     | 22,161   |
| Disposals             | (12,185)          |                     | -         |                     | -        | (12,185) |
|                       | -----             | -----               | -----     | -----               | -----    | -----    |
| At 31 March 2012      | 4,012             | 34,364              | 5,043     | 38,316              | 63,507   | 145,242  |
|                       | -----             | -----               | -----     | -----               | -----    | -----    |
| <b>Net book value</b> |                   |                     |           |                     |          |          |
| At 31 March 2012      | 16,048            | 1,327               | 757       | 16,825              | 94,139   | 129,096  |
|                       | =====             | =====               | =====     | =====               | =====    | =====    |
| At 31 March 2011      | -                 | 2,154               | 1,135     | 27,463              | 100,445  | 131,197  |
|                       | =====             | =====               | =====     | =====               | =====    | =====    |

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2012

| <b>9 Debtors</b>  | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <b>Amounts falling due within one year</b>                    |             |             |
| Pilotage fees   | 48,912      | 36,071      |
| Highways Agency   | 18,510      | 16,177      |
| Magnox Electric PLC   | 4,168       | 2,609       |
| Other debtors   | 556         | 1,011       |
| HM Revenue and Customs (VAT)                                  | -           | 3,682       |
| HM Revenue and Customs (Corporation Tax)                      | -           | 4,360       |
|   | <hr/>       | <hr/>       |
|   | 72,146      | 63,909      |
|   | =====       | =====       |
| <b>10 Creditors</b>   | <b>2012</b> | <b>2011</b> |
|   | <b>£</b>    | <b>£</b>    |
| <b>Short Term : Amounts falling due within one year:-</b>     |             |             |
| Other creditors   | 119,330     | 77,604      |
| Corporation Tax   | 3,805       | -           |
| Highways Agency   | 20,000      | 20,000      |
| H M Revenue and Customs (VAT & PAYE)                          | 5,826       | 3,306       |
| Deferred income credit  | 1,727       | 1,701       |
|   | <hr/>       | <hr/>       |
|   | 150,688     | 102,611     |
|   | =====       | =====       |
| <b>Long Term: Amounts falling due in more than one year:-</b> |             |             |
| Deferred income credit - Magnox *                             | 18,494      | 19,010      |
| - British Waterways **  | 1,400       | 2,100       |
|   | <hr/>       | <hr/>       |
|   | 19,894      | 21,110      |

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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 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 2012

### II Other Investments

|   | 2012     | 2011      |
|---|----------|-----------|
|   | £        | £         |
| Listed Investments  | 337,530  | 336,606   |
| Cash  | 1,871    | 1,668     |
|   | -----    | -----     |
|   | 339,401  | 338,274   |
|   | =====    | =====     |
| The market value of other investments<br>as at the balance sheet date:- |          |           |
| Listed investments  | 404,068  | 373,499   |
| Cash  | 1,871    | 1,668     |
|   | -----    | -----     |
|   | 405,939  | 375,167   |
|   | =====    | =====     |
| Acquisitions  | 37,079   | 275,639   |
| Disposals   | (36,155) | (180,649) |
| Movement in cash balance  | 203      | (61,990)  |
|   | -----    | -----     |
|   | 1,127    | 33,000    |
|   | =====    | =====     |
| Income Received:-   |          |           |
| Dividends   | 6,209    | 5,614     |
| Interest (net of tax)   | 2,418    | 2,089     |
| Disposals adjustment  | (4,826)  | 22,052    |
| Administration charges  | (2,674)  | (1,012)   |
|   | -----    | -----     |
|   | 1,127    | 28,524    |
|   | =====    | =====     |



## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2012

#### 12 Income and Expenditure Reserve

|                          | £       |
|--------------------------|---------|
| Balance at 1 April 2011  | 497,264 |
| Surplus for year         | 16,481  |
|                          | <hr/>   |
| Balance at 31 March 2012 | 513,745 |
|                          | =====   |

#### 13 Financial commitments

At 31 March 2012 the trust had annual commitments under a non-cancellable operating lease as follows:

|                            | Land  |       |
|----------------------------|-------|-------|
|                            | 2012  | 2011  |
|                            | £     | £     |
| 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                                | 2012   | 2011  |
|---|--------|-------|
|   | £      | £     |
| Contributions payable by the authority for the year | 10,148 | 9,693 |

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 2012**

#### **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 a number of appeals were lodged which have since been settled or withdrawn. The Trustee of the PNPF has yet to quantify the extent of the deficit and GHT is thus not able to quantify its potential liability, if any, at this stage.

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

A total sum of £5,053 (2011 - £6,436) was paid to Edmund L B Dorman in his capacity as Chairman of the Trustees of Gloucester Harbour Trustees.

£1,700 (2011-nil) was paid to J Beevor for his duties as Chairman of the Trustees from 1 January 2012

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