



Gibraltar Audit Office

Report of the Principal Auditor

on the Accounts of the
Gibraltar Port Authority
for the financial year ended
31 March 2014

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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 2014 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 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 that 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 that 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 2014 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
- proper books of account have not been kept by the Gibraltar Port Authority, so far as appears from the 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 that follows.



J C Posso
Principal Auditor
10 February 2015

Gibraltar Audit Office
Elmslie House
51/53 Irish Town
Gibraltar

GIBRALTAR PORT AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

REPORT

- 1.1 *Recurrent Account – Receipts:* Total port receipts for the financial year 2013-14 totalling £6,116,326, as shown in note 2 to the accounts, fell short against the approved budget of £6,706,000 by £589,674 and by £685,192 compared against the previous year's total collections amounting to £6,801,518.
- 1.2 The Finance Manager of the Gibraltar Port Authority (GPA) explained that it is virtually impossible to accurately predict revenue generated by the GPA based on vessels arriving to Gibraltar when not all arrivals are known beforehand; the length of the stay, how many vessels require bunkers and what services they require is also unknown. He further explained that revenue seems to be on a downward trend due to lower numbers of vessels visiting Gibraltar and revenue is forecast principally on the previous year's returns. The Finance Manager explained that during the financial year in question the negative variance between the approved estimate and actual collections was due to:
- A decrease in the collection of Tonnage Dues amounting to £576,330 due to a substantial drop in vessels visiting Gibraltar;
 - A decrease in Berthing Charges amounting to £102,080 against an approved budget of £1,200,000;
 - A lower number of vessels visiting Gibraltar was attributed to a decrease of £48,552 in Port Arrival and Departure Tax receipts;
 - On the other hand, there was an increase in Bunkering Charges of £104,915 against an approved budget amounting to £600,000; and
 - An increase in Miscellaneous Receipts of £35,847 mainly from the proceeds of advertising on the GPA website, which had not been envisaged.
- 1.3 The Government recurrent contribution from revenues received during the financial year 2013-14 to the GPA amounted to £4,564,000 to provide for total expenditure of £4,564,290 incurred during the financial year. The GPA's surplus was thus £1,552,036, a decrease of £540,164 compared to the previous year's surplus of £2,092,200.
- 2.1 *Recurrent Account – Payments:* The GPA's recurrent expenditure during the financial year 2013-14 of £4,564,290, reflected a slight increase of £22,290 (0.5%), compared to the approved budget of £4,542,000 and a year-on-year decrease of £145,028 (3.1%), against the previous financial year's expenditure of £4,709,318. The Finance Manager reported that the main variances between recurrent expenditure and the approved budget for the financial year 2013-14 were as explained overleaf:

- 2.2 Salaries – There was an excess amounting to £47,795 in Salaries largely due to three vacant posts having been filled during the financial year in question but no funding had been provided in the approved budget, despite the GPA having requested funding for the vacant posts.
- 2.3 Maintenance of Port Installations and Equipment – There was an under-spend of £19,366 against the approved budget of £265,000.
- 2.4 Oil Pollution Expenses – Expenditure amounting to £29,933 fell short of the approved budget by £20,067 mainly due to the budget having been increased for the financial year 2013-14 from £25,000 to £50,000 as a result of the previous year's expenditure of £79,320.
- 2.5 Oil Pollution - Contracted Service – The expenditure fell short of the approved budget by £12,356, as a result that the estimated percentage annual increase of the contracts was erroneously calculated in excess of the actual cost of the increase.
- 2.6 Port Security - Contracted Service – The majority of the £10,464 expenditure shortfall against the approved budget related to expenses in respect of additional security cover, which had been budgeted for but subsequently not required.
- 2.7 Waste Discharge - Contracted Service – the £75,005 expenditure shortfall against the approved budget related to a reduction in the contractor's monthly payment as a direct result of a reduction in the number of vessels calling at Gibraltar compared to the number of vessels estimated and budgeted for.
- 2.8 Port Advertising, Marketing and Travel – The excess expenditure amounting to £40,093 against the approved budget was directly due to a reduction in the estimate bid.
- 2.9 Insurance – Expenditure exceeded the approved budget of £100,000 by £62,590 due to the requirement of the GPA to fully insure all its assets, breaking away from the historical centralised insurance “umbrella” afforded to Government departments, Agencies and Authorities.
- 2.10 Contribution to Seaman's Welfare Fund – The excess expenditure of £10,000 relates to no approved budget having been allocated, as a new subhead was created during the financial year in question to provide an annual grant to the fund.
- 3.1 *Capital Account – Payments:* Capital expenditure during the financial year 2013-14 totalled £244,363, compared to an approved budget of £600,000. The reason provided for the shortfall between the expenditure and the approved budget was that two major and two minor projects were delayed due to varying reasons, which did not commence during the financial year 2013-14.



GIBRALTAR
PORT AUTHORITY

**ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2014**

GI BRALTAR PORT AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	£	£	£	2013 £
CURRENT ACCOUNT					
RECEIPTS					
Contribution by the Government of Gibraltar	(2)			4,564,000	4,709,000
Other Income				-	-
				<u>4,564,000</u>	<u>4,709,000</u>
PAYMENTS					
Personal Emoluments:					
Salaries		1,647,795			1,493,109
Gratuities		31,865			25,287
Overtime		608,859			623,491
Allowances		174,977			175,293
Temporary Assistance		<u>25,725</u>			<u>31,209</u>
			2,489,221		<u>2,348,389</u>
Voyages:					
Basic		17,612			17,130
Overtime		<u>4,755</u>			<u>5,082</u>
			22,367		<u>22,212</u>
Employer's Contributions:					
Social Insurance		80,260			76,007
Pension		<u>45,185</u>			<u>28,463</u>
			125,445		<u>104,470</u>
Office Expenses:					
General Expenses		7,512			6,838
Electricity and Water		26,515			28,409
Telephone Service		36,580			33,443
Printing and Stationery		<u>13,081</u>			<u>13,864</u>
			83,688		<u>82,554</u>
Operational Services:					
Transport Expenses		5,182			4,867
Legal Fees		17,679			1,678
Maintenance of Port Installations and Equipment	(3)	245,634			258,230
Protective Clothing and Uniforms		19,356			19,335
Training		59,138			61,403
Inspections		5,997			9,333
Oil Pollution Expenses		29,933			79,320
Publications		<u>6,155</u>			<u>1,627</u>
			389,074		<u>435,793</u>
Contracted Services:					
Oil Pollution		87,644			73,882
Port Security		309,536			294,318
Cleaning Services		11,573			9,547
Waste Discharge		584,995			634,091
Weather Transmission Reports		<u>9,275</u>			<u>9,125</u>
			1,003,023		<u>1,020,963</u>
Advertising, Marketing and Travel			70,093		158,293
Contribution to Med Mission to Seamen			10,000		10,000
Loss Tracking System Finance Repayment	(4)		135,852		135,852
Loss Tracking System - Maintenance			43,761		29,767
Low sulphur - Fuel oil analysis			12,551		5,221
Insurance			162,590		95,612
Port Incidents and Associated Expenses			6,625		260,192
Contribution to Seaman's Welfare Fund			<u>10,000</u>		-
				(4,564,290)	(4,709,318)
Payments				<u>(290)</u>	<u>(318)</u>

GI BRALTAR PORT AUTHORITY
CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	£	2013 £
RECEIPTS			
Contribution by the Government of Gibraltar		245,000	520,000
PAYMENTS			
Works and Equipment	(5)	<u>(244,363)</u> 637	<u>(520,004)</u> (4)
COMMERCIAL FINANCE - VESSEL TRACKING SYSTEM			
RECEIPTS			
Interest earned		-	232
Transfer of funds		-	2,075
PAYMENTS			
Vessel Tracking System		<u>-</u> -	<u>(73,436)</u> (71,129)
Net receipts/(payments)		<u>637</u>	<u>(71,133)</u>

GI BRALTAR PORT AUTHORITY
FINANCE SHEET AS AT 31 MARCH 2014

	£	£	2013 £
ASSETS			
Recurrent Account			
Account held by the Government of Gibraltar		30,916	31,206
Capital Account			
Account due to the Government of Gibraltar		(29,895)	(30,532)
		<u>1,021</u>	<u>674</u>

FINANCED BY

Recurrent Account			
Account Balance on 1 April 2013	31,206		31,524
Net payments during the year	<u>(290)</u>		<u>(318)</u>
Account Balance on 31 March 2014		30,916	31,206
Capital Account			
Account Balance on 1 April 2013	(30,532)		(30,528)
Net receipts/(payments) during the year	<u>637</u>		<u>(4)</u>
Account Balance on 31 March 2014		(29,895)	(30,532)
Commercial Finance - Vessel Tracking System			
Account balance on 1 April 2013	-		71,129
Net payments during the year	<u>-</u>		<u>(71,129)</u>
Account Balance on 31 March 2014		-	-
General Fund Balance on 31 March 2014		<u>1,021</u>	<u>674</u>


IMODORE BOB SANGUINETTI

Date: 6/2/15

GIBRALTAR PORT AUTHORITY

Notes to the accounts for the year ended 31 March 2014

1) Accounting Policies:

The financial statements of the 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:

		2013
	£	£
Tonnage Dues	3,623,670	4,337,461
Berthing Charges	1,097,920	1,165,669
Bunkering Charges	704,915	582,156
Port Arrival and Departure Tax	301,448	292,245
Port Operator and Harbour Craft Licences	246,426	247,712
Miscellaneous Receipts	135,847	169,875
Small Boat Moorings	6,100	6,400
	<u>6,116,326</u>	<u>6,801,518</u>

3) Breakdown of Maintenance of Port Installations and Equipment:

		2013
	£	£
Upkeep of Boarding Station	78,049	123,676
Maintenance of Launches	137,115	105,370
Computer Maintenance	26,974	28,146
Maintenance of Equipment	3,496	1,038
	<u>245,634</u>	<u>258,230</u>

The total cost of fuel for the G.P.A. launches for 2013-2014 was £31,182.

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 comprised of capital repayment and 3% interest). A total of 49 instalments had been paid up to 31 March 2014.

GIBRALTAR PORT AUTHORITY

Notes to the accounts for the year ended 31 March 2014

5) Capital Expenditure for the year is as follows:

	£	2013 £
Detached Mole Equipment	90,694	61,036
Upgrade to I.T. infrastructure and Port website	82,251	33,839
Motor Vehicles	18,832	11,200
Floating Fenders	18,350	81,000
Pontoons	8,558	36,948
Skimmers	7,561	56,500
Floodlights	4,030	-
Office Equipment	3,898	-
Office furniture	3,639	-
Purchase of computers	2,402	-
Gas Detection Equipment	2,972	-
Supply and installation of CCTV Cameras	-	107,941
Culverts	-	45,700
Main Building Windows and interior works	-	18,314
Proximity Card System	-	17,812
Port Security Barriers and Fencing	-	13,700
Fire Suppression System	-	11,259
Vessel Tracking System Equipment	-	10,350
Western Arm Reinforcement	-	7,771
Wireless Technology for Vessel Tracking System	-	2,500
Transfer to the Commercial Finance - Vessel Tracking System	-	2,075
Messroom Equipment	1,176	2,059
	<u>244,363</u>	<u>520,004</u>