



ANNUAL REPORT & ACCOUNTS

**FOR THE YEAR ENDED
31 MARCH 2014**

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Sharpness Dock at night

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

THE TRUSTEES – MARCH 2014



John Beevor
Chairman



John Christie



Barry Leat



Gordon Craig



Carl Merry



Derek Hughes
Vice-Chairman



Anthony Potts



Mike Johnson
Principal Operational
Officer



Garry Strickland

CHAIRMAN'S REPORT

I have pleasure in introducing the Gloucester Harbour Trustees' annual report and accounts for the financial year 2013-2014.

This has proved to be a quiet but successful year for GHT. With the situation concerning the PNPf resolved for the time being, we have been able to concentrate on our main duties as a harbour authority.

The port of Sharpness has had a busy year with an increase in the number and size of ships. The local port operator, Sharpness Dock Ltd, has worked hard to maintain existing customers and attract new business to the port. We benefit from this increase in trade by enhanced pilotage and conservancy dues which means that our finances are currently in a healthy state. We, therefore, have sufficient reserves in place to continue with our on-going programme of modernising and maintaining our aids to navigation to the highest standard.

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

John Beevor
Chairman of GHT



Looking out into the Harbour area from Sharpness Dock

The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2014

INTRODUCTION

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

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



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

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

AIMS AND OBJECTIVES

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

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

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

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

THE TRUSTEES

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

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

Trustees are 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.

The current Board is made up of the following Trustees:

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

We were sad to say goodbye to one of our most experienced trustees, Basil Booth, at the end of his term of office in December 2013. Basil served as a Trustee for more than twenty years and we are grateful to him for his valuable contribution to the work of GHT over this time.

TRUSTEES' ATTENDANCE RECORD

Trustee	Possible Attendances	Actual Attendances
John Beevor	7	7
Basil Booth	5	3
John Christie	2	2
Gordon Craig	7	5
Derek Hughes	7	7
Mike Johnson	7	7
Barry Leat	6	5
Carl Merry	6	5
Anthony Potts	7	6
Garry Strickland	6	6

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

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



A ship's eye view of Sharpness Dock – GHT's office is in the blue building on the right

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 are required by the Maritime and Coastguard Agency to formally certify our continuing compliance with the standards required by the Port Marine Safety Code at three yearly intervals. This was last submitted to the MCA on 20 January 2012. In addition to this, all procedures and policies are subject to an external independent audit each year to ensure that compliance with the PMSC is maintained. The results of this review are reported to the Board by GHT's Designated Person, most recently in March 2014. One or two minor comments were noted and incorporated into the latest edition of GHT's Safety Management Plan which is published on GHT's website.

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

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

SEVERN BORE

We were disappointed to learn once again of inconsiderate behaviour by a small number of power boat users on widely advertised large Bores in March. Guidance on appropriate conduct is widely available on our website and elsewhere, but is flouted by a small minority of users. Their antics put surfers and kayakers in danger and spoil the spectacle for those watching on the banks of the river. We continue to press organisations which publicise the thrills of Bore riding to include proper safety advice as well.



Power boat passing through a group of surfers and kayakers



Boat carrying camera crew without a forward lookout

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. Recent courses undertaken have included working at height, lifting, slinging and signalling, and crane operation.

We congratulate our Harbour Master, Mike Johnson, on being awarded his Harbour Master Certificate. This certificate is the first professional maritime qualification for Harbour Masters in the UK. The course, a pilot study set up by the UK Harbour Masters' Association and Port Skills and Safety, endorsed by the Maritime and Coastguard Agency, demanded considerable time and effort by candidates. They were required to provide evidence of the required competencies by completing a number of approved assessments in compliance with the National Occupational Standards for Harbour Masters. Mike Johnson thoroughly deserves this formal recognition of his expertise.

The harbour master and one of the relief harbour masters have both recently attended courses to revalidate their MCA qualification in line with the requirements of GHT's Oil Spill Contingency Plan. This means that there are able to take charge as on-scene commander in the event of a major incident.

PILOTAGE

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

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



A busy scene in Sharpness Dock as the Arklow Venture prepares to leave

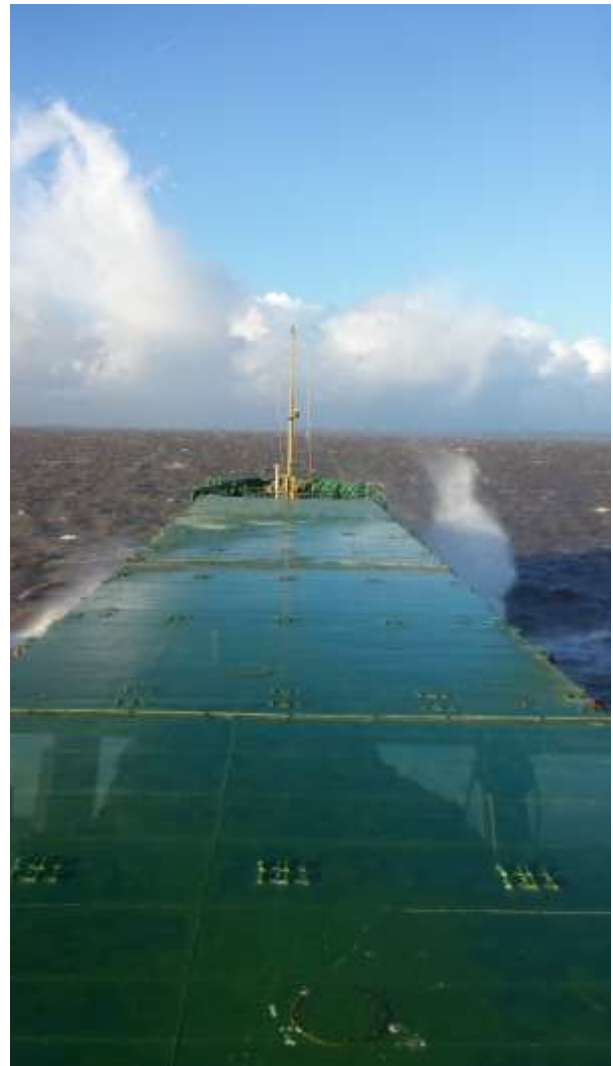
GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master. GPP also provides relief harbour master services when GHT's Harbour Master is unavailable.

Traffic levels are carefully monitored to ensure that the appropriate number of pilots are authorised to manage these safely. After a review in 2012, we agreed that an additional pilot was needed to complement the three existing First Class pilots. This new arrangement will allow the pilots to be adequately rested and provide extra manpower to cover the bunching of ships on particular tides, the possibility of accident or illness and, eventually, succession planning for the retirement of the older pilots.

A trainee pilot was appointed at the start of 2013 but, unfortunately, he decided before the end of his probationary period not to complete his training. We therefore had to start the recruitment process again and appointed a new trainee in September. He was awarded his first probationary licence in December 2013 and continues to gain experience towards more senior qualifications.

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

Cargoes during the year have been the usual mixture of cement, fertiliser, scrap metal, grain, minerals and animal feed, with a number of heavy lifts to add some variety.



HEAVY LIFTS

From time to time heavy equipment is transported by sea via Sharpness. The weight of the machinery and the size of the ships which may be needed to carry it can present particular logistical problems and careful passage planning.

One arrival at Sharpness in late January which caused a flurry of local interest was the newly launched Arctic Dawn. With a beam of just over 17m, she was one of the widest vessels to visit the port in recent years and close co-operation between the local Canal & River Trust staff, Sharpness Dock Ltd, the pilots and GHT ensured that she docked safely.

The Arctic Dawn used her own lifting gear, which towered above the dock while she was in port, to load two skid mounted shipments of gas metering systems, each weighing in excess of 36 tonnes. These had been manufactured by Alderley, a locally based company, and were being shipped direct to South Korea where they are destined for the floating liquefied natural gas facility, Prelude. This is now the largest floating vessel in the world at 1,601 feet long – 150 feet longer than the Empire State Building is high. When completed in 2017, the Prelude will operate off Western Australia.



Gas metering equipment being loaded on to the Arctic Dawn



Arctic Dawn in the lock preparing to leave Sharpness for South Korea



Just a few weeks later, the River Trader brought a massive transformer weighing 170 tonnes into Sharpness on the last leg of its journey from South Korea to an electricity sub-station on the outskirts of Gloucester. It was off-loaded on to specialist haulage transport and driven in a slow convoy to its final destination.

The River Trader offloading the transformer

The heavy rain in January/February led to higher than usual winter fresh water flows in the Severn and gave some distinct but temporary changes in the height of some sandbanks in the estuary. Consequently ships navigating the main channel had to take additional care when approaching Sharpness.

However, the very high tides in January which led to extensive flooding in some parts of the Severn Valley did not cause a problem for commercial shipping. Nevertheless, a powerful tidal surge left Lydney Pier and the entrance to Lydney Docks submerged and the north and south piers at Sharpness nearly disappeared beneath the water. The pictures below show the entrance to Sharpness Dock on a normal day and the same view on 3 February. The exceptionally high winds later in February, which reached more than 60 knots at the height of the storm, caused delays to a number of ships as they sought shelter from the storms.



WEBCAM

Some years ago, we installed a webcam on a mast outside our building at Sharpness which gives a view of ships entering and leaving the entrance lock. Recently, we had to turn the camera off as it was interfering with the operation of the office broadband. It was then that we discovered that we had many fans around the country and indeed as far away as Australia who enjoyed watching this activity. We have now found an alternative method of operating this camera which is up and running again. A second camera has recently been installed which gives a view of ships in the dock. We understand that we have a number of keen online watchers who enjoy following ships in and out of Sharpness and tracing them further afield via AIS.

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 continues to work well.

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

The major project of the year was the cleaning, descaling and repainting of the Shoots Beacons adjacent to the Second Severn Crossing on behalf of the Highways Agency. This work had to be carefully planned to take account of tide times and heights, time of day and weather as the structures are only fully exposed at low tide. Three days were lost because of high winds but the work was completed on time and on budget.



Work in progress



One of the beacons with its new coat of paint

THE ENVIRONMENT

The Severn Estuary and River Wye are protected by extensive national, European and international legislation which place environmental duties on public and private bodies. In particular, this requires GHT to have regard to the environmental impact of any proposed works or activities in the Harbour. However, whilst we recognise as part of 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.

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

SEVERN BARRAGE

We continue to keep a watching brief on any proposed developments in the Severn which might impact on our statutory duties. The creation of a barrage between Lavernock Point and Brean Down would have a major impact on the ability of commercial ships to navigate in the upper Severn Estuary and the viability of the port of Sharpness.

The report from the Energy and Climate Change Committee issued in June 2013 concluded that the case for the barrage was unproven and Hafren Power had yet to provide robust and independently verified evidence of the economic, environmental and technological viability of the project. A UK ministerial response to this report stated that, in its current form, the Hafren Power proposal for a Severn barrage did not demonstrate that it could deliver the benefits it claimed would be achieved. Any further studies would have to be undertaken by private sector developers as there was no strategic case for funding these at taxpayers' expense. A new company, Severn Tidal Energy, has recently been set up with the aim of taking the project further.

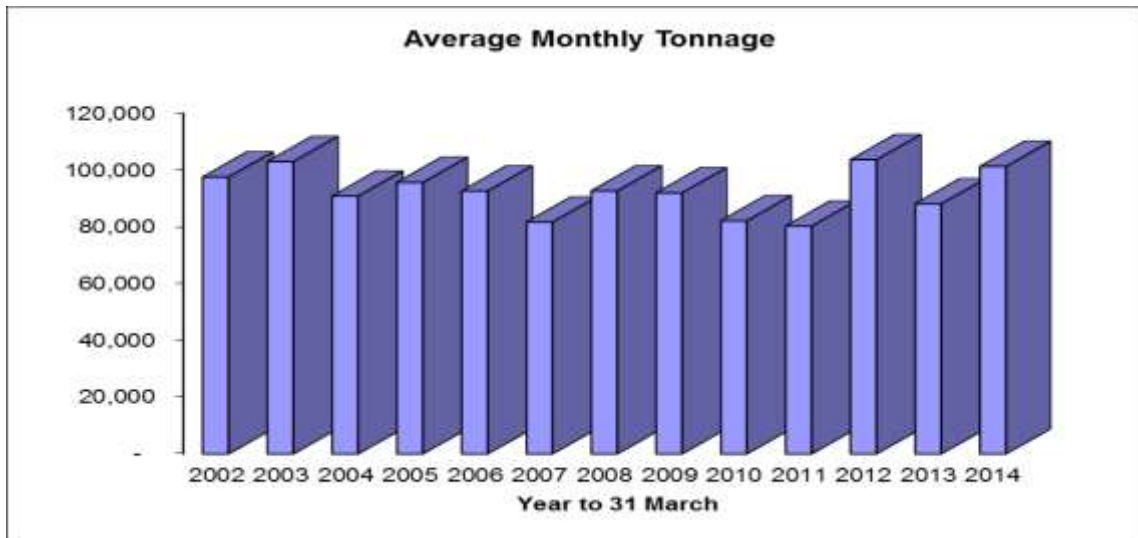
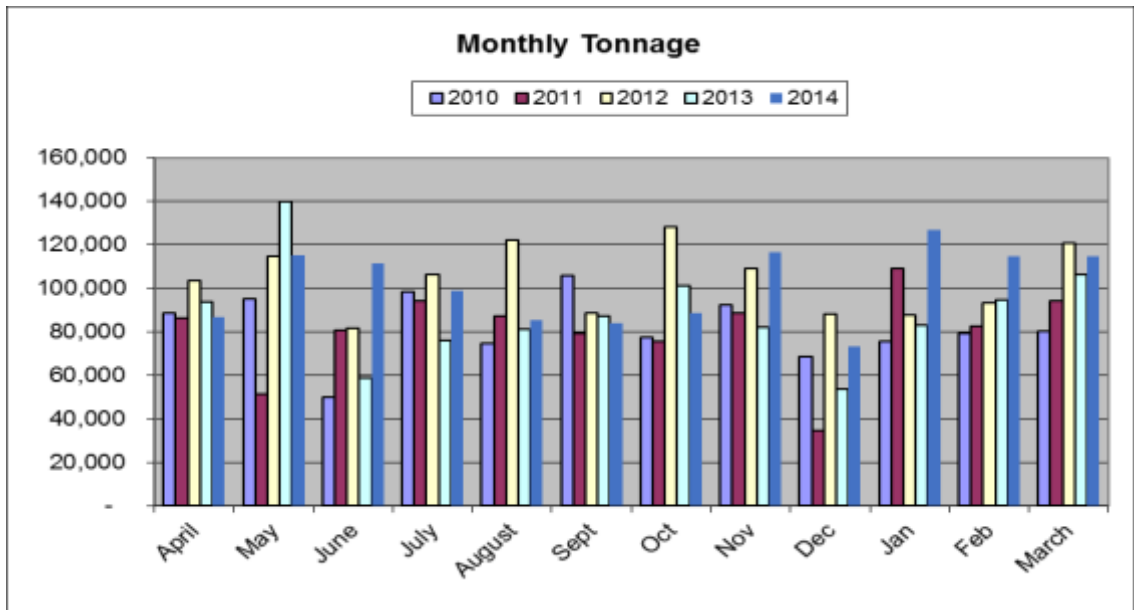
We understand that work continues on evaluating other smaller scale schemes in the Severn Estuary which may potentially deliver sustainable power in the future.

FINANCE

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

In March 2013 we had concluded that we would not be able to keep our harbour dues at the same level as in the past four years in the face of continually rising costs and still maintain GHT's current high standards. The rate for harbour dues was therefore increased from 1 April 2013 to 37p per dwt, plus an additional 2p for the PNPF levy. We had prudently assumed that trade would remain at a monthly average of 85,000 piloted dwt but in the event, due partly to an increase in the size of ships coming to Sharpness and an increase in levels of trade generated by the port operator, the monthly average of piloted dwt for the year was just over 100,000 dwt.

The increase in trade over the forecast has given us a surplus of about £30,000, before depreciation, taxation and investments are taken into account.

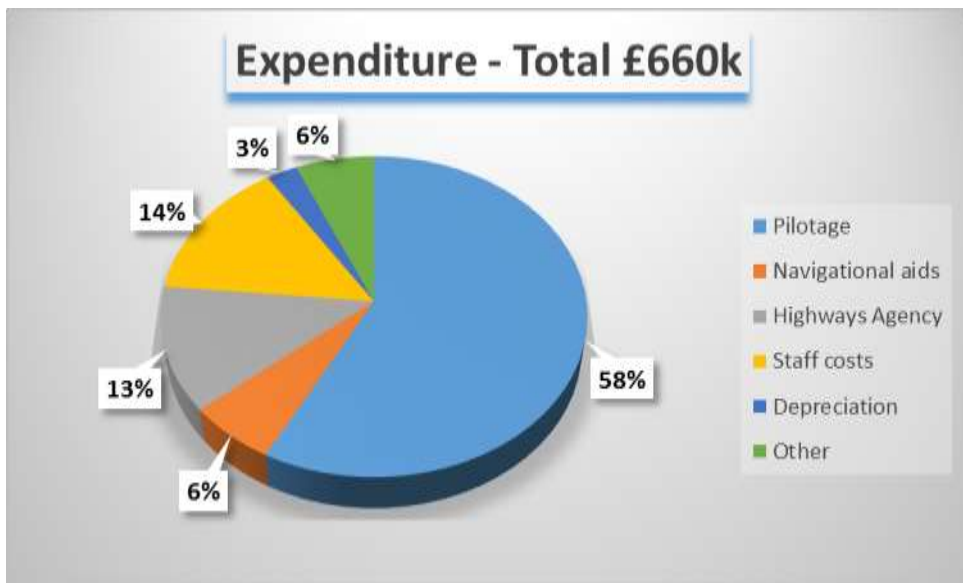
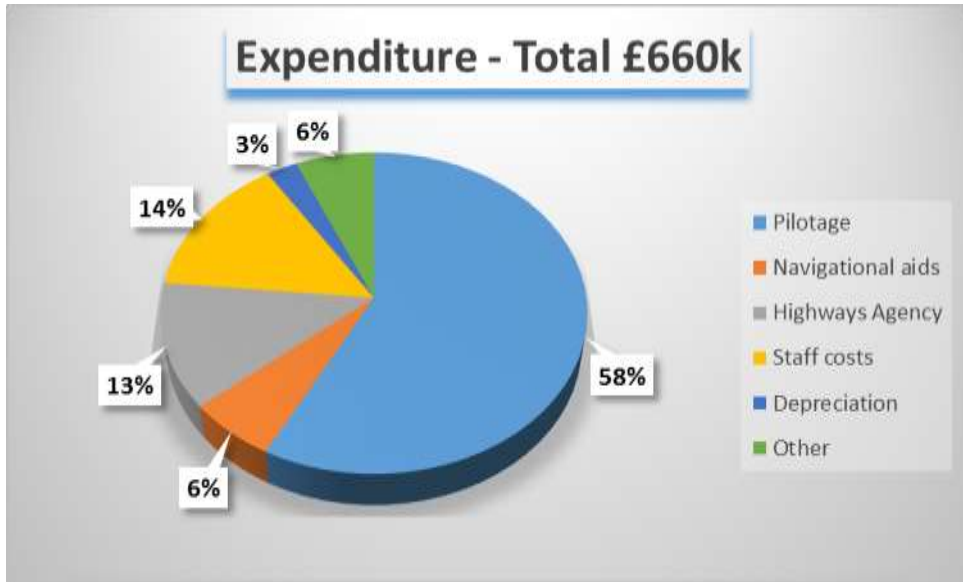


Most of the key performance indicators identified by the DfT for benchmarking are difficult to apply to GHT as it is solely a conservancy body responsible for pilotage and navigation and has no conventional port infrastructure to operate and maintain. We have, therefore, chosen to measure our performance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

Using this formula, profitability for the year ended 31 March 2014 was 1.9%. This increase from 2012/2013 was partly due to the raising of the harbour dues and also the sustained high level of trade coming through Sharpness.

% PROFITABILITY					
2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.6	5.4	-4	2.6	-2.5	1.9

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



PILOTS' NATIONAL PENSION FUND (PNPF)

GHT continues to make an affordable contribution to the deficit in the PNPF. This is partly funded by an additional 2p per dwt on our harbour dues, with the shortfall made up from reserve funds. The total contributed during 2013/14 was £30,000.

STAKEHOLDER BENEFIT

The Department for Transport's 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 continued 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 that major work will need to be carried out in the next few years.

SARA CRANE

One particular local project we were pleased to be able to support this year was the provision of a new crane at the old dock in Sharpness. The local in-shore rescue service, the Severn Area Rescue Association or SARA, has one of its bases at Sharpness. Boat launching is a problem because of the extreme tidal regime at Sharpness which means the slipway is not always available and a crane is often used to lower boats into the water. However, the old boat launch crane finally failed after many years' service and we were able to provide match funding to SARA so that a replacement crane could be put into service more quickly. We also benefit from this arrangement as GHT's boat can now also be launched locally for work in the upper estuary, instead of having to make a 50 mile round trip to the only other accessible slipway at Beachley near the Severn Bridge.



The new SARA crane in action

STAKEHOLDER ENGAGEMENT

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

We also host a buffet lunch in May to which we invite our stakeholders, representing commercial, environmental, leisure and community interests, to join us informally and discuss issues of mutual interest and concern.

PERFORMANCE SUMMARY

Pilot Service Availability	The availability of pilots is carefully monitored and potential difficulties are discussed by the pilots with the port operator and GHT. There was one occasion when an off-duty pilot was not available to deal with an additional shipping movement when several ships wished to move on the same tide.
Navigational Aids Availability	Continued to be 100%.
Time Loss Accidents	There were no time loss accidents or reportable incidents during the year.
Incidents	There were no shipping incidents in the Gloucester Harbour area.
Environment	There were no reported incidents of pollution in the harbour area.
Finance	Profitability was 1.9 %.

THE YEAR AHEAD

The current buoyant level of shipping means that we have been able to maintain our harbour dues at 37p per dwt, plus the additional 2p per dwt to fund the contribution to the PNPF. This figure will be kept under careful review during the coming year to ensure that GHT remains financially viable.

No major schemes to improve the aids to navigation are planned for the 2014/15 financial year, but routine maintenance will be undertaken as necessary.



The Baltic Carrier arriving off Sharpness as members of the Portishead Cruising Club and Thornbury Sailing Club leave after a weekend rally in Gloucester Docks

Trustees' Responsibilities

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

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

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

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

STATEMENT OF DISCLOSURE TO AUDITORS

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

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

This report was approved by the Trustees on 18 July 2014 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 2014

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2014 on pages 21 to 32. The financial reporting framework that has been applied to their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and Auditors

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the appropriate elements of Statutory Harbour Undertakings Regulations 1983, Companies Act 2006, Section 42 of Harbours Act 1964 as amended by the Transport Act 1981 and as amended by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

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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 2014

	Notes	2014	2013
		£	£
Income	2	690,988	552,653
Expenditure	3	660,034	549,337
Operating surplus before depreciation, interest and taxation		<u>30,954</u>	<u>3,316</u>
Provision for depreciation	8	(17,352)	(17,286)
Profit on disposal of fixed assets		-	-
Surplus/(deficit) before interest and taxation		<u>13,602</u>	<u>(13,970)</u>
Income from investments	11	9,554	9,041
Profit on disposal of Investments	11	11,586	647
Net Surplus/deficit before taxation	4	<u>34,742</u>	<u>(4,282)</u>
UK corporation tax	5	(6,322)	(945)
Deferred taxation	6	1,700	2,047
Net Surplus/deficit for the year	12	<u>30,120</u>	<u>(3,180)</u>
		=====	=====

GLOUCESTER HARBOUR TRUSTEES

Balance Sheet as at 31 March 2014

	Notes	2014	2013
		£	£
Fixed assets			
Tangible assets	8	96,418	111,810
		<hr/>	<hr/>
		96,418	111,810
		<hr/>	<hr/>
Current assets			
Debtors: due within one year	9	63,143	61,605
Bank balances		117,624	91,122
Cash		36	122
Other Investments	11	364,481	346,285
		<hr/>	<hr/>
		545,284	499,134
Current liabilities			
Creditors: amounts falling due within one year	10	81,160	77,585
		<hr/>	<hr/>
Net current assets		464,124	421,549
		<hr/>	<hr/>
Total assets less current liabilities		560,542	533,359
Long Term Liabilities			
Creditors: amounts falling due after more than one year	10	17,437	18,674
		<hr/>	<hr/>
Total Assets less Total Liabilities		543,105	514,685
Provisions for liabilities and charges	6	(2,420)	(4,120)
		<hr/>	<hr/>
Net assets		540,685	510,565
		=====	=====
Capital and reserves			
Income and expenditure reserve	12	540,685	510,565
		=====	=====

Signed on behalf of the Trustees

J Bevor (Chairman)

K Douglas (Finance Officer)

Dated: 18 July 2014

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2014

I Principal accounting policies

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

Basis of Accounting

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

Tangible fixed assets

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

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

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

Turnover

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

Deferred taxation

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

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

Other Investments

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

Pensions

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

GLoucester Harbour Trustees

Notes to the accounts for the year ended 31 March 2014

2 Income

	2014	2013
	£	£
Harbour Dues (Pilotage & Conservancy)*	487,654	399,801
PNPF Levy	24,304	-
Pilotage Exemption Certificate income	970	877
Conservancy Dues income	6,377	6,952
Highways Agency – contribution to ship protection measures	59,924	54,477
Highways Agency – non-routine upgrades	71,072	54,180
Magnox Sites - contribution to repairs, maintenance and lighting	14,380	11,650
Bank interest received	300	410
Licensing fees received	286	203
Navigation House rental & service charges income	19,104	18,070
Other income	6,617	6,033
Total Income	690,988	552,653
	=====	=====

* Includes charge for use of pilot boat

GLoucester Harbour Trustees

Notes to the accounts for the year ended 31 March 2014

3 Expenditure

	2014	2013
	£	£
Conservancy and Administration		
Navigational aids: renewals, repairs and maintenance	24,417	18,541
Beacon and radar costs on behalf of Highways Agency	11,933	7,857
Highways Agency – non-routine work	71,072	54,180
Lighting supplies	1,269	1,471
Workshop accommodation costs	7,097	6,955
Vehicle costs	1,985	1,527
Boat costs	317	226
Lights maintenance contract	9,000	8,750
Navigation House costs	16,064	14,343
Office Costs	13,579	12,209
Salary Costs	94,945	91,536
Trustee and staff expenses	11,843	10,857
Audit fee	3,220	3,305
Subscriptions and licences	623	1,285
River surveys	3,832	3,720
Professional advice and expenses	4,368	6,849
Oil spill measures	502	-
Investment administration charges	2,944	2,803
	<u>279,010</u>	<u>246,414</u>
	=====	=====
	2014	2013
	£	£
Pilotage		
Pilots' contract	300,072	254,723
Boarding and landing fees	37,278	28,539
Pilots' lodge facilities	8,825	8,574
Training	3,000	3,000
Other pilotage costs	1,849	587
PNPF	30,000	7,500
	<u>381,024</u>	<u>302,923</u>
	=====	=====
Total Expenditure	660,034	549,337
	=====	=====

GLoucester Harbour Trustees

Notes to the accounts for the year ended 31 March 2014

	2014	2013
4 Surplus/Deficit before Taxation	34,742	(4,282)
Deficit before taxation is stated after charging/(crediting)		
Depreciation charge for the year:-		
Tangible owned fixed assets	17,352	17,286
Profit on disposal of vehicle/boat	-	-
Adjustment on disposal of investments	11,586	647
Auditor's remuneration	3,220	3,305
5 Taxation	2014	2013
Domestic current year tax:-		
UK Corporation Tax at 20% (2013: 20%)	6,325	940
Adjustment for prior year	(3)	5
	<hr/>	<hr/>
	6,322	945
Current tax charge	=====	=====
Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	34,742	(4,282)
	=====	=====
Deficit on ordinary activities before tax multiplied by standard rate of tax - 20% (2013 20%)	6,948	(856)
	<hr/>	<hr/>
Effect of :-		
Depreciation	3,470	3,457
Capital allowances	(514)	(742)
Other tax adjustments	(3,582)	(914)
	<hr/>	<hr/>
	(626)	1,801
	<hr/>	<hr/>
Current tax charge	6,322	945
	=====	=====

**Notes to the accounts
for the year ended 31 March 2014**

6 Deferred Taxation

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

	2014	2013
	£	£
Accelerated Capital Allowances	(2,420) -----	(4,120) -----
Deferred taxation liability	(2,420) =====	(4,120) =====
		£
Balance at 1 April 2013		(4,120)
Movement in the year		1,700 -----
Balance at 31 March 2014		(2,420) =====

7 Employees

	2014	2013
The average weekly number of persons employed during the year was	2 ==	2 ==
Staff costs (for the above persons):-		
Wages and salaries	76,586	73,798
Pension contributions	10,975	10,656
Social security costs	7,384	7,084

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2014

8 Fixed Assets

	Motor Vehicles	Office Equipment	Furniture	Marine Equipment	Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2013	20,060	35,691	5,800	55,141	157,646	274,338
Additions		1,960				1,960
Disposals						
	-----	-----	-----	-----	-----	-----
At 31 March 2014	20,060	37,651	5,800	55,141	157,646	276,298
	-----	-----	-----	-----	-----	-----
Depreciation						
At 1 April 2013	8,024	35,191	5,421	44,079	69,813	162,528
Charge for year	4,012	892	379	5,763	6,306	17,352
Disposals						
	-----	-----	-----	-----	-----	-----
At 31 March 2014	12,036	36,083	5,800	49,842	76,119	179,880
	-----	-----	-----	-----	-----	-----
Net book value						
At 31 March 2014	8,024	1,568	-	5,299	81,527	96,418
	=====	=====	=====	=====	=====	=====
At 31 March 2013	12,036	500	379	11,062	87,833	111,810
	=====	=====	=====	=====	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2014

9 Debtors	2014	2013
	£	£
Amounts falling due within one year		
Pilotage fees	54,129	40,747
Highways Agency	-	17,620
Magnox Sites	5,275	2,404
Canal & River Trust	2,854	
Other debtors	885	834
	<hr/>	<hr/>
	63,143	61,605
	=====	=====
 10 Creditors		
	2014	2013
	£	£
Short Term : Amounts falling due within one year:-		
Other creditors	46,812	49,102
Corporation Tax	6,271	864
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	6,287	5,826
Deferred income credit	1,790	1,727
	<hr/>	<hr/>
	81,160	77,585
	=====	=====
 Long Term: Amounts falling due in more than one year:-		
Deferred income credit - Magnox *	17,437	17,974
- British Waterways (CRT) **	-	700
	<hr/>	<hr/>
	17,437	18,674
	=====	=====

The deferred income credits represent:

* the amount remaining from BNFL Magnox Electric's one-off payment in 2005 to buy out its obligation for the maintenance of the Haywards Rock & Bull Rock Beacons

** a contribution from British Waterways (CRT) towards the tide gauge which is credited to income at the same rate as the asset is depreciated

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2014

II Other Investments

	2014	2013
	£	£
Listed Investments	363,742	345,462
Cash	739	824
	<hr/>	<hr/>
	364,481	346,286
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	460,297	452,675
Cash	739	824
	<hr/>	<hr/>
	461,036	453,499
	=====	=====
Acquisitions	40,672	19,934
Disposals	(22,391)	(12,002)
Movement in cash balance	85	(1,047)
	<hr/>	<hr/>
	18,196	6,885
	=====	=====
Income Received:-		
Dividends	7,380	6,933
Interest (net of tax)	2,174	2,108
Disposals adjustment	11,586	647
Administration charges	2,944	(2,803)
	<hr/>	<hr/>
	18,196	6,885
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2014

12 Income and Expenditure Reserve

	£
Balance at 1 April 2013	510,565
Surplus for year	30,120
	<hr/>
Balance at 31 March 2014	540,685
	=====

13 Financial commitments

At 31 March 2014 the trust had annual commitments under a non-cancellable operating lease as follows:

	Land	
	2014	2013
	£	£
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	2014	2013
	£	£
Contributions payable by the authority for the year	10,975	10,656

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 2014

15 Contingent Liabilities

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

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

GHT has never employed pilots under contracts of employment and the self-employed pilots of Gloucester Pilots Partnership are, and have always been, responsible for making their own pension contributions. GHT has therefore strenuously resisted any suggestion that it has a liability for the PNPF's deficit but has offered to contribute a fixed sum towards it. A contribution of £30,000 has been made during the year ended 31 March 2014.

16 Related Party Transactions

£7,000 (2013-£6,800) was paid to J Bevor for his duties as Chairman of the Trustees

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