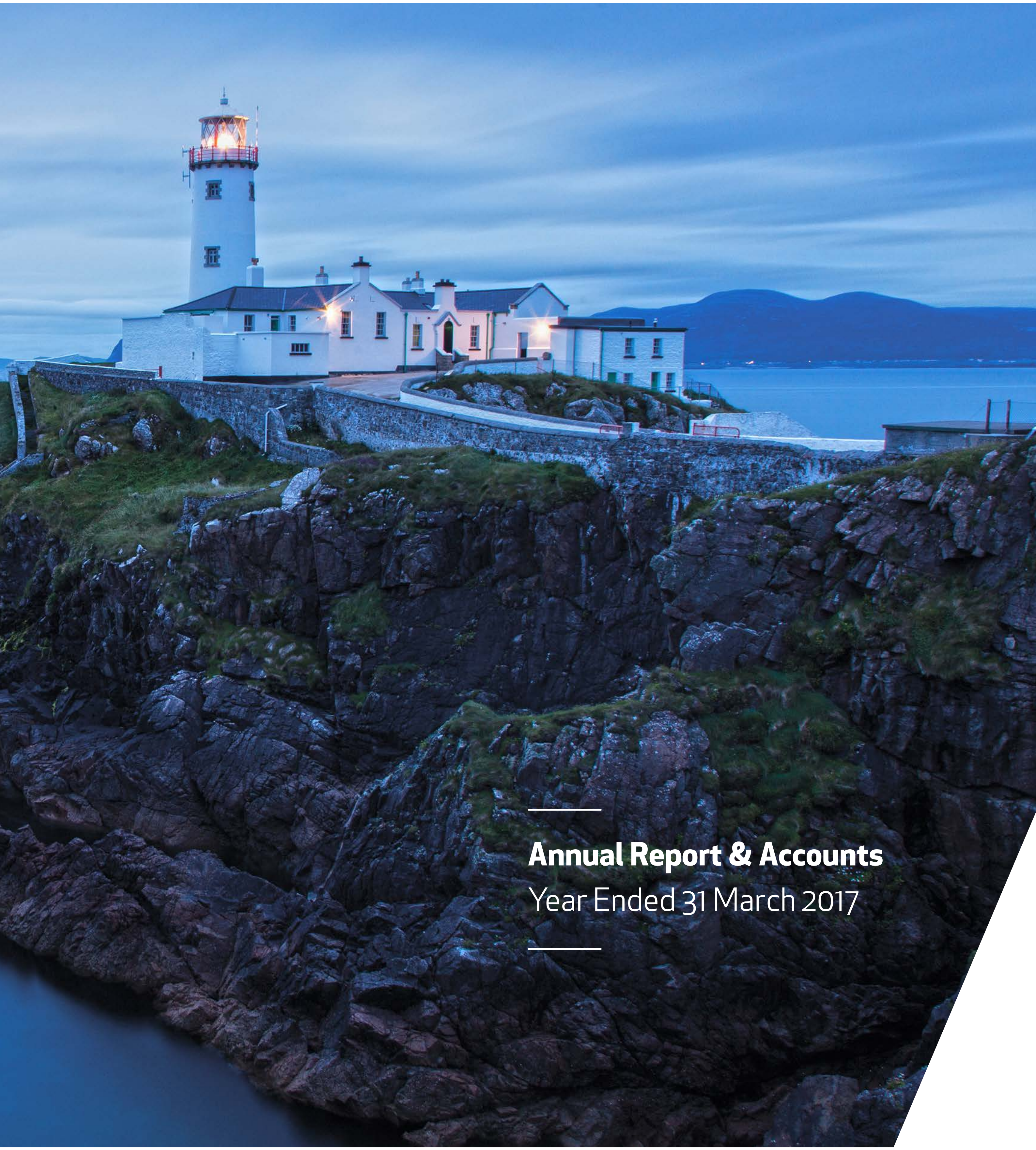
Commissioners of IRISH LIGHTS | Navigation and Maritime Services



Annual Report & Accounts

Year Ended 31 March 2017

To provide Aids to Navigation (AtoN) and Allied Services for the Safety of Persons and Infrastructure at Sea, the protection of the Marine Environment and to support the Marine Industry and Coastal Communities.

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1. Introduction

1.1 Financial Performance Overview

The key financial highlights for the year include:

- Running costs reduction of 3.3% on last year. Costs have decreased by 42% or €9M since 2007/08.
- Commercial income was €2.0M, up 22% on last year and was an excellent result considering the very difficult market conditions during the year.
- Irish Lights net costs were within the Department for Transport (DfT) financial sanction limits for the year.
- Republic of Ireland (RoI) self-financing targets were achieved including RoI Light dues income of €6.1M for the year - unchanged from last year.
- The depreciation charge of €3.1M combined with a current year loss of €0.8M on the revaluation of assets (predominately devaluation of the Granuaile) resulted in a net accounting loss of €3.2M for the year in Irish Lights Statement of Comprehensive Net Income.

1.2 Mission Statement

To provide Aids to Navigation (AtoN) and Allied Services for the Safety of Persons and Infrastructure at Sea, the protection of the Marine Environment and to support the Marine Industry and Coastal Communities.

1.3 Statutory Background

Irish Lights is the General Lighthouse Authority (GLA) for the island of Ireland and its adjacent seas and islands. Irish Lights, together with the Northern Lighthouse Board (Scotland & Isle of Man) and Trinity House (England & Wales) operates an integrated aids to navigation service throughout the coastal waters of Ireland and the United Kingdom (UK). AtoN are provided to recognised standards set by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA).

Irish Lights was established in that name by the Dublin Port Act 1867 but derives its origin and constitution from an Act of the Irish Parliament of 1786 for developing the Port of Dublin. Irish Lights has vested in it under Section 634 of the Merchant Shipping Act 1894 the responsibility for superintendence and management of all lighthouses and other AtoN in respect of Ireland and the adjacent seas and islands. The Merchant Shipping Act 19 95 Section 195 (1) empowers the Commissioners of Irish Lights with the same function for Northern Ireland and adjacent seas and islands.

Irish Lights also has authority for the marking and removal of wrecks for Ireland under the Merchant Shipping (Salvage and Wreck) Act 1993 Part IV. For N orthern Ireland this authority is vested under the Merchant Shipping Act 1995 Section 253 (1).

The Revenue Commissioners, Customs and Excise Division are authorised by Irish Lights under Section 648 of the Merchant Shipping Act 1894 to collect light dues in Ireland. Continuous monitoring of vessel arrivals is undertaken to ensure compliance with light dues collection rules and payments. The Institute of Chartered Shipbrokers have this responsibility for Northern Ireland under Section 205 of the Merchant Shipping Act 1995.

The Merchant Shipping and Maritime Security Act 1997 gives the Commissioners of Irish Lights the powers to enter into contracts to exploit spare capacity within the UK and under the Merchant Shipping (CIL) Act 1997 which gives similar powers in respect of Ireland.

The GLA (Beacon: Maritime Differential Correction System) Order 1997 came into force on 12 January 1998 in respect of the UK and states that the definition of 'Beacon' in the Merchant Shipping Act includes equipment for a Differential Global Positioning System (DGPS). A similar provision is contained in the Merchant Shipping (CIL) Act 1997 in respect of Ireland.

The Merchant Shipping (Miscellaneous Provisions) Act 1998 gives Irish Lights the power to raise or borrow money from time to time for current or capital expenditure with the consent of the Minister for Finance, in respect of Ireland.

The GLA (Beacons: Automatic Identification System) Order 2006 which came into force on 20 July 2006 in respect of the UK, authorises the use of Automatic Identification Systems (AIS) to provide information to ships about the type, position and functioning of AtoN and also to assist the GLA in the effective provision of AtoN.

Charitable Status

Irish Lights has a charitable exemption from the Revenue Commissioners (CHY No. 1979) and is registered with the Charities Regulatory Authority (Registered Charity No. 20002794).

2. Chairman's Summary

The economies on the Island of Ireland are heavily dependent on seaborne transport, which facilities international trade and are an indispensable part of the supply chain that links industry to world markets. Our ports and harbours are also central to the tourism and fishing sectors providing services to cater for international and local economy activity. The importance of a reliable, efficient and forward looking aids to navigation service which ensures safe passage and meets international standards is essential. It is in this context that I am pleased to present the Commissioners of Irish Lights Annual Report and Accounts for the 12 months ended March 2017.

Operational excellence underpinned 2016/17 performance and it was another year of successful delivery of AtoN services for Irish Lights with yet again all IALA Key Performance Standards being exceeded. Irish Lights continues to modernise its infrastructure and reduce it operating costs and environmental footprint. Key capital projects were completed on time and on budget at Aranmore, Blackrock Mayo and Eeragh and we continued to improve our floating infrastructure, providing more effective lighting, added value data and environmental services. Our Local Aids Service involved audits of 40 Local Lighthouse Authorities and over 1605 local aids were inspected around the coast.

This was the second year of the new self-financing arrangements for Irish Lights and all of its financial targets for income and cost reduction were fully met. Although the commercial charter sector remained quite depressed, Irish Lights exceeded its target and achieved a gross commercial income of €2M during the year. Irish Lights Dues under the fully enforced collection rules were €6.1M for the second year running, demonstrating a level of stability in our sources of finance. Irish Lights continues to achieve operational and cost synergies through close co-operation with Trinity House and the Northern Lighthouse Board. The financial results include further running cost savings of 3.3% largely driven by the full year implementation of the new Tri-GLA Helicopter contract. Irish Lights has seen continuous year on year cost reductions since 2007/08, with total running costs down by €9.0M or 43%.

The Granuaile had another very busy year carrying out its primary functions of AtoN service work, casualty response and commercial contracts. At the end of the year, Irish Lights, the ship and her crew were part of the national team mobilised to support the response to the tragic loss of the Irish Coast Guard Aircraft "Rescue 116" at Blackrock Mayo.

Following the successful completion of the Interreg Funded tourism project Irish Lights has been working closely with the new and existing lighthouse tourist site operators to collectively promote and market the "Great Lighthouses of Ireland" brand. The objective has been for the protection and sustainable development of these key properties and their contribution to the preservation of maritime heritage assets for future generations. Lighthouse tourism in Ireland now attracts circa 200,000 visitors per annum via the current portfolio of 12 lighthouse sites with further potential for growth.

Additionally during the year Irish Lights highlighted the value of its significant historical archive in a joint collaboration with the Royal Irish Academy to develop a touring exhibition telling the story of our contribution to safety at sea through the incredibly turbulent 1910s and early 1920s.

The Board of Irish Lights would like to thank the UK Department for Transport (DfT) and the Department of Transport, Tourism and Sport (DTTAS) along with our sister GLA's Trinity House and the Northern Lighthouse Board for their continued support in helping Irish Lights achieve its targets during the year. The Board also wish to recognise the ongoing contribution of Irish Lights employees and management who have demonstrated their flexibility and professionalism in delivering an exemplary safety service to the Mariner. Finally, I would like to thank all our Board members for their contribution in supporting the continued success of Irish Lights into the future.

John Coyle, Chairman, 21 July 2017

3. Chief Executive Review of Performance

Irish Lights has had another successful year in achieving all of it operational targets and hitting the key milestones set to achieve our long term strategy of continuing to provide a modern world class Aids to Navigation (AtoN) service to all of our Stakeholders.

I am particularly proud of the delivery against our critical AtoN performance KPI's while managing to reduce costs further. This is now the ninth successive year of running cost reduction and reflects the organisation's commitment to providing Stakeholder value for money. Commercial income results showed an improvement on last year as a result of our success at diversifying our income streams and using operational flexibility to win key Ship charter contracts. While we noted a change in the mix of Light Dues income overall levels are similar to last year and this provides a sound base for Irish Lights financing going forward.

Guided by our overall strategy, details of our key achievements along with the operational highlights during the year are set out below. These excellent results could not have been achieved without the dedication, flexibility and hard work of the full Irish Lights team and I would like to thank all of my colleagues for their continued support in serving our Stakeholders.

Irish Lights is continually looking to the future and during the year we commenced a review of our five year strategy to 2023. As our updated strategy takes shape, I am confident that we will build on the organisational success over recent years.

3.1 Strategy of the Organisation

Business Strategies

The current Irish Lights strategy "2015 & Beyond – Charting Our Future Course" was launched in October 2012. Delivery of the strategy is based on three pillars:

Pillar 1 - Streamlining Marine AtoN Provision and Delivery. This strategy embodies the core statutory work of Irish Lights being the continued provision of the reliable user focused AtoN service which in turn utilises the vast majority of resources. Under pillar 1 Irish Lights Management has continued the approach of reducing costs and utilising new technology. The results are reflected in an impressive X-factor performance and real cost reduction against targets while maintaining high standards of AtoN availability and low casualties.

Pillar 2 - Exploiting Commercial Potential of Existing Assets. This strategy sees continued commercial exploitation of Irish Lights assets reducing the burden on Light Dues payers and the Irish exchequer who are the primary source of funds for the AtoN service. The success of this strategy is reflected in the impressive level of commercial income achieved over recent years. Additionally Irish Lights has also established Memorandums of Understanding (MoU) with state agencies which recognise the benefits of mutual cooperation and collaboration to deliver value for stakeholder funds.

Pillar 3 - Exploiting Irish Lights Coastal Technology and Communications Networks. While in its early development phase this strategy envisages exploitation of the additional potential of Irish Lights platforms, coastal network and technical expertise to provide commercial and value added services. These services will incorporate e-Navigation and enhanced safety information such as Met/Hydro.

Significant progress has been made in 2016/17 in advancing each of the 3 pillars.

Strategic Review Project 2018-2023

In September 2016 the Board of Irish Lights in conjunction with the senior management team commenced a strategic review for the organisation to set out a new strategy to cover the period 2018-2023.

The new Irish Lights Strategy 2018-2023 will represent the next stage of development for the organisation. Extensive consultation is taking place with industry and agencies in Ireland and the UK and via IALA with international AtoN providers to ensure that the strategy is aligned with evolving stakeholder needs. Focused on the core statutory mission to deliver AtoN and allied services for safety at sea, the strategy will build on the successes and learn from the challenges faced by the organisation over the last number of years.

3.2 Financial Performance

Financial Results

Summary

The financial results for the year to 31 March 2017 reflect another strong operational year for Irish Lights. Irish Lights was successful in achieving its twin objectives of continued cost containment and ensuring that operational costs in Ireland were fully financed from RoI sources. The "Running Costs in Cash and Constant Prices" below, shows a reduction in running costs of €0.4 - from €13.0M in 2015/16 to €12.6M in 2016/17. This is mainly as a result of the first full year implementation of the new Tri-GLA Helicopter contract which commenced on 1 December 2015.

Overall Irish Lights operated well within its financial sanction limits for Running Cost, Pension and Capital Expenditure.

Although it was another a challenging year for commercial income the Granuaile was on Charter for 73 days (41 days) and this was the main reason for the increase of income of €0.4M on last year.

This is now the ninth successive year of Running cost reduction bringing the cumulative cost reduction to €9.0M since 2007/08. The Board of Irish Lights believes the organisation has now achieved a sustainable cost base and running costs going forward will be influenced by modest inflation.

The financial results for the year to 31 March 2017, contained in these Accounts and Notes, show an overall deficit on the Statement of Comprehensive Net Income of €3.2M (2015/16 – deficit of €4.1M). It should be noted however that the deficit in the year is primarily driven by the *"non-cash"* depreciation charge of €3.1M and the downward revaluation assets of €0.8M, in particular the Granuaile, as a result of the application of the rules in relation to the valuation of such assets.

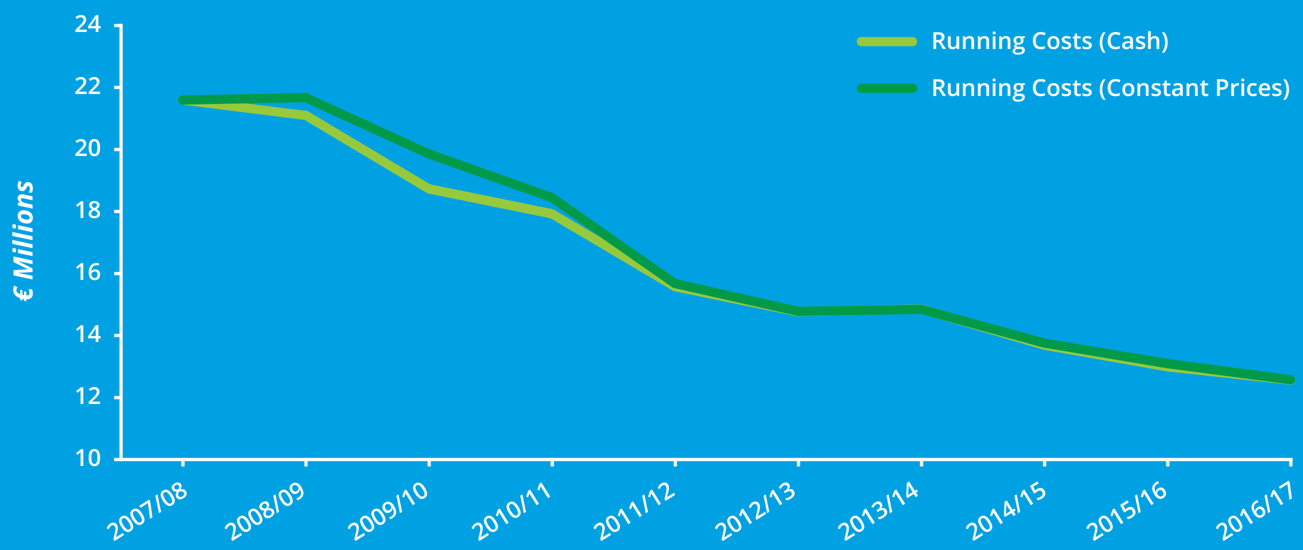
Cost Effectiveness

The performance indicator used to measure cost effectiveness is "Running Costs – Cash and Constant Prices.This indicator measures the annual running costs of Irish Lights on a year-by-year basis. Additionally they are adjusted to constant prices by use of the RoI Consumer Price Index. For consistency purposes these costs include the marginal costs relating to commercial activities and exclude employer pension contributions which commenced in 2014/15. The results which are set out in the following table and graph show a decrease in actual running costs by 3.3% and a decrease of 4.0% in constant price terms for 2016/17 as compared to 2015/16.

As demonstrated from the graph, since 2007/08, when the financial crisis began, running costs have fallen by 42% in cash terms. Key drivers of cost reduction include consolidation and modernisation of lighthouses and floating infrastructure, business process automation, extended buoy maintenance schedules, collaborative purchasing and transfer of local aids to third parties.

Running Costs in Cash and Constant Prices (Gross)

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Running Costs (€'000)	21,592	21,100	18,733	17,926	15,580	14,770	14,857	13,690	12,991	12,564
Variance (%)		-2.3%	-11.2%	-4.3%	-13.1%	-5.2%	0.6%	-7.9%	-5.1%	-3.3%
Running Costs (Constant Prices €'000)	21,592	21,669	19,855	18,447	15,675	14,780	14,847	13,755	13,097	12,572
Variance %		0.4%	-8.4%	-7.1%	-15.0%	-5.7%	0.5%	-7.4%	-4.8%	-4.0%
RoI Consumer Price Index	100.0	97.4	94.3	97.2	99.4	99.9	100.1	99.5	99.2	99.9



Key drivers of cost reduction include and continue to include consolidation and modernisation of lighthouses and floating infrastructure, business process automation, extended buoy maintenance schedules, collaborative purchasing and transfer of local aids to third parties.

CPI – X Targets

As part of the 2016-21 Annual Corporate Plan process Irish Lights agreed a CPI-X target of 2.08% for the five year target period to 2021. The CPI-X target is effectively an annualised running cost reduction target which takes into account inflation. Because of the success of ongoing cost curtailment measures and initiatives such as the ongoing Lighthouse Consolidation programme and the introduction of the new tri-GLA helicopter contract, this target for the five year period was increased to 2.7% in the 2017-22 Corporate Plan.

As part of the 2016-21 Annual Corporate Plan process Irish Lights agreed a CPI-X target of 2.08% for the five year target period to 2021.

Source of Finance

Irish Lights is financed from advances made by the UK DfT from the General Lighthouse Fund (GLF). These advances, based on the annual cash requirements of Irish Lights, finance Irish Lights' net expenditure and are credited to the Statement of Comprehensive Net Income.

The GLF is financed from Light Dues paid by shipping using ports in the UK and Ireland. In addition the Irish Government makes a contribution to the GLF to fund the operational costs of Irish Lights in Ireland. For the financial year 2016/17 the Irish Government contribution will be €4.2M. Irish Lights has other commercial receipts from buoy rentals, ship charter income, property rentals (through the utilisation of reserve capacity only) and the proceeds from the sale of assets becoming surplus to requirements.

Set below is a summary of the Irish Lights cash cost and cash financing position for 2016/17. Net cost decreased by €1.2M on last year. This was achieved by a combination of running cost reduction €0.5M (largely attributable to the full year impact of the Tri-GLA Helicopter contract), reduced capital expenditure €0.3M and an increase in net commercial income €0.3M. As Light Dues remained constant year on year the Irish Government contribution reduced to €4.2M. The Irish Government contribution figure will fluctuate to reflect underlying cost, particularly capital expenditure, together with market driven commercial income.

Cash Cost Summary	2016/17 Actual €'M	2015/16Actual €'M
Total Costs	13.9	14.8
Net Commercial Income	(1.7)	(1.4)
Net Cost	**12.2**	**13.4**

Cash Financed By	2016/17 Actual €'M	2015/16 Actual €'M
ROI Light Dues	6.1	6.1
ROI Government Contribution	4.2	5.1
Inter GLA Ship costs	0	0.2
Subtotal ROI funding (85%)	**10.3**	**11.4**
GLF Contribution for Northern Ireland (15%)	1.9	2.0
Total Cash Bid	**12.2**	**13.4**

Light Dues

Light Dues is a key component for the success of the new funding arrangements which commenced on 1 April 2015 set out to enforce the following rules:

- Retention of the existing common charging zone across Ireland and the UK.
- Full enforcement of the rule that ships must pay Light Dues at the first port of call in either Ireland or UK at the start of a rolling 30 day period at the rate applicable at that port.
- Removal of the option to bulk buy Light Dues certificates for ships calling in both UK and Ireland.

Light Dues income amounting to €6.1M (2015/16 - €6.1M) was collected in Ireland and £1.4M (2015/16 – £1.5M) in Northern Ireland. Although there was a similar level on year on year ROI Light Dues there were notable changes in the various categories of shipping traffic including Tankers down €143K, Passenger vessels down €43K offset by increases on RoRo €96K and Container vessels €77K.

The monies collected in Ireland are forwarded to the GLF. Monies collected in Northern Ireland are also forwarded to the GLF as part of the contract with the Institute of Chartered Shipbrokers. Light dues collected by the three Lighthouse Authorities are included as income in the GLF Report and Accounts and do not form part of these accounts.

Key Accounting Issues

Basis for preparation of Accounts

These Accounts are prepared by Irish Lights in respect of its function as the GLA for the whole island of Ireland and its adjacent seas and islands in accordance with a directive made by the UK DfT under the powers of the Secretary of State contained in Section 664 of the Merchant Shipping Act 1894 and Section 218 of the Merchant Shipping Act 1995.

These Accounts are subsequently consolidated to form part of the GLF Accounts.

Going Concern

The Statement of Financial Position at 31 March 2017 shows net assets of €45,200K (2015/16 €48,255K).

The DfT has approved the sanction of the cash required to meet Irish Lights costs as set out in its Corporate Plan for 2016/17 and there is no reason to believe that the UK DfT's approval will not be forthcoming for future years. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Payment of Creditors' Policy

Irish Lights seeks to comply with the Prompt Payment of Accounts Act, 1997 and the Confederation of British Industry (CBI) Prompt Payment Code and arrange payment of creditors' accounts by the due date in accordance with contract or other agreed terms of credit. Due dates are recorded when suppliers' invoices are entered on the Creditors' Ledger and payments are automatically generated in accordance with that timescale. Exceptions to this general rule are as follows:

- Payment within a shorter period where a cash discount is available.
- Stage payments under contract or retention monies where payments are in accordance with the terms agreed beforehand.
- Where there is a genuine dispute in respect of the invoice concerned.

Complaints from suppliers in respect of this Policy should be sent in writing to the Director of Corporate Services who will investigate each case. The average credit taken from Trade Creditors during the year was 19 days (2015/16 24 days).


STEVEN DODD

3.3 Aids to Navigation (AtoN) Performance

Resources

AtoN Inventory

The total inventory of AtoN as at 31 March 2017 is as follows:

Type of Station	2016/17 Total	2016/17 Deployed	2015/16 Total	2015/16 Deployed
Lighthouses (Automated)	68	66	68	66
Lighted Beacons	5	5	5	5
Unlighted Beacons	16	16	17	17
Solar Lighted Buoys	184	138	184	138
Hauling Off/Mooring Buoys	7	3	7	3

Other AtoN provided by Irish Lights:

Type of Station	2016/17	2015/16
DGPS	3	3
RACONs on Lighthouses	14	14
RACONs on Buoys	10	10
AIS on Buoys	61	59
AIS at Lighthouses	35	40
AIS Base Stations at other bases	11	6
Met/ Hydro on Buoys	8	7

AtoN availability statistics

Irish Lights core activity is fulfilling the statutory responsibility to provide safe passage for the mariner. AtoN availability statistics are a measure of Irish Lights' performance in maintaining AtoN and associated equipment. The GLAs report their availability statistics based on three year rolling averages and compare these figures with standards issued by IALA.

The AtoN reliability statistics for Irish Lights are presented in the following tables and graphs under the agreed three categories. Irish Lights has exceeded the recommended IALA minimum levels of availability for all categories of AtoN.

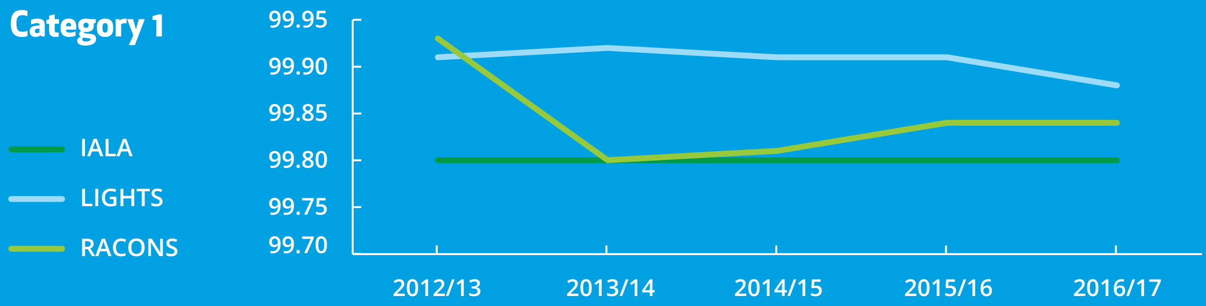
Differential GPS Service

The IALA required service availability for the GLA DGPS service is 99.8% and is based on overlapping coverage between adjacent stations. In the event of failure of one transmitter, service to the mariner is maintained from the adjacent stations. A DGPS service failure is considered to occur only when adjacent stations have failed. Availability has been calculated based on adjacent station outages for each of the GLA DGPS service areas. The lowest figure is used and the availability for the service as a whole is then quoted as being equal to or better than this figure. Irish Lights currently operates 3 DGPS stations which are situated at Loop Head, Mizen Head and Tory Island. The availability of the DGPS service across all 3 GLA's for the past 2 years is 99.92%.

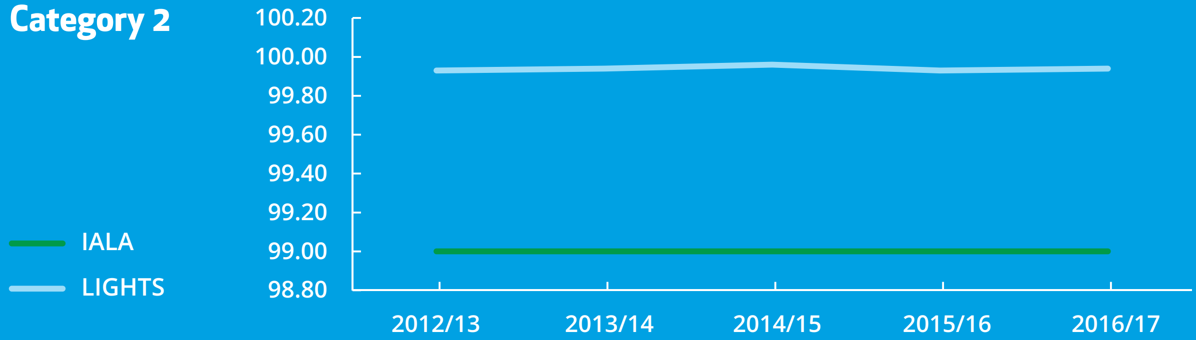
AtoN Availability Compared To IALA Minima - 3 Year Rolling Averages

Category	AtoN	IALA	2012/13		2013/14		2014/15		2015/16		2016/17	
		Minimum	Actual	Diff	Actual	Diff	Actual	Diff	Actual	Diff	Actual	Diff
1	Major Lights	99.8%	99.91	0.11	99.92	0.12	99.91	0.11	99.91	0.11	99.88	0.08
	Racons	99.8%	99.93	0.13	99.80	0.00	99.81	0.01	99.84	0.04	99.84	0.04
2	Other Lights	99.0%	99.93	0.93	99.94	0.94	99.96	0.96	99.93	0.93	99.94	0.94
3	Buoys	97.0%	99.90	2.90	99.83	2.83	99.83	2.83	99.80	2.80	99.82	2.82

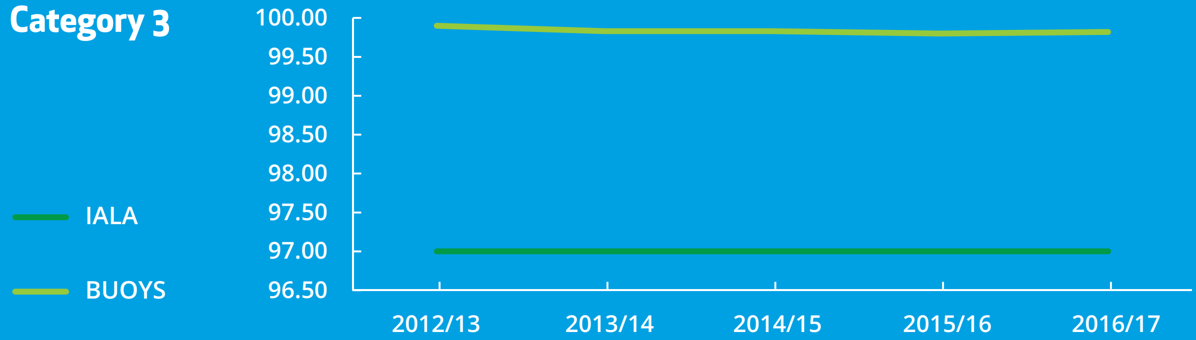
Category 1



Category 2



Category 3



3.4 Operational Performance

Key Developments during the year

Navigation Requirements

The majority of the recommendations of the 2010 Aids to Navigation Review have now been completed and negotiations continue to transfer the two remaining aids, i.e. Howth and Cashla. There are now 108 AIS enabled stations - 35 Lighthouses, 61 Buoys and 11 Base Stations, and 1 virtual AIS. Rollout of (priority 2) AIS stations continues with just 6 stations left to do.

The 2015 AtoN Review was completed and 6 of the 18 recommendations for alterations within Irish Lights jurisdiction have been completed. The renewed growth in activity related to offshore renewables, oil and gas and aquaculture has led to an increased requirement for safety of navigation assessments. Irish Lights has proactively engaged at the early stages with developers and government authorities to ensure smooth and timely project progression.

Irish Lights is responsible for the management and supervision of all local Aids to Navigation (LAtoN) around Ireland. In practical terms this is achieved through a selective system of visual inspections of individual aids and auditing of Local Lighthouse Authorities' (LLA) processes. In the 2016/17 period 1605 (50.1%) LAtoN were inspected and 40 (50%) LLA audited. Education of Local Authorities' staff, particularly in light of organisation restructuring continues to be a priority. The expanding development of the aquaculture and renewable energy sectors requires more involved engagement by the LLA. This support helps to provide safety and consistency of AtoN in all LLA areas.

Capital Projects and Maintenance Programmes

During 2016/17, the capital and maintenance programmes were largely completed on time and on budget. Installation works were carried out on site for consolidation projects at Aranmore, Blackrock Mayo and Eeragh as part of the Capital programme. A mercury free bearing solution was supplied and installed as a turnkey contract by GISMAN (France) to provide the rotation mechanism for the existing optic at Aranmore following the removal of mercury and a new R&RNAV LED light source and battery back-up system installed. Both Blackrock Mayo and Eeragh were fitted with new TRB-220 rotating optics with filament lamps on a six position lamp-changer and backed up by battery systems. The upgraded installations facilitated the decommissioning of generators and associated fuel systems, and minimised the operational footprint at each of the stations. Work was also undertaken to address structural deficiencies to the access stairs at the two Carlingford Leading Lights. The design phases of upcoming consolidation projects at Inishtrahull, Maidens, Roches Point and Fastnet were also progressed.

A trial was commenced at Tory Island to investigate alternative solutions to mercury based rotating systems for large lighthouses using a bearing and motor solution to rotate the unused optic following previous removal of the mercury. Unfortunately, the trial has been delayed as a result of the motors failing and it has been necessary to source an alternative supplier to provide a modified motor and gearbox solution to facilitate the trial re-commencing at the end of summer 2017.

A total of 13 buoys were refurbished in Dun Laoghaire in 2016/17 of which 4 were for the Galway Bay Cardinal Markers contract. The Granuaile placed these buoys at sea and carried out maintenance inspections of the remainder of the buoy fleet.

Routine AtoN maintenance was completed on schedule by the maintenance teams, ensuring reliable operation of the AtoN.

Granuaile Review

Granuaile operates in a balance between AtoN service work, casualty response and commercial contracts. As with previous years the ship is primarily utilised on the servicing of offshore Lighthouses, maintenance on buoys, including upgrading and repairs to supplementary AtoNs like AIS and Met Hydro systems.

Despite the difficult commercial market the ship successfully carried out a number of short term contracts (totalling 73 days) including anchor recovery (on two occasions), Gas Platform stores delivery, ODAS buoy maintenance for the Marine Institute and the UK Met Office as well as a significant long term contract engaged in geophysical surveys off the Hebrides.

To comply with new rules for ships operating in deep waters far from shore a spare cabin was refitted to act as a ships hospital and a second satellite communications set was installed. Maintenance and upgrading of ships essential plant and machinery was carried out which included an overhaul of Genset, major service to buoy handling crane and new Air Conditioning unit installed.

At the end of the period the ship was engaged for more than a month carrying out Remotely Operated Vehicle (ROV) and Diving support duties associated with the ICG Aircraft "Rescue 116" accident at Blackrock Mayo.

Health and Safety Review

One of Irish Lights' core objectives is to ensure that none of its employees suffer an injury or ill health while carrying out their work and that they return home safely at the end of the day. Irish Lights' employees are its most important asset and ensuring they remain healthy and do not suffer an injury or ill health while carrying out their work is the corner stone of our health and safety strategy. This objective also extends to visitors and contractors.

This objective is achieved by keeping the importance of safe working practices to the fore in all operations and through employing a proactive and risk assessment based approach to safety management. This is done through the continual development, promotion and improvement of both sea and shore based Safety Management Systems. Irish Lights is committed to ensuring compliance at all times with current health and safety legislation and industry Approved Codes of Practice (ACOPs). The table below summarises accidents on duty and related absence.

Location	2013/2014		2014/2015		2015/2016		2016/2017	
	Accidents Reported	Absent	Accidents Reported	Absent	Accidents Reported	Absent	Accidents Reported	Absent
Dun Laoghaire	3	2	4	0	0	0	1	0
Granuaile	5	1	2	1	3	2	6	2
Lighthouses	1	1	6	2	2	0	2	1
Elsewhere	1	1	0	0	1	0	0	0
Total	**10**	**5**	**12**	**3**	**6**	**2**	**9**	**3**

Technology & Data Services

The Technology & Data Services (TDS) Department continued to extend and develop the AIS network incorporating buoys and lighthouses. Working with the Operations & Navigation Department the MetOcean network was expanded and information processes were automated to provide more robust MetOcean information services.

During the year, a major review of TDS activities was completed and a TDS Strategy and Action Plan was developed to realign the department to best deliver on organisational requirements and reflect the ongoing and emerging challenges in the technology sector. Recommendations and projects for implementation were identified across all the domains including, governance, infrastructure, applications, security, storage, data management, networks, communications and business continuity.

Business Continuity Plan

Irish Lights implemented a new Business Continuity Management System (BCM) in autumn 2016, completing Stage 1 of this project. The BCM is in place to ensure that in the event of a resource disruption the continued provision of critical services relating to marine safety and navigation in the coastal waters of Ireland and the UK (in order to meet national legislation and international agreements).

Tri-GLA Co-operation

The GLAs have an on-going strategy to collaborate using tri-GLA procurement arrangements whenever possible. On 1 December 2015 the GLAs entered into a seven year agreement with PDG Helicopters using two EC135 aircraft which was estimated would deliver savings of approximately €10M for the GLAs over the contract duration. The 2016/17 year was the first full financial year covered by the contract which saw Irish Lights achieve its operational goals and savings targets. Other tri-GLA collaborative arrangements renewed or progressed during the year include buoy moorings, navigational charters and weather forecast software for the fleet.

There was a considerable amount of work completed to enable the commencement of the Fleet Review Testing Project on the 1st April 2017. The objective of the Fleet Review is to identify the optimum numbers of ships in the fleet whilst taking into consideration the GLA Risk Response Criteria.

Irish Lights provided support to TH under the Inter-GLA Ship Sharing Agreement on two occasions during the year when the Granuaile carried out intervention work repairing buoys in UK waters for Trinity House. During the year the GLAs continued to effectively engage and collaborate at a strategic level via the Joint Strategic Board (JSB) and at an operational level through the many Information Exchange Groups.

Organisation Change Review

The introduction of a long term sustainable Pay System represents the final deliverable of the "2015 and Beyond: Charting our Future Course" strategy. Following a comprehensive job evaluation exercise, conducted by the Hay Group, detailed pay proposals were presented to the Trade Unions seeking to align pay to the new structure. The proposals cover both Existing Employees and New Employees. The Pay System negotiations are on-going under the auspices of the Workplace Relations Commission (WRC).

Commercial Activity

Commercial utilisation of excess capacity is the source of all commercial income for Irish Lights and is an important contributor to reducing the net operational cost for all stakeholders. Commercial income for 2016/17 was above budget targets and prior year primarily due to the strong performance of contract vessel charters despite poor market condition resulting from the ongoing oil crisis. Overall gross commercial income (excluding grant income) was €2M of which approximately 57% was derived from one off charters of the Granuaile with the remainder coming from a mix of recurring contracts for buoy services, equipment hosting and property rental agreements. Irish Lights continues to endeavour to protect its recurring income and is proactively seeking out new markets and income streams from ship chartering, buoy services, technology & data services and more recently in marine tourism.

Great Lighthouses of Ireland Partnership

Great Lighthouses of Ireland Brand Partnership is an all island lighthouse tourism project which represents a shift away from a purely response based approach by Irish Lights to tourism activities to a more proactive and strategic approach. It allows the sustainable alternative use of surplus lighthouse property and facilitates the promotion and the protection of maritime heritage.

Operating through 12 local partners the focus during the year was to continue to promote and market the Great Lighthouses of Ireland nationally and internationally. GLI now offers 21 distinct visitor attractions including: 5 exhibitions, 6 guided tours of lighthouse towers, 4 event venues, 4 food and drink outlets, 2 centres with guided walking and 1 boat tour. Lighthouse tourism in Ireland attracted circa 200,000 visitors per last year with further potential to grow as the Brand becomes established.

Heritage Exhibition Project

A touring exhibition was developed during the year in collaboration between the Royal Irish Academy and Irish Lights highlighting the history of Irish Lights between 1912 and 1923, Irish Lights' overall mission, and setting this history and mission in the context of the wider political and economic developments of the time.

The main aim was to highlight the value and potential of the Irish Lights' archive and to tell the story of Irish Lights and its efforts to ensure safety at sea for all through the incredibly turbulent 1910s and early 1920s. The exhibition was formally launched at SeaFest Galway (Ireland's national maritime festival) in July 2016 and has since been on display in various venues across the country at Westport, Co. Mayo, Cobh Library in Co. Cork, Wexford County Council Offices, Wexford and the Coach House at Dublin Castle. The exhibition has been very well received to date by the public.

Mew Island Optic

This Mew Island optic, a very rare hyper-radial lens dating from 1887 marked the entrance to Belfast Lough. It was removed from Mew Island Lighthouse as part of the solarisation and consolidation project in 2014. During the year Irish Lights technical staff refurbished the Light in preparation for a relocation to the Titanic Quarter in Belfast. Financed largely by the Heritage Lottery Fund and under the management of the Titanic Foundation a new 10m tall landmark building will be constructed from curved glass to house the optic. This will allow the rotating optic to be exhibited for display purposes and lit as it was on Mew Island on special occasions. The optic will create a new free tourist attraction at the end of the slipway where the RMS Titanic was constructed and it is hoped to attract at least 100,000 annual visitors adding to the city's maritime, industrial, heritage, and tourism infrastructure. With online and on-site interpretation it will also install a Great Lighthouses of Ireland tourist attraction in the city.

Lighthouse tourism in Ireland attracted circa 200,000 visitors per last year with further potential to grow as the Great Lighthouses of Ireland brand becomes established

3.5 Sustainability Reporting

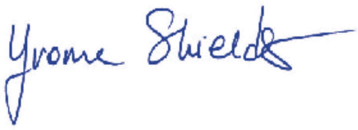
Irish Lights is exempt from mandatory sustainability reporting however, wherever practicable Irish Lights seeks to develop its environment management policies in a manner fully consistent with Government initiatives and public opinion. Thus, measures to protect the environment and ensure sustainable development figure strongly in Irish Lights' consideration of modernisation, improvement and the use of appropriate future technologies at all of its establishments and facilities.

Irish Lights is seen as a leader in the use of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power. This has reduced considerably dependence on carbon based energy.

Irish Lights is continually reviewing all issues affecting environmental considerations which take account of the sensitive coastline in which it operates and the occasionally hazardous nature of some of the operations it has to undertake.

Sustainable Energy Authority of Ireland (SEAI) /Public Sector Energy Efficiency Initiative

In 2014, Irish Lights signed up to the SEAI/Public Sector Energy Efficiency Initiative which endeavours to improve energy efficiency in the public sector by 33% by 2020. The benchmark year, chosen from a number of options by Irish Lights, is 2009. Since then overall energy consumption on our core services has dropped by 36.1%. While there is a slight increase in energy consumption in 2016 compared to 2015, we are still showing a huge decrease over our baseline year and are still surpassing our 33% reduction target.



Yvonne Shields
Chief Executive and Accounting Officer
21 July 2017

4. Accountability Report

4.1 Corporate Governance Report

4.1.1 Directors Report

The Board of Irish Lights

The Board has due regard for the benefits of diversity, experience and expertise and strives to achieve the right balance in its goal to provide leadership, effectiveness, accountability and sustainability to Irish Lights.
The Board consists of:

- Ten co-opted Commissioners.
- The Lord Mayor of the city of Dublin plus three Councillors' of the City of Dublin (ex officio Commissioners).
- The Chief Executive in her capacity as Accounting Officer is a member of the Board with no voting rights.
- The Executive Management Team attends the Board meetings.

Irish Lights considers all Commissioners to be non-executive, independent Directors. A Register of Interests that includes details of company directorships or other significant interests held by Board members and senior managers is maintained. The Board is satisfied that these do not conflict with their duties and responsibilities as Commissioners of Irish Lights. The Board endorses and complies with the principle of separation of the roles of Chairman and Chief Executive. The Board has appointed a Chief Executive and Management Team to run the day to day activities of the organisation.

From 2013 onwards, new Commissioners are appointed for a 5 year term with the possibility of a renewal for another 5 years. All Board members appointed before this date remain on the Board to their 73rd birthday.

The Lord Mayor and ex officio members are nominated by Dublin City Council and become Commissioners when they are sworn in. They remain as Commissioners for as long as they hold their respective office with the Council.

The Board meets on eight occasions each year. Certain matters are considered at all meetings including the Chief Executive's operational report, finance report, AtoN performance reports, capital projects, requests for statutory sanctions and where applicable reports from Board sub-committees and the JSB. Additionally, in 2016/17 the Board approved a three year property plan and a new technology and data services strategy. The Board closely monitored progress on the Great Lighthouses of Ireland and the GLA fleet testing projects along with the financial position, including the light dues income stream, following the implementation of self-funding arrangements post April 2015. The Board also reviewed and agreed the Corporate Plan 2017-22 and the Annual Report and Accounts. Working inspections took place on the north-west coast and on the south coast.

A key activity for the Board during the year was to advise the Chief Executive and management team on the development of an updated Irish Lights strategy covering the period 2018-2023. Two workshops covered a detailed review and evaluation of the inputs to the development of the new Strategy to be completed in Autumn 2017.

A key activity for the Board during the year was to advise the Chief Executive and management team on the development of an updated Irish Lights strategy covering the period 2018-2023.

Membership of the Board during 2016/17 was as follows:

Co-opted Commissioners

John Coyle (Chairman & Office Bearer)*
Sheila Tyrrell
Michael Maclaran
Mary Gallagher
Mark Barr
Dan Maher (sworn in February 2nd 2017)

Kieran Crowley (Vice-Chairman & Office Bearer)*
David Delamer#
Elizabeth Shanks
Donal O'Mahony
Adam Grennan (sworn in February 2nd 2017)

#David Delamer Chairman to 31 December 2016
*John Coyle and Kieran Crowley were appointed Chairman and Vice-Chairman respectively on 1st January 2017.

Ex-officio Commissioners (Representatives of Dublin City Council.

The Lord Mayor Councillor Criona Ni Dhalaigh resigned 25th June 2016
Councillor Ciaran Cuffe
Councillor Mannix Flynn resigned 22nd January 2017
Councillor Paddy Bourke sworn in March 3rd 2017

Executive Board Members

Yvonne Shields (Chief Executive)

Board Membership and Committee Structures

Attendance at scheduled meetings of the Board and its committees in the financial year ended 31 March 2017

Name	Board #	Audit & Risk Committee	Remuneration Committee	Nominations Committee	Corporate Management Committee
Commissioners:					
John Coyle (Chairman)	7/8	2/3	3/3 (C)	1/1(C)	1/1
David Delamer	8/8	–	3/3	1/1	1/1
Sheila Tyrrell	7/8	–	–	1/1	1/1
Michael Maclaran	6/8	–	–	1/1	1/1
Elizabeth Shanks	7/8	5/5	–	-	-
Mary Gallagher	7/8	–	–	-	-
Kieran Crowley	8/8	5/5 (C)	3/3	-	-
Mark Barr	8/8	5/5	3/3	-	1/1(C)
Donal O'Mahony	8/8	4/5	-	-	1/1
The Lord Mayor Councillo. Criona Ni Dhailagh	1/6	–	–	–	–
Councillor Ciaran Cuffe	2/8	–	–	–	–
Councillor Mannix Flynn	0/7	–	–	–	–
Councillor Paddy Bourke	1/1	–	–	–	–
Yvonne Shields	8/8	5/5	3/3	1/1	1/1

* Note (C) denotes Chairman

\# Note, other than the Chief Executive Ms Shields, who is a full time employee, no other Board Member receives remuneration for their services as Commissioners. In aggregate, expenses paid to and on behalf of Commissioners in respect of their duties were €16,860 (2015/16 €12,426). These expenses primarily relate to travel and subsistence / accommodation.

The following committees of the Board are established to co-ordinate key activities:

a) Audit and Risk Committee Review

The Audit and Risk Committee is established to advise the Board and the Accounting Officer on issues relating to management controls, the financial stewardship of the funds at the Board's disposal, risk, compliance and corporate governance issues and the systems of internal control. The Committee also meets with the Group Head of Internal Audit of the Government Internal Audit Agency (GIAA) and the National Audit Office (NAO) to review the Annual reports and Accounts and to discuss any observations raised by the Auditors in their Report to those Charged with Governance. In addition the Chairman of the Committee attended the DfT forum on audit and risk assurance in London.

The Irish Lights Audit and Risk Committee met on five occasions in the year ended 31 March 2017. The main activities for the year included the review of the 2015/16 Annual Report and Accounts and the recommendation that they be formally approved by the Board; reviewing the Irish Lights Risk Register; monitoring and reviewing the systems of internal control and ensuring that the internal audit programme was completed effectively. In addition the Committee reviewed the Annual Management Assurance Return before submission to DfT in February 2017 and considered the reports provided by both the Internal and External Auditors.

b) Remuneration Committee

This Committee advises on remuneration policy and practice for Irish Lights to ensure high calibre staff are attracted, retained and motivated, within budgetary constraints and in accordance with DfT and DTTAS guidance. The Remuneration Committee also considers matters relating to efficient and effective staffing levels and organisational structures. Additionally they review the remuneration and performance of the Chief Executive. The Remuneration Committee met on three occasions in the year ended 31 March 2017. The main items considered by the Committee included a new pay system aligned to the new organisation structure based and on Hay role evaluations. The system encompasses pay scales linked to relevant market rates and mechanisms for future pay determination.

c) Nominations Committee

The Nominations Committee is responsible for the appointment of elected members to the Board of Irish Lights. The nominations committee met once in the period ended 31 March 2017. When they arise Board vacancies are advertised in the national press. The selection process for new members includes interview by the Board Nominations Committee and representatives from the UK DfT and Irish DTTAS.

Two new Commissioners were appointed during the year other than the ex-officio Commissioners.

d) The Inspecting Committee

The Inspecting Committee is an advisory committee to the Board with responsibility for reviewing the practical implementation of Board policy around the coast. Two short working inspections are completed each year with generally three Commissioners and two officials inspecting priority stations selected on the basis of planned/completed expenditure or policy proposals. The Inspecting Committee verify on behalf of the Board that AtoN requirements are being achieved in an economic manner and that workplace Health and Safety responsibilities are being met.

e) The Corporate Management Committee

The Corporate Management Committee meets once a year to undertake a detailed review of the draft Corporate Plan for the year ahead. This includes a review of annual performance against targets for the previous year.

f) Tri-GLA Joint Strategic Board

The Chairman, one non-executive Board Member and the Chief Executive represent Irish Lights at JBS Meetings.

Board Effectiveness

The Irish Lights Board comprises individuals with deep knowledge and experience in core and diverse sectors of relevance to the activities of the organisation. Keeping up to date with key organisational, technical, policy and stakeholder requirements and developments is essential for the Board in terms of maintaining and enhancing effectiveness.

As the organisation continues through a period of change and transition, the Board has received frequent briefings from Departmental representatives attending Board meetings (UK DfT and Irish DTTAS) and presentations on matters of importance from the Chief Executive, Directors and senior managers. A full Board effectiveness review took place in Autumn of 2016 and is reviewed at an annual governance meeting which takes place between the Chairman, Chief Executive and the Director General DfT. A separate self-assessment checklist was completed by members of the Audit and Risk Committee and covered areas recommended by HM treasury.

Office and Advisers

Principal Office
Harbour Road, Dun Laoghaire, Co Dublin

Auditor
Comptroller and Auditor General
National Audit Office
157 Buckingham Palace Road
Victoria, London, SW1W 9SP

Bankers

Bank of Ireland 39 St. Stephen's Green East Dublin 2	Bank of Ireland P.O. Box 13 Donegal Place, Belfast BT1 5BX

Solicitors

Mullany Walsh Maxwells 19 Herbert Place, Dublin 2	Philip Lee 7/8 Wilton Terrace, Dublin 2

4.1.2 Statement of Accounting Officer's Responsibilities

Under section 218 (1) of the Merchant Shipping Act 1995 the Secretary of State for Transport, with the consent of HM Treasury, has directed Irish Lights to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Irish Lights and of income and expenditure, cash flows and changes in equity for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for Transport including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Transport has designated the Chief Executive as Accounting Officer of Irish Lights. The responsibilities of the Accounting Officer include accountability for the regularity of the funds allocated to Irish Lights and keeping proper records and accounts in its capacity as a GLA. These responsibilities are set out in the Framework Document which governs the relationship between the Department for Transport and the General Lighthouse Authorities. As far as we are aware there is no relevant information of which the auditors are unaware. All steps have been taken to ensure that all relevant information has been made available to the auditors.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

4.1.3 Governance Statement

Overview

The Irish Lights Board maintains the highest standards of corporate governance. Irish Lights has reviewed the Irish Code of Practice for the Governance of State Bodies (August 2016) and the UK Code on Corporate Governance in Central Government Departments (July 2011) and arrangements are in place to ensure that governance structures and internal controls encompass the main principles of these codes and where relevant specific guidelines are adapted for implementation.

The Board has in place specific arrangements to comply with the requirements set out by the UK DfT Framework Document for the GLA's (incorporating the Financial Memorandum and Management Statement), dated 30 July 2013. This Framework Document sets out the relationship between the Secretary of State for Transport (via the UK DfT) and the GLA in matters of business and finance and aims to provide a clear understanding of their respective duties and statutory responsibilities under the legislation listed in section 1 of the annual report.

The Irish Lights Board maintains the highest standards of corporate governance.

The cornerstones of Irish Lights' Governance include:

- An independent non-executive Board of Commissioners.
- Board Sub-Committees covering Audit & Risk, Remuneration, Nominations, Corporate Management and Inspections.
- Clear policies and a comprehensive system for Risk Management.
- Independent Internal and External Audit reviews.
- Monthly Management accounts and management reports

Risk Management

Accounting Officer Responsibility for Risk Management
Acting in the role of Accounting Officer, the Chief Executive has the responsibility for ensuring that there is a high standard of financial management including a sound system of internal control that promotes the efficient and economical conduct of Irish Lights business and safeguards financial propriety and regularity. The Chief Executive, as accounting officer is responsible for safeguarding the GLA funds and assets for which she is personally responsible, in accordance with the principles set out in HM Treasury's Managing Public Money.

Internal Control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Irish Lights policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Irish Lights for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts.

Risk Management Policy
Irish Lights has a risk management policy in place. The policy focuses on embedding a culture of risk awareness and responsibility, identifying and documenting risks and uncertainties, taking balanced and considered action to mitigate problems and capitalise on opportunities and ensuring business decisions at all levels are informed by an understanding of risks and opportunities. The Director of Corporate Services is the Risk Management Champion for the organisation. In this context he takes responsibility for highlighting risks of strategic and operational significance to the Chief Executive, Audit and Risk Committee and the Board and risk management policy, practice and reporting across the organisation.

Risk Management Culture
The culture is one of close management and control of risks. Every risk has an owner and co-owner responsible for the management of that risk. The process of embedding the risk management approach into the organisation has included:

- Development and regular review of the Risk Register with the involvement of Directors and key Managers.
- A compliance test of mitigation controls was undertaken on the top 15 risks on the Risk Register.
- Internal audit deriving their audit plan from risks listed on the register.
- Risk proofing the annual Corporate Plan.
- An identifiable risk appetite whereby risks are considered on a risk by risk basis and in general for most risks facing Irish Lights our appetite would be considered 'averse'.
- Each risk is considered in terms of whether it should be treated, tolerated, transferred or terminated.
- Irish Lights in conjunction with the other two GLAs published an Annual Risk Management and Insurance Scrutiny in Autumn 2016 which contains the business risks, risk management policy, and strategy for the GLAs.

External Input to Risk Management
External stakeholders are involved in reviewing risks through the Joint Users Consultative Group, User Committees, general consultation with marine sector representatives and the Lights Advisory Committee. Irish Lights have reviewed their User Committee structure and now hold separate annual meetings with AtoN User and AtoN Provider groups. Indications continue to show that this approach is improving the extent and quality of user engagement.

Risk Monitoring
Irish Lights maintains a comprehensive Risk Register which is reviewed in detail by the Management team and the Audit and Risk Committee twice a year. Top risks arising from these reviews are presented to the Board for consideration. The review of risks includes an evaluation of the probability of the risk event occurring and the impact that the occurrence would have both before and after controls have been put in place. The risk register currently contains 56 key risks.

Changes to Risk Profile

The significant key changes to the risk profile of Irish Lights during the year ended 31 March 2017 were:

- *Failure to achieve Tri-GLA casualty Risk Response.* This risk is being managed through on-going Tri-GLA co-operation and coordinated fleet management and continues to be monitored.
- *Brexit – risks associated with UK exit from Europe.* At this early stage there is considerable uncertainty around the implications of Brexit and its impact on Irish Lights. Initial anticipated risks include currency fluctuations, reduced economic activity, border controls and changing maritime transport regulation. Disruption or contraction of general economic activity may reduce the level of light dues collected and increase cost for Irish Lights.
- *New Pay Model.* Implementation of a new pay and reward model and agreement with the Trade Unions representing Irish Lights employees.
- *Information Communications Technology (ICT) Security Attack.* While Irish Lights has robust measures in place to protect against an ICT attack the increasing prevalence and rapid development of cyber incidences requires close monitoring of this risk to avoid disruption to Irish Lights services.

Management Assurance Return (MAR)

The Executive Management team within Irish Lights complete a MAR which is reviewed signed off by the Chief Executive and returned to the Group Financial Controller of the DfT, the purpose of which is threefold, namely:

(i) to make Management fully aware of what roles and responsibilities they have in respect of corporate governance,

(ii) to give assurance to the Chief Executive that internal controls within Irish Lights are operating effectively and

(iii) to give assurance to the Chief Executive as accounting officer that internal controls are effective and operating to a high standard in support of the Annual Governance Statement, included in the Annual Report and Accounts.

The MAR sets out various statements relating to assurance activities, business delivery, financial management, staff management and other matters of significance. Also the MAR returns are a key part of the governance framework within the DfT. The DfT Group Audit Committe. view these returns as a primary source of assurance and it supports the Department's Accounting Officer in making his annual Governance Statement in the Department's Annual Report and Accounts. The Irish Lights MAR was signed off by the Chief Executive and submitted to the DfT on 10 February 2017. It was reviewed and endorsed by the Audit and Risk Committee at a special meeting held on 2 February 2017.

Head of Internal Audit Opinion

On the basis of the evidence obtained during 2016/17, the Head of Internal Audit has provided an overall 'Moderate' assurance rating on the adequacy and effectiveness of the Irish Lights' arrangements for corporate governance, risk management, and control processes. In his opinion, there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement. The audit work performed during the year consistently resulted in moderate opinions with two high priority findings. Whilst there are areas where improvements can be made, the controls are generally designed and operating effectively to manage the risks facing Irish Lights.

Review of Systems of Internal Control

Acting in the role of Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control and governance. My review of the effectiveness of the systems of internal control and governance is informed by the work of the internal auditors, Audit and Risk Committee, Directors and Senior Managers within Irish Lights who have responsibility for the development and maintenance of the internal control and governance framework, and comments made by the external auditors in their Report to those Charged with Governance and other reports.

The key elements of the on-going review of the system of internal control and governance are:

- The Irish Lights Board which meets eight times a year to decide policy, provide strategic direction and review financial and operational progress. The Board receives Audit and Risk Committee minutes and reports covering areas such as risk management. The Board also formally reviews its own effectiveness on an annual basis.

- The Management Team meet on a monthly basis to review progress on the achievement of aims and objectives and to maintain operational efficiency. Risk management is formally reviewed by Directors and Senior Managers on a biannual basis and in practice is considered as part of the control of all key projects and activities.
- The Audit and Risk Committee operates in line with the HM Treasury Audit and risk assurance committee handbook (March 2016). Each year all members complete a self-assessment checklist which demonstrates how well they apply good practice. The Chairman of the Audit and Risk Committee periodically reports to the Board on matters related to internal control.
- Internal Audit provides regular reports that give an independent opinion on the adequacy and effectiveness of the system of internal control. The Head of Internal Audit produces an Annual Report, which gives his opinion on the effectiveness of internal control. Internal Audit Report findings are reviewed and monitored by the Executive team on a quarterly basis, presented at Audit and Risk Committee Meetings and summary findings and opinions are reported to the Board following publication.
- External Audit independently audit Irish Lights accounts and summarise their findings in their Report to those Charged with Governance.
- There is a monthly analysis of the management accounts and management reports by the Chief Executive, Directors and Senior Managers.
- Risk Management and Insurance Scrutiny was undertaken jointly by the three GLAs during the Autumn of 2016 and the report was published in late 2016.

Significant Internal Control Issues

There have been no significant internal control or governance problems in the year ended 31 March 2017.

Therefore I can report that corporate governance and risk management within Irish Lights remains robust and effective, and complies with Managing Public Money (HM Treasury July 2013), the Framework Document for the GLA's (July 2013) and the general principles set out in HM Treasury's Code of Good Practice for Corporate Governance in Central Government Departments (July 2011), as far as is appropriate.

4.2 Remuneration and Staff Report

Staff Costs

Staff costs comprise:	2016/17 Total	Permanently Employed Staff	Others	2015/16 Total
	€'000	**€'000**	**€'000**	**€'000**
Wages and Salaries	7,082	6,587	495	7,038
Social Security Costs	460	441	19	464
	7,542	7,028	514	7,502
Redundancy Costs	2	2	-	28
Less Capitalised Costs	(150)	(150)	-	(245)
	7,394	6,880	514	7,285
Employer Pension Contribution Costs	1,323	1,314	9	1,309
Third Party Pension Costs	-	-	-	-
	1,323	1,314	9	1,309
TOTAL	**8,717**	**8,194**	**523**	**8,594**

Pay Multiples	2016/17	2015/16
Band of Highest paid Executive Total Remuneration (€000's)	135-140	135-140
Median Total Remuneration at year end	€45,528	€42,185
Ratio	3.0	3.3

Irish Lights is required to disclose the relationship between the remuneration of the highest-paid Executive in the organisation and the median remuneration of the organisation's workforce. In 2016/17, no employees received remuneration in excess of the highest-paid Executive. The Chief Executives remuneration including taxable benefits was €138,590 (2015/16 €138,000). Employer contribution to the UK PCSPS and Alpha pension scheme on behalf of the Chief Executive was €33,810 (2015/16 €33,810). The total remuneration including taxable benefits paid to other key Management was €363,702 (2015/16 €349,585). Employer contributions to the UK PCSPS and Alpha pension scheme on behalf of Key Management was €89,026 (2015/16 €85,568).

Civil Service Pensions

On 1 April 2014 Irish Lights' pension liability was transferred into the UK Principal Civil Service Pension Scheme (PCSPS). From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age. From that date all newly appointed Irish Lights employees and the majority of those already in service joined alpha. Prior to that date, Irish Lights employees participated in the PCSPS. The PCSPS has four sections. 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 transition into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked' and these benefits will be based on their final salary when their pension comes into payment. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated under classic and benefits for service from October 2002 worked out under premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from a different age.)

Further details about the Civil Service pension arrangements can be found at the website:
www.civilservicepensionscheme.org.uk

Employer Pension Contributions Costs

Employer contributions are payable to the PCSPS at one of four rates in the range 20% to 24.5% (2015/16: 20% to 24.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Reporting of Civil Service and other compensation schemes – exit packages

Redundancy costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the UK Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

No employees were made redundant under the Civil Service Compensation Scheme during either 2016/17 or 2015/16.

Staff Report

Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows:

	2016/17 Total	Permanently Employed staff	Others	2015/16 Total
Directly employed	122	110	12	120
Other	-	-	-	-
Staff engaged on capital projects	3	3	-	5
TOTAL	**125**	**113**	**12**	**125**

Diversity Information

	2016/17 Male	2016/17 Female	2016/17 Total	2015/16 Male	2015/16 Female	2015/16 Total
Commissioners	11	3	**14**	10	4	**14**
Directors	3	1	**4**	3	1	**4**
Manager	14	-	**14**	14	-	**14**
Employee	91	16	**107**	91	16	**107**

Employee Involvement
Irish Lights is committed to effective communications which is maintained through formal and informal briefings, including an Organisation Review Day, a new annual newsletter, employee bulletins and regular updates on the Intranet service. Employees are consulted frequently and regularly so that account may be taken of their interests. When appropriate, consultation with employees is also effected through a well-established industrial relations process.

Performance Management, Development and Training
The PADS is a simple, user friendly system designed to assist everyone in Irish Lights achieve continuous improvement ensuring we are a results led organisation. During the year, the PADS system has been further developed by management to ensure that it supports staff by ensuring that clear targets and objectives are set in line with Irish Lights' strategic and corporate plans. Performance is reviewed every six months.

A Training and Development plan assists in the identification of training interventions required and Human Resources (HR) continue to provide managers with support in analysing training requirements and identifying suitable interventions.

Expenditure on Consultancy
During the year €97K (2015/16 €135K) was spent on Consultancy Services in relation to the provision to management of objective advice relating to strategy, structure, management or operations of the organisation, in pursuit of its purposes and objectives.

Off Payroll Engagements
There were no off payroll engagements during the year.

Disabled Employees
Irish Lights policy towards the employment of disabled people is that, in general, disablement in itself is not a barrier to recruitment or advancement; but the nature of the duties of some occupations, such as lighthouse maintenance, for health and safety reasons imposes some limitations.

Equal Opportunities
Irish Lights is an equal opportunity employer and at every stage of recruitment, employee transfer and promotion, carefully ensures that the selection processes used in no way give any preferences on the basis of gender, marital status, family status, sexual orientation, religion, age, disability, race or membership of the traveller community.

Sickness Absence
During 2016/17 the percentage number of man days lost due to sickness was 4.01% (2015/16: 3.48%). Total days lost due to sickness amounted to 1,069 days (2015/16: 939 days). The average number of days lost per employee was 9.76 (2015/16: 8.48). 20 long term absences accounted for 68.5% of days lost. The average number of short term days lost per employee has reduced from 3.58 days in 2015/16 to 3.52 days in 2016/17.

Personal Data Related Incidents
There were no personal data related incidents in Irish Lights during 2016/17.

4.3 Parliamentary Accountability Disclosures

Explanation regarding the Audit of the General Lighthouse Fund (GLF) and Irish Lights

The accounting records of Irish Lights are examined by the National Audit Office on behalf of the UK Comptroller and Auditor General prior to consolidation in the accounts of the GLF. The accounting records of the GLA's are examined by the UK Comptroller and Auditor General prior to consolidation in the accounts of the GLF. The GLF Accounts are formally certified by the UK Comptroller and Auditor General under the terms of Section 211 of the Merchant Shipping Act 1995 and Section 3 of the Exchequer and Audit Departments Act 1921, as amended by the National Audit Act 1983. There is no provision for a separate audit certificate to be appended to the individual authorities. This means that an audit opinion is not expressed upon them.

Auditor's remuneration is met directly by the GLF. The Irish Lights share for 2016/17 is STG £16,500 (2015/16 STG£16,500).

Losses and special payments
There are no losses or special payments that are required to be disclosed per HM Treasury Guidance.

Regularity of expenditure
The Commissioners of Irish lights have complied with the regularity of expenditure requirements as set out in HM Treasury Guidance.

Contingent Liabilities:

Protection and Indemnity
The Authority's marine protection and indemnity risks are insured through The Standard Club (Europe) Limited which is a member of the International Group of Protection and Indemnity Clubs.

The Club has adopted a conservative underwriting policy and concentrates on insuring vessels operating in European inland waterways, harbours and coastal trades.

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the organisation could be liable for additional premium payments (Supplementary Calls) to cover any claims which cannot be met from funds available. The Standard Club has closed the years up to and including 2013/14 and there will be no Supplementary Call for these years. The Club have advised Irish Lights that it does not anticipate Supplementary Calls for the years 2014/15, 2015/16 and 2016/17. As a result, Irish Lights has made no provision in the Accounts for this exposure.

Yvonne Shields

Yvonne Shields
Chief Executive and Accounting Officer
21 July 2017

Financial Statements

Year ended 31 March 2017

Statement of Comprehensive Net Income for year ended 31 March 2017

	Notes	2016/17	2015/16
Income		**€'000**	**€'000**
Advances from General Lighthouse Fund		12,396	12,479
Other Income	2	2,186	2,694
		14,582	**15,173**
Expenditure			
Staff Costs	3	7,394	7,285
Pension Costs	3	1,323	1,309
Depreciation	8	3,093	3,478
Amortisation	9	21	3
Loss/(Reversal of Loss) on Revaluation of Property, Plant & Equipment	7	799	(135)
Other Expenditures	4	5,139	5,806
Expenditure		**17,769**	**17,746**
		(3,187)	**(2,573)**
Net Income / (Expenditure)			
Revaluation of Investment Properties (Gain) / Loss	10	32	1,554
Net (Deficit)/Income after interest		**(3,219)**	**(4,127)**
Statement of Other Comprehensive Net Income			
Asset Revaluations Gain / (Loss)	7	164	(3,268)
Total Other Comprehensive Income / (Expenditure)		**(3,055)**	**(7,395)**

All results derive from continuing operations

The accounting policies and notes on pages 42 to 59 form part of these accounts

Statement of Financial Position as at 31 March 2017

	Notes	2016/17	2015/16
		€'000	**€'000**
Non-current assets:			
Property, plant and equipment	8	45,751	49,350
Intangible Assets	9	62	83
Investment Assets	10	1,117	1,149
Total non-current assets		**46,930**	**50,582**
Current Assets:			
Assets classified as held for sale	11	470	-
Inventories	12	515	536
Trade and other receivables	13	695	893
Cash and cash equivalents	14	119	116
Total current assets		**1,799**	**1,545**
Total assets		**48,729**	**52,127**
Current Liabilities:			
Trade and other payables	15	(2,551)	(3,792)
Provisions: Current Element	17	(221)	(27)
Total current liabilities		**(2,772)**	**(3,819)**
Non-current assets plus/less net current assets/ liabilities		**45,957**	**48,308**
Non-current liabilities:			
Provisions	17	(247)	(16)
Other payables	15	(510)	(37)
Total non-current liabilities		(757)	**(53)**
Assets less liabilities		**45,200**	**48,255**
Reserves:			
Accumulated Reserve		21,460	23,995
Revaluation Reserve		23,740	24,260
Total		**45,200**	**48,255**

Yvonne Shields

Yvonne Shields
Chief Executive and Accounting Officer, 21 July 2017

Statement of Cash Flows for the year ended 31 March 2017

	Notes	2016/17	2015/16
		€'000	**€'000**
Cash flows from operating activities:			
Net Surplus/ (Deficit) after interest		(3,219)	(4,127)
(Profit) /Loss on disposal of disposal of property, plant and equipment and intangible assets		112	100
Depreciation	8	3,093	3,478
Amortisation	9	21	3
Asset Revaluation:			
- (Reversal of Loss)/ Loss on Revaluation of Property, plant and equipment	7	799	(135)
- (Upward)/ Downward valuation on Investment Assets	7	32	1,554
(Increase)/Decrease in trade and other receivables		198	254
(Increase)/Decrease in inventories		21	(65)
Increase/(Decrease) in trade payables		(735)	118
Use of provisions		425	(177)
Net cash outflow from operating activities		**747**	**1,003**
Cash flow from investing activities:			
Purchase of property, plant and equipment		(689)	(1,230)
Purchase of investment assets		-	(624)
Purchase of assets held for resale		(55)	-
Proceeds of disposal of property, plant and equipment		-	89
Net cash outflow from investing activities		**(744)**	**(1,765)**
Net cash flow from all activities		**3**	**(762)**
Net Increase/(Decrease) in cash and cash equivalents in the period	14	**3**	**(762)**
Cash and cash equivalents at the beginning of the period	14	116	878
Cash and cash equivalents at the end of the period	14	119	116

Statement of Changes in Reserves for the year ended 31 March 2017

	Accumulated Reserve €'000	Revaluation Reserve €'000	Total Reserve €'000
Balance at 1 April 2015	**26,441**	**29,209**	**55,650**
Transfers between reserves	1,189	(1,189)	-
Retained (Deficit)/ Surplus (SoCNI)	(4,127)	-	(4,127)
Asset Revaluations	-	(3,268)	(3,268)
Release of Reserve on Asset Disposal	64	(64)	-
Release of Reserve on Asset Reclassification	428	(428)	-
Balance at 31 March 2016	**23,995**	**24,260**	**48,255**
Transfers between reserves	636	(636)	-
Retained (Deficit)/ Surplus (SoCNI)	(3,219)	-	(3,219)
Asset Revaluations	-	164	164
Release of Reserve on Asset Disposal	48	(48)	-
Balance at 31 March 2017	**21,460**	**23,740**	**45,200**

Notes to the Accounts for the Year Ended 31 March 2017

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2016/17 UK Government Financial Reporting Manual (FReM) issued by HM Treasury, except for the departures specifically required by the accounts direction. The accounting policies contained in the FReM follow International Accounting Standards as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been selected. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. In addition, the GLAs' accounts have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport.

b) Going Concern

The Board has considered the current and future position of Irish Lights and have concluded that the going concern basis for the preparation of these Financial Statements is appropriate.

c) Intangible Assets

Computer Software has been capitalised and is amortised on a straight-line basis over the estimated useful economic life of between 3 to 5 years dependent on the expected operating life of the asset. Intangible Assets are shown at cost less amortisation. Intangible licences have been capitalised and are amortised over the life of the licence. Amortisation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to disposal.

d) Non-Current Assets and Depreciation
Capitalisation

Non-current assets are recognised where the economic life of the item of property plant and equipment exceeds one year; the cost of the item can be reliably measured; and the original cost is greater than €8,000.

Assets are recognised initially at cost, which comprises purchase price, any costs of bringing assets to the location and condition necessary for them to be capable of operating in the manner intended, and initial estimates of the costs of dismantling and removing the assets where an obligation to dismantle or remove the assets arises from their acquisition or usage.

Subsequent costs of day-to-day servicing are expensed as incurred. Where regular major inspections of assets are required for their continuing operation, the costs of such inspections are capitalised and the carrying value of the previous inspection is derecognised, for example Dry Dock and Repair (DD&R) of ships. Expenditure on renewal of structures is capitalised when the planned maintenance spend enhances or replaces the service potential of the structure. All routine maintenance expenditure is charged to the Statement of Comprehensive Net Income.

Internal staff costs that can be attributed directly to the construction of an asset, including renewals of structures are capitalised.

Operating software, without which related hardware cannot operate, is capitalised, with the value of the related hardware, as property, plant and equipment. Application software, which is not an integral part of the related hardware, is capitalised separately as an intangible non-current asset.

Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the Statement of Comprehensive Net Income when the asset is derecognised. Gains are not classed as revenue.

Valuation

After recognition, the item of Property, plant and equipment is carried at Fair Value in accordance with IAS16 and the current FReM. The assets are expressed at their current value at regular valuation or through the application of Modified Historic Cost Accounting. For assets of low value and/or with a useful life of 5 years or less, depreciated historic cost (DHC) is considered as a proxy for fair value.

Asset Class	Valuation Method	Valued by
Non Specialised Land & Buildings	Fair Value, using Existing Use Valuation principles	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in Intervening years.
Specialised Property	Fair Value using Depreciated Replacement Cost principles (DRC)	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in Intervening years.
Non Operational Property*	Market Value	Specified as Obsolete, Assets Held for Sale or Investment Assets. Professional valuation annually.
Tenders and Ancillary Craft	Fair Value	Professional valuation annually.
Buoys	Fair Value	Internally using MV of recent purchases, then on an annual basis using MV of recent purchases, or recognised indices, as appropriate.
Beacons	Fair Value	RICS Valuation Statement (UKVS) 1.1 (valued at DRC if specialised and defined as such under the RICS Red Book) valuation every 5 years, Value plus indices in intervening years.
Plant, Machinery & IT Equipment - Low Value or short life	Depreciated Historic Cost	N/A
Plant & Machinery – Not included above.	Fair Value	RICS Valuation Statement (UKVS) 4.1 & 4.3 Professional valuation as base cost, plus indices annually thereafter/ Professional valuation annually.
Plant and Machinery at Lighthouses	FV using Depreciated Replacement Cost principles (DRC)	UKVS 1.1 (valued at DRC if specialised and defined as such under the RICS Red Book) Professional valuation every 5 years, Value plus indices in intervening years.

*Non Operational in this context relates to property that is not required for Irish Lights to carry out its statutory function.

Where assets are re-valued through professional valuation or through the use of indices, the accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset. If the assets carrying amount is increased as a result of revaluation, the increase is recognised in other comprehensive income and accumulated in equity in the Revaluation Reserve. However, the increase shall be recognised in the statement of Comprehensive Net Income to the extent that it reverses a revaluation decrease of that class of asset previously recognised in profit and loss. If the assets carrying amount is decreased as a result of revaluation, the decrease is recognised in the statement of Comprehensive Net Income. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve. The decrease recognised in other comprehensive income reduces the amount held in the revaluation reserve in respect of that asset.

Depreciation is calculated on an annual basis and is commenced in the financial year after original purchase or when the asset is brought into use and is continued up to the end of the financial year in which the sale or disposal takes place. Assets in the course of construction are not depreciated.

Depreciation is charged on a straight line basis having regard to the estimated operating lives as follows:

Categories	Depreciation Lives
Land and Buildings	
Land	Not Depreciated
Lighthouses (Building Structure)	25-100 years
Other Buildings	50 years
Tenders and Ancillary Craft	
Tenders	25 years
Tenders (Dry Dock and Repair)	2.5 years
Workboats	Up to 25 years
Buoys and Beacons	
Steel Buoys	Up to 50 years
Beacons	Up to 100 years
Plastic Buoys	10 years
Solarisation Costs	10 years

Categories	Depreciation Lives
Plant and Machinery	
Lighthouses	15 -25 years
Automation equipment	15 -25 years
Racons & Radio Beacons	15 years
Depots and Workshops	10 years
Office Equipment	Up to 10 years
Vehicles	5 - 15 years
Computers - Major systems	5 years
Computers – Other	3 years
AIS Equipment	7 - 10 Years
DGPS Equipment	10 Years

e) Inventories
Inventories of consumables, engineering stores and fuel stocks on ILV Granuaile are valued at weighted average cost. Provision is made for slow moving stock.

f) Research and Development
Research and Development work is co-ordinated by the Radio Navigation Committee for Major Research and Development. Direct expenditure incurred via this channel or any other research and development activity is charged to the Statement of Consolidated Income as incurred.

g) Leasing Commitments
Assets obtained under finance leases are capitalised in the Statement of Financial Position and depreciated as if owned. The interest element of the rental obligation is charged to the Statement of Comprehensive Net Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding at the beginning of the year. The capital element of the future lease payments is stated separately under Payables, both within one year and over one year. Expenditure incurred in respect of operating leases is charged to the Statement of Comprehensive Net Income as incurred. Rentals received under operating leases are credited to income.

h) Foreign Currency Transactions
Transactions in foreign currencies are recorded at an average rate ruling during the period in which the transaction occurred. All differences are taken to the Statement of Consolidated Income. At the year-end significant monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date (€1.00/£0.8551).

i) Taxation
Irish Lights is an exempt body for the purposes of Corporation and Capital Taxation and as such no provision is made in these Accounts for these taxes.

j) Provisions
Provisions are made for liabilities and charges in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets where, at the reporting date, a legal constructive liability (i.e. a present obligation from a past event) exists, the transfer of economic benefits is probable and a reasonable estimate can be made.

k) Government Grants
Government Grants and European Union are recognised in full in the Statement of Comprehensive Net Income in the year in which they are received.

l) Investment Properties
A small number of individual properties that are surplus to requirements at mainly Irish Lights operational sites are currently held for their income generation potential. These properties are treated in accordance with IAS 40: Accounting for Investment Properties and are accordingly valued to open market value each year.

m) Financial Assets and Liabilities
Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are typically cash or rights to receive cash or equity instruments in another entity. Financial liabilities are typically obligations to transfer cash. A contractual right to exchange financial assets or liabilities with other entities will also be a financial asset or liability, depending on whether the conditions are potentially favourable or adverse to the reporting entity.

Financial Assets
The GLF classifies its financial assets as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available-for sale. Such assets are initially recognised at fair value. Where material, they are subsequently measured at amortised cost using the effective interest method. The financial assets contained within the investment portfolio are classified as “Available for Sale Financial Assets”, as such they are carried at fair value subsequent to initial recognition, unrealised gains and losses are deferred in reserves until they are realised or impairment occurs.

Financial Liabilities
Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

Determining Fair Value
Fair value is defined as the amount for which an asset is settled or a liability extinguished, between knowledgeable parties, in an arm's length transaction. This is generally taken to be the transaction value, unless, where material, the fair value needs to reflect the time value of money, in which case the fair value would be calculated from discounted cash flows.

n) New Standards and Interpretations Adopted Early
The GLF has chosen not to adopt early any new standards or interpretations.

o) New Standards and Interpretations not yet adopted
No new accounting standards became effective for the first time in 2016/17.

The standards listed below are not yet effective for the year ended 31 March 2017 and have not been applied in preparing these financial statements. The following standards may affect future Accounts if, after further consultation, they are adopted by the FReM:

IFRS 9 addresses classification, measurement and impairment of financial assets. UK's HM Treasury released an exposure draft for inclusion in the 2018-19 FReM. It is thought that IFRS 9 will result in terminology changes.

IFRS 15, Revenue from Contracts with Customers, is expected to come into effect from 1 January 2018. It requires recognition of revenue earnings as distinct performance obligations under contracts are satisfied. HM Treasury released an exposure draft for inclusion in the 2018-19 FReM. It is not thought implementation will have a material impact; however the full impact will not be known until the FReM adopts or adapts these standards.

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. The probable impact is that there will be earlier recognition of expenditure in relation to leases (amortisation and interest). It is not yet clear when or with what degree of adaptation this standard will be reflected in the FReM. The IFRS will become effective in the private sector for accounting periods commencing on or after 1 January 2019.

IFRS 17 requires a discounted cash flow approach to accounting for insurance contracts. It is expected to come into effect for accounting periods commencing on or after 1 January 2021. The GLF currently has no contracts which meet the definition of insurance contracts.

Other changes due to come into effect after 2016–17 are considered to have no material impact.

p) Income
In accordance with the Merchant Shipping Act 1995, the GLAs are permitted to sell surplus capacity. Income from these activities is recognised in the period to which it relates. The principal source of income for the GLF is Light Dues, a tax on ships entering the UK or the RoI, in addition to RoI light Dues the GLF receives a contribution from the Irish Government towards the work of Irish Lights in the Republic.

q) Estimates
Where the accounts contain material estimates, e.g. depreciation a Qualified Valuer is employed.

2. Other Operating Income

	2016/17	2015/16
	€'000	€'000
Property Rentals	560	504
Buoy Rentals	258	240
Tender Hire	1,156	746
Sundry Receipts	54	173
Grant Income	158	1,031
TOTAL	**2,186**	**2,694**

3. Staff Costs

Staff costs comprise:	2016/17	2015/16
	€'000	€'000
Wages and Salaries	7,082	7,038
Social Security Costs	460	464
	7,542	7,502
Redundancy Costs	2	28
Less Capitalised Costs	(150)	(245)
	7,394	7,285
Employer Pension Contribution Costs	1,323	1,309
	1,323	1,309
TOTAL	**8,717**	**8,594**

4. Other Expenditure

	2016/17 €'000	2015/16 €'000
Running Costs	4,976	4,676
Rental under Operating Leases	51	1,030
Profit /Loss on disposal of property, plant and equipment & intangible assets	112	100
TOTAL	**5,139**	**5,806**

Auditor's remuneration is paid directly by the GLF. The proportion of the fee that relates to Irish Lights for 2016/17 is €19.6K/ GBP£16.5K (2015/16 €19.3K/ GBP£16.5K).

5. Interest Payable

	2016/17 €'000	2015/16 €'000
Interest payable	-	-
TOTAL	**-**	**-**

No interest was paid by Irish Lights during 2016/17.

6. Net Expenditure (excluding GLF funding)

The expenditure headings disclosed on the SoCNI have been chosen to add clarity to these accounts, however, central government bodies usually report expenditure under the following headings:

	2016/17 €'000	2015/16 €'000
Administration Costs		
Staff Costs	1,300	1,281
Other Administrative costs	713	801
Income	-	-
Programme Costs		
Staff Costs	7,417	7,313
Other Programme costs	8,339	8,351
Income	(2,186)	(2,694)
Net Operating cost	**15,583**	**15,052**

7. Asset Valuation Exercise

Following the reclassification of the GLAs as a Central Government Body, the DfT issued a new Accounts Direction in February 2013, requiring that Property, plant and equipment is valued at Fair Value as per IAS16 and the FReM. As a result Irish Lights has carried out an extensive exercise to obtain valuations for all items of Property Plant and Equipment on the basis outlined in Note 1 (e) for the first time in 2012/13. During 2016/17 these valuations were professionally updated to 31 March 2017 with the assistance of the following Independent Experts, in accordance with the FREM and IFRS 13:

Asset	Valuer	Organisation
Land & Buildings including Beacons RoI	Mark Adamson MRIC MSCSI	Irish Valuations Office
Lighthouse AtoN Plant RoI	Mark Adamson MRIC MSCSI	Irish Valuations Office
Land & Buildings including Beacons NI	Sean Daly	LPS Mapping and Valuation Services
Lighthouse AtoN Plant NI	Sean Daly	LPS Mapping and Valuation Services
Plant & Machinery	Robert McKay MSCSI MRICS	McKay Asset Valuers & Auctioneers
Ship	Charles Cundall	Braemar Seascope Valuations Limited

These valuations have been undertaken for capital accounting purposes in accordance with IFRS as interpreted and applied by current HM Treasury guidance to the UK public sector. The valuations accord with the requirements of the Royal Institution of Charted Surveyors (RICS) – Professional Standards 8th Edition (known as the Red Book) insofar as these are consistent with IFRS and Treasury guidance. In accordance with IAS 8 prior year figures are not restated and are shown at historic cost. A summary of the revaluations is set out below:

	2016/17 €'000	2015/16 €'000
Profit/(Loss) on Property, plant and equipment valuations (accounted for via Statement Net Income)	(799)	135
Profit/(Loss) on Property, plant and equipment valuations (accounted for via Revaluation Reserves)	164	(3,268)
(Downward)/Upward valuation on assets held on behalf of Irish Government	-	-
(Downward)/Upward valuation on Investment Assets (Note 10)	(32)	(1,554)
	(667)	**(4,687)**

Revaluation Movements 2016/17	**PPE** Note 8 **€'000**	**Intangible Assets** Note 9 **€'000**	**Investment Assets** Note 10 **€'000**	**Held for Resale** Note 11 **€'000**	**2016/17 Total €'000**
Revaluation Movement - cost	(2,900)	-	(32)	(55)	(2,987)
Revaluation Movement - accumulated depreciation	2,320	-	-	-	2,320
					(667)

8. Property, Plant and Equipment – current year

	Land	Buildings	Tenders & Ancillary Craft	Vessel	Buoys & Beacons	Plant & Equipment	ICT Equipment	Assets in Course of Construction	Total
Cost €'000									
Balance at 1 April 2016	**3,349**	**24,210**	**38**	**10,280**	**3,674**	**10,773**	**262**	**524**	**53,110**
Additions	-	-	-	6	-	269	33	349	657
Disposals	-	-	-	-	(8)	(113)	-	-	(121)
Impairments	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	9	-	503	-	(512)	-
Reclassifications	-	(470)	-	-	-	-	-	-	(470)
Revaluations	(12)	1,065	(9)	(3,301)	45	(688)	-	-	(2,900)
Balance at 31 March 2017	**3,337**	**24,805**	**29**	**6,994**	**3,711**	**10,744**	**295**	**361**	**50,276**
Depreciation €'000									
Balance at 1 April 2016	**-**	**5**	**-**	**187**	**-**	**3,306**	**262**	**-**	**3,760**
Charged in year	-	465	5	1,593	157	873	-	-	3,093
Disposals	-	-	-	-		(9)	-	-	(9)
Reclassifications	-	-	-	-		-	-	-	-
Revaluations	-	(465)	(5)	(1,217)	(157)	(475)	-	-	(2,319)
Balance at 31 March 2017	**-**	**5**	**-**	**563**	**-**	**3,695**	**262**	**-**	**4,525**
Net Book Value 1 April 2016	**3,349**	**24,205**	**38**	**10,093**	**3,674**	**7,467**	**-**	**524**	**49,350**
Net Book Value 31 March 2017	**3,337**	**24,800**	**29**	**6,431**	**3,711**	**7,049**	**33**	**361**	**45,751**

The Net Book Value of all assets is entirely in respect of owned assets. The above figures include land to the value of €410K (31 March 2016 - €410K) held on behalf of the Irish Government.

Property, Plant and Equipment – prior year

	Land	Buildings	Tenders & Ancillary Craft	Vessel	Buoys & Beacons	Plant & Equipment	ICT Equipment	Assets in Course of Construction	Total
Cost €'000 Balance at 1 April 2015	**3,198**	**23,709**	**49**	**16,585**	**3,673**	**10,749**	**262**	**1,537**	**59,762**
Additions	-	75	-	-	-	687	-	367	1,129
Disposals	-	(43)	-	-	(79)	(98)	-	-	(220)
Impairments	-	-	-	-	-	-	-	-	-
Transfers	-	57	-	-	-	176	-	(1,297)	(1,064)
Reclassifications	(1)	(438)	-	-	-	(82)	-	(83)	(604)
Revaluations	152	850	(11)	(6,305)	80	(659)	-	-	(5,893)
Balance at 31 March 2016	**3,349**	**24,210**	**38**	**10,280**	**3,674**	**10,773**	**262**	**524**	**53,110**
Depreciation €'000 Balance at 1 April 2015	-	**7**	**-**	**-**	**-**	**2,930**	**226**	**-**	**3,163**
Charged in year	-	436	6	1,980	129	891	36	-	3,478
Disposals	-	(1)	-	-	(3)	(27)	-	-	(31)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(437)	(6)	(1,793)	(126)	(488)	-	-	(2,850)
Balance at 31 March 2016	**-**	**5**	**-**	**187**	**-**	**3,306**	**262**	**-**	**3,760**
Net Book Value 1 April 2015	**3,198**	**23,702**	**49**	**16,585**	**3,673**	**7,819**	**36**	**1,537**	**56,599**
Net Book Value 31 March 2016	**3,349**	**24,205**	**38**	**10,093**	**3,674**	**7,467**	**-**	**524**	**49,350**

The Net Book Value of all assets is entirely in respect of owned assets. The above figures include land to the value of €410K (31 March 2016 - €410K) held on behalf of the Irish Government.

9. Intangible Assets – current year

	Assets in Course of Construction	Computer Software	Total
COST €'000			
Balance at 1 April 2016	**-**	**311**	**311**
Additions	-	-	-
Disposals	-	(12)	(12)
Transfers	-	-	-
Reclassifications	-	-	-
Revaluations	-	-	-
Balance at 31 March 2017	**-**	**299**	**299**
AMORTISATION €'000			
Balance at 1 April 2016	**-**	**228**	**228**
Charged in year	-	21	21
Disposal.	-	(12)	(12)
Reclassifications	-	-	-
Revaluations	-	-	-
Balance at 31 March 2017	**-**	**237**	**237**
Net Book Value at 1 April 2016	**-**	**83**	**83**
Net Book Value at 31 March 2017	**-**	**62**	**62**

9. Intangible Assets – prior year

	Assets in Course of Construction	Computer Software	Total
COST €'000			
Balance at 1 April 2015	**-**	**228**	**228**
Additions	-	-	-
Disposals	-	-	-
Transfers	(83)	83	-
Reclassifications	83	-	83
Revaluations	-	-	-
Balance at 31 March 2016	**-**	**311**	**311**
AMORTISATION €'000			
Balance at 1 April 2015	**-**	**225**	**225**
Charged in year	-	3	3
Disposals	-	-	-
Reclassifications	-	-	-
Revaluations	-	-	-
Balance at 31 March 2016	**-**	**228**	**228**
Net Book Value at 1 April 2015	**-**	**3**	**3**
Net Book Value at 31 March 2016	**-**	**83**	**83**

10. Investment Assets

	2016/17 €'000	2015/16 €'000
Opening Balance	1,149	584
Additions	-	624
Transfers from Tangible Assets	-	431
Transfers from Assets Under Construction	-	1,064
Revaluations	(32)	(1,554)
TOTAL	**1,117**	**1,149**

As part of the Asset Revaluation exercise property that Irish Lights was deriving commercial income from were reclassified as Investment Assets in accordance with IAS40.

11. Assets Held for Resale

	2016/17 €'000	2015/16 €'000
Opening Balance	-	-
Additions	55	-
Transfer from Tangible Assets	470	90
Revaluations	(55)	(90)
TOTAL	**470**	-

At 31 March 2014 there were a number of assets associated with AtoN that are in the process of being transferred to Local Light Authorities under the 2010-2015 Nav Review Programme. As these transfers were all planned to happen within a 12 month period of the year end it was deemed appropriate that these assets would be reclassified as assets Held for Resale in accordance with IFRS5. As these assets are being transferred for zero consideration they have been impaired to their net realisable value of zero. The Balance at year end represents properties on the Market for sale at Youghal and Roancarrigmore

12. Inventories

	2016/17	2015/16
	€'000	€'000
Inventories of consumable stores and fuel	515	536
TOTAL	**515**	**536**

13. Trade receivables and other current assets

	2016/17	2015/16
	€'000	€'000
Amount falling due within one year:		
Trade Receivables	86	411
VAT Recoverable	76	78
Other receivables	359	205
Prepayments and accrued income	174	199
	695	**893**

14. Cash and cash equivalents

	2016/17 €'000	2015/16 €'000
Balance at 1 April 2016	116	878
Net Change in cash and cash equivalents	3	(762)
Balance at 31 March 2017	**119**	**116**

The above figure includes cash to the value of €64K (31 March 2016 - €57K) held on behalf of the Irish Government.

The following balances at 31 March 2017 were held at:

	2016/17 €'000	2015/16 €'000
Commercial banks and cash in hand	119	116
Balance at 31 March 2017	119	**116**

15. Trade payables and other current liabilities

	2016/17 €'000	2015/16 €'000
Amounts falling due within one year:		
Other taxes and social security	281	278
Trade payables	403	493
Other payables	307	493
Accruals and Deferred Income	1,560	2,528
TOTAL	**2,551**	**3,792**

	2016/17	2015/16
Amounts falling due after more than one year:	**€'000**	**€'000**
Other payables, accruals and deferred income	36	37
Value of asset held on behalf of the Irish Government	474	-
TOTAL	**510**	**37**

16. Capital Commitments

	2016/17	2015/16
	€'000	€'000
Contracted capital commitments at 31 March 2017 not otherwise included in these financial statements		
Property, plant and equipment	303	6
TOTAL	**303**	**6**

Commitments under Leases

Operating Leases
Total future minimum lease payments under operating leases are given in the table below for the following periods.

	2016/17	2015/16
	€'000	€'000
Obligations under operating leases for the following years comprise:		
Land:		
Not later than one year	50	50
Later then one year and not later then five years	200	200
Later then five years	2,929	2,979
	3,179	**3,229**
Other:		
Not later than one year	5	5
Later then one year and not later then five years	4	9
Later then five years	-	-
	9	**14**

17. Provisions for Liabilities and Charges

	Other Pension Schemes €'000	Storm Damage/ Responsible Withdrawal €'000	Other Provisions €'000	Total €'000
Provisions at 1 April 2016	**16**	**27**	**-**	**43**
Reclassification	-	69	421	490
Provided in year	-	50	9	59
Provisions not required and written back	-	(2)	-	(2)
Provisions utilised in the year	-	(47)	(75)	(122)
Provisions at 31 March 2017	**16**	**97**	**355**	**468**

Analysis of expected timing of discounted flows

	Other Pension Schemes €'000	Storm Damage/ Responsible Withdrawal €'000	Other Provisions €'000	Total €'000
Not later than one year	-	97	124	221
Later than one year and not later then five years	16	-	46	62
Later then five years	-	-	185	185
Provisions at 31 March 2017	**16**	**97**	**355**	**468**

The Other Pension Schemes relate to the Merchant Navy Officers Pension Fund (MNOPF). The provision is for the actuarially calculated estimate of additional contributions due to help meet the deficit of the fund.

18. Pension Commitments

MNOPF
Irish Lights also contribute as necessary to the MNOPF which is a defined benefit scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from the GLF, being held in separate funds managed by trustees of the scheme. Contributions to the scheme in respect of temporary officers are charged to the Statement of Comprehensive Net Income when they are paid. During 2016/17 there were no officers employed who were members of MNOPF. The most recent valuation of the MNOPF was carried out as at 31 March 2015. We have been informed that there is no liability for Irish Lights as a result of this valuation.

19. Events after Reporting Period

There were no events after the reporting date that required disclosure.

20. Inter GLA Transactions

Ships Agreement

The following were the interventions under the Inter – GLA Ship Sharing Agreement (dated 1 April 2003) during 2016/17:

- Irish Lights provided the services of the *Granuaile* to TH for a period of 3.32 days.

While there was no transfer of funds between the GLAs in respect of these services, these transactions gave rise to a net notional income of €37,485.

21. Related Parties

The GLF is administered by the DfT who sponsor the three GLAs. For governance purposes each is considered to be a Non Departmental Public Body (NDPB), however for financial purposes they are considered to be Public Bodies.

The Authorities and the UK DfT are regarded to be related parties. During the year the DfT (UK) approved advances from the General Lighthouse Fund to Irish Lights. During 2016/17 Irish Lights has received advances of €12,396K (2015/2016 €12,479K) from the General Lighthouse Fund. In addition DTTAS (Ireland) is considered to be a related party of Irish Lights. During the year no material transactions took place between Irish Lights and DTTAS. At the 31 March 2017 the balances outstanding with the GLAs were as follows:

	Balance due from Irish Lights		Balance due to Irish Lights	
	2016/17	**2015/16**	**2016/17**	**2015/16**
GLA	**€000's**	**€000's**	**€000's**	**€000's**
Trinity House (TH)	2	33	-	-
Northern Lighthouse Board (NLB)	122	125	-	-

23. Approval of Annual Report and Accounts

This Annual Report and Accounts was approved by the Board on 21 July 2017.

Appendix A

List of Acronyms & Abbreviations

AIS	Automatic Identification System
ARA	Audit and Risk Assurance
AtoN	Aid to Navigation
BCM	Business Continuity Management
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Values
DfT	Department for Transport
DGPS	Differential Global Positioning System
FTE	Full Time Equivalent
GIAA	Government Internal Audit Agency
GLAs	General Lighthouse Authorities
GLF	General Lighthouse Fund
GLI	Great Lighthouses of Ireland
GPS	Global Positioning System (American)
IALA	International Association of Marine Aids to Navigation & Lighthouse Authorities
ICT	Information and Communication Technology
ILV	Irish Lights Vessel
IRCG	Irish Coast Guard
ITT	Invitation To Tender
JSB	Joint Strategic Board
LED	Light Emitting Diode
LLA	Local Light Authority
MAR	Management Assurance Return
MCA	Maritime and Coastguard Agency
MNOPF	Merchant Navy Officers Pension Fund
MoU	Memorandum of Understanding
MTBF	Mean Time Between Failures
MTTR	Mean Time to Repair
NAO	National Audit Office
NLB	Northern Lighthouse Board
ONS	Operations and Navigational Services
PADS	Performance and Development System
PCSPS	Principal Civil Service Pension Scheme
RoI	Republic of Ireland
ROV	Remotely Operated Vehicle
R&RNAV	Research and Radio Navigation Directorate (Tir-GLA)
SEAI	Sustainable Energy Authority of Ireland
SEUPB	Special EU Programmes Body
SIRO	Senior Information Risk Owner
SOLAS	International Convention for Safety of Life at Sea
SoCNI	Statement of Comprehensive Net Income
SoOCNI	Statement of Other Comprehensive Net Income
TH	Trinity House
TDS	Technology and Data Services
UK	United Kingdom
VER	Voluntary Early Retirement
WRC	Workplace Relations Commission

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