



ABOUT THE PLA

The Port of London Authority works with the port community to create a safe, sustainable and competitive environment for the benefit of its commercial customers and the enjoyment of leisure users of the tidal Thames

THE PORT OF LONDON AUTHORITY'S MISSION IS TO:

- Facilitate the safety of navigation on the tidal Thames
- Deliver value for money services to our commercial customers and promote the potential of the Port of London
- Respect the environment of the tidal Thames and pursue principles of sustainable development
- Provide an efficient, professional and equitable service to commercial and leisure users and riparian owners on issues affecting the River
- Safeguard the navigational access to and the viability of the Port of London and its infrastructure

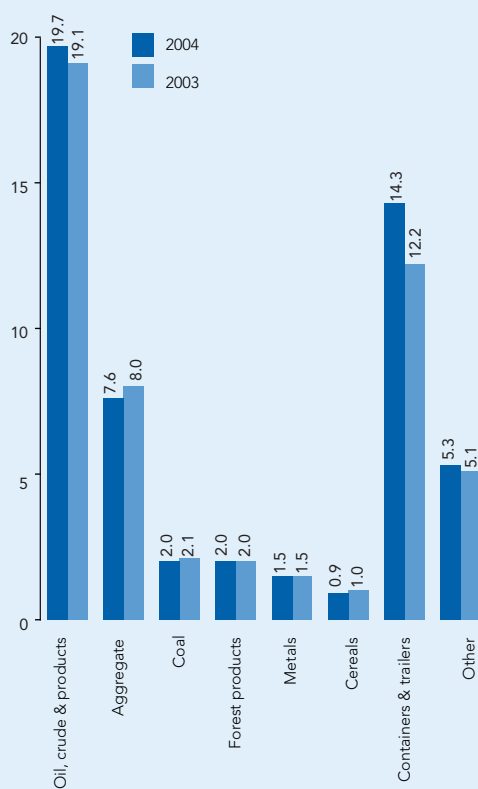
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TRADE AND FINANCIAL HIGHLIGHTS

TRADE

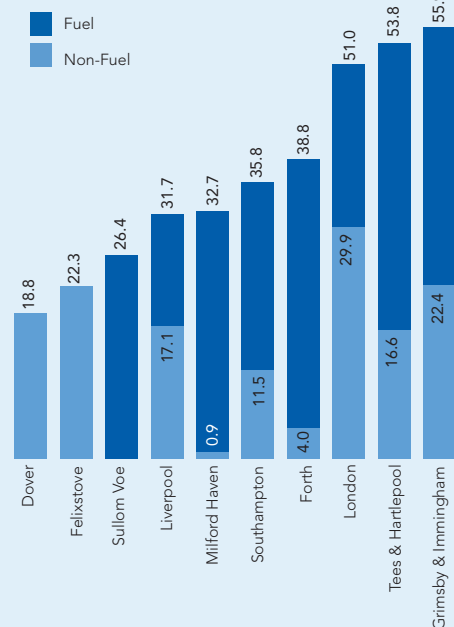
million tonnes



UNITED KINGDOM PORT TRAFFIC 2003

million tonnes

Source: Department of Transport



TRADE

	2004	2003
	million tonnes	million tonnes
Imports	43.9	41.7
Exports	9.4	9.3
Total	53.3	51.0

UNITISED TRAFFIC

(included in above tonneages)

	000 twenty-foot equivalent units	000 twenty-foot equivalent units
Imports	939	885
Exports	734	672
Total	1,673	1,557
Number of chargeable vessel arrivals to the Port of London	12,372	13,291

FINANCIAL HIGHLIGHTS

	2004	2003
	£m	£m
Turnover	37.8	32.8
Operating profit/(loss)	0.5	0.7
Profit/(loss) before taxation	1.4	1.3
Net cash flow from operating activities	4.2	3.9

MEMBERS, OFFICERS AND ADVISERS

COMMITTEES OF THE BOARD

(as at 1 January 2005)

(Note: The PLA Chairman and Vice Chairman are ex-officio members of any Committee of the Board of which they are not already a member)

Audit Committee

A A Knight, Chairman
P M Castle
R D Clegg
S P Sherrard

Licensing Committee

J A G Kennedy, Chairman
P M Castle
R L Everitt
P J Mole
A B Richardson

Remuneration Committee

R D Clegg, Chairman
J A G Kennedy
A A Knight

Charitable Donations Committee

S P Sherrard, Chairman
R L Everitt
P J Mole

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
First Point
Buckingham Gate
Gatwick
RH6 0PP

MANAGEMENT EXECUTIVE COMMITTEE

(as at 1 January 2005)

Chief Executive

R L Everitt

Chief Financial Officer

B Chapman

Chief Harbour Master

A B Richardson

Secretary

D Cartlidge

Head of Marketing

G P Adam

Head of Personnel and Development

G W Witham

Head of Support Services

J G K Smith

MEMBERS OF THE AUTHORITY

(AS AT 1 JANUARY 2005)

S P SHERRARD

Simon Sherrard (57) was appointed Chairman of the PLA in January 2001, having first been appointed as a non-executive member in August 2000.

Following a career working for Bibby Line Group he remains it's non-executive Chairman and also holds a number of other non-executive positions: Chairman of Johnson Service Group plc, Chairman of A & P Group Limited, ship repairers, Deputy Chairman of Lloyd's Register of Shipping and a Director of Cooke Bros. (Tattenhall) Ltd., the Calypso soft drinks business.

Mr Sherrard was President of the Chamber of Shipping for the 2000/2001 year and was Vice Chairman of the International Chamber of Shipping, a position from which he retired in May 2001 after being the UK representative for 8 years. He is an Elder Brother of Trinity House, Deputy Chairman of the Liverpool School of Tropical Medicine, a Member of the Council of the Mission to Seafarers, a Liveryman and Member of the Court of the Worshipful Company of Shipwrights and a Freeman of the Company of Waterman & Lightermen.

R D CLEGG

Duncan Clegg (62) was appointed a non-executive member of the PLA in January 1998 and elected as Vice Chairman on 1 September 2002.

He is Chairman of Low & Bonar PLC, a specialist materials manufacturer, and Deputy Chairman of Cox Insurance Holdings PLC. He was previously an executive director of Lazard Brothers & Co Limited where he specialised in corporate finance.

Mr Clegg is an enthusiastic supporter of rowing and leisure activities on the Thames and is the London Representative of the annual Oxford and Cambridge University Boat Race and a Steward of Henley Royal Regatta. He is Chairman of Dorney Lake Trust, the new international rowing course at Eton. He is a member of the Cook Society, which encourages business connections between Australia and the UK, and a Freeman and member of the Court of the Company of Watermen and Lightermen.

J W BEECH, CBE, QFSM

Jeremy Beech (55) was appointed a non-executive member of the PLA in March 2003 and only recently ended a full career in the UK Fire Service latterly serving as the Chief Fire Officer of Kent.

Mr Beech served on the Anglo-French Channel Tunnel Safety Authority, established to oversee all aspects of safety in relation to the construction and operation of the Channel Tunnel. Mr Beech led for the Safety Authority, on numerous public safety policy areas, including Bi-National Emergency Planning. He also assisted Military and other agencies with tactical planning in the unique and complex environment of the Channel Tunnel.

In 2000, he retired from public service in order to establish his own Consulting Practice. Following the events of 11 September 2001, he was appointed by Ports Division of the Department for Transport as a security consultant, to review UK port vulnerability, contribute to the work of the IMO, and undertake other security related assignments. He continues to be actively involved in maritime security as well as fire and civil protection consulting. He is a Chartered Marine Engineer, a Fellow of the Institute of Marine Engineering Science and Technology, a Fellow of the Institution of Fire Engineers, a Past Master of the Worshipful Company of Fire-fighters, a Trustee of the Kent Foundation and a Governor of Mid Kent College.

P M CASTLE OBE

Pamela Castle (63) was appointed a non-executive member of the PLA in January 1998. Currently serving as co-Chairman of the London Sustainable Development Commission for the GLA, she is also Chairman of the Environmental Law Foundation and a Member of the Law Society of England and Wales. She is former Partner and Head of Environmental Law at the city law firm CMS Cameron McKenna. Until December 2004 Mrs Castle was Chairman of the Environment Agency's Regional Environmental Protection Advisory Committee for the Thames Region, she is a Fellow of the Chartered Institution of Wastes Management and is also Chairman of the Business and Community Safety Forum at the Office of the Deputy Prime Minister.

Mrs Castle was appointed OBE in 2005 for services to the environment.

B CHAPMAN

Brian Chapman (52), Chief Financial Officer, was appointed an executive member of the PLA in September 2001 prior to which he spent many years in the food industry. His last post was as Finance Director of United Milk plc, and before that he was Regional Finance Director for the consumer products arm of the New Zealand Dairy Board. As Chief Financial Officer he is responsible for the accounting function, pensions, insurance and property. He is a director of Estuary Services Ltd., and an alternate director of UK Major Ports Group (UKMPG) and a trustee of a number of pension funds.

R L EVERITT

Richard Everitt (56) qualified as a solicitor in 1974 and after four years in private practice joined BAA, the airports company, in 1978. Following the privatisation of BAA in 1987, he joined the Board in 1991 as director responsible for strategy and regulatory matters. He resigned from the BAA Board in 2001 to become Chief Executive of National Air Traffic Services on its part privatisation leaving in 2004. He is a non-executive director of Air Partner plc.

J A G KENNEDY, OBE

Joanna Kennedy (54) was appointed a non-executive member of the PLA in August 2000. She is a Director of Ove Arup & Partners Ltd., the global consultants providing planning, project management, engineering and design services. She specialises in the project management of major complex building and infrastructure works. She is a fellow of the Royal Academy of Engineering and of the Institution of Civil Engineers and was appointed OBE in 1995 for Services to consulting engineering. She is a director of the Engineering & Technology Board, a Council Member of the Royal College Of Art, a Commissioner of the Royal Commission for the Exhibition of 1851 and a member of the Engineering and Physical Sciences Research Council. She is an active sailing enthusiast and a personal member of the Royal Yachting Association.

A A KNIGHT

Angela Knight (54) was appointed a non-executive member of the PLA in September 2002. She is currently Chief Executive of the Association of Private Client Investment Managers and Stockbrokers (APCIMS), responsible for the trade body

activities of more than 220 member firms across the UK and other European countries. She is also a non-executive director of Scottish Widows, Lloyds TSB Bank and LogicaCMG Plc. From 1972 to 1977 she worked for Air Products Limited and between 1977 and 1983 she set up and ran a specialist metal heat treatment company. From 1992 to 1997 she served as a Member of Parliament for Erewash and was a Treasury minister from 1995 to 1997.

P J MOLE

Peter Mole (53) was appointed a non-executive member of the PLA in January 2003 and until recently was Director Operations with Global Marine Systems Limited.

Mr Mole started his career at sea with the Peninsula and Oriental Steam Navigation, serving on cargo, container and passenger ships. In 1978 he left P&O for BT (Marine) Limited where he enjoyed a varied career both at sea and ashore and finally was appointed General Manager Installation Services Division. From 1995 to 2000 he worked for Cable & Wireless (Marine) in a variety of roles finally being promoted to Director for Customer Service covering global sales and marketing in 1999. Mr Mole remained with the company following its take-over by Global Crossing in 2000 and was appointed to the Global Marine Board, which he left in 2002. Mr Mole is a liveryman of the Worshipful Company of Shipwrights, a narrow boat owner and member of the Inland Waterways Association.

REAR ADMIRAL A B RICHARDSON, CB

Bruce Richardson (63), Chief Harbour Master, was appointed an executive member of the PLA in 1996. Admiral Richardson joined the PLA in August 1994, following a career in the Royal Navy. As the PLA Chief Harbour Master he has responsibility for operational and navigational matters, including pilotage, vessel traffic management, hydrography and harbour services.

He is a Younger Brother of Trinity House, a Freeman of The Company of Watermen and Lightermen and a Fellow of the Nautical Institute. He has been President of the International Harbourmasters Association since 1998.

CHAIRMAN'S STATEMENT

HIGHLIGHTS

- Growth in tonnage through the Port of 4.5% to a total of 53.3 million tonnes
- Post tax profit of £960,000 (2003: £810,000)
- Significant upgrade to vessel traffic services system with an investment of almost £1,000,000
- Mayor of London announces policy to safeguard 52 wharves for port use
- Customer and stakeholder survey confirms PLA provides a satisfactory level of service

TRADE

London is one of the UK's largest ports and I am pleased to report that 2004 saw the growth of throughput return, due to a mixture of increases to existing trade, the attraction of new services to the port and an end to the decline in those sectors hit by a downturn in general trading patterns. The throughput of 53.3 million tonnes keeps London in the vanguard of UK ports and we anticipate that this rate of growth will continue in 2005 as we see the benefits of the many improvements and investments made by terminals.

FINANCIAL RESULTS

During 2004 the PLA achieved an operating profit of £479,000 (2003: £626,000), which included £3,000,000 income from landfill royalties (£789,000) and an exceptional pension fund payment of £1,396,000 (£nil). The overall surplus for the year on ordinary activities after taxation was £960,000, £150,000 better than 2003.

We generated £4,188,000 from operations (£3,893,000) and received a dividend of £60,000 from Estuary Services Ltd. (£nil). After investment in maintaining and enhancing port infrastructure, tax, interest and payments on loans and leases, a net cash inflow of £1,127,000 was achieved (£264,000).

CAPITAL PROJECTS

We have continued to invest in those projects which enhance safety, efficiency and use of the port. Throughout the late summer and autumn, we undertook a major upgrade of the vessel traffic display system, the VHF radio systems and the port control centre itself – the project was completed to schedule and budget and continues to keep London's Vessel Traffic Services fit for purpose. We were very pleased to welcome Mrs Gwyneth Dunwoody MP, Chairman of the Commons Select Committee on Transport, to re-open the refurbished Port Control Centre in November 2004.

Following on from our investment in the new Denton Jetty in 2003, we have added a further extension to provide better facilities for the Adsteam tugs, formerly based at Royal Terrace Pier. In turn, this provided the opportunity to bring the facilities at Royal Terrace Pier up to date which provides safer, more efficient and effective berthing arrangements for our own vessels at Royal Pier Road.

Accommodating a greater number of cruise ship calls in central London, particularly in the ISPS era, has provided a continuing challenge for the PLA over a number of years. Following the disappointing abandonment of the proposed cruise ship terminal at Greenwich, PLA Officers designed and supervised the building of an innovative, mobile, floating, terminal facility which can be secured alongside visiting cruise ships that are moored mid-stream in the river. The project was devised, researched, designed, approved, and delivered in a period of 28 weeks against an immovable target date of the first cruise ship visit of the season to London. The system worked and, in July with the *"The World"* alongside, the Terminal was formally opened by the Rt Hon Keith Hill MP, Minister for London.

LONDON GATEWAY PORT

I have little to add to the report of last year, except to say that I did not expect to be in the position of announcing again that we still await a decision by the Government on P&O's applications to build a container and RoRo terminal on the former Shell Haven refinery site. Whilst I recognise that these matters must be considered with care, the public inquiry closed some 18 months before the publication of this report and investors cannot be expected to continue to make commitments on such important infrastructure projects in the face of such delays in the approval process.

SAFEGUARDED WHARVES

I have previously given an account of our work with the Mayor of London and the London Development Agency in our shared objectives of extending the safeguarding provisions further downstream and of bringing wharves back into port use. I am pleased to report considerable progress on both fronts. The Mayor's report endorsing the provisions in relation to 26 of the wharves already safeguarded and adding a further 26 to the list is with the government for approval and we await a favourable response from the Office of the Deputy Prime Minister. In the meantime, operators have been selected from the large number who expressed keen interest to bring three unused wharves in the upper river back into port use and we are working with them, the LDA, the GLA, the local planning authorities and the current owners to achieve this objective.

REGULATION

Last year I reported success with the defeat of the proposed European Directive on Port Services and cautioned on the potential difficulty we faced in relation to Windfarms. I now report that the former has been put back onto the agenda by the European Commission, in a more potentially damaging form, whilst we continue to work with the developers of the latter in our effort to ensure that the building of renewable energy schemes is not to the detriment of the commercial interests nor the safety of the port. In the meantime we are continually forced to monitor the increasing volume of regulation and legislation relating to the protection of the environment which has the potential to impact on port operations. The Water Framework Directive, in particular, is likely to have very significant effects on port management in the future and the PLA is taking a lead with other agencies and government departments in ensuring that the possible interplay between this and other conservation measures as applied to estuaries and working ports is properly understood. The Members of the PLA take their responsibilities with regard to environmental protection seriously and we are committed to achieving certification to ISO14001 in 2006. It is important that the economic case is also heard if the public interest is to be served and we will continue to make the case that sustainable development can only be achieved if these issues are considered together.

CUSTOMER AND STAKEHOLDER SURVEY

A survey of customer and stakeholder attitudes was undertaken during the late summer and early autumn. The sample of those surveyed included commercial customers, leisure users, the general public and opinion formers. Overall, the results indicated strongly that those with the greatest exposure to and knowledge of the PLA were wholly satisfied with our services and our performance. Our challenge is therefore to extend the awareness of what we do to those who see less of us but whose activities we still influence. This is work which has been put in train.

LEISURE AND TOURISM

Whilst much of the commercial port has gravitated eastwards over the decades as ships have become larger, we remain acutely aware that the PLA has responsibility for the entire tidal Thames, reaching as far as Teddington Lock. We are keen to see the vibrant leisure and tourist activities flourish over the whole of the tideway while maintaining the highest standards of safe navigation that users are entitled to expect on the River. To this end, the PLA is working closely with relevant organisations.

THE BOARD

There have been no changes this year in the composition of the non-executive membership. I am pleased that Pamela Castle was appointed an Officer of the Order of the British Empire for services to the environment in the New Year's Honours list at the end of the year.

Steve Cuthbert, Chief Executive since August 1999, retired at the end of the year after 5½ years of distinguished service. Steve came to the PLA at what was a challenging time and he was successful in implementing the restructuring made necessary by the closure of the Shell Haven refinery as well as providing the leadership that has enabled the PLA to become a more customer responsive service organisation as evidenced by the findings of the Customer and Stakeholder Survey. More recently, as Chairman of the UK Major Ports Group, he ensured that the voice of the UK ports industry in general was heard in the political sphere. We were highly honoured that he was appointed a Commander of the Order of the British Empire in the New Years Honours List.

I am delighted to welcome Richard Everitt to the Board, which he joined as Chief Executive, with effect from 1 January 2005. Richard comes with a legal training and a background in civil aviation, skills and experience which we believe will enable him to make an important contribution to the PLA.

PLA STAFF

Finally, I can report that the Board members have again been impressed throughout the year by the thorough and enthusiastic manner in which Officers of the PLA carry out their diverse and sometimes difficult duties which span a very wide spectrum of activity. On the Board's behalf, I thank them most warmly and congratulate them on a job well done.



SIMON P SHERRARD
CHAIRMAN

REPORT OF THE BOARD

CONSTITUTION

The Port of London Authority is a public trust constituted under the Port of London Act 1968 and Harbour Revision Orders of 1975, 1992, 1999 and 2003. It has no equity capital and all its operations are financed from revenue. Finance for capital work comes from internally generated funds supplemented by commercial loans and leasing.

The PLA Board comprises a Chairman and up to seven non-executive members appointed by the Secretary of State for Transport plus up to four executive members appointed by the Board.

PRINCIPAL RESPONSIBILITIES

Under the Port of London Act, the PLA is charged with taking such action as is necessary for the improvement and conservancy of the tidal Thames. To discharge this duty the PLA:

- regulates navigation by means of river byelaws, general directions and other associated byelaws
- licenses river works and dredging
- undertakes hydrography surveys
- registers craft and boats for hire
- removes wrecks and other hazards to navigation
- licences watermen and lightermen
- maintains Richmond lock and weir

In addition, the PLA is the harbour authority for its area of jurisdiction, under the Harbours Act 1964, and provides the pilotage service as the competent harbour authority under the Pilotage Act 1987. The PLA is also a competent authority under the Conservation (Natural Habitats, &c) Regulations 1992.

The PLA promotes commercial activities in the Port of London.

PORT OF LONDON PROPERTIES LIMITED (POLP)

On 31 December 2004 POLP was continuing to work towards an orderly divestment of its remaining non-property obligation with a view to becoming dormant.

MEMBERS

There were no changes to membership over the year.

ATTENDANCE AT MEETINGS

There were 11 meetings of the PLA Board in 2004.

Members attended as follows:

S P Sherrard	11
R D Clegg	10
P M Castle	11
S C Cuthbert	11
A B Richardson	9
J A G Kennedy	11
B Chapman	11
A A Knight	10
P Mole	10
J W Beech	11

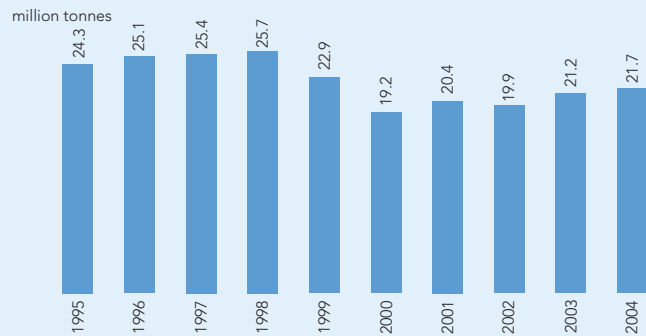
DAVID CARTLIDGE

Secretary

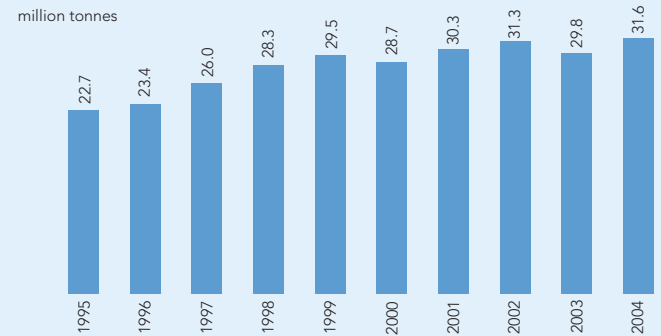
By Order of the Board

TRADE STATISTICS

PORT OF LONDON FUEL TRAFFIC



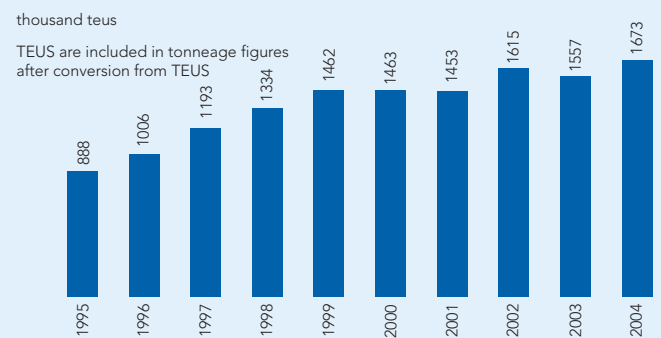
PORT OF LONDON NON-FUEL TRAFFIC



PORT OF LONDON TOTAL TRAFFIC



PORT OF LONDON UNITISED TRAFFIC



	Imports		Exports		Total	
	2004	2003	2004	2003	2004	2003
	million tonnes		million tonnes		million tonnes	
Oil, crude & products	16.7	16.3	3.0	2.8	19.7	19.1
Aggregates	7.6	8.0	0.0	0.0	7.6	8.0
Coal	2.0	2.1	0.0	0.0	2.0	2.1
Forest products	2.0	2.0	0.0	0.0	2.0	2.0
Metals & ores	0.8	0.8	0.7	0.7	1.5	1.5
Cereals	0.5	0.5	0.4	0.5	0.9	1.0
Containers & trailers	10.0	7.8	4.3	4.4	14.3	12.2
Other cargo	4.3	4.2	1.0	0.9	5.3	5.1
Total	43.9	41.7	9.4	9.3	53.3	51.0

The above figures exclude the transport of refuse and other internal port traffic

UNITISED TRAFFIC

(included in the above tonneages)

	Imports		Exports		Total	
	000 twenty-foot equivalent units		000 twenty-foot equivalent units		000 twenty-foot equivalent units	
Ro/Ro terminals (trailers & containers)	609	585	407	393	1,016	978
Container terminals	330	300	327	279	657	579
Unitised Total (TEUs)	939	885	734	672	1,673	1,557

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004		2003	
		£000	£000	£000	£000
Turnover including share of Estuary Services Ltd			37,800		32,806
Less: share of Estuary Services Ltd			487		537
PLA turnover			37,313		32,269
PLA operating expenditure					
– Normal		35,438		31,643	
– Exceptional	5	1,396		0	
			36,834		31,643
PLA operating profit	2		479		626
Share of operating profit of Estuary Services Ltd			109		76
Operating profit including Estuary Services Ltd			588		702
Net interest	7		786		592
Profit on ordinary activities before taxation			1,374		1,294
Taxation	8		(414)		(484)
Profit for the year			960		810

All results are in respect of continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

There are no recognised gains and losses other than those included in the results above and therefore no statement of total recognised gains and losses has been presented.

BALANCE SHEET

AT 31 DECEMBER 2004

	Notes	2004 £000	2003 (As restated) £000
Fixed assets			
Intangible assets	9	300	307
Tangible assets	10	25,102	24,014
Investments:-	11	25	25
Estuary Services Ltd:-	12		
Share of gross assets		842	891
Share of gross liabilities		(358)	(395)
		25,911	24,842
Current assets			
Deferred tax	15	1,623	1,777
Stocks		267	312
Debtors	16	5,886	5,945
Investments		12,886	18,419
Cash and bank balances		7,703	1,315
		28,365	27,768
Current liabilities			
Creditors: amounts falling due within one year	17	5,345	4,359
Net current assets		23,020	23,409
Total assets less current liabilities		48,931	48,251
Creditors: amounts falling due after more than one year			
Loans	18	2,890	3,060
Other amounts	19	130	240
Reserves			
Profit and loss account	21	45,911	44,951
		48,931	48,251

Details of the restatement are given in Note 1(m).

These financial statements, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes were approved by the Board of Members on 5 April 2005 and were signed on its behalf by:-

S P SHERRARD
Chairman

R L EVERITT
Chief Executive

B CHAPMAN
Chief Financial Officer

CASH FLOW STATEMENT

AT 31 DECEMBER 2004

	Notes	2004		2003	
		£000	£000	£000	£000
Net cash inflow from operating activities	22		4,188		3,893
Dividends received from Estuary Services Ltd			60		0
Returns on investment and servicing of finance					
Interest received		968		682	
Interest paid		(174)		(90)	
Interest paid on finance leases		(34)		(57)	
Net cash inflow from returns on investments and servicing of finance			760		535
Taxation					
Group relief received from Port of London Properties Limited Group		58		0	
U.K. Corporation tax paid		(219)		(209)	
			(161)		(209)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,796)		(3,939)	
Purchase of unsecured loan notes		0		(25)	
Sale of tangible fixed assets		76		9	
Net cash outflow from capital expenditure and financial investment			(3,720)		(3,955)
Net cash inflow before use of liquid resources and financing			1,127		264
Management of liquid resources					
Decrease/(increase) in short term investments			5,533		(10,497)
Net cash inflow/(outflow) before financing			6,660		(10,233)
Financing					
Bank loan		0		3,400	
Bank loan principal repayments		(170)		(170)	
Principal repayments under finance leases		(245)		(248)	
Net cash (outflow)/inflow from financing			(415)		2,982
Increase/(decrease) in cash	23		6,245		(7,251)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1 PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared on the going concern basis and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The accounts are prepared on the historical cost basis of accounting.

(b) Basis of preparation

An agreement with the Secretary of State for Transport took effect from 1 January 1993, resulting in severe long term restrictions which have substantially hindered the exercise of the rights of the PLA over the management of, and preclude the PLA from deriving any economic benefit from, Port of London Properties Limited Group, PLA's only trading subsidiary companies. On these grounds Port of London Properties Limited Group has been excluded from consolidation which results in the PLA not producing Group accounts although Port of London Properties Limited Group remains in the ownership of the PLA.

(c) Turnover

Turnover represents all revenue earned and is accounted for on a receivable basis.

Revenue from land sales is accounted for as receivable on legal completion of a sale.

(d) Intangible fixed assets

Intangible fixed assets are amortised on a straight line basis over the estimated useful economic life of the asset.

(e) Tangible fixed assets

- (i) Assets financed by lease agreements are treated as if they have been purchased outright and the corresponding lease commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements with interest charged to the profit and loss account.
- (ii) Depreciation is provided on assets other than land on a straight line basis over their estimated useful economic lives; these lives range up to a maximum of 50 years for dredging, river structures and buildings, 30 years for floating craft and between 3 and 50 years for plant and equipment.

(f) Fixed asset investments

The shares of the joint venture, Estuary Services Limited, are stated at PLA's share of net assets.

(g) Stocks

Stocks, which consist of spare parts and consumable items, are valued at the lower of cost and net realisable value.

(h) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred, which is provided for in full under the incremental liability method because of timing differences between the treatment of certain items for taxation and for accounting purposes. Deferred tax assets are recognised to the extent they are regarded as recoverable and are not subject to discounting.

(i) Payments to suppliers

Suppliers are normally paid within 30 days from date of invoice or in accordance with suppliers terms if less than 30 days.

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

(j) Operating leases

Costs in respect of operating leases are charged to the profit and loss account as incurred.

(k) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any resulting exchange differences are dealt with in the profit and loss account.

Exchange differences arising on transactions during the year, which are translated at the exchange rate ruling on the date of transaction, are also dealt with in the profit and loss account.

(l) Pensions

The Authority operates several defined benefit pension schemes. These funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

The regular cost of providing benefits is charged to the profit and loss account over the employees' service lives on the basis of a percentage of pensionable pay. Variations from regular cost are spread over the remaining service lives of current employees. Such costs are calculated by reference to actuarial valuations. The difference between these costs and the amount paid to the schemes is recognised as a provision or prepayment in the balance sheet.

The Authority provides no other post retirement benefits to its employees.

(m) Restatement

Management have reviewed the presentation of income billed in advance and believe that it is more appropriate to show such amounts within accruals and deferred income. Such amounts were previously netted-off the trade debtors balance. Accordingly the 2003 figures have been restated to reallocate £603,000 of income billed in advance from trade debtors to accruals and deferred income. Accruals and deferred income in 2004 includes £488,000 in respect of such amounts.

2 OPERATING PROFIT

	2004 £000	2003 £000
Turnover		
Conservancy charges on cargo	7,030	6,621
Conservancy charges on vessels	6,335	5,944
	13,365	12,565
Pilotage	10,671	9,768
River works licences and other rents	3,633	3,454
Services provided	2,337	2,170
Moorings	358	398
Landfill royalties	3,000	789
Other revenue	3,949	3,125
	37,313	32,269
Operating expenditure		
Operating payroll	16,798	15,615
Supplies and services	11,099	10,399
Depreciation and amortisation	2,349	2,063
Administration: payroll	3,313	1,754
other	3,275	1,812
	36,834	31,643
Operating profit	479	626

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

3 PILOTAGE

	2004 £000	2003 £000
The profit and loss account includes the following revenue and expenditure relating to pilotage:-		
Turnover:-		
providing pilotage services	10,627	9,741
issue of pilotage exemption certificates	44	27
	10,671	9,768
Operating expenditure:-		
providing the services of pilots	10,025	9,250
providing, maintaining and operating pilot boats	524	451
administration and other costs	809	772
	11,358	10,473

4 OPERATING PROFIT BEFORE TAXATION

	2004 £000	2003 £000
The operating profit before taxation is stated after accounting for the following:-		
Auditors' remuneration for audit	38	35
Operating lease rentals – land and buildings	462	483
– other	78	92
	540	575
Profit on disposal of fixed assets	(23)	(3)
Depreciation – owned assets	2,233	1,883
– assets held under finance lease	109	171
	2,342	2,054
Amortisation of intangible fixed assets	7	9

Remuneration of the PLA's auditors for provision of taxation services to the PLA was £62,000 (2003 £45,000).

5 EMPLOYEES

	2004 £000	2003 £000
Staff costs (including Executive Board Members) during the year were:-		
Wages and salaries	14,793	13,995
Social security costs	1,427	1,293
Pensions costs – normal	2,456	2,052
Pensions costs – exceptional (note 26)	1,396	0
	20,072	17,340
Staff severance	20	16
	20,092	17,356

Exceptional pension costs in 2004 relate to a one-off payment to eliminate a deficit on the Port of London Authority New Pension Scheme at the date of its merger with the Port of London Authority Pension Fund.

Further details of pensions costs are given in Note 26.

	2004 Number	2003 Number
The average monthly number of persons (including Executive Board Members) employed during the year was:-	359	359

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

6 BOARD MEMBERS' REMUNERATION

There is a Remuneration Committee of the Board which operates within agreed terms of reference. It is comprised entirely of non-executive Board members (see page 2).

The Committee determines the remuneration and other conditions of service of the executive members of the Board and makes recommendations to the Board in respect of the remuneration of the Chairman and the Secretary.

It also considers proposals regarding senior management remuneration which may be referred to the Committee by the Chairman. The Committee may, and on occasion does, seek advice from independent consultants.

The remuneration of non-executive members is determined by the Chairman and executive members.

The following table shows a breakdown of the remuneration for individual Board members:-

	Basic Salary and Fees		Taxable Benefits		Total	
	2004 £	2003 £	2004 £	2003 £	2004 £	2003 £
Executive Members:-						
S C Cuthbert (highest paid Board member) (retired 31.12.04)	123,600*	118,200	1,443	1,147	125,043	119,347
B Chapman	89,344*	84,344	1,443	1,147	90,787	85,491
A B Richardson	84,974*	78,500	8,527	8,557	93,501	87,057
Non-Executive Members:-						
S P Sherrard (Chairman)	70,000	59,000			70,000	59,000
R D Clegg	31,075	29,580			31,075	29,580
P M Castle	21,425	21,400			21,425	21,400
J A G Kennedy	21,425	20,400			21,425	20,400
A A Knight	21,425	20,400			21,425	20,400
P J Mole	18,750	17,850			18,750	17,850
J W Beech (appointed 01.03.03)	18,750	14,875			18,750	14,875
	500,768	464,549	11,413	10,851	512,181	475,400

Pension entitlement

All executive Board members participate in the Authority's funded defined benefit pension scheme. Under the scheme, members are entitled to a pension based on their service and final pensionable salary subject to Inland Revenue limits. The accrued pension of the highest paid Board member under the funded defined benefit scheme at 31 December 2004 was £9,213 per annum (2003 £7,290).

No pension contributions were made in respect of the non-executive Board members and no pension benefits accrue to them.

* Includes car allowance:-

S C Cuthbert £10,000 (2003 £10,000)

B Chapman £8,844 (2003 £8,844)

A B Richardson £1,474 (2003 £nil)

7 NET INTEREST

	2004 £000	2003 £000
Interest receivable:-		
Other interest receivable	992	735
Less interest payable:-		
Loans	(174)	(90)
Finance leases	(28)	(49)
	790	596
Share of joint venture interest:-		
Payable	(12)	(7)
Receivable	8	3
	786	592

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £000	2003 £000
a. Analysis of charge for the year:-		
Corporation tax at 30% (Note 8b)	261	136
Prior year adjustment	37	0
Group relief receivable at 30%	(58)	0
Deferred tax (Note 15)	154	336
Share of joint venture tax:-		
Corporation tax at 19% (2003 19%)	8	2
Deferred tax	12	10
	414	484
b. Factors affecting tax charge for the year:-		
<i>Profit on ordinary activities before taxation</i>	1,374	1,294
Corporation tax thereon at 30% (2003 30%)	412	388
Effects of:-		
Disallowable expenditure	4	106
Accelerated capital allowances	(153)	(336)
Dividends receivable from Estuary Services Limited	29	0
Share of profit of Estuary Services Limited	(31)	(22)
Corporation tax charge for the year (Note 8a)	261	136

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

9 FIXED ASSETS – INTANGIBLE ASSETS

	Licences £000
Cost	
At 1 January 2004	330
Additions	0
At 31 December 2004	330
Amortisation	
At 1 January 2004	23
Charge for year	7
At 31 December 2004	30
Net book value at 31 December 2004	300
Net book value at 31 December 2003	307

PLA have a 50 year licence with effect from 3 July 2000, granted by the Royal Society for the Protection of Birds, to deposit dredging materials on land at Rainham.

10 FIXED ASSETS – TANGIBLE ASSETS

	Land and Buildings £000	Dredging £000	River Structures £000	Floating Craft £000	Plant and Equipment £000	Total £000
Cost						
At 1 January 2004	9,344	3,260	9,361	6,305	11,765	40,035
Additions	238	287	592	857	1,509	3,483
Disposals	(24)	0	(263)	(233)	(1,289)	(1,809)
At 31 December 2004	9,558	3,547	9,690	6,929	11,985	41,709
Depreciation						
At 1 January 2004	2,395	2,264	1,499	3,468	6,395	16,021
Charge for year	404	101	486	340	1,011	2,342
Eliminated on disposals	(22)	0	(253)	(223)	(1,258)	(1,756)
At 31 December 2004	2,777	2,365	1,732	3,585	6,148	16,607
Net book value at 31 December 2004	6,781	1,182	7,958	3,344	5,837	25,102
Net book value at 31 December 2003	6,949	996	7,862	2,837	5,370	24,014
Net book value of leasehold property held under long leases included above is:-	62					
Net book value of finance leased assets included above is:-				961		

11 INVESTMENTS

	2004 £000	2003 £000
Holding at 31 December	25	25

On 30 September 2003, in response to a call for funds to finance a new air conditioning unit for the Georgian Hall building of the Company of Watermen and Lighterman of the River Thames, PLA purchased twenty-five unsecured loan notes of £1,000 each, maturing in 2008, issued by Minorities Holdings Limited, a wholly owned subsidiary of the Company. Interest is payable at 1% above the Bank of England repo (base) rate every six months.

12 FIXED ASSETS – INVESTMENT IN ESTUARY SERVICES LIMITED

	Shares £000	Retained Profit £000	Total £000
At 1 January 2004	2	494	496
Share of loss for year	0	(12)	(12)
At 31 December 2004	2	482	484

The PLA owns, as a long term investment, 50% of the ordinary share capital of Estuary Services Limited, a company incorporated in Great Britain, which operates a boarding and landing service for pilots.

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £82,000 (2003 £77,000) and was charged £1,228,000 (2003 £1,151,000) for the boarding and landing service for pilots.

13 CAPITAL COMMITMENTS

	2004 £000	2003 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	173	683

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

14 FINANCIAL COMMITMENTS

	2004			2003		
	Land and Buildings £000	Other £000	Total £000	Land and Buildings £000	Other £000	Total £000
Annual commitments under non-cancellable operating leases expiring:-						
Within one year	277	37	314	235	26	261
In the second to fifth year inclusive	179	35	214	179	61	240
Over five years	18	0	18	20	0	20
	474	72	546	434	87	521

15 DEFERRED TAX

	2004 £000	2003 £000
Balance at 1 January	1,777	2,113
Charge for year (Note 8a)	(154)	(336)
Balance at 31 December	1,623	1,777
Deferred tax comprises:-		
Accelerated capital allowances	(1,067)	(913)
Unrelieved trading losses carried forward	2,690	2,690
	1,623	1,777

Based on budgeted surpluses over the next three years, whilst landfill royalties continue being received, it is expected that trading losses will be utilised and therefore the deferred tax asset has been recognised. The deferred tax asset has not been discounted.

16 CURRENT ASSETS – DEBTORS

	2004 £000	2003 (As restated) £000
Amounts falling due within one year:-		
Trade debtors	4,860	5,062
Dividends Receivable:-		
Estuary Services Ltd	37	0
Other debtors	344	252
Prepayments and accrued income	645	631
	5,886	5,945

Details of the restatement are given in Note 1(m).

17 CURRENT LIABILITIES – CREDITORS

	2004 £000	2003 (As restated) £000
Amounts falling due within one year:-		
Bank overdraft	555	412
Trade creditors	1,779	1,460
Amounts owed to joint venture company	95	97
Other tax and Social Security	670	641
Corporation Tax	111	32
Current instalments on finance leases	110	245
Current instalments on loans	170	170
Other creditors	1,338	670
Accruals and deferred income	517	632
	5,345	4,359

Details of the restatement are given in Note 1(m).

18 CREDITORS – LOANS

	2004 £000	2003 £000
Amounts falling due after more than one year:-		
Repayable in years 2–5	680	680
Repayable after 5 years	2,210	2,380
	2,890	3,060

In 2003 PLA entered into a bank loan for £3.4m to finance the development of Denton Wharf. The loan is repayable in ten instalments of £170,000 commencing 31 December 2003, with a final payment of £1.7m on 31 December 2012. The loan is secured on the Denton Wharf property and interest is payable annually on 31 December at a rate based on the Bank of England base rate plus a margin of 0.97%.

19 CREDITORS – OTHER AMOUNTS

	2004 £000	2003 £000
Amounts falling due after more than one year:-		
Obligations under finance leases		
Repayable in years 2–5	114	221
Repayable after 5 years	16	19
	130	240

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

20 GOVERNMENT GRANTS

Government grants were received by the PLA Group under the provisions of the Port of London (Financial Assistance) Act 1980 and the Ports (Financial Assistance) Act 1981. Certain of the grants were non-repayable. An agreement was reached with the Secretary of State for Transport that with effect from 1 January 1993 the net proceeds of the Port of London Properties Limited Group would be used, subject to certain conditions to repay outstanding grants.

Further to that agreement a Notice from the Secretary of State for the Environment, Transport and the Regions dated 20 February 2001, was received requiring the Port of London Properties Limited Group to sell all of its remaining property assets to the British Waterways Board. This sale was completed on 16 March 2001. In due course, a final repayment of grants will be made out of the proceeds of that sale and the PLA will cease to have any further liability.

21 RESERVES

	Profit and loss account £000
At 1 January 2004	44,951
Profit for year	960
At 31 December 2004	45,911

22 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £000	2003 (As restated) £000
Operating profit per profit and loss account	588	702
Less:- Share of operating profit of Estuary Services Ltd	(109)	(76)
PLA operating profit	479	626
Depreciation of tangible fixed assets	2,342	2,054
Amortisation of intangible fixed assets	7	9
Profit on disposal of fixed assets	(23)	(3)
Decrease/(increase) in stocks	45	(11)
Decrease in trade debtors	230	48
(Increase)/decrease in other debtors	(92)	1,778
Decrease in prepayments and accrued income	16	44
Increase/(decrease) in trade creditors	604	(215)
Decrease in amount owed to joint venture company	(2)	0
Decrease in severance creditors	0	(7)
Increase in other taxation and Social Security creditors	29	60
Increase/(decrease) in other creditors	668	(448)
Decrease in accruals and deferred income	(115)	(42)
Total net cash inflow from operating activities	4,188	3,893

Details of the restatement are given in Note 1(m).

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

23 RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) TO MOVEMENT IN NET FUNDS

	2004 £000	2003 £000
Increase/(decrease) in cash	6,245	(7,251)
Cash (inflow)/outflow from net (decrease)/increase in liquid resources	(5,533)	10,497
Cash outflow/(inflow) from decrease/(increase) in loans	170	(3,230)
Cash outflow from decrease in obligations under finance leases	245	248
Change in net funds resulting from cash flows	1,127	264
Change in net funds resulting from other changes	0	4
Net funds at 1 January	15,607	15,339
Net funds at 31 December	16,734	15,607

24 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2004 £000	Cash flows £000	Other changes £000	At 31 December 2004 £000
Cash and bank balances including overdrafts	903	6,245	0	7,148
Current asset investments – short term deposits	18,419	(5,533)	0	12,886
Total liquid resources	19,322	712	0	20,034
Debt due within 1 year:-				
Loans	(170)	170	(170)	(170)
Obligations under finance leases	(245)	245	(110)	(110)
Debt due after 1 year:-				
Loans	(3,060)	0	170	(2,890)
Obligations under finance leases	(240)	0	110	(130)
Net funds	15,607	1,127	0	16,734

25 CONTINGENT LIABILITIES

The PLA continues to have potential liabilities arising from the time that it owned and operated docks. The Authority together with its subsidiary Port of London Properties Limited and other parties, is in discussions to agree a basis for transferring to a third party financial responsibility for maintenance of certain transport infrastructure. It is impracticable to estimate the financial effect of these contingent liabilities. The funding of these liabilities remains under discussion with the Department for Transport. It is the Board's view that currently the PLA has access to sufficient financial resources to meet its obligations.

26 PENSIONS

Merger of the PLA New Pension Scheme (PLANPS) into the Port of London Authority Pension Fund (PLAPF).

The assets and liabilities of the PLANPS were transferred to the PLAPF with effect from 30 December 2004. The PLA made a once-off contribution of £1.396m to fully fund the deficit in the PLANPS on an agreed basis at that time.

The PLA's total pensions cost of £3,852,187 (2003 £2,051,516) in respect of pension schemes and other retirement payments comprises:-

- (i) costs in respect of pension schemes covering substantially all of its permanent employees amounting to £2,455,300 (2003 £2,047,015)
- (ii) certain other payments from revenue to former employees amounting to £887 (2003 £4,501)
- (iii) a one-off contribution of £1.396m to fully fund the merger of the PLA New Pension Scheme into the Port of London Authority Pension Fund.

The major scheme in which the PLA participates is the Port of London Authority Pension Fund (PLAPF), a funded defined benefits scheme. It is administered by a Committee of Management which, as at 5 April 2005, comprised:-

CHAIRMAN:- R D Clegg

PORT AUTHORITY COMMITTEE PERSONS:-

R L Everitt
B Chapman
J A G Kennedy
P Mole
J W Beech

MEMBERS' COMMITTEE PERSONS:-

D S Bird
R G Brodie
J Freestone
K Elliott
R Quy

The Committee are regarded as trustees of the Fund for the purposes of exercising their powers under the rules.

The pension contributions to PLAPF are assessed in accordance with the advice of an independent, qualified actuary using the attained age method. The latest actuarial assessment was at 31 March 2003. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the rate of return on investments would be 5.0% per annum on assets held against non-active members and 6.6% per annum on assets held against active members (in the context of assumed price inflation of 2.5% per annum), that the rate of growth in payroll costs would be 4.5% per annum and that present and future pensions would increase at the rate of 3.25% per annum.

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

26 PENSIONS (continued)

At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £259.1m which represented just over 100% of the value of the benefits that had accrued to members on the basis of the assumptions summarised above. In the opinion of the Actuary the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. In giving this opinion the assumption was made that the employer would increase its contribution from 17.8% to 20.3% of pensionable salaries with effect from 1 January 2004, which it has done in practice.

The Authority operates a further three funded defined benefit schemes in addition to PLAPF. These schemes, and the dates of the latest formal actuarial valuations, are as follows:-

Scheme	Date of valuation
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2004
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2004
Metropolitan Terminals Limited Retirement and Widows' Pension Scheme (MLRWPS)	31 December 2003

The Authority's joint venture company, Estuary Services Limited, also operates a funded defined benefit scheme, the Estuary Services Limited Pension Scheme (ESLPS) whose latest formal actuarial valuation was made as at 6 April 2003. 50% of the figures relating to ESLPS have been incorporated below.

The disclosures required under the transitional arrangements of FRS17 have been based on the most recent actuarial valuations of the pension schemes as detailed above, updated to 31 December 2004. The financial assumptions adopted for assessing the schemes' liabilities as at 31 December 2004 were as follows:-

	All schemes (Excl ESLPS)			ESLPS		
	2004 % pa	2003 % pa	2002 % pa	2004 % pa	2003 % pa	2002 % pa
Price inflation	2.80	2.75	2.25	2.75	2.75	2.25
General payroll cost inflation	4.80	4.75	4.25	4.25	4.25	3.75
Pension increase rate for:-						
pensions subject to a minimum increase of 3% pa	3.50	3.50	3.25	3.00	3.00	3.00
pensions subject to increase in line with RPI	2.80	2.75	2.25	–	–	–
Discount rate	5.30	5.40	5.70	5.30	5.40	5.60

26 PENSIONS (continued)

The assets in the scheme and the expected rate of return were:-

	At 31 December 2004		At 31 December 2003		At 31 December 2002	
	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m
All schemes (excluding ESLPS):-						
Equities	8.0	57.1	8.2	59.7	8.2	51.1
Corporate Bonds	5.3	213.6	5.4	156.2	5.7	159.6
Fixed interest and index linked gilts	4.6	24.0	4.8	75.9	4.5	76.9
Cash and other assets	3.6	3.7	3.8	5.4	4.0	8.1
		298.4		297.2		295.7
ESLPS:-						
Equities	8.5	0.7	8.5	0.7	9.0	0.8
Corporate Bonds	4.6	0.8	4.9	0.5	5.0	0.1
Cash and other assets	4.0	0.0	4.0	0.0	4.0	0.1
		1.5		1.2		1.0

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

26 PENSIONS (continued)

The following amounts were measured in accordance with the transitional requirements of FRS17:-

	PLAPF £m	PLANPS £m	PLARBS £m	PLAWWOPF £m	MLRWPS £m	ESLPS £m	Total £m
At 31 December 2004							
Fair value of scheme assets	265.1	na	6.6	26.4	0.3	1.5	299.9
Actuarial value of scheme liabilities	270.0	na	5.8	18.9	0.3	1.9	296.9
(Deficit)/surplus in the schemes	(4.9)	na	0.8	7.5	0.0	(0.4)	3.0
Irrecoverable surplus	0.0	na	0.8	7.5	0.0	0.0	8.3
Pension liability to be recognised in balance sheet before allowance for deferred tax	(4.9)	na	0.0	0.0	0.0	(0.4)	(5.3)
Related deferred tax	1.5	na	0.0	0.0	0.0	0.1	1.6
Net pension liability	(3.4)	na	0.0	0.0	0.0	(0.3)	(3.7)
At 31 December 2003							
Fair value of scheme assets	261.0	4.1	6.9	24.9	0.3	1.2	298.4
Actuarial value of scheme liabilities	263.3	6.4	6.2	20.6	0.3	1.7	298.5
Surplus/(deficit) in the schemes	(2.3)	(2.3)	0.7	4.3	0.0	(0.5)	(0.1)
Irrecoverable surplus	0.0	0.0	0.7	4.3	0.0	0.0	5.0
Pension asset/(liability) to be recognised in balance sheet before allowance for deferred tax	(2.3)	(2.3)	0.0	0.0	0.0	(0.5)	(5.1)
Related deferred tax	0.7	0.7	0.0	0.0	0.0	0.1	1.5
Net pension liability	(1.6)	(1.6)	0.0	0.0	0.0	(0.4)	(3.6)

26 PENSIONS (continued)

If the various pension plans had been recognised in these financial statements, the Authority's net assets and profit and loss reserve would be as follows:-

	2004 £m	2003 £m
Net assets excluding pension surplus	46.0	45.0
Pension (deficit)/surplus	(3.7)	(3.6)
Net assets including pension (deficit)/surplus	42.3	41.4
Profit and loss excluding pension surplus	46.0	45.0
Pension (deficit)/surplus	(3.7)	(3.6)
Profit and loss reserve including pension (deficit)/surplus	42.3	41.4

The following amounts would have been recognised in the performance statements in the year to 31 December 2004 under the transitional requirements of FRS17:-

	PLAPF £m	PLANPS £m	PLARBS £m	PLAWWOPF £m	ESLPS £m	Total £m
Operating profit:-						
Current service cost	2.8	0.3	0.0	0.0	0.0	3.1
Net interest:-						
Interest on pension scheme liabilities	13.7	0.3	0.3	1.1	0.1	15.5
Expected return on assets in the pension scheme	14.2	0.3	0.3	1.8	0.1	16.7
	(0.5)	0.0	0.0	(0.7)	0.0	(1.2)
Total profit and loss charge before taxation	2.3	0.3	0.0	(0.7)	0.0	1.9

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

26 PENSIONS (continued)

Statement of recognised gains and losses (STRGL)

	Total for year ended 31.12.04 £m	Total for year ended 31.12.03 £m
Actual return less expected return on pension scheme assets	1.6	3.6
Experience gains/(losses) arising on the scheme liabilities	1.0	(3.0)
Changes in assumptions underlying the present value of the scheme liabilities	(1.3)	(11.9)
Actuarial gain/(loss) recognised in STRGL before adjustment for tax	1.3	(11.3)

Movement in schemes' net surplus during the year

	2004 £m	2003 £m
Net surplus in schemes at beginning of year	(0.1)	10.8
Movements in year to 31 December:-		
Current service cost	(3.1)	(2.6)
Employer contributions	3.9	2.1
Other finance income	1.0	0.9
Actuarial gain/(loss)	1.3	(11.3)
Net surplus/(deficit) in schemes at end of year	3.0	(0.1)

History of experience gains and losses

Year ended:-	31 Dec 04		31 Dec 03		31 Dec 02	
	%	£m	%	£m	%	£m
a. Actual return less expected return on schemes' assets						
Amount		1.6		3.6		(12.9)
% of schemes' assets at end of year	0.5		1.2		(4.4)	
b. Experience gain/(loss) on scheme liabilities						
Amount		1.0		(3.0)		5.6
% of the present value of the schemes' liabilities	0.3		(1.1)		2.0	
c. Total actuarial gain/(loss) recognised in STRGL						
Amount		1.3		(11.3)		(16.5)
% of the present value of the schemes' liabilities	0.4		(3.8)		(5.8)	

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE PORT OF LONDON AUTHORITY

The members of the Port of London Authority are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Port of London Authority and of the profit or loss of the Authority for that year. In preparing those financial statements, they are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis.

The members confirm that the financial statements comply with the above requirements. The members accept responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements have been properly prepared in accordance with Section 42 of the Harbours Act, 1964 as amended by the Transport Act, 1981. They also accept responsibility for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

If the Authority's annual report and financial statements are published on the Authority's website, the members will be responsible for the maintenance and integrity of the website and any uncertainty arising as a result of the financial statements being available via the website in different legal and accounting jurisdictions.

Report of the Independent Auditors to the members of Port of London Authority (PLA)

As auditors appointed under Section 59 of the United Kingdom Port of London Act, 1968, we have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes.

Respective responsibilities of members of the Port of London Authority and auditors

The members are responsible for preparing the Annual Report. As described on page 33, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance. This report, including the opinion, has been prepared for and only for the PLA's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 42 of the United Kingdom Harbours Act, 1964 as amended by the United Kingdom Transport Act, 1981. We also report to you if, in our opinion, the Report of the Board is not consistent with the financial statements, if the PLA has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board members' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members of the PLA in the preparation of the financial statements, and of whether the accounting policies are appropriate to the PLA's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the PLA at 31 December 2004 and the profit and cash flows of the PLA for the year then ended and have been properly prepared in accordance with Section 42 of the Harbours Act, 1964 as amended by the United Kingdom Transport Act, 1981.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick

5 April 2005

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Copies of the Annual Report and Accounts can be downloaded from our website www.portoflondon.co.uk and printed off.

