



Gibraltar Audit Office

## Report of the Principal Auditor

on the Accounts of the  
Gibraltar Port Authority  
for the financial year ended  
31 March 2012



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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 2012 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, 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 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 expenditure and income reported 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 expenditure and income 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 receipts and payments for the financial year ended 31 March 2012 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:

- I have not obtained all of the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit; 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; or
- proper books of account have not been kept by the Gibraltar Port Authority, so far as appears from the examination of those books.

### **Report**

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



J C Posso  
Principal Auditor  
4 October 2013

Gibraltar Audit Office  
Elmslie House  
51/53 Irish Town  
Gibraltar

**GIBRALTAR PORT AUTHORITY**  
**ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

**REPORT**

- 1.1 *Recurrent Account – Receipts*: The approved recurrent contribution from the Government of Gibraltar (“the Government”) was £4,190,000. Total collections in respect of port fees credited to the Government during the financial year 2011-12 amounted to £6,588,405, as shown in note 2 to the accounts. The total Government recurrent contribution from revenues received during the financial year 2011-12 to the Gibraltar Port Authority (“GPA”) amounted to £4,117,000. In effect, the GPA’s surplus was £2,501,966, which included net receipts of the GPA amounting to £30,561.
- 1.2 The overall port receipts for the financial year 2011-12 totalling £6,588,405 exceeded the approved budget of £6,431,000 by £157,405. The Captain of the Port and Chief Executive Officer (“CEO”) explained that most of the revenue generated by the GPA can be subject to unexpected variances due to the unpredictable nature of the shipping industry. He further remarked that it was possible to estimate the number of cruise liners visiting Gibraltar during the subsequent year, however, the number of visiting vessels for bunkers and other services could vary greatly from one month to the next. The CEO explained that during the financial year in question the variance between the approved estimate and actual collections was mainly due to:
- A sum of £700,000 was budgeted for Berthing Charges as a result that the previous year’s collections had been £654,547, so the fact that £969,247 was collected, £269,247 over the approved estimate, was an unexpected bonus;
  - The previous two years’ revenue for Bunkering Charges at £605,392 and £882,549 indicated a forecast of around £800,000, so revenue reaching £972,849 hit a peak, which is not expected to be repeated in the foreseeable future;
  - An increase in receipts in respect of Port, Operator and Harbour Craft Licences amounting to £34,072 was due to an increase in the number of licences issued, as some operators expanded their array of services offered requiring additional licences when originally each operator held one licence. In addition, operators were actively chased to renew their expired licences ; and
  - On the other hand, the approved estimate for Port Arrival and Departure Tax set at £600,000 was overly optimistic bearing in mind that collections over the two previous years had been £337,758 and £332,856 and the collections for the financial year in question was £282,733, a shortfall of £317,267 against the approved estimate.

- 2.1 *Recurrent Account – Payments*: The GPA's recurrent expenditure during the financial year 2011-12 totalled £4,099,704 compared to the approved budget of £4,190,000 and a previous financial year's expenditure of £3,779,037, reflecting a decrease against the approved budget of £90,296 (2.2%) and a year-on-year increase of £320,667 (8.5%). The main variances between recurrent expenditure and the approved budget for the financial year 2011-12 were as follows:
- 2.2 Personal Emoluments – Expenditure in Personal Emoluments amounting to £2,188,831 fell short of the approved budget of £2,291,000 by £102,169 (4.5%). The explanation provided to me by the CEO was that the variance was principally as a result of the following:
- A decrease of £58,338 in Salaries mainly related to savings on 6 vacant posts at different instances during the financial year;
  - A decrease in overtime amounting to £31,595 as a result of two vacant posts whose duties impacted heavily on overtime work; and
  - A saving in the payment of gratuities to contracted officers amounting to £10,352 as a result of one officer passing away and the other leaving before completing his contracted term.
- 2.3 Employers' Contributions – The increased expenditure amounting to 101,656 against the approved budget of £78,000 in Employers' Contributions was mainly as a result of a number of new and existing officers becoming members of the contributory Government pension schemes.
- 2.4 Maintenance of Port Installations and Equipment – Expenditure amounting to £203,494 fell short of the approved budget by £16,506, mainly as a result of certain capital expenditure initially charged to recurrent and misallocations of recurrent expenditure subsequently adjusted.
- 2.5 Training – Savings amounting to £23,351 in Training against the approved budget of £60,000 was mainly due to a number of training courses earmarked to be carried out during the financial year 2011-12 not proceeding as planned.
- 2.6 Inspections – The reduction in expenditure in Inspections amounting to £20,257 during the financial year in question against the approved budget of £100,000 was due to the ship-to-ship inspection services provided by a private company ceasing once the Bunkering Superintendent post was filled.
- 2.7 Port Security – Expenditure in connection with Port Security amounting to £279,752 fell short of the approved budget allocation of £320,000 by £40,248 partly as a result of an increased budget submission of £291,000 and partly due to an unknown increase in the approved budget allocation of £29,000.



- 2.8 Waste Discharge – The excess expenditure in Waste Discharge amounting to £45,613 against the approved budget allocation of £580,000 was mainly attributable to 13 months having been paid instead of the customary and budgeted 12 months.
- 2.9 Port Advertising, Marketing and Travel – The expenditure amounting to £189,925 in respect of Port Advertising, Marketing and Travel exceeded the approved budget of £110,000 by £79,925 as a result of last minute invoices passed for payment not envisaged when the estimates were submitted.
- 2.10 Vessel Tracking System - Maintenance – The shortfall in expenditure amounting to £22,773 compared against the approved budget of £24,000 was attributable to an item of capital expenditure related to the vessel tracking system initially charged to recurrent and subsequently adjusted.
- 2.11 Low Sulphur – Fuel Oil Analysis – The expenditure in fuel oil analysis fell short of the approved budget allocation of £18,000 by £14,965 due to a much lower level of testing than envisaged having been carried out.
- 3.1 Capital Account – Payments: Capital expenditure during the financial year 2011-12 totalled £634,271, composed of the sum of £315,811 relating to works and equipment and the sum of £318,460 in respect of payments made from the Commercial Finance loan in connection with the Vessel Tracking System.
- 3.2 Works and Equipment – A token sum of £41,000 was provided as the approved budget allocation. However, the GPA's estimate submission was £404,800 and the actual spend totalled £315,811, which included capital works brought forward from the previous financial year.
- 3.3 Vessel Tracking System – The three last milestone payments in respect of the purchase of the vessel tracking system were envisaged to be paid during the financial year 2011-12 from the Commercial Finance loan totalling £392,000. However, the sum of £318,460, which included bank charges of £291, was paid during the financial year in question, as the last milestone payment was withheld until the full User Acceptance testing was satisfactorily completed. The last milestone amounting to £73,423 was subsequently paid on 28 January 2013.

# **GIBRALTAR PORT AUTHORITY**

**ACCOUNTS FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2012**



**GIBRALTAR PORT AUTHORITY****RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012**

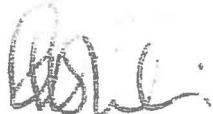
	Notes	£	£	£	2011 £
<b>RECURRENT ACCOUNT</b>					
<b>RECEIPTS</b>					
Contribution by the Government of Gibraltar	(2)			4,117,000	3,780,000
Other Income	(3)			13,265	-
				<u>4,130,265</u>	<u>3,780,000</u>
<b>PAYMENTS</b>					
Personal Emoluments:					
Salaries		1,441,662			1,320,292
Temporary Assistance		22,702			24,549
Overtime		520,405			525,841
Allowances		171,414			157,736
Gratuities		<u>32,648</u>			<u>30,873</u>
			2,188,831		<u>2,059,291</u>
Wages:					
Basic		16,663			16,496
Overtime		<u>5,196</u>			<u>5,770</u>
			21,859		<u>22,266</u>
Employer's Contributions:					
Social Insurance		76,256			73,847
Pension		<u>25,400</u>			-
			101,656		<u>73,847</u>
Office Expenses:					
General Expenses		10,255			5,727
Electricity and Water		24,977			29,626
Telephone Expenses		36,117			28,315
Printing and Stationery		<u>15,419</u>			<u>12,498</u>
			86,768		<u>76,166</u>
Operational Services:					
Transport Expenses		4,194			2,904
Maintenance of Port Installations & Equipment	(4)	203,494			230,761
Protective Clothing and Uniforms		17,213			15,035
Training		36,649			51,695
Inspections		79,743			96,671
Oil Pollution Expenses		14,030			20,807
Legal Fees		9,006			-
Publications		<u>747</u>			-
			365,076		<u>417,873</u>
Contracted Services:					
Oil Pollution		73,391			68,000
Port Security		279,752			270,472
Cleaning Services		9,994			9,990
Waste Discharge		625,613			473,202
Weather Transmission Reports		<u>9,125</u>			<u>9,125</u>
			997,875		<u>830,789</u>
Port Advertising, Marketing and Travel					
Consultancy Expenses			189,925		128,523
Contribution to Med Mission to Seamen			-		26,840
Vessel Tracking System Finance Repayment			7,600		7,600
Vessel Tracking System - Maintenance	(5)		135,852		135,842
Low sulphur - Fuel oil analysis			<u>1,227</u>		-
			<u>3,035</u>		-
				(4,099,704)	(3,779,037)
Net Receipts				<u>30,561</u>	<u>963</u>

**GIBRALTAR PORT AUTHORITY**  
**CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	£	2011 £
<b><u>RECEIPTS</u></b>			
Contribution by the Government of Gibraltar		240,000	-
<b><u>PAYMENTS</u></b>			
Works and Equipments	(6)	(315,811)	(154,429)
		(75,811)	(154,429)
<b><u>COMMERCIAL FINANCE - VESSEL TRACKING SYSTEM</u></b>			
<b><u>RECEIPTS</u></b>			
Interest earned		1,059	1,322
<b><u>PAYMENTS</u></b>			
Vessel Tracking System	(7)	(318,460)	(53,409)
		(317,401)	(52,087)
		(393,212)	(206,516)

**GIBRALTAR PORT AUTHORITY**  
**BALANCE SHEET AS AT 31 MARCH 2012**

	£	2011 £
<b><u>ASSETS</u></b>		
<b>Recurrent Account</b>		
Amount held by the Government of Gibraltar	31,524	963
<b>Capital Account</b>		
Amount held by the Government of Gibraltar	(30,528)	45,283
Vessel Tracking System	<u>71,129</u>	<u>388,530</u>
	40,601	433,813
	<u>72,125</u>	<u>434,776</u>
<b><u>FINANCED BY</u></b>		
<b>Recurrent Account</b>		
Account Balance on 1 April 2011	963	-
Net receipts during the year	<u>30,561</u>	<u>963</u>
Account Balance on 31 March 2012	31,524	963
<b>Capital Account</b>		
Account Balance on 1 April 2011	45,283	199,712
Net payments during the year	<u>(75,811)</u>	<u>(154,429)</u>
Account Balance on 31 March 2012	(30,528)	45,283
<b>Commercial Finance - Vessel Tracking System</b>		
Account balance on 1 April 2011	388,530	440,617
Net payments during the year	<u>(317,401)</u>	<u>(52,087)</u>
Account Balance on 31 March 2012	71,129	388,530
General Fund Balance on 31 March 2012	<u>72,125</u>	<u>434,776</u>



**CAPTAIN ROY STANBROOK**

Date: 4th October 2013

## **GIBRALTAR PORT AUTHORITY**

### **Notes to the accounts for the year ended 31 March 2012**

1) Accounting Policies:

The financial statements of the Gibraltar Port Authority (GPA) 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 GPA are paid into and thus constitute the revenue of the Gibraltar Government Consolidated Fund.

Actual receipts for the year are as follows:

	£	2011 £
Tonnage Dues	3,987,877	3,991,677
Berthing Charges	969,247	654,547
Bunkering Charges	972,849	882,549
Port Arrival and Departure Tax	282,733	332,856
Port Operator and Harbour Craft Licences	259,072	245,831
Small Boat Moorings	6,680	5,920
Miscellaneous Receipts (3)	109,947	93,667
	<u>6,588,405</u>	<u>6,207,047</u>

A total of £13,932 was recovered from 3 separate incidents from insurance companies which is included in miscellaneous receipts.

3) Funds recovered from 5 separate incidents from insurance companies and bonds deposited by shipping agents amounting to £13,265 were not included in the Gibraltar Government Consolidated Fund Miscellaneous Receipts revenue collections.

4) Breakdown of Maintenance of Port Installations and Equipment:

	£	2011 £
Upkeep of Boarding Station	82,893	137,598
Maintenance of Launches	95,355	65,771
Maintenance of Equipment	4,612	3,421
Computer Maintenance	20,634	23,971
	<u>203,494</u>	<u>230,761</u>

5) 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). During the year ended 31 March 2012, 12 installments have been paid and as at 31 March 2012 a total of 25 instalments have been paid.

6) Capital Expenditure for the year was as follows:

	£	2011 £
Port Website	72,620	-
Assessment Study/Inspection (Number 3 Jetty)	63,218	-
Vessel Tracking System Expenses	50,733	-
Assessment Study (Eastside Bunkering)	50,142	-
Port Security Barriers and Fencing	19,285	2,560
Floating Fenders	16,395	56,913
Waterproofing (Workshop)	10,850	-
Gangway/Pontoon study	8,090	-
Office Equipment	7,078	-
Flagpoles	6,295	-
Fire Alarm System	5,705	-
Windows (Workshop)	5,400	-
Building Works	-	68,260
Motor Vehicles	-	13,740
Bunkering Works	-	11,308
Miscellaneous	-	1,648
	<u>315,811</u>	<u>154,429</u>

- 7) The £318,460 paid to Transas Marine International Ltd consists of ⅔ payment of Milestone 4 (£97,911), Milestone 5 (£220,258) and Bank Charges (£291).

Still outstanding is Milestone 6 (£73,436) to be paid in the next financial year.

- 8) During the year additional expenditure was incurred as a result of the oil tank explosion in Nature Port Reception Facilities Ltd. This was funded through an Advance Account and is not reflected in the accounts. As at 31 March 2012, £3,143,375 had been paid. GPA is expecting to recover this money from the insurance company should the Government not be held liable for the damages.