



Gibraltar Audit Office

**Report of the Principal Auditor**

on the Accounts of the  
Gibraltar Port Authority  
for the financial year ended  
31 March 2011



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## Gibraltar Audit Office

### **THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE PARLIAMENT**

I certify that I have audited the financial statements of the Gibraltar Port Authority for the financial year ended 31 March 2011 in accordance with the provisions of Section 14(2) of the Gibraltar Port Authority Act 2005. These comprise the Receipts and Payments Account, the Capital Account, the Balance Sheet and the related notes.

#### **Respective responsibilities of the Gibraltar Port Authority 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.

My responsibility is to audit, certify and report on the financial statements and for being satisfied that they are properly presented. I have 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.

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

#### **Opinion on regularity**

In my opinion, in all material respects, the expenditure and income has 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 receipts and payments for the financial year ended 31 March 2011 and the assets and liabilities as at the end of that period.

### **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:

- Adequate accounting records have not been kept; or
- The 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; or
- I have not received all of the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

### **Report**

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



J C Posso  
Principal Auditor  
13 September 2012

Gibraltar Audit Office  
23 John Mackintosh Square  
Gibraltar

**GIBRALTAR PORT AUTHORITY**  
**ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

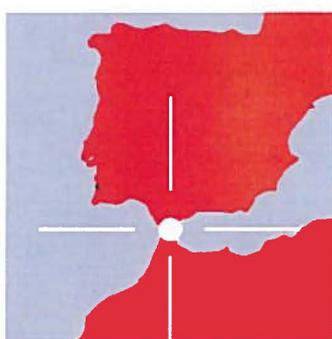
**REPORT**

- 1.1 Recurrent Account – Receipts: In accordance with the provisions of the Public Finance (Control and Audit) (Amendment) Act 2011 the recurrent revenues of Government Agencies, Authorities and certain other entities are paid into and thus constitute the revenue of the Consolidated Fund retrospective from 1 April 2009.
- 1.2 The approved budget recurrent contribution from the Government of Gibraltar (“the Government”) was £3,609,000, which took account of the provision for revenues received by the Government amounting to £5,227,000 less the provision for the surplus in the Gibraltar Port Authority (“GPA”) receipts and payments account amounting to £1,618,000, transferrable to the Government. Total collections in respect of port fees credited to the Government during the financial year 2010-11 amounted to £6,207,047, as shown in note 2 to the accounts. The total Government recurrent contribution from revenues received during the financial year 2010-11 to the GPA amounted to £3,780,000. In effect, the GPA’s surplus was £2,428,010, which included net receipts amounting to £963.
- 1.3 The overall increase in port receipts against the approved budget of £980,047 was mainly due to:
- A rise in the collection of Tonnage Dues amounting to £991,677 as a result of the recovery of substantial overdue fees, an increase in the number of vessel visits and an increase in vessel tariffs with effect from 1 April 2010, which was not accounted for in the estimate submission, as the decision to increase Tonnage Dues was made after the estimate submission;
  - A rise in revenue collected amounting to £252,549 as a result of an increase in activity in bunkering services; and
  - On the other hand, notwithstanding that the approved budget amounting to £900,000 in respect of Berthing Charges (which was based on the previous year’s income) was £458,000 more than the estimate submission, collections fell short of the approved budget by £245,453.
- 2.1 Recurrent Account – Payments: The GPA’s recurrent expenditure during the financial year 2010-11 totalled £3,779,037 compared to the approved budget of £3,609,000 and a previous financial year’s expenditure of £3,426,114, reflecting an increase against the approved budget of £170,037 (4.7%) and a year-on-year increase of £352,923 (10.3%). The main variances between recurrent expenditure and the approved budget

for the financial year 2010-11 were as explained to me hereunder by the Administration and Finance Higher Executive, on behalf of the former Chief Executive:

- 2.2 Salaries – Expenditure amounting to £2,059,291 exceeded the approved budget of £1,897,000 by £162,291 (8.6%). The explanation provided to me by the Administration and Finance Higher Executive was that the variance was principally as a result of the following:
- A rise of around £41,400 mainly related to increases in the GPA’s staff complement not accounted for in the approved budget and the 2010 salary pay review increase;
  - An under-estimation in the overtime submission of around £100,000, together with an increase in overtime costs as a result of the 2010 pay review of just over £25,800;
  - A reduction of £23,000 in the overtime approved budget from the estimate submission; and
  - On the other hand, there were savings in allowances and gratuities amounting to approximately £29,400.
- 2.3 Port Advertising – The expenditure amounting to £128,523 exceeded the approved budget of £100,000 by £28,523 (28.5%) as a result of an unbudgeted UK newspaper report on Gibraltar, which included the services provided by the Gibraltar Port.
- 3.1 *Capital Account – Receipts*: No contribution was required to be made by the Government compared to an approved budget of £350,000.
- 4.1 *Capital Account – Payments*: Capital expenditure during the financial year 2010-11 totalled £206,516, which was composed of an amount of £154,429 in connection with works and equipment and an amount of £52,087 in respect of net payments made from the Commercial Finance loan in connection with the Vessel Tracking System.
- 4.2 *Capital Works and Equipment* – Although the approved budget expenditure in respect of works and equipment was £550,000, two major projects did not start before the end of the financial year 2010-11 due to time constraint issues and complications in the tendering stage. In addition, the projected building modifications were not carried out due to water ingress in the main Port offices, which had to be rectified before the approved embellishments could proceed.
- 4.3 *Vessel Tracking System* – Three milestone payments were envisaged to be paid from the Commercial Finance loan in respect of the Vessel Tracking System totalling £440,541. However, due to slight problems experienced with the equipment, payments were not authorised until the system was fully operational and only one-third of the fourth milestone payment amounting to £48,949 was made before the end of the financial year 2010-11, together with minor direct costs totalling £4,460.

# GIBRALTAR PORT AUTHORITY



## PORT OF **GIBRALTAR**

Gateway to the Mediterranean



**ACCOUNTS FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2011**

**GIBRALTAR PORT AUTHORITY**  
**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	£	£	£	2010 £
<b>RECURRENT ACCOUNT</b>					
<b>RECEIPTS</b>					
Contribution by the Government of Gibraltar	(2)			3,780,000	-
Tonnage Dues				-	2,870,233
Berthing Charges				-	862,060
Bunkering Charges				-	605,392
Port Arrival and Departure Tax				-	337,758
Port Operator and Harbour Craft Licences				-	257,330
Small Boat Moorings				-	5,500
Miscellaneous Charges				-	70,092
				<u>3,780,000</u>	<u>5,008,365</u>
<b>PAYMENTS</b>					
Salaries:					
Basic		1,320,292			1,321,100
Overtime		525,841			529,637
Allowances		157,736			190,437
Gratuities		30,873			17,958
Temporary Assistance		24,549			-
		<u>2,059,291</u>	2,059,291		<u>2,059,132</u>
Wages:					
Basic		16,496			24,168
Overtime		5,770			11,477
		<u>22,266</u>	22,266		<u>35,645</u>
Employer's Social Insurance and Pension Contributions			73,847		61,138
Office Expenses:					
Electricity and Water		29,626			18,146
Telephone Service		28,315			27,215
Printing and Stationery		12,498			11,353
General Expenses		5,727			5,324
		<u>76,166</u>	76,166		<u>62,038</u>
Operational Services:					
Maintenance of Port Installations and Equipment		230,761			127,458
Inspections		96,671			32,125
Training		51,695			35,737
Oil Pollution Expenses		20,807			8,273
Protective Clothing and Uniforms		15,035			7,064
Transport Expenses		2,904			3,015
		<u>417,873</u>	417,873		<u>213,672</u>
Contracted Services:					
Waste Discharge		473,202			438,072
Port Security		270,472			283,565
Oil Pollution		68,000			79,080
Cleaning Services		9,990			8,960
Weather Transmission Reports		9,125			8,114
		<u>830,789</u>	830,789		<u>817,791</u>
Vessel Tracking System Finance Repayment	(3)		135,842		11,331
Loan Facility Arrangement Fee	(3)		-		6,300
Port Advertising, Marketing and Travel			128,523		127,467
Consultancy Expenses			26,840		24,000
Contribution to Med Mission to Seamen			7,600		7,600
Surplus transferred to the Government of Gibraltar			-		1,582,251
			<u>(3,779,037)</u>		<u>(5,008,365)</u>
Net Receipts				<u>963</u>	<u>-</u>

**GIBRALTAR PORT AUTHORITY****CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	<u>Notes</u>	£	£	2010 £
<b><u>RECEIPTS</u></b>				
Contribution by the Government of Gibraltar			-	722,000
Insurance Settlement			-	199,431
			-	<u>921,431</u>
<b><u>PAYMENTS</u></b>				
Building Works		68,260		128,047
Floating Fenders		56,913		22,900
Motor Vehicles		13,740		18,015
Bunkering Works		11,308		-
Port Security Barriers and Fencing		2,560		18,253
Miscellaneous		1,648		-
Insurance Claim Expenses		-		161,474
Vessel Traffic Monitoring and Systems Upgrade		-		135,799
Resurfacing of Port Berths		-		65,864
Replacement of Engines		-		62,681
Dredging of Berths		-		48,821
Improvements to Aids of Navigation		-		36,889
Port Risk Assessment		-		15,976
Hydrographical Survey		-		7,000
			(154,429)	(721,719)
			(154,429)	<u>199,712</u>
<b><u>COMMERCIAL FINANCE - VESSEL TRACKING SYSTEM</u></b>				
<b><u>RECEIPTS</u></b>				
Commercial Finance - Vessel Tracking System	(3)	-		630,000
Interest earned		1,322		76
		<u>1,322</u>		<u>630,076</u>
<b><u>PAYMENTS</u></b>				
Vessel Tracking System	(4)	(53,409)		(189,459)
			(52,087)	<u>440,617</u>
			(206,516)	<u>640,329</u>

**GIBRALTAR PORT AUTHORITY**

**BALANCE SHEET AS AT 31 MARCH 2011**

	£	£	2010 £
<b><u>ASSETS</u></b>			
<b>Recurrent Account</b>			
Amount held by the Government of Gibraltar		963	-
<b>Capital Account</b>			
Amount held by the Government of Gibraltar	45,283		199,712
Vessel Tracking System	<u>388,530</u>		<u>440,617</u>
		433,813	640,329
		<u>434,776</u>	<u>640,329</u>
<b><u>FINANCED BY</u></b>			
<b>Recurrent Account</b>			
Account Balance on 1 April 2010	-		-
Net receipts during the year	<u>963</u>		<u>-</u>
Account Balance on 31 March 2011		963	-
<b>Capital Account</b>			
Account Balance on 1 April 2010	199,712		-
Net payments during the year	<u>(154,429)</u>		<u>199,712</u>
Account Balance on 31 March 2011		45,283	199,712
<b>Commercial Finance - Vessel Tracking System</b>			
Account Balance on 1 April 2010	440,617		630,000
Net payments during the year	<u>(52,087)</u>		<u>(189,383)</u>
Account Balance on 31 March 2011		388,530	440,617
General Fund Balance on 31 March 2011		<u>434,776</u>	<u>640,329</u>



**CAPTAIN ROY STANBROOK**

Date: 12<sup>th</sup> September 2012

## GIBRALTAR PORT AUTHORITY

### Notes to the accounts for the year ended 31 March 2011

(1) Accounting Policies:

The financial statements of the Authority are prepared on a cash 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:

		2010
	£	£
Tonnage Dues	3,991,677	2,870,233
Berthing Charges	654,547	862,060
Bunkering Charges	882,549	605,392
Port Arrival and Departure Tax	332,856	337,758
Port Operator and Harbour Craft Licences	245,831	257,330
Small Boat Moorings	5,920	5,500
Miscellaneous Charges	93,667	70,092
	<u>6,207,047</u>	<u>5,008,365</u>

- (3) A loan of £630,000 was obtained in 2009/10 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 is comprised of capital repayment and 3% interest). As at 31 March 2011 a total of 13 instalments had been paid.
- (4) The £53,409 includes a 1/3 payment of milestone 4 (£48,949) to Transas Marine International Ltd. Total payments to Transas Marine International Ltd from the funds obtained from the commercial finance as at 31 March 2011 stood at £238,408, still outstanding £391,592 (2/3 of milestone 4, milestones 5 and 6).