



# **ANNUAL REPORT & ACCOUNTS**

**FOR THE YEAR ENDED  
31 MARCH 2015**

## INDEX

Report of the Trustees	5 – 16
Annual Performance Review	17 - 18
Trustees Responsibilities	19
Report of the Auditors to the Trustees	20-21
Income & Expenditure Account	23
Balance Sheet	24
Notes to the Accounts	23-34



© sgreen757

Sharpness Dock and the Severn Estuary

## 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 2014-2015.

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

The port of Sharpness has had another busy year having maintained the high level of trade enjoyed last year. The local port operator, Sharpness Dock Ltd, continues to work hard to maintain existing customers and attract new business to the port. We benefit from this buoyant trade by enhanced pilotage and conservancy dues which means that our finances are currently in a healthy state. We are, therefore, pleased to have sufficient reserves in place to commission a new hydrographic survey of the Harbour area and continue maintaining our aids to navigation to the highest standard.

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

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



© Mike Nash

The Albiz passing under the Severn Bridge inbound to Sharpness

# The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2015

## INTRODUCTION

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

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



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

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

## AIMS AND OBJECTIVES

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

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

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

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

## THE TRUSTEES

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

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

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

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

## TRUSTEES' ATTENDANCE RECORD

Trustee	Possible Attendances	Actual Attendances
John Beevor	6	6
John Christie	6	4
Gordon Craig	6	6
Derek Hughes	6	4
Mike Johnson	6	5
Barry Leat	6	5
Carl Merry	6	5
Anthony Potts	6	6
Garry Strickland	6	6

We were saddened to learn of the death of Basil Booth, one of our longest serving Trustees, not long after he decided to stand down from the Board. Basil was a source of much expert knowledge in a number of fields and a wise guide on dealing with difficult issues. He will be much missed.

## 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. He has recently been awarded the new Harbour Master Certificate.

### Finance Officer

Katrina Douglas, who worked as our Finance Officer for more than seven years, decided to leave us at Christmas in order to spend more time exploring the French canal system with her husband. In her place we have welcomed Susan Hill, who has many years' experience working as an AAT for a number of clients.

### 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.



© Emile Foote

Wide angle view of the Second Severn Crossing taken from a survey vessel

## **SAFETY**

### **PORT MARINE SAFETY CODE**

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

All procedures and policies are subject to an external independent audit each year to ensure that compliance with the PMSC is maintained. The results of this review are reported to the Board by GHT's Designated Person. Any comments and updates are incorporated into GHT's Safety Management Plan, the latest edition of which is published on GHT's website.

As Duty Holder, we are required by the Maritime and Coastguard Agency to formally certify our continuing compliance with the standards required by the Port Marine Safety Code at three yearly intervals. We authorised the Chairman to sign the Statement of Compliance on our behalf at our meeting on 16 January 2015 and this has been submitted to the MCA.

A detailed performance review of compliance with the PMSC is attached as Appendix A (pp 17-18).

### **OTHER SAFETY MATTERS**

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

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

## **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.

Having successfully completed the new Harbour Master Certificate last year, Mike Johnson was asked by Port Skills and Safety to help with this year's course and has been assessing a number of the candidates currently working towards this qualification.

## **PILOTAGE**

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

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

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



Traffic levels are carefully monitored to ensure that the appropriate number of pilots are authorised to manage these safely. After a review in 2012, we agreed that an additional pilot was needed to complement the three existing First Class pilots and a trainee pilot was appointed last year. He has made good progress and was granted his Second Class licence in January 2015. He will continue to work towards more senior qualifications as he gains further experience.

As some of our most experienced pilots move towards retirement, we are aware of the need for succession planning. In the Gloucester District, it takes about four years for a pilot to become fully qualified and the search for suitable candidates with the right experience will need to begin in good time. The proposed introduction of National Occupational Standards for Pilots as a basis for demonstrating competence is welcomed, but there needs to be flexibility in the evidence requirements and assessment criteria to ensure that local conditions are taken into account when appointing new pilots.

The pilots board and land at Barry using the Bristol Port Company's pilot boat. BPC recently retired their old boat, the Robina Fisk, and brought the Bristol Interceptor, a modern, self-righting, all-weather pilot boat, into service during the summer.



© Mark Hobbs

The Robina Fisk and Bristol Interceptor in action

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



© sgreen757

The Tanja entering Sharpness

## TRADE

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

To put this into context, Dragon Alfa Cement Ltd, based in Sharpness and a wholly owned subsidiary of the Cementos Portland Valderrivas group of companies, imported more cement into Sharpness than any other port in the country in the calendar year 2014. Fertiliser is imported by Bunn Fertiliser Ltd, a subsidiary of Koch Fertilizer LLC and one of the UK's longest established and largest fertiliser producers. It services the Midlands and South West through its Sharpness terminal.

Our role in supporting Sharpness and the wider Harbour area is to enable the safe passage of the vessels sailing to and from the port through the provision of the pilotage service and aids to navigation. In the last twelve months, there has been a total of 349 commercial ship movements through the Harbour carrying cargoes of cement, fertiliser, scrap metal, minerals and animal feed. In addition, about 500 leisure vessels transit the Gloucester Harbour via Sharpness Docks each year.

## AIDS TO NAVIGATION

Each year Trinity House inspects the local aids to navigation and conducts an audit of availability together with a check on compliance. Everything was found to be in good order on both occasions this year and we were pleased that 100% availability of the aids maintained by GHT was achieved once again. There was a minor glitch with one of aids maintained by a third party within the GHT area, which has since been rectified. 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.

### Charston Light

Considerable work has recently been undertaken at Charston to improve the structure and reduce maintenance risks. A new lantern, mounting post and solar panel have been fitted on the top of the lighthouse; corroded steelwork has been replaced and the batteries relocated inside the lighthouse so that it is no longer necessary to climb ladders to access them.



© Mike Johnson

View of the Second Severn Crossing from Charston

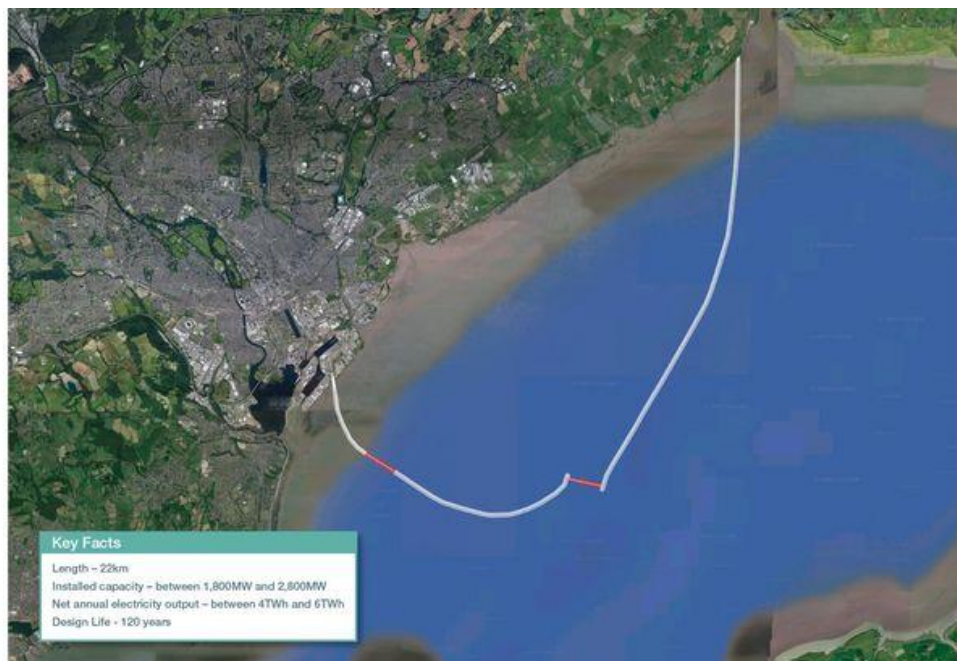
## THE ENVIRONMENT

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

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

### TIDAL LAGOONS

We have had several interesting meetings with Tidal Lagoon Power (TPL) a company which is developing plans to build tidal lagoons in the Severn Estuary and elsewhere. These are seen as less obstructive than a full barrage and more efficient as power can be generated on the incoming and outgoing tides. They harness tidal energy by capturing water within a man-made structure which is then released through sluices to drive the turbines.



© Tidal Lagoon Power Ltd

Outline of the proposed lagoon in Cardiff Bay

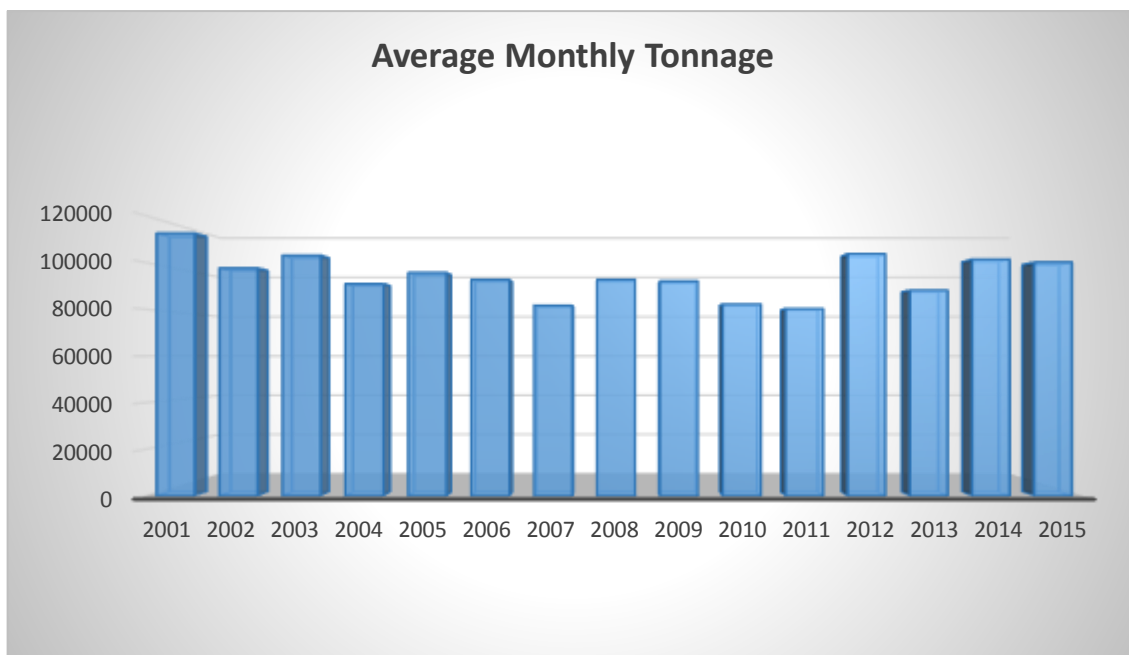
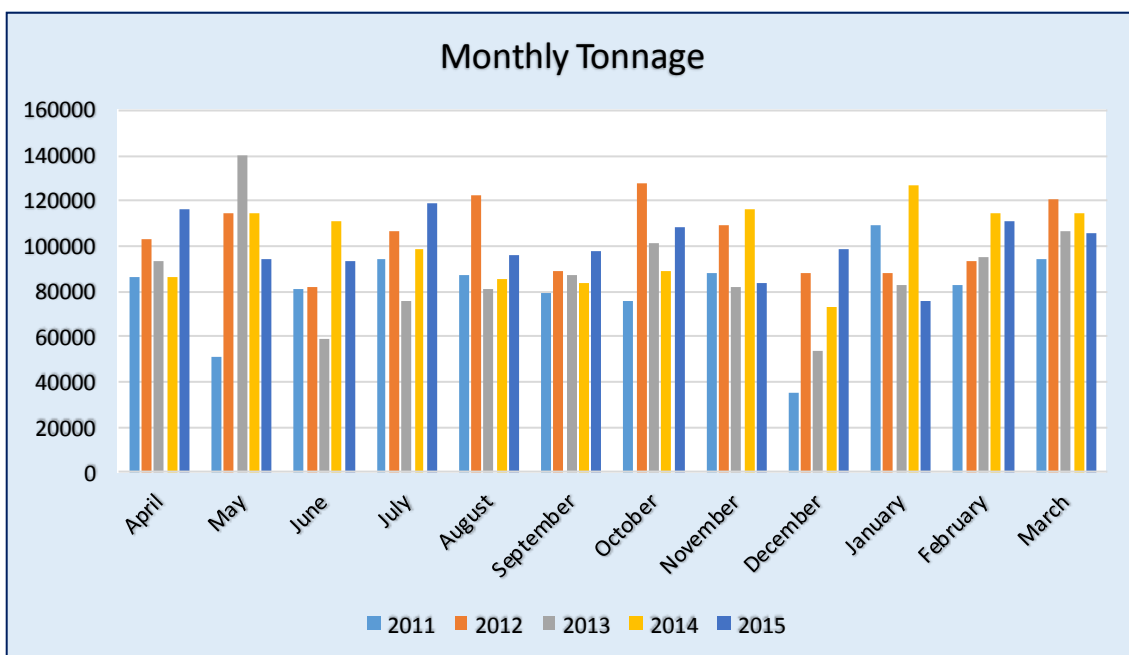
In the Severn Estuary, planning for a lagoon in Swansea Bay is well advanced and in-depth studies are being conducted on potential schemes at Cardiff Bay and Newport. Although TPL claims it will not drive through development at any cost, we are concerned about the impact of the Cardiff Bay scheme and, more particularly, any development on the Welsh Grounds near Newport and within the Gloucester Harbour. Any reduction in water levels would have a significant effect on navigation and the viability of Sharpness as a port. These potential schemes are at an early stage and we welcome the opportunity to comment on the data being produced by on-going modelling so that problems can be identified at an early stage.

## FINANCE

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

We again erred on the side of caution when making our forecast for 2014/15 and assumed that trade would need to achieve a monthly average of at least 85,000 piloted dwt in order to achieve a break-even outcome. We took the view that trade would continue to be buoyant and agreed to maintain our harbour dues at the same level for a second year.

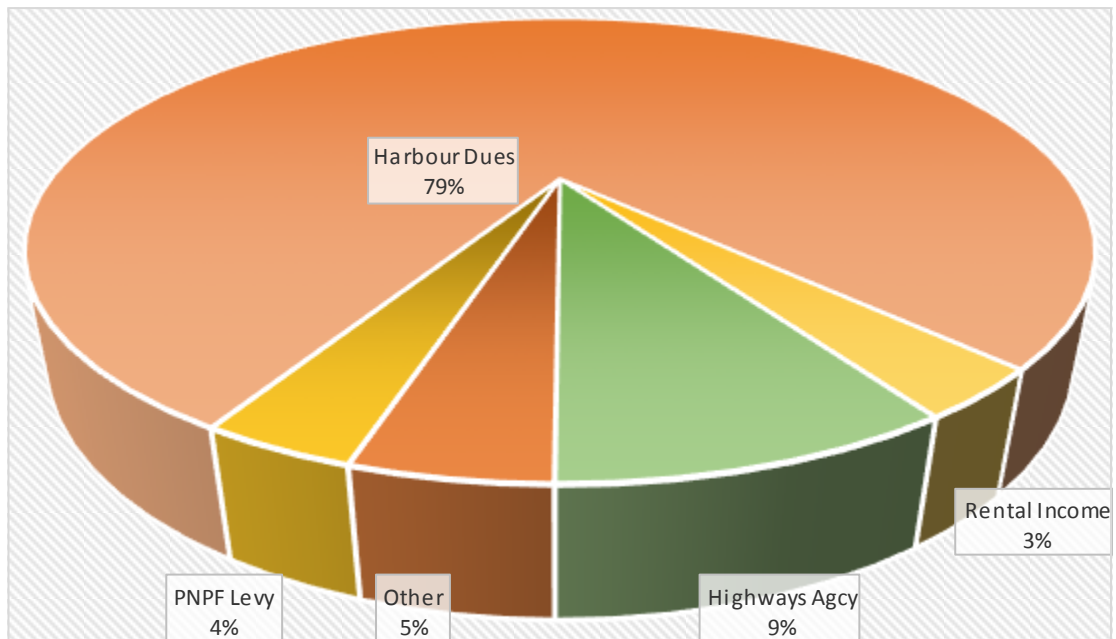
In the event, due to an increase in the average size of ships coming to Sharpness and the levels of trade generated by the port operator, the monthly average of piloted dwt for the year was just over 100,000 dwt.



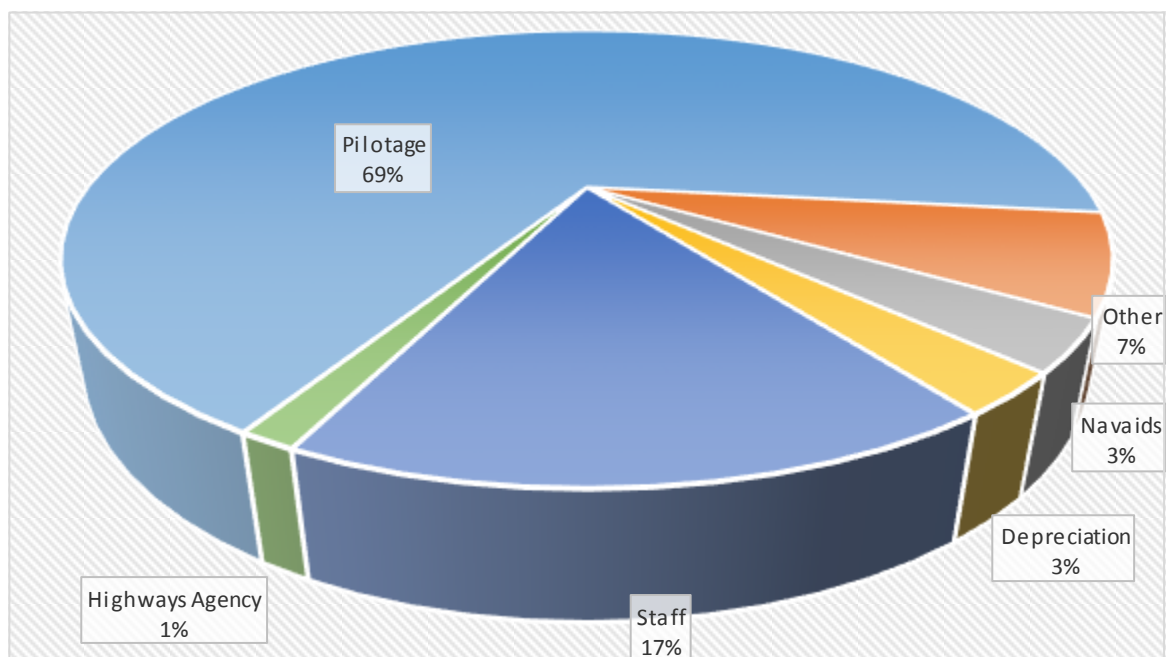
This higher level of trade compared with the forecast has given us an operating surplus of about £34,000 before depreciation, taxation and investments are taken into account.

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

### Turnover – Total £609k

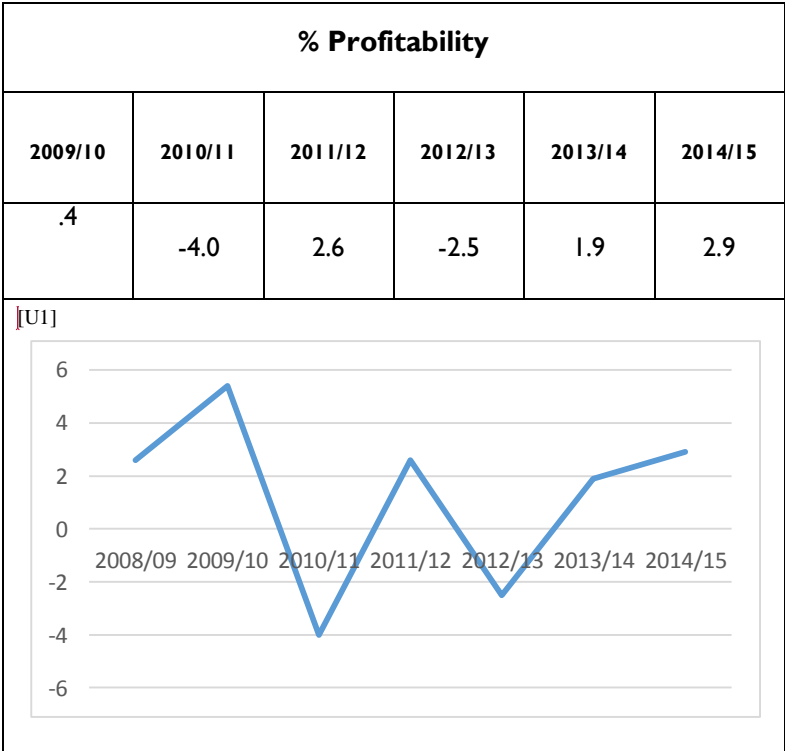


### Expenditure – Total £575k



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 2015 was 2.9%. The table below shows how this compares with the previous five years. The fluctuations in this measure directly correlate to the level of trade and the rate of harbour dues in each year. For instance, rates were increased in both 2009/10 and 2013/14, while there was a dip in trade in both 2010/11 and 2012/13, but an upturn in 2011/12 and 2013/14 which has continued into 2014/15.



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 2014/15 was £30,000.

**STAKEHOLDER BENEFIT**

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

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

## HYDROGRAPHIC SURVEY

Having been in the fortunate position of generating modest surpluses in recent years, we have carefully considered the best way of using these funds to benefit our stakeholders. We believe that accurate and up-to-date information on the harbour area is useful for all its users. We recognise that, as a competent harbour authority, GHT has a duty to survey its harbour regularly and find the best navigable channel. The last hydrographic survey was undertaken in 2000 and we believe that it is now time to update this information. We have, therefore, agreed to commission a new hydrographic survey of the navigable channel and immediately adjacent areas to be undertaken in May 2015. The more sophisticated surveying techniques developed in recent years will improve the quality of the information gathered and discussions have already taken place with the UK Hydrographic Office on survey requirements and relevant chart revision/presentation. The data will be included in the new editions of charts 1166 and 1176 due later in 2015.

## STAKEHOLDER ENGAGEMENT

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

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

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

## HARBOUR NEWS

The Severn Bore continues to attract lovers of extreme sport. Two well-known television presenters were filmed by different companies attempting to ride the Bore, though the wave proved disappointing on each occasion. Later in the year, Red Bull set up an intriguing and very well-organised race where teams of university / Olympic standard rowers were filmed attempting to out-row the Bore over a 7km mile route between Longney and Stonebench. In the event, half the teams made it to the finish line ahead of the Bore, while the rest trailed along behind.



Many locations in Gloucestershire are used as the backdrop for successful film and TV productions. This year, GHT had a small part to play in two major productions.

Scenes from the BBC's adaptation of 'Wolf Hall' were shot in various places in Gloucestershire. Our involvement came when the banks of the Severn near Minsterworth were chosen to represent the sixteenth century Thames. Several scenes featuring a barge powered by a team of rowers and carrying assorted dignitaries such as Cardinal Wolsey, Thomas Cromwell and Anne Boleyn were shot in this undeveloped area. As always, hours of set-up and filming resulted in just a couple of minutes of screen time.

The filming of scenes for the new film of 'Alice Through the Looking Glass' in Gloucester Docks was a much more public event. The arrival of a number of tall sailing ships, which came up the Severn Estuary into Sharpness and then along the canal to Gloucester for the shoot, generated a lot of local excitement. These ship movements had to be carefully planned around the normal commercial traffic but all arrived safely and in time for the start of filming.

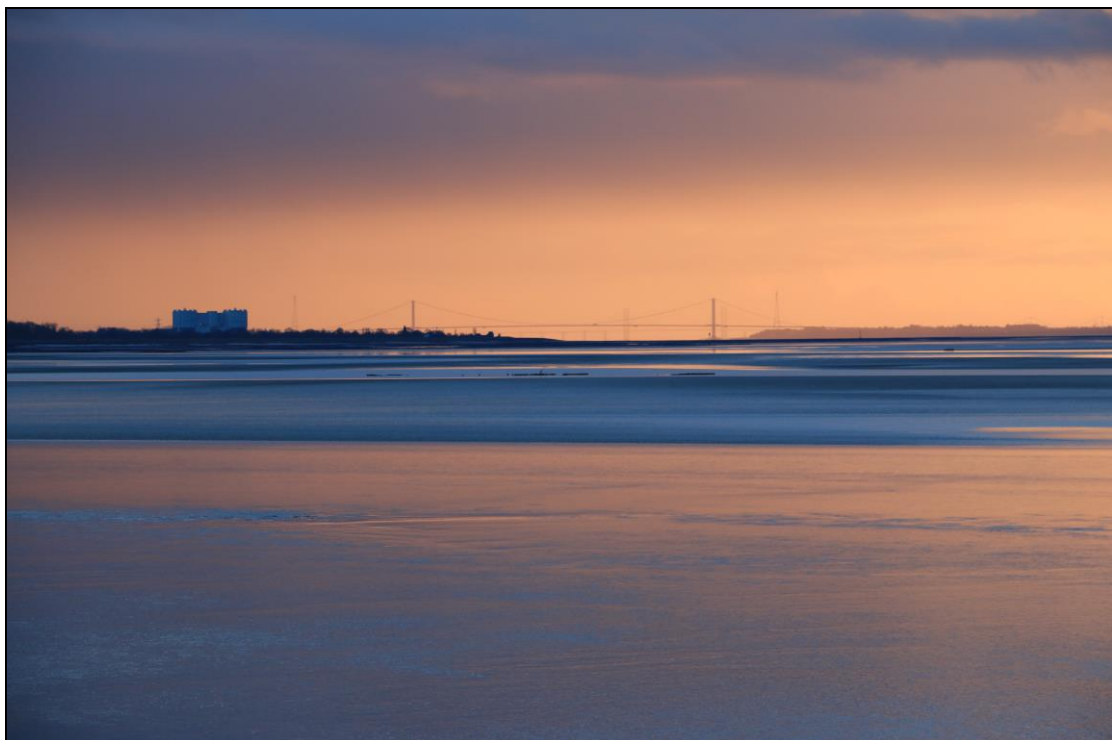


The Earl of Pembroke disguised as Alice's ship the 'Wonder'

## THE YEAR AHEAD

The current buoyant level of shipping means that we have agreed to maintain our harbour dues at the same rate for the third consecutive year. This rate of 37p per dwt, plus the additional 2p per dwt to fund the contribution to the PNPf, will be kept under careful review during the coming year to ensure that GHT remains financially viable.

No major schemes to improve the aids to navigation are planned for the 2015/16 financial year, but routine maintenance will be undertaken as necessary. The hydrographic survey is scheduled to be undertaken during May when conditions are favourable.



© Mike Nash

Looking down the estuary from Sharpness towards Oldbury Power Station and the Severn Bridge



**APPENDIX A  
GLOUCESTER HARBOUR TRUSTEES**

**PORT MARINE SAFETY CODE**

**ANNUAL PERFORMANCE REVIEW 2014**

**PMSC Audit - Statement of Compliance**

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

- The independent audit undertaken by C F Spencer Ltd on behalf of GHT's Designated Person confirmed GHT's continuing compliance with the PMSC.
- The audit made a number of administrative observations, which have now been addressed, but did not identify any non-conformances.
- The Trustees, as Duty Holder for the Gloucester Harbour, therefore, formally authorised the Chairman to sign the Statement of Compliance on their behalf at their meeting on 16 January 2015 and this has been submitted to the Marine and Coastguard Agency.

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

**Marine Reports**

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

**Vessel Movements**

- During 2014 there were 554 commercial vessel movements through the harbour area, 370 of which were general cargo vessels visiting the port of Sharpness, with the remainder (184) being generated by aggregate dredging activity within the harbour area. The table below shows the number of cargo vessel movements (excluding local aggregate dredging) over last ten years and demonstrates a steady level of activity which has not required significant changes to the Trustees' safety management plans.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
351	328	397	391	380	377	293	387	344	357

- The main cargoes carried were cement, fertiliser, animal feed, grain, minerals, and scrap metal.
- A sand dredger operates in the Harbour area.
- Leisure craft based at several small sailing clubs operate regularly within the harbour. In addition, approximately 500 leisure craft movements each year are undertaken by vessels transiting the harbour via Sharpness Dock.

## Pilotage

- Pilotage is compulsory for all vessels over 30m loa.
- The pilotage service is provided by the self-employed pilots, authorised by GHT as the competent harbour authority, who make up the Gloucester Pilots Partnership LLP (GPP). GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master.
- There are currently three first class pilots and one second class pilot who is continuing to gain experience and work towards more senior qualifications.
- A suitably qualified pilot has been available to deal with all booked commercial movements during the year. There were two occasions when an off-duty pilot was called out to take a ship when several movements were booked for the same tide.
- Boarding and landing services are provided by the pilot boat operated by the Bristol Port Company.
- Pilotage services are also available to recreational vessel owners if requested.
- PECs have been issued to the two masters of a sand dredger operating in the harbour. These are reviewed annually. 184 acts of pilotage under a PEC were undertaken during 2014.
- The Harbour Master, the Pilots, CRT staff and the port operator regularly discuss navigational issues.

## Conservancy / Aids to Navigation

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

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

## Pollution

- There have been no reports of incidents of pollution in the harbour area during the year.
- The MCA agreed to reclassify GHT as a C/D category port for the purpose of its Oil Spill Contingency Plan. An audit of the plan was undertaken during the year and the comments made during this visit have now been implemented.
- The Harbour Master and a Senior Pilot, who are both qualified as 4p on-scene commanders, attended an exercise undertaken by the Bristol Port Company.

## **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 17 July 2015 and signed on their behalf by the Chairman.

John P Beevor

## **REPORT OF THE AUDITORS TO THE TRUSTEES OF THE GLOUCESTER HARBOUR TRUSTEES FOR THE YEAR ENDED 31 MARCH 2015**

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2015 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

Chartered Accountants  
Statutory Auditor

Beaumont House  
172 Southgate Street  
Gloucester  
GL1 2EZ

## **Notes to the accounts for the year ended 31 March 2015**

### **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

### Income and expenditure account for the year ended 31 March 2015

	Notes	2015	2014
		£	£
<b>Income</b>	2	608,512	690,988
<b>Expenditure</b>	3	574,302	660,034
<b>Operating surplus before depreciation, interest and taxation</b>		<u>34,210</u>	<u>30,954</u>
Provision for depreciation	8	(16,008)	(17,352)
Profit on disposal of fixed assets		-	-
<b>Surplus/(deficit) before interest and taxation</b>		<u>18,202</u>	<u>13,602</u>
Income from investments	11	9,470	9,554
Profit on disposal of Investments	11	2,207	11,586
<b>Net Surplus/deficit before taxation</b>	4	<u>29,879</u>	<u>34,742</u>
UK corporation tax	5	(7,149)	(6,322)
Deferred taxation	6	1,837	1,700
<b>Net Surplus/deficit for the year</b>	12	<u>24,567</u>	<u>30,120</u>
		=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Balance Sheet as at 31 March 2015

	Notes	2015	2014
		£	£
<b>Fixed assets</b>			
Tangible assets	8	80,410	96,418
		<hr/>	<hr/>
		80,410	96,418
		<hr/>	<hr/>
<b>Current assets</b>			
<b>Debtors:</b> due within one year	9	66,285	63,143
Bank balances		143,549	117,624
Cash		200	36
Other Investments	11	373,143	364,481
		<hr/>	<hr/>
		583,177	545,284
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	10	81,205	81,160
		<hr/>	<hr/>
<b>Net current assets</b>		<b>501,972</b>	<b>464,124</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>582,382</b>	<b>560,542</b>
<b>Long Term Liabilities</b>			
Creditors: amounts falling due after more than one year	10	16,547	17,437
		<hr/>	<hr/>
<b>Total Assets less Total Liabilities</b>		<b>565,835</b>	<b>543,105</b>
Provisions for liabilities and charges	6	(583)	(2,420)
		<hr/>	<hr/>
<b>Net assets</b>		<b>565,252</b>	<b>540,685</b>
		=====	=====
<b>Capital and reserves</b>			
Income and expenditure reserve	12	<b>565,252</b>	<b>540,685</b>
		=====	=====

Signed on behalf of the Trustees

J Beavor (Chairman)

S Hill (Finance Officer)

Dated: 17 July 2015



## **GLOUCESTER HARBOUR TRUSTEES**

### **Notes to the accounts for the year ended 31 March 2015**

#### **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 2015

#### 2 Income

	2015	2014
	£	£
Harbour Dues (Pilotage & Conservancy)*	482,120	487,654
PNPF Levy	21,881	24,304
Pilotage Exemption Certificate income	970	970
Conservancy Dues income	6,029	6,377
Highways Agency – contribution to ship protection measures	54,633	59,924
Highways Agency – non-routine upgrades	1,877	71,072
Magnox Sites - contribution to repairs, maintenance and lighting	9,812	14,380
Bank interest received	464	300
Licensing fees received	194	286
Navigation House rental & service charges income	20,114	19,104
Other income	10,418	6,617
<b>Total Income</b>	<b>608,512</b>	<b>690,988</b>
	=====	=====

\* Includes charge for use of pilot boat

## GLoucester Harbour Trustees

### Notes to the accounts for the year ended 31 March 2015

#### 3 Expenditure

	2015	2014
	£	£
<b>Conservancy and Administration</b>		
Navigational aids: renewals, repairs and maintenance	8,674	24,417
Beacon and radar costs on behalf of Highways Agency	6,098	11,933
Highways Agency – non-routine work	1,877	71,072
Lighting supplies	2,041	1,269
Workshop accommodation costs	7,120	7,097
Vehicle costs	1,277	1,985
Boat costs	1,869	317
Lights maintenance contract	9,000	9,000
Navigation House costs	14,112	16,064
Office Costs	15,432	13,579
Salary Costs	94,882	94,945
Trustee and staff expenses	11,275	11,843
Audit fee	3,250	3,220
Subscriptions and licences	1,039	623
River surveys	3,940	3,832
Professional advice and expenses	0	4,368
Oil spill measures	0	502
Investment administration charges	3,013	2,944
	-----	-----
	184,899	279,010
	=====	=====
	2015	2014
	£	£
<b>Pilotage</b>		
Pilots' contract	314,034	300,072
Boarding and landing fees	35,440	37,278
Pilots' lodge facilities	9,040	8,825
Training	0	3,000
Other pilotage costs	889	1,849
PNPF	30,000	30,000
	-----	-----
	389,403	381,024
	=====	=====
<b>Total Expenditure</b>	<b>574,302</b>	<b>660,034</b>
	=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2015

	2015	2014
<b>4 Surplus/Deficit before Taxation</b>	29,864	34,742
Deficit before taxation is stated after charging/(crediting)		
Depreciation charge for the year:-		
Tangible owned fixed assets	16,008	17,352
Adjustment on disposal of investments	2,207	11,586
Auditor's remuneration	3,250	3,220
<b>5 Taxation</b>	<b>2015</b>	<b>2014</b>
Domestic current year tax:-		
UK Corporation Tax at 20% (2013: 20%)	7,149	6,325
Adjustment for prior year	-	(3)
	-----	-----
	7,149	6,322
Current tax charge	=====	=====
Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	29,879	34,742
	=====	=====
Deficit on ordinary activities before tax multiplied by standard rate of tax - 20% (2014 20%)	5,976	6,948
	-----	-----
Effect of :-		
Depreciation	3,202	3,470
Capital allowances	(100)	(514)
Other tax adjustments	(1,929)	(3,582)
	-----	-----
	1,173	(626)
	-----	-----
<b>Current tax charge</b>	<b>7,149</b>	<b>6,322</b>
	=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2015

#### 6 Deferred Taxation

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

	2015	2014
	£	£
Accelerated Capital Allowances	(583) -----	(2,420) -----
Deferred taxation liability	(583) =====	(2,420) =====
		£
Balance at 1 April 2013	(2,420)	(4,120)
Movement in the year	1,837	1,700 -----
Balance at 31 March 2014	(583)	(2,420) =====
<b>7 Employees</b>	<b>2015</b>	<b>2014</b>
The average weekly number of persons employed during the year was	2 ==	2 ==
Staff costs (for the above persons):-		
Wages and salaries	78,497	76,586
Pension contributions	10,920	10,975
Social security costs	5,465	7,384

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2015

#### 8 Fixed Assets

	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Furniture</b>	<b>Marine Equipment</b>	<b>Property</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2014	20,060	37,651	5,800	55,141	157,646	276,298
Additions						
Disposals						
	-----	-----	-----	-----	-----	-----
At 31 March 2015	20,060	37,651	5,800	55,141	157,646	276,298
	-----	-----	-----	-----	-----	-----
<b>Depreciation</b>						
At 1 April 2014	12,036	36,083	5,800	49,842	76,119	179,880
Charge for year	4,012	392	-	5,299	6,305	16,008
Disposals						
	-----	-----	-----	-----	-----	-----
At 31 March 2015	16,048	36,475	5,800	55,141	82,424	195,888
	-----	-----	-----	-----	-----	-----
<b>Net book value</b>						
At 31 March 2015	4,012	1,176	0	0	75,222	80,410
	=====	=====	=====	=====	=====	=====
At 31 March 2014	8,024	1,568	0	5,299	81,527	96,418
	=====	=====	=====	=====	=====	=====

## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2015

<b>9 Debtors</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Pilotage fees	44,386	54,129
Highways Agency	17,819	-
Magnox Sites	2,478	5,275
Canal & River Trust	1,251	2,854
Other debtors	351	885
	<hr/>	<hr/>
	66,285	63,143
	=====	=====
 <b>10 Creditors</b>		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Short Term : Amounts falling due within one year:-</b>		
Other creditors	46,274	46,812
Corporation Tax	7,146	6,271
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	5,932	6,287
Deferred income credit	1,850	1,790
	<hr/>	<hr/>
	81,202	81,160
	=====	=====
 <b>Long Term: Amounts falling due in more than one year:-</b>		
Deferred income credit - Magnox *	16,547	17,437
- British Waterways (CRT) **	-	-
	<hr/>	<hr/>
	16,547	17,437
	=====	=====

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 2015

#### II Other Investments

	2015	2014
	£	£
Listed Investments	370,475	363,742
Cash	3,179	739
	-----	-----
	373,654	364,481
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	487,907	460,297
Cash	3,179	739
	-----	-----
	491,086	461,036
	=====	=====
Acquisitions	47,355	40,672
Disposals	(41,226)	(22,391)
Movement in cash balance	2,440	(85)
	-----	-----
	8,569	18,196
	=====	=====
Income Received:-		
Dividends	7,237	7,380
Interest (net of tax)	2,233	2,174
Disposals adjustment	2,207	11,586
Administration charges	(3,013)	(2,944)
	-----	-----
	8,664	18,196
	=====	=====



## GLOUCESTER HARBOUR TRUSTEES

### Notes to the accounts for the year ended 31 March 2015

#### 12 Income and Expenditure Reserve

	£
Balance at 1 April 2014	540,685
Surplus for year	24,567
	<hr/>
Balance at 31 March 2015	565,252
	=====

#### 13 Financial commitments

At 31 March 2015 the trust had annual commitments under a non-cancellable operating lease as follows:

	Land	
	2015	2014
	£	£
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

	2015	2014
	£	£
Contributions payable by the authority for the year	10,920	10,975

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 2015**

#### **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 2015.

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

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

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