



Gibraltar Audit Office

Report of the Principal Auditor
on the Accounts of the
Gibraltar Port Authority
for the financial year ended
31 March 2015



REPORT OF THE PRINCIPAL AUDITOR ON THE ACCOUNTS OF
THE GIBRALTAR PORT AUTHORITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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Gibraltar Audit Office

THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO PARLIAMENT ON THE ACCOUNTS OF THE GIBRALTAR PORT AUTHORITY

I certify that I have audited the financial statements of the Gibraltar Port Authority for the financial year ended 31 March 2015 in accordance with the provisions of Section 14(2) of the Gibraltar Port Authority Act 2005. These statements comprise the Receipts and Payments Account, the Capital Account and the Balance Sheet and the related notes. These financial statements have been prepared using the cash receipts and disbursements basis of accounting.

Respective responsibilities of the Care Agency and the Principal Auditor

The Gibraltar Port Authority is responsible for the preparation of the financial statements and for being satisfied that they are properly presented. The Gibraltar Port Authority's policy is to prepare the financial statements on the cash receipts and disbursements basis. On this basis revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

My responsibility is to audit, certify and report on the financial statements in accordance with the provisions of section 14(2) and 14(3) of the Gibraltar Port Authority Act 2005. I conducted my audit of the financial statements in accordance with generally accepted government auditing standards.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Gibraltar Port Authority's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by

Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion, the financial statements properly present the revenue collected and expenses paid by the Gibraltar Port Authority during the financial year ended 31 March 2015 and the assets and liabilities arising from cash transactions as at the end of that period in accordance with the cash receipts and disbursements basis of accounting.

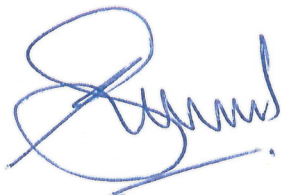
Matters for which I report by exception

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- I have not received all of the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit; or
- proper books of account have not been kept by the Gibraltar Port Authority, so far as appears from my examination of those books; or
- the Gibraltar Port Authority has not discharged its financial duties and obligations in accordance with the provisions of the Gibraltar Port Authority Act 2005; or
- the financial statements are not in agreement with the accounting records.

Report

The observations on the financial statements are detailed in my Report.



A R Sacramento
Principal Auditor
Gibraltar Audit Office

17 November 2017

**GIBRALTAR PORT AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

REPORT

- 1.1 Recurrent Account - Receipts:** Total port receipts for the financial year 2014-15, amounting to £4,812,863, fell short against the approved budget of £6,556,000 by £1,743,137 and by £1,303,463 compared against the previous year's total collections amounting to £6,116,326.
- 1.2** The Finance Manager of the Gibraltar Port Authority ("GPA") explained that the previous two financial years had been particularly good years in terms of port revenue, with financial year 2012-13 breaking all records in respect of revenue received and financial year 2013-14 slightly lower than the previous financial year. The 2014-15 estimates submission for port receipts was, therefore, calculated around the actual revenue figures for 2013-14. The Finance Manager further explained that it was not expected that actual revenue would fall short compared to the approved estimate by as much as it did under Tonnage Dues (£0.99 million) and Berthing Charges (£0.62 million). However, a fall in ship arrivals and no long-term arrested vessels during the year in question had a significant drop in Tonnage Dues and Berthing Charges. Another contributing factor for the decrease in revenue was attributed to significant bunker discounts introduced on 1 July 2014 impacting on Tonnage Dues and Berthing Charges. The shortfall in Port Arrival and Departure Tax between the approved budget and actual revenue amounting to £0.27 million was directly attributable to discounts applied to cruise liners based on the number of calls at Gibraltar and an additional reduction based on passengers brought to Gibraltar. Conversely, there was an increase in Miscellaneous Receipts between the approved budget and actual revenue amounting to £0.12 million mainly as a result of revenue generated from advertising in the GPA website and a large increase in revenue derived from Suez Canal Certificates issued to vessels passing by Gibraltar.
- 1.3** The Government of Gibraltar's recurrent contribution from revenues received to the GPA during the financial year 2014-15 amounted to £4,812,863. The Government made an additional contribution amounting to £684,000 to provide for total expenditure of £5,496,694 incurred during the financial year. The GPA's operating shortfall was thus £683,831.
- 2.1 Recurrent Account - Payments:** The GPA's recurrent expenditure during the year, amounting to £5,496,694, reflected an increase of £234,694 (4.5%), compared to the approved budget of £5,262,000 and a year-on-year increase of £932,404 (20.4%), against the previous financial year's expenditure of £4,564,290. The Finance Manager provided me with the following explanations on the main variances

between the recurrent expenditure and the approved budget for the financial year 2014-15:

2.2 Salaries – There was an excess in Salaries amounting to £101,655, compared against the approved budget sum of £1,957,000, largely as a result of:

- a number of retrospective salary payments amounting to nearly £83,000;
- unbudgeted annual salary increase with effect from 1 August 2014 totalling almost £31,000;
- the cost of increases of salary of three officers amounting to about £27,000; and
- the salary costs of two new entrants not budgeted for, amounting to nearly £5,000.
- Conversely, there were savings of approximately £44,000 resulting from vacancies not filled during the financial year.

2.3 Maintenance of Port Installations and Equipment – Total expenditure for the year amounting to £344,786 exceeded the previous year's expenditure of £245,634 by £99,152 (40.4%). The increase is in the main due to unplanned repairs and maintenance in relation to the upkeep and maintenance of port installations (£71,382) and the maintenance of equipment (£25,704)

2.4 Training – The expenditure exceeded the approved estimate of £60,000 by £23,690 as a consequence that the estimate submission of £146,000 was substantially reduced and did not take into account the fact that five new Port Operatives were required to attend a three-week course in the UK, as the training was deemed essential.

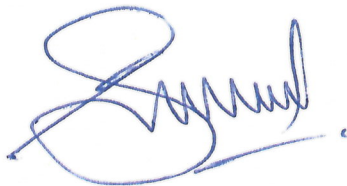
2.5 Oil Pollution Expenses – There was an increase in oil pollution expenses of £30,739 (102.7%) compared to the previous year's expenditure of £29,933. This was largely due to pollution containment and clean-up costs following a vessel fire in one of the marinas; the purchase of oil booms; and, an oil spill clean-up at the North Mole.

2.6 Contracted Service - Oil Pollution – Expenditure in oil pollution contracted services amounting to £107,100 exceeded the previous year's expenditure of £87,644 by £19,456 (22.2%). The main reason for the increase arose from the re-negotiated agreement with the contractor providing oil spill response support.

2.7 Contracted Service - Waste Discharge – The expenditure amounting to £501,349 fell short of the approved estimate of £660,000 by £158,651. The main reason provided for the variance was that there were less vessels visiting that discharged marine pollution. Additionally,

eleven monthly invoice payments were made against the budgeted twelve monthly payments.

- 2.8 Advertising, Marketing and Travel** – Total expenditure amounting to £294,184 exceeded the approved estimate of £80,000 by £214,184, directly as a result of website development costs; and expenses relating to conferences attended which had not been budgeted for.
- 2.9 Maintenance of Beach Marker Buoys** – The approved estimate of £25,000 was to cover the deployment of buoys solely during the summer months. However, a subsequent decision to deploy the marker buoys over the twelve months of the year meant an excess expenditure of £33,861 against the approved estimate.
- 3.1 Capital Account - Payments:** Capital expenditure during the financial year 2014-15 totalled £153,627, compared to an approved estimate of £500,000. The reason provided for the shortfall of £346,373 was that two major projects were shelved due to the proposed move of the GPA to a new building in 2017.



A R Sacramento
Principal Auditor
Gibraltar Audit Office

17 November 2017

GIBRALTAR PORT AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	£	£	£	2014 £
<u>RECURRENT ACCOUNT</u>					
<u>RECEIPTS</u>					
Contribution by the Government of Gibraltar from Revenues Received	(2)			4,812,863	4,564,000
Contribution by the Government of Gibraltar				684,000	-
				<u>5,496,863</u>	<u>4,564,000</u>
<u>PAYMENTS</u>					
Personal Emoluments:					
Salaries		2,058,655			1,647,795
Gratuities		12,653			31,865
Overtime		754,888			608,859
Allowances		198,478			174,977
Temporary Assistance		<u>27,702</u>			<u>25,725</u>
			3,052,376		<u>2,489,221</u>
Wages:					
Basic		-			17,612
Overtime		<u>-</u>			<u>4,755</u>
					<u>22,367</u>
Employer's Contributions:					
Social Insurance		92,690			80,260
Pension		<u>86,250</u>			<u>45,185</u>
			178,940		<u>125,445</u>
Office Expenses:					
General Expenses		7,173			7,512
Electricity and Water		25,833			26,515
Telephone Service		34,054			36,580
Printing and Stationery		<u>14,663</u>			<u>13,081</u>
			81,723		<u>83,688</u>
Operational Services:					
Transport Expenses		2,997			5,182
Legal Fees		-			17,679
Maintenance of Port Installations and Equipment	(3)	344,786			245,634
Protective Clothing and Uniforms		20,509			19,356
Training		83,690			59,138
Inspections		4,364			5,997
Oil Pollution Expenses		60,672			29,933
Publications		<u>5,042</u>			<u>6,155</u>
			522,060		<u>389,074</u>
Contracted Services:					
Oil Pollution		107,100			87,644
Port Security		324,384			309,536
Cleaning Services		14,614			11,573
Waste Discharge		501,349			584,995
Weather Transmission Reports		<u>9,125</u>			<u>9,275</u>
			956,572		<u>1,003,023</u>
Carried Forward			<u>4,791,671</u>		<u>4,112,818</u>

GIBRALTAR PORT AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	£	£	£	2014 £
Brought Forward			4,791,671		4,112,818
Advertising, Marketing and Travel	(4)	294,184			70,093
Contribution to Med Mission to Seamen		10,000			10,000
Vessel Tracking System Finance Repayment	(5)	124,531			135,852
Vessel Tracking System - Maintenance		42,128			43,761
Low sulphur - Fuel Oil Analysis		2,487			12,551
Insurance		127,916			162,590
Port Incidents and Associated Expenses		15,145			6,625
Contribution to Seaman's Welfare Fund		10,000			10,000
Maintenance of Beach Marker Buoys		58,861			-
Relief Cover		4,404			-
Contract Relocation Expenses		15,367			-
			<u>705,023</u>		<u>451,472</u>
				<u>(5,496,694)</u>	<u>(4,564,290)</u>
Net Receipts/(Payments)				<u>169</u>	<u>(290)</u>
<u>CAPITAL ACCOUNT</u>					
<u>RECEIPTS</u>					
Contribution by the Government of Gibraltar				153,000	245,000
<u>PAYMENTS</u>					
Works and Equipment	(6)			(153,627)	(244,363)
Net (Payments)/Receipts				<u>(627)</u>	<u>637</u>

GIBRALTAR PORT AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2015

	£	£	2014 £
<u>ASSETS</u>			
Recurrent Account			
Amount held by the Government of Gibraltar		31,085	30,916
Capital Account			
Amount due to the Government of Gibraltar		(30,522)	(29,895)
		<u>563</u>	<u>1,021</u>
 <u>FINANCED BY</u>			
Recurrent Account			
Account Balance on 1 April 2014	30,916		31,206
Net Receipts/(Payments) during the year	<u>169</u>		<u>(290)</u>
Account Balance on 31 March 2015		31,085	30,916
Capital Account			
Account Balance on 1 April 2014	(29,895)		(30,532)
Net (Payments)/Receipts during the year	<u>(627)</u>		<u>637</u>
Account Balance on 31 March 2015		(30,522)	(29,895)
General Fund Balance on 31 March 2015		<u>563</u>	<u>1,021</u>



Mr J M Tirado
 Chief Executive and Captain of the Port (Ag)

Date: 13/4/17

GIBRALTAR PORT AUTHORITY

Notes to the accounts for the year ended 31 March 2015

1) Accounting Policies:

The financial statements of the Gibraltar Port Authority are prepared on a cash receipts and disbursements basis of accounting, in line with the standards prescribed for the preparation of the public accounts of Gibraltar.

2) In accordance with the provisions of the Public Finance (Control and Audit) (Amendment) Act 2011 the recurrent revenues of the Gibraltar Port Authority are paid into, and thus constitute the revenue of, the Gibraltar Government Consolidated Fund.

Actual receipts for the year are as follows:

	£	2014 £
Tonnage Dues	3,005,882	3,623,670
Bunkering Charges	658,728	704,915
Berthing Charges	582,679	1,097,920
Miscellaneous Receipts	217,853	135,847
Port Operator and Harbour Craft Licences	208,139	246,426
Port Arrival and Departure Tax	132,242	301,448
Small Boat Moorings	7,340	6,100
	<u>4,812,863</u>	<u>6,116,326</u>

3) Breakdown of Maintenance of Port Installations and Equipment:

	£	£
Upkeep and Maintenance of Port Installations	149,431	78,049
Maintenance of Launches	110,253	105,933
Port Launches' Fuel	41,658	31,182
Maintenance of Equipment	29,200	3,496
Computer Maintenance	14,244	26,974
	<u>344,786</u>	<u>245,634</u>

4) Breakdown of Advertising, Marketing & Travel:

	£	£
Website Expenditure	97,643	-
Advertising	91,499	19,149
Conference Fees	47,100	18,499
Travel Expenses	50,955	30,790
Contingencies	4,666	245
Membership Fees	2,150	1,410
General Expenses	171	-
	<u>294,184</u>	<u>70,093</u>

GIBRALTAR PORT AUTHORITY

Notes to the accounts for the year ended 31 March 2015 (Cont'd)

5) A loan of £630,000 was obtained in the financial year 2009-2010 from Lombard North Central Plc in order to finance a vessel tracking system, to be repaid in 60 monthly instalments of £11,321 (this figure comprised of capital repayment and 3% interest). The final (60th) installment was made in February 2015 and the loan was repaid in full.

6) Capital Expenditure for the year is as follows:

	£	2014 £
I.T. Infrastructure	43,194	82,251
Building Works	39,319	-
Purchase of Crane	35,511	-
Buoys and Equipment	20,852	-
Detached Mole Equipment	6,107	90,694
Office Furniture	4,291	7,537
Statue for North Mole	2,410	-
Purchase of Computers	1,115	2,402
Messroom Equipment	828	1,176
Motor Vehicles	-	18,832
Floating Fenders	-	18,350
Pontoons	-	8,558
Skimmers	-	7,561
Floodlights	-	4,030
Gas Detection Equipment	-	2,972
	<u>153,627</u>	<u>244,363</u>