

The background of the cover is a photograph showing a large suspension bridge with a white tower and cables. A blue and white cargo ship is passing under the bridge on the water. The sky is a clear, pale blue.

**ANNUAL REPORT AND
ACCOUNTS**

**FOR YEAR ENDED
31 MARCH 2011**



Süderau passing Charston Lighthouse



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Naomi Morrow

The Severn Bridges viewed from Sharpness

THE TRUSTEES



Tom Appleby
Environmental Interest



Mike Johnson
Principal Operational
Officer



John Beevor
Community Interest



Barry Leat
Maritime Interest



Basil Booth
Environmental Interest



Carl Merry
Maritime Interest



Edmund Dorman
Chairman



Anthony Potts
Community Interest



Derek Hughes
Vice-Chairman
Maritime Interest



Garry Strickland
Commercial Maritime
Interest

CHAIRMAN'S REPORT

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

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.

However, we have been far from complacent in our financial planning and, although the last financial year turned out to be more successful than had been feared in the depths of the recession at the end of 2009, we again began this year in a conservative mood, determined to keep expenditure within the income anticipated from the ships using Sharpness. We were reasonably confident that this would match the level achieved in 2009/2010 and therefore felt able to hold the rate of harbour dues at the level charged last year. As the year progressed, we were pleased to note that trade continued to be buoyant and would lead to a small surplus at the end of the year.

Consequently, towards the end of the financial year we, as Trustees, decided that the time was now right to make a major investment in our maintenance programme and complete the modernisation of all the navigation aids which has been in progress over the last few years. This ensures that all our aids now meet the highest navigation and safety standards and function economically with minimum annual maintenance costs.

We look forward to the challenges of the next financial year confident that we have provided navigational aids which meet the highest standards and help all harbour users to navigate safely. This allows us to fulfil our duty under the Port Marine Safety Code and provide a benefit to all our stakeholders.



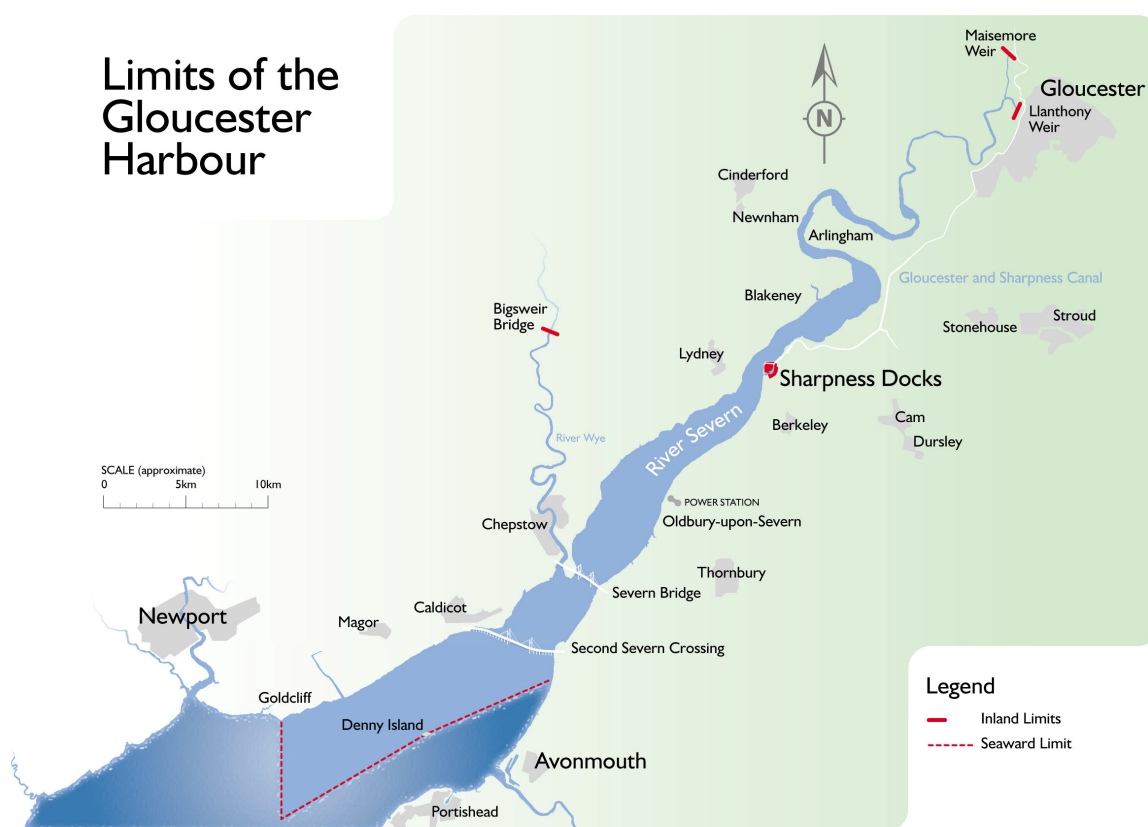
Edmund Dorman
Chairman of GHT

The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2011

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. Both 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.

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

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:

Tom Appleby

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

John Beevor

Semi-retired commercial lawyer

Basil Booth

Farmer; County Councillor; member of ASERA

Edmund Dorman (Chairman)

Ship-owner and timber sales consultant

Derek Hughes (Vice-Chairman)

Experienced shipping broker and agent / ship manager

Mike Johnson

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

Barry Leat

Retired metallurgist; member of Royal Yachting Association; experienced dinghy sailor and yachtsman

Carl Merry

Master Mariner and former shipmaster; currently authorised as a First Class Pilot within the Gloucester Harbour area.

Anthony Potts

Retired accountant with wide local authority and legal experience; experienced boater

Garry Strickland

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

TRUSTEES' ATTENDANCE RECORD

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

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

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

Finance Officer - Katrina Douglas FCA

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.

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.

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 and the latest edition of GHT's Safety Management Plan is published on GHT's website. Advice to leisure boaters is also available and '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.

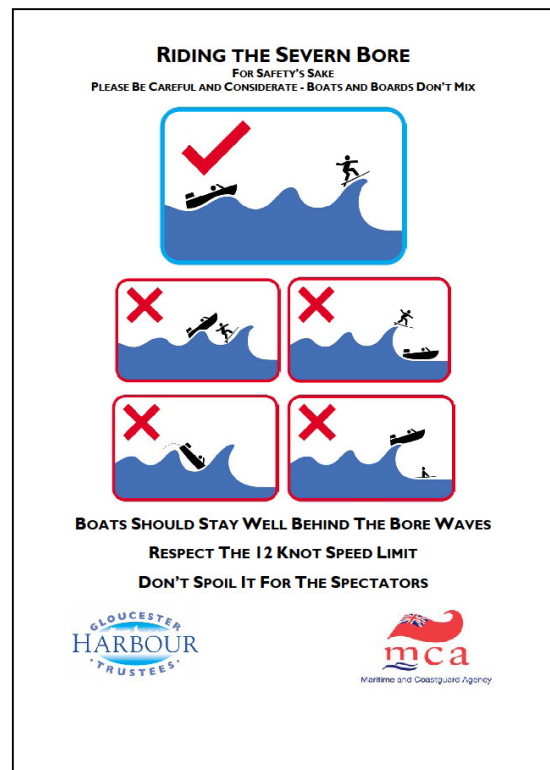
GHT's officers have regular meetings with staff from British Waterways to discuss matters of mutual interest and concern to ensure that all vessels enter and leave Sharpness safely.

Severn Bore

The Severn Bore is a fascinating natural phenomenon and publicity in national and local media continues to attract large numbers of people to the Severn, especially when a large bore is predicted.

There is always a conflict of interest between those on the bank who want to see the unspoilt wave and surfers and boaters who want to ride it. However, GHT has become increasingly concerned about the behaviour of a small number of power boats on the Severn Bore which affects other bore riders and spectators on the bank. GHT has raised the issue of safety with a number of media outlets including the BBC, the local press and on-line forums. Posters highlighting the dangers have been erected at a number of well-known launch sites and safety information is readily available on GHT's website.

GHT also supports in principle a local campaign which would like some bores to be totally boat and rider free so that the natural phenomenon can be viewed at its best. However, it has no powers to control access to the water or prevent craft navigating on the water, provided they keep to the speed limit.



Passage Planning

There was a potentially serious incident during the year when a small leisure cruiser with an experienced crew became disoriented in thick fog and was stranded on a submerged fishing structure on a falling tide. Local rescue services were alerted but were unable to locate the vessel in the dark. Fortunately, the crew of the stricken cruiser remained alert and when their vessel floated off the obstruction were able to ground on sands until daylight and were able to return to port none the worse for their adventure. However, this incident shows that things can go wrong even for the experienced. GHT contacted local leisure sailors through local sailing clubs and its website to remind them of the need to look out for these submerged structures and ask them to contact GHT as well as the Coastguard in an emergency, as GHT's radar system could help locate a vessel in distress and allow other vessels to keep clear of the danger.

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.

We have been aware for some time that the sheer size of the Harbour area and the remoteness of the aids to navigation meant that many of us had had no opportunity to see at first hand the structures for which GHT is responsible. As a result, a boat trip was organised for trustees and staff in July which took them from Portishead up the river along the route of the main shipping channel to Sharpness and back again. This trip was a very worthwhile experience which gave a much better understanding of the harbour area.

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. The pilots act on a rota basis as Duty Pilot, who is deemed to be an officer of the Trustees during his period of duty. GPP also provides relief harbour master services when GHT's Marine Officer is unavailable.

Traffic levels are carefully monitored to ensure that these can be managed safely by the appropriate number of licensed pilots; three pilots are currently needed to operate the service safely. Rick Davies, the newest pilot, completed his training in November. Consequently, all three pilots are now authorised to take the full range of ships navigating in the harbour which allows the work to be spread evenly between them.



GHT and GPP are conscious of the importance of proper passage planning to ensure that ships transit the harbour and enter and leave the port of Sharpness safely. The average size of ship using the port has been gradually increasing in the last few years and it is vital that ship owners provide precise information about their vessels and that this is readily available to the pilots and the port operator. A new system has recently been introduced on GHT's website to facilitate this flow of information. Critical dimensions have also been identified which will trigger a pre-arrival review to address any special requirements for the safe handling of a particular ship.

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



'Wilson Brest' leaving Sharpness



'Poet' and narrow boat passing near Sharpness

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.

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

A few years ago GHT began a comprehensive overhaul of its aging navigation structures, some of which were up to 100 years old and in urgent need of modernisation, and several have been replaced as funds permitted. However, this year, we decided that GHT's financial situation was sufficiently stable to allow funds to be committed to completing the modernisation programme. We believe that this investment now will ensure that all GHT's navigational aids are modern, conform to the highest navigational and safety standards and will require minimal maintenance for a number of years.

Consequently, the major schemes undertaken this year have been the installation of modern lighting columns at both Hills Flats and Counts to replace the buoys which had been on station for over fifty years and were beginning to show their age.

In addition, we decided to replace our aging RIB and have purchased a new Pioner workboat which is very robust and more suitable for the work undertaken in the harbour.



New Tower at Counts



Working at the Counts Tower from the new boat

Finally, a new tide gauge has been installed at the entrance to the lock at Sharpness. This project was undertaken in collaboration with British Waterways who contributed half the cost. The gauge provides tidal and weather data which can be accessed by Harbour users through a link on GHT's on website.

THE ENVIRONMENT



Jeremy Billinger

Estuarine Saltmarsh at Northwick Warth

The Severn Estuary and River Wye are protected by extensive British and European 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 recognising the importance of preserving and enhancing the natural habitat and its flora and fauna, and its environmental responsibilities as a public body, GHT is primarily a navigation authority and must manage and maintain the delicate balance between conservation and the statutory right of navigation within the Gloucester Harbour for vessels of all types.

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.

The Coalition Government has studied the findings of the feasibility study set up to look at tidal power schemes in the Severn and has concluded that there was no strategic case for the public funding of these schemes, including the Cardiff- Weston barrage. There is now little likelihood of this scheme, which would have had a disruptive effect on the Gloucester harbour, going forward in the foreseeable future.

GHT continues to be consulted by Horizon Nuclear Power on navigational issues as part of its preliminary planning for the building a new nuclear power station at Oldbury. However, this scheme, if approved, will take second place behind the proposed new station at Wylfa and preliminary work at Oldbury will not start until 2014 at the earliest.

The long-standing application for a licence to dredge sand on the North Middle Grounds has now been determined by the Welsh Assembly Government and EIA consent was given in February. GHT was officially consulted in its role as a regulator and has now issued its own dredging licence incorporating the conditions set out in the EIA.

GHT is mindful of the need to reduce energy consumption and to use renewable resources and takes this into account in its activities. The modernisation of navigation lights has given the opportunity to incorporate energy efficient technology and solar panels and l.e.d. lighting are used where appropriate.

FINANCE

As GHT is a conservancy body and does not own any land or own/operate any docks or quays, it is not in a position to generate income from cargo handling, leisure boat use, or other commercial activities. Most of its 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 1,000,000 dwt.

We took a very conservative view at the beginning of the financial year and based our expenditure on an expectation of an average monthly piloted dwt of 75,000. We were reasonable confident that this target could be met and therefore felt able to maintain the pilotage rate at the same level as the previous year.

In the event, the forecasts made at the beginning of the year have proved accurate, with trade slightly above the prediction and we achieved an average monthly piloted tonnage of 80,000 dwt. The cold weather in December led to a bigger than usual seasonal dip, but this was compensated for by a very busy January which evened things up. It was by then clear that GHT would be on target for a modest surplus at the end of the financial year and this, coupled with previous surpluses, gave us the confidence to make a major investment in the maintenance programme which will bring beneficial reductions in maintenance and costs in future years. This expenditure created an operating loss of £18k for the year.

Most of the key performance indicators identified by DfT in its recent guidance are difficult to apply to GHT as it is solely a conservancy body responsible for pilotage and navigation and has no conventional port infrastructure to operate and maintain.

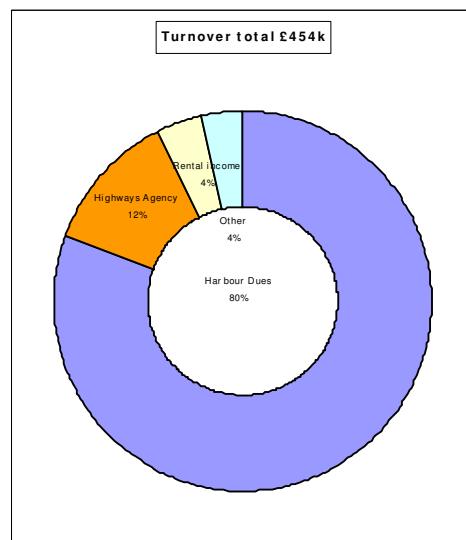
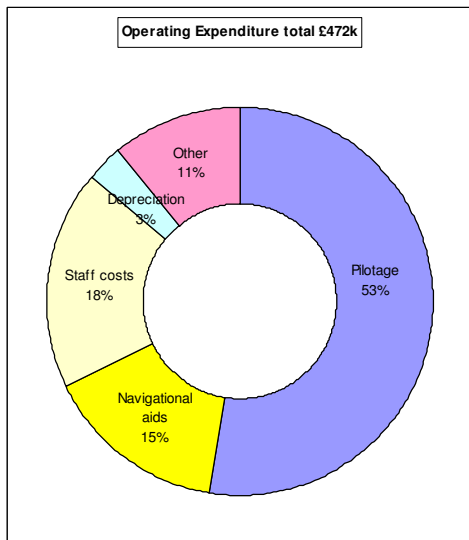
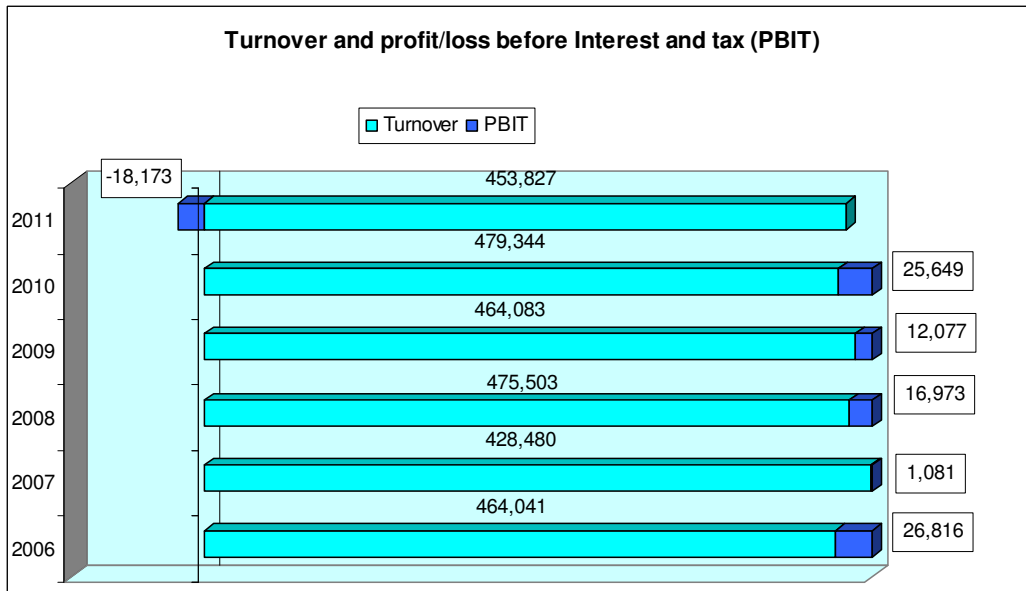
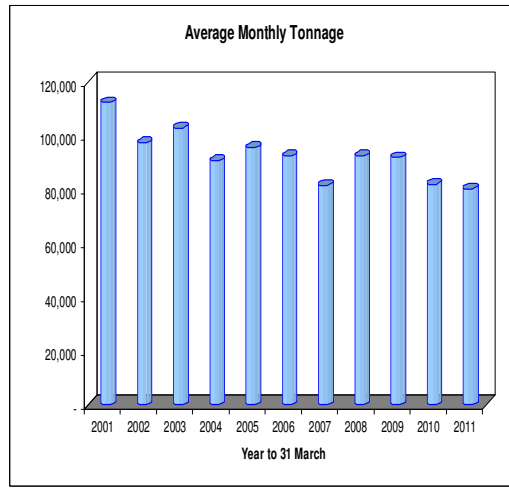
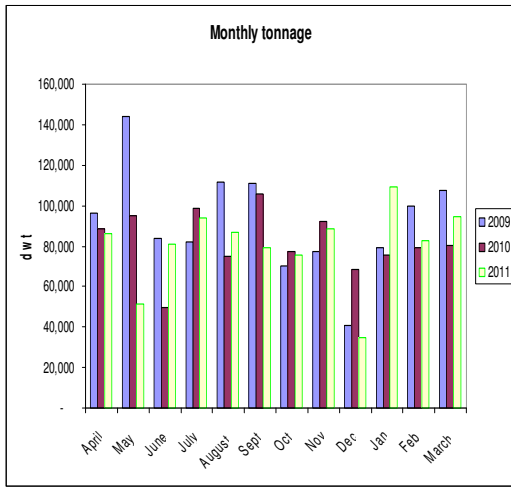
GHT has, therefore, chosen to measure its performance using profitability, defined as loss/surplus before interest and taxation divided by turnover, as its benchmark. Profitability for the year ended 31 March 2011 is -4%. The decline from 5.4% achieved in 2009/2010 is explained by the recent significant investment in fixed assets and maintenance, coupled with a slight fall in the level of trade compared with the previous year and increased operational costs.

We continue to maintain a reserve fund to be used, as this year, 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 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, but the position is still far from clear as a number of appeals have been lodged and are unlikely to be determined until the autumn of 2011. In addition, the actuarial valuations for 2007 and 2010 have yet to be completed. Consequently, no firm information has yet been received on the nature of any liabilities and the plans for a recovery scheme. Therefore, due to the 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 its 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.

At the beginning of the financial year, we had decided to restrict the works programme to essential maintenance in anticipation of a difficult financial year. However, it became clear after a few months that trade was ahead of expectation and funds would, after all, be available for work to upgrade some of the older structures and improve safety. Consequently, we were pleased to be in a position to approve the installation of new lighting masts at Counts and Hills Flats and the purchase of a replacement for GHT's aging RIB. These projects will directly benefit GHT's stakeholders and contribute to the economic and safe operation of the Harbour.



The Pioner workboat in action at Counts Rock

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 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. We were particularly pleased to welcome Neil Carmichael, the recently elected MP for the Stroud constituency, to join the other stakeholders at this lunch and were able to brief him on the problems facing small ports in the current economic climate.

GHT is consulted from time to time, either by invitation or in its role as a statutory consultee, and during the year has provided comment or responses to several proposals and studies, including:

- Feasibility Study on Severn Tidal Power
- Potential new nuclear power station at Oldbury
- Marine Licensing – aspects of the Marine and Coastal Access Act and Marine EIA Regulations
- Boatmasters Licences
- Freedom of Information Act (possible inclusion of harbour authorities)

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 another 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 is now well placed to fulfil its statutory responsibilities with confidence.



GHT's office at Sharpness Dock (part of blue building)

Picture courtesy of Hugh Conway-Jones

GHT OFFICE:

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

Tel: 01453 811913

Fax: 01453 810381

Website: www.gloucesterharbourtrustees.org.uk

TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the authority for that period. In preparing those financial statements, the Trustees are required to:

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

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

STATEMENT OF DISCLOSURE TO AUDITORS

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

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

This report was approved by the Trustees on 15 July 2011 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 2011

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2011 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 2011 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 2011

	Notes	2011	2010
		£	£
Income	2	453,827	479,344
Expenditure	3	457,850	440,844
		-----	-----
Operating loss before Depreciation and interest		(4,023)	38,500
Provision for depreciation	8	(18,150)	(12,851)
Profit on disposal of fixed assets	8	4,000	
		-----	-----
Loss/surplus before interest and taxation		(18,173)	25,649
Income from investments	11	7,703	9,414
Profit/(loss) on disposal of Investments	11	22,052	14,995
		-----	-----
Net surplus before taxation	4	11,582	50,058
Corporation tax at 21% (2010 - 21%) Current	5	4,360	(6,038)
Deferred taxation	6	(4,266)	(584)
		-----	-----
Net surplus for the year	12	11,676	43,436
		=====	=====

GLOUCESTER HARBOUR TRUSTEES

Balance Sheet as at 31 March 2011

	Notes	2011	2010
		£	£
Fixed assets			
Tangible assets	8	131,197	122,853
		<hr/>	<hr/>
		131,197	122,853
		<hr/>	<hr/>
Current assets			
Debtors: due within one year	9	63,909	47,703
Bank balances		92,506	94,684
Cash		161	146
Other Investments	11	338,274	309,750
		<hr/>	<hr/>
		494,850	452,283
Current liabilities			
Creditors: amounts falling due within one year	10	102,611	68,609
		<hr/>	<hr/>
Net current assets		392,239	383,674
		<hr/>	<hr/>
Total assets less current liabilities		523,436	506,527
Long Term Liabilities			
Creditors: amounts falling due after more than one year	10	21,111	20,144
		<hr/>	<hr/>
Total Assets less Total Liabilities		502,325	486,383
Provisions for liabilities and charges	6	(5,061)	(795)
		<hr/>	<hr/>
Net assets		497,264	485,588
		=====	=====
Capital and reserves			
Income and expenditure reserve	12	497,264	485,588
		<hr/>	<hr/>
		=====	=====

Signed on behalf of the Trustees

E Dorman (Chairman)

K Douglas (Finance Officer)

Dated: 15 July 2011

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

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 2011

2 Income

	2011	2010
	£	£
Harbour Dues (Pilotage & Conservancy)	363,663	377,851
Pilotage Exemption Certificate Income	877	857
Conservancy Dues Income	1,720	2,341
Highways Agency	53,726	53,385
Contribution towards repairs, maintenance and lighting:-		
Magnox BNFL	11,135	25,065
Bank Interest received	159	256
Other Interest received	3	6
Licensing fees received	353	470
Navigation House Rental & Service Charges Income	17,172	17,501
Other Income	5,019	1,612
Total Income	453,827	479,344

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

3 Expenditure

	2011	2010
	£	£
Conservancy and Administration		
Navigational Aids Repairs and Maintenance	51,789	29,022
Beacon and radar costs on behalf of Highways Agency	5,445	6,496
Lighting supplies	1,701	2,904
Workshop Accommodation costs	6,920	6,897
Vehicle costs (excl Depreciation)	866	1,015
Boat costs (excl Depreciation)	204	754
Lights maintenance contract	8,750	8,750
Navigation House Costs (excl Depreciation)	12,139	15,809
Establishment and administration costs	55,355	52,154
Marine Officer costs	56,298	50,601
Audit fee	3,150	3,200
Subscriptions and licences	1,375	1,489
River Surveys	3,384	3,260
Professional advice and expenses	765	3,008
Oil Spill Measures	550	550
Investment administration charges	1,231	880
	<u>209,922</u>	<u>186,789</u>
	=====	=====
	2011	2011
	£	£
Pilotage		
Pilotage contract	214,002	216,802
Boarding and landing fees	25,932	29,253
Pilots' lodge facilities	7,882	7,812
Other Costs	112	188
	<u>247,928</u>	<u>254,055</u>
	=====	=====
Total Expenditure	457,850	440,844
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

	2011	2010
4 Surplus before Taxation	11,582	50,058
Surplus before taxation is stated after charging/(crediting)		
Depreciation charge for the year:-		
Tangible owned fixed assets	18,150	12,851
Profit on disposal of boat	(4,000)	
Adjustment on disposal of investments	22,052	14,995
Auditor's remuneration	3,150	3,200
5 Taxation	2011	2010
Domestic current year tax:-		
UK Corporation tax	(4,360)	6,038
	<hr/>	<hr/>
Current tax (credit)charge	(4,360)	6,038
	=====	=====
Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	11,582	50,058
	=====	=====
Profit on ordinary activities before tax multiplied by standard rate of tax - 21% (2010 21%)	2,432	10,512
	<hr/>	<hr/>
Effect of :-		
Depreciation	3,811	2,699
Capital allowances	(5,913)	(2,057)
Other tax adjustments	(4,690)	(5,116)
	<hr/>	<hr/>
	(6,792)	(4,474)
	<hr/>	<hr/>
Current tax charge	(4,360)	6,038
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

6 Deferred Taxation

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

	2011	2010
	£	£
Decelerated Capital Allowances	(5,061)	(795) -----
Deferred taxation liability	(5,061)	(795)
	=====	=====
		£
Balance at 1 April 2010		(795)
Movement in the year		<u>(4,266)</u>
Balance at 31 March 2011		(5,061) =====

7 Employees

	2011	2010
The average weekly number of persons employed during the year was	2 ==	2 ==
Staff costs (for the above persons):-		
Wages and salaries	70,052	63,603
Pension contributions	9,693	9,337
Social security costs	6,772	5,948

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

8 Fixed Assets

	Motor Vehicles	Office Equipment	Office Furniture	Marine Equipment	Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2010	12,185	35,691	5,800	40,880	157,646	252,202
Additions	-	-	-	26,493	-	26,493
Adjustment	-	-	-	-	-	-
Disposals	-	-	-	(12,232)	-	(12,232)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	12,185	35,691	5,800	55,141	157,646	266,463
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 April 2010	12,185	32,711	4,286	29,272	50,895	129,349
Charge for year	-	826	379	10,638	6,306	18,149
Adjustment	-	-	-	-	-	-
Disposals	-	-	-	(12,232)	-	(12,232)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	12,185	33,537	4,665	27,678	57,201	135,266
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2011	-	2,154	1,135	27,463	100,445	131,197
	=====	=====	=====	=====	=====	=====
At 31 March 2010	-	2,980	1,514	11,608	106,751	122,853
	=====	=====	=====	=====	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

9 Debtors	2011	2010
	£	£
Amounts falling due within one year		
Pilotage fees	36,071	30,503
Highways Agency	16,177	14,733
Magnox Electric PLC	2,609	2,293
Other debtors	1,011	174
HM Revenue and Customs (VAT)	3,682	-
HM Revenue and Customs (Corporation Tax)	4,360	-
	<hr/>	<hr/>
	63,909	47,703
	=====	=====
 10 Creditors		
	2011	2010
	£	£
Short Term : Amounts falling due within one year:-		
Other creditors	77,604	40,082
Corporation tax		6,038
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	3,306	1,482
Deferred income credit	1,701	1,007
	<hr/>	<hr/>
	102,611	68,609
	=====	=====
 Long Term: Amounts falling due in more than one year:-		
Deferred income credit - (1) Magnox	19,010	20,144
- (2) British Waterways (tide gauge)	2,100	
	<hr/>	<hr/>
	21,110	20,144
	=====	=====

The deferred income credits represent:

- (1) 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
- (2) a contribution from British Waterways towards the tide gauge which is credited to income at the same rate as the asset was depreciated

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

II Other Investments

	2011	2010
	£	£
Listed Investments	336,606	246,092
Cash	1,668	63,658
	<hr/>	<hr/>
	338,274	309,750
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	373,499	284,967
Cash	1,668	63,658
	<hr/>	<hr/>
	375,167	348,625
	=====	=====
Acquisitions	275,639	161,723
Disposals	(180,649)	(137,335)
Movement in cash balance	(61,990)	59,010
	<hr/>	<hr/>
	33,000	83,398
	=====	=====
Income Received:-		
Dividends	5,614	7,842
Interest (net of tax)	2,089	1,572
Disposals adjustment	22,052	14,995
Administration charges	(1,231)	(1,012)
	<hr/>	<hr/>
	28,524	23,397
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2011

12 Income and Expenditure Reserve

	£
Balance at 1 April 2010	485,588
Surplus for year	11,676

Balance at 31 March 2011	497,264
	=====

13 Financial commitments

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

	Land	
	2011	2010
	£	£
Expiry date:		
Within one year	-	-
Between two and five years	-	-
In over five years	1,560	1,560
	-----	-----
	1,560	1,560
	=====	=====

14 Pension Costs

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

Defined contribution	2011	2010
	£	£
Contributions payable by the authority for the year	9,693	9,337

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 2011

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 have been lodged which are not likely to be determined until autumn 2011. GHT is thus not able to quantify its potential liability, if any, at this stage.

16 Related Party Transactions

A total sum of £6,436 (2010 - £6,200) was paid to Edmund L B Dorman in his capacity as Chairman of the Trustees of Gloucester Harbour Trustees.

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