



Gibraltar Audit Office

Report of the Principal Auditor

on the Accounts of the
Gibraltar Port Authority
for the financial year ended
31 March 2013

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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 2013 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. These financial statements have been prepared using the cash receipts and disbursements basis of accounting.

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. 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 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 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 revenue collected and expenses paid by the Gibraltar Port Authority during the financial year ended 31 March 2013 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.

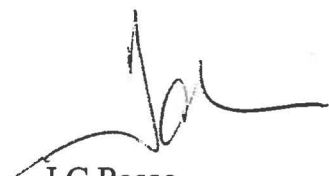
Matters for which I report by exception

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

- I have not obtained all of the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the 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
19 February 2014

Gibraltar Audit Office
Elmslie House
51/53 Irish Town
Gibraltar

GIBRALTAR PORT AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

REPORT

- 1.1 *Recurrent Account – Receipts*: The approved recurrent contribution from the Government of Gibraltar “Government” was £4,415,000. Total collections in respect of port fees credited to the Government during the financial year 2012-13 amounted to £6,801,518, as shown in note 2 to the accounts (the previous year’s total collections was £6,588,405). The total Government recurrent contribution from revenues received during the financial year 2012-13 to the Gibraltar Port Authority “GPA” amounted to £4,709,000. The GPA’s surplus was, in effect, £2,092,200, which included net payments by the GPA amounting to £318.
- 1.2 Overall port receipts for the financial year 2012-13 totalling £6,801,518 exceeded the approved budget of £6,556,000 by £245,518. 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 positive variance between the approved estimate and actual collections was mainly due to:
- An increase in the collection of Tonnage Dues amounting to £337,461;
 - An increase in Berthing Charges amounting to £415,669 against an approved budget of £750,000, which was based on the previous year’s collections of £969,247;
 - £69,875 more than the approved budget was collected in Miscellaneous Receipts mainly generated from the sale of an arrested vessel, from various new revenue streams and an increase in the existing revenue items;
 - On the other hand, the previous two years’ revenue collections in respect of Bunkering Charges of £882,549 and £972,849 indicated a forecast of around £900,000, hence the collection of £582,156 was £317,844 less than expected; and
 - The approved estimate in respect of Port Arrival and Departure Tax set at £550,000 was overly optimistic bearing in mind that collections over the two previous years had been £332,856 and £282,733 and the collections for the financial year in question was £292,245, thus generating a shortfall of £257,755 against the approved estimate.

- 2.1 Recurrent Account – Payments: The GPA's recurrent expenditure during the financial year 2012-13 totalled £4,709,318 compared to the approved budget of £4,415,000 and a previous financial year's expenditure of £4,099,704, reflecting an increase against the approved budget of £294,318 (6.7%) and a year-on-year increase of £609,614 (14.9%). The main variances between recurrent expenditure and the approved budget for the financial year 2012-13 were as follows:
- 2.2 Wages – Savings amounting to £20,788 between the actual expenditure and the approved estimate was largely due to the transfer of an industrial officer to a non-industrial post and hence paid from Salaries.
- 2.3 Oil Pollution Expenses – Expenditure amounting to £79,320 was higher than the approved budget by £54,320 mainly due to numerous minor oil spills occurring during the year and as a result the Port waters are cleaned on a weekly basis, thus contributing to the increased expenditure.
- 2.4 Port Security – Expenditure amounting to £294,318 fell short of the approved budget of £320,000 by £25,682 due to less call-outs of security officers, which is dependent on the number of passengers in transit, in the event of two liners calling in at Gibraltar simultaneously and to assist during weekends with the Tangier ferry.
- 2.5 Port Advertising, Marketing and Travel – Expenditure amounting to £158,293 in respect of Port Advertising, Marketing and Travel exceeded the approved budget of £120,000 by £38,293 as a result of unbudgeted additional advertising.
- 2.6 Low Sulphur - Fuel Oil Analysis – Expenditure fell short of the approved budget of £18,000 by £12,779, as this type of expense is only used if and when required.
- 2.7 Port Incidents and Associated Expenses – There was an unbudgeted expenditure of £260,192 in relation to four accounts that had been opened to channel expenditure related to separate port incidents and the resultant final net expenditure was deemed a proper charge to the GPA.
- 3.1 Capital Account – Payments: Capital expenditure during the financial year 2012-13 totalled £593,440, composed of the sum of £520,004 relating to works and equipment and the sum of £73,436 in respect of payments made from the Commercial Finance loan in connection with the Vessel Tracking System.
- 3.2 Works and Equipment – The GPA's estimate submission was £600,000 and the actual spend totalled £520,004, due to a number of projects not materialising during the course of the financial year.
- 3.3 Vessel Tracking System – The last milestone payment amounting to £73,436 in respect of the purchase of the vessel tracking system, which includes bank charges amounting to £13, was paid on 4 February 2013.



**ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2013**

GIBRALTAR PORT AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	£	£	£	2012 £
RECURRENT ACCOUNT					
RECEIPTS					
Contribution from the Government of Gibraltar	(2)			4,709,000	4,117,000
Other Income				-	13,265
				<u>4,709,000</u>	<u>4,130,265</u>
PAYMENTS					
Personal Emoluments:					
Salaries		1,493,109			1,441,662
Temporary Assistance		25,287			22,702
Overtime		623,491			520,405
Allowances		175,293			171,414
Gratuities		<u>31,209</u>			<u>32,648</u>
			2,348,389		<u>2,188,831</u>
Wages:					
Basic		17,130			16,663
Overtime		<u>5,082</u>			<u>5,196</u>
			22,212		<u>21,859</u>
Employer's Contributions:					
Social Insurance		76,007			76,256
Pension		<u>28,463</u>			<u>25,400</u>
			104,470		<u>101,656</u>
Office Expenses:					
General Expenses		6,838			10,255
Electricity and Water		28,409			24,977
Telephone Expenses		33,443			36,117
Printing and Stationery		<u>13,864</u>			<u>15,419</u>
			82,554		<u>86,768</u>
Operational Services:					
Transport Expenses		4,867			4,194
Maintenance of Port Installations & Equipment	(3)	258,230			203,494
Protective Clothing and Uniforms		19,335			17,213
Training		61,403			36,649
Inspection Expenses		9,333			79,743
Oil Pollution Expenses		79,320			14,030
Legal Fees		1,678			9,006
Publications		<u>1,627</u>			<u>747</u>
			435,793		<u>365,076</u>
Contracted Services:					
Oil Pollution		73,882			73,391
Port Security		294,318			279,752
Cleaning Services		9,547			9,994
Waste Discharge		634,091			625,613
Weather Transmission Reports		<u>9,125</u>			<u>9,125</u>
			1,020,963		<u>997,875</u>
Port Advertising, Marketing and Travel			158,293		189,925
Contribution to Med Mission to Seamen			10,000		7,600
Vessel Tracking System Finance Repayment	(4)		135,852		135,852
Vessel Tracking System - Maintenance			29,767		1,227
Low Sulphur - Fuel Oil Analysis			5,221		3,035
Insurance Expenses			95,612		-
Port Incidents and Associated Expenses			<u>260,192</u>		<u>-</u>
				(4,709,318)	(4,099,704)
Net (Payments)/Receipts				<u>(318)</u>	<u>30,561</u>

GIBRALTAR PORT AUTHORITY
CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

		£	2012 £
<u>RECEIPTS</u>			
Contribution from the Government of Gibraltar		520,000	240,000
<u>PAYMENTS</u>			
Works and Equipment	(5)	(520,004)	(315,811)
		(4)	(75,811)
<u>COMMERCIAL FINANCE - VESSEL TRACKING SYSTEM</u>			
<u>RECEIPTS</u>			
Interest Earned		232	1,059
Transfer of Funds	(6)	2,075	-
<u>PAYMENTS</u>			
Vessel Tracking System		(73,436)	(318,460)
		(71,129)	(317,401)
Net Payments		(71,133)	(393,212)

GIBRALTAR PORT AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2013

	£	£	2012 £
<u>ASSETS</u>			
Recurrent Account			
Amount held by the Government of Gibraltar		31,206	31,524
Capital Account			
Amount due to the Government of Gibraltar	(30,532)		(30,528)
Vessel Tracking System	-		71,129
		(30,532)	40,601
		674	72,125

FINANCED BY

Recurrent Account

Account Balance on 1 April 2012	31,524	963
Net (payments)/receipts during the year	(318)	30,561
Account Balance on 31 March 2013		31,524

Capital Account

Account Balance on 1 April 2012	(30,528)	45,283
Net payments during the year	(4)	(75,811)
Account Balance on 31 March 2013	(30,532)	(30,528)

Commercial Finance - Vessel Tracking System

Account balance on 1 April 2012	71,129	388,530
Net payments during the year	(71,129)	(317,401)
Account Balance on 31 March 2013	-	71,129
General Fund Balance on 31 March 2013	674	72,125



CAPTAIN ROY STANBROOK

Date: 19th February 2014

GIBRALTAR PORT AUTHORITY

Notes to the accounts for the year ended 31 March 2013

(1) Accounting Policies:

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

Actual receipts for the year were as follows:

	£	2012 £
Tonnage Dues	4,337,461	3,987,877
Berthing Charges	1,165,669	969,247
Bunkering Charges	582,156	972,849
Port Arrival and Departure Tax	292,245	282,733
Port Operator and Harbour Craft Licences	247,712	259,072
Miscellaneous Receipts	169,875	109,947
Small Boat Moorings	6,400	6,680
	<u>6,801,518</u>	<u>6,588,405</u>

(3) Breakdown of Maintenance of Port Installations & Equipment:

	£	2012 £
Upkeep of Boarding Station	123,676	82,893
Maintenance of Launches	105,370	95,355
Computer Maintenance	28,146	20,634
Maintenance of Equipment	1,038	4,612
	<u>258,230</u>	<u>203,494</u>

- (4) 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). A total of 37 installments had been paid up to 31 March 2013.

(5) Capital Expenditure for the year were as follows:

	£	2012 £
Supply and installation of C.C.T.V. Cameras	107,941	-
Floating Fenders	81,000	16,395
Detached Mole Equipment	61,036	-
Skimmers	56,500	-
Culverts	45,700	-
Pontoons	36,948	-
Upgrade to I.T. Infrastructure and Port Website	33,839	72,620
Main Building Windows and Interior Works	18,314	-
Proximity Card System	17,812	-
Port Security Barriers and Fencing	13,700	19,285
Fire Suppression System	11,259	-
Motor Vehicles	11,200	-
Vessel Tracking System Equipment	10,350	50,733
Western Arm Reinforcement	7,771	-
Wireless Technology for Vessel Tracking System	2,500	-
Transfer to the Commercial Finance-Vessel Tracking System (6)	2,075	-
Messroom Equipment	2,059	-
Assessment Study/Inspection (Number 3 Jetty)	-	63,218
Assessment Study (Eastside Bunkering)	-	50,142
Workshop Windows and Waterproofing	-	16,250
Gangway/Pontoon study	-	8,090
Office Equipment	-	7,078
Flagpoles	-	6,295
Fire Alarm System	-	5,705
	<u>520,004</u>	<u>315,811</u>

(6) The final instalment (Milestone 6) repayment to Transas Group for the purchase of the Vessel Tracking System was made during the financial year ended 31 March 2013. Due to a shortfall in funds specifically for this purpose, a transfer of £2,075 was made from the Capital Account - Works and Equipment to the Capital Account - Commercial Finance - Vessel Tracking System to enable the final payment.

(7) During the financial year 2012/13 additional expenditure was incurred as a result of the oil tank explosion in Nature Port Reception Facilities Ltd. This was funded through a Government Advance Account and is not reflected in the accounts. As at 31 March 2013, £3,234,251 had been paid. GPA is expecting to recover this money from the insurance company should the Government not be held liable for the damages.