

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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, with the exception of the changes highlighted in note 1(c), 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 PLA not producing Group accounts although Port of London Properties Limited Group remains in the ownership of the PLA.

(c) Changes in accounting policy

The effect of the change in accounting policy upon the adoption of FRS 17 "Retirement benefits", (excluding the joint venture), is as follows for both the current and prior year:

	2005 £000	2004 £000
Profit and loss account		
(Increase)/decrease in staff costs	(810)	590
Increase in other financial income	800	500
increase/(decrease) in the deferred tax asset	3	(327)
	(7)	763
Statement of total recognised gains and losses		
Total recognised gains/(losses)	3,430	(910)
Balance sheet		
Net pension deficit	(973)	(4,396)

In addition to the above there has been a prior year adjustment of (£4,627k) to reflect the opening net pension deficit on the Authority's defined benefit pension schemes and that of the net pension deficit of the joint venture, Estuary Services Limited as at 1 January 2004.

The Authority has also adopted FRS 21 "Events after the balance sheet date" during the year. This has not had any impact on the financial statements.

(d) 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.

(e) Intangible fixed assets

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

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

(f) 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.

(g) Fixed asset investments

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

(h) Stocks

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

(i) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred, which is provided 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.

(j) 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.

(k) Operating leases

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

(l) 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 at the date of transaction, are also dealt with in the profit and loss account.

(m) 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. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the authority benefits from the employees' services. Variations from regular cost are spread over the remaining service lives of current employees. Such costs are calculated by reference to actuarial valuations. The Authority provides no other post retirement benefits to its employees.

2. OPERATING PROFIT

	2005 £000	2004 (As restated) £000
Turnover		
Conservancy charges on cargo	7,303	7,030
Conservancy charges on vessels	6,712	6,335
	14,015	13,365
Pilotage	11,928	10,671
River works licences and other rents	4,810	3,633
Services provided	1,919	2,337
Moorings	434	358
Landfill royalties	2,287	3,000
Other revenue	4,771	3,949
	40,164	37,313
Operating expenditure		
Operating payroll	18,767	16,528
Supplies and services	12,202	11,099
Depreciation, amortisation and impairment	3,188	2,349
Administration: payroll	1,903	2,993
other	2,866	3,275
	38,926	36,244
Operating profit	1,238	1,069

Operating profit is stated after exceptional items of £1,432,000 (2004: nil) as described in note 4.

3. PILOTAGE

	2005 £000	2004 £000
The profit and loss account includes the following relating to pilotage:-		
Turnover:-		
Providing pilotage services	11,890	10,627
Issue of pilotage exemption certificates	38	44
	11,928	10,671
Operating expenditure:-		
Providing the services of pilots	10,335	10,025
Providing, maintaining and operating pilot boats	524	524
Administration and other costs	1,002	809
Additional pension contributions (see notes 4 and 6)	899	0
	12,760	11,358

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

4. EXCEPTIONAL ITEMS

	2005 £000	2004 £000
Additional pension contributions	899	0
Impairment of fixed assets	533	0
	1,432	0

Further details of the exceptional pension cost are given in note 6.

The Members have reviewed the expected useful lives of tangible fixed assets and have determined that it is necessary to recognise an impairment loss of £533,000 to ensure that certain fixed assets are stated at an appropriate carrying amount in accordance with FRS11 "Impairment of fixed assets and goodwill".

5. OPERATING PROFIT BEFORE TAXATION

	2005 £000	2004 £000
The operating profit before taxation is stated after accounting for the following:-		
Auditors' remuneration - audit	47	38
Auditors' remuneration - other	6	0
Operating lease rentals - land and buildings	497	462
- other	75	78
	572	540
Profit on disposal of fixed assets	(19)	(23)
Depreciation - owned assets	2,547	2,233
- assets held under finance leases and hire purchase contracts	102	109
	2,649	2,342
Amortisation of intangible fixed assets	6	7
Exceptional items (see note 4)	1,432	1,396

Remuneration of the PLA's auditors for provision of taxation services to the PLA was £57,000 (2004 £62,000).

6. EMPLOYEES

	2005 £000	2004 £000
Staff costs (including Executive Board Members) during the year were:-		
Wages and salaries	15,130	14,703
Social security costs	1,458	1,427
Pensions costs - normal	3,150	3,352
Pensions costs - exceptional (see below)	899	0
	20,637	19,482
Staff severance	15	20
	20,652	19,502

Exceptional pension costs in 2005 relate to a one-off payment to eliminate the Authority's share of the deficit on the Pilots National Pension Fund (note 26b).

	2005 Number	2004 Number
The average monthly number of persons (including Executive Board Members) employed during the year was:-	353	359

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

7. 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.

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 non-executive members' remuneration.

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

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

	Basic Salary and Fees		Taxable Benefits		Total	
	2005 £	2004 £	2005 £	2004 £	2005 £	2004 £
Executive Members:-						
R L Everitt (highest paid Board member 2005) (appointed 01.01.05)	130,000*	0	1,857	0	131,857	0
S C Cuthbert (highest paid Board member 2004) (retired 31.12.04)	0*	123,600	0	1,443	0	125,043
B Chapman	91,840*	89,344	1,857	1,443	93,697	90,787
A B Richardson	94,933*	84,974	1,486	8,527	96,419	93,501
Non-Executive Members:-						
S P Sherrard (Chairman)	72,170	70,000			72,170	70,000
R D Clegg	32,040	31,075			32,040	31,075
P M Castle (retired 31.12.05)	22,090	21,425			22,090	21,425
J A G Kennedy	22,090	21,425			22,090	21,425
A A Knight	22,090	21,425			22,090	21,425
P J Mole	19,330	18,750			19,330	18,750
J W Beech	19,330	18,750			19,330	18,750
	525,913	500,768	5,200	11,413	531,113	512,181

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 2005 was £1,611 per annum (2004 £9,213).

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

* Includes car allowance:

R L Everitt	£10,000 (2004 nil)
B Chapman	£8,844 (2004 £8,844)
A B Richardson	£8,844 (2004 £1,474)
S C Cuthbert	nil (2004 £10,000)

8. NET INTEREST

	2005 £000	2004 £000
Interest receivable:-		
Other interest receivable	1,141	992
Less interest payable:-		
Loans	(172)	(174)
Finance leases	(8)	(28)
	961	790
Share of joint venture interest:-		
Payable	(9)	(12)
Receivable	6	8
	958	786

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000	2004 £000
a. Analysis of charge for the year:-		
Corporation tax at 30% (Note 9b)	342	261
Adjustment in respect of prior years	(3)	37
Group relief receivable at 30%	0	(58)
Deferred tax (Note 16)	662	481
Share of joint venture tax:-		
Corporation tax at 19% (2004 19%)	26	8
Deferred tax	10	19
	1,037	748
b. Factors affecting tax charge for the year:-		
Profit on ordinary activities before taxation	3,188	2,501
Corporation tax thereon at 30% (2004 30%)	956	750
Effects of:-		
Disallowable expenditure	68	4
Accelerated capital allowances	204	(153)
Utilisation of prior years losses	(844)	0
Dividends receivable from joint venture	(17)	29
Pension contribution relief in excess of net pension cost charge	3	(327)
Share of profit of joint venture	(40)	(31)
Other timing differences	12	(11)
Corporation tax charge for the year (Note 9a)	342	261

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

10. FIXED ASSETS - INTANGIBLE ASSETS

	Licences £000
Cost	
At 1 January 2005	330
Additions	0
At 31 December 2005	330
Amortisation	
At 1 January 2005	30
Charge for year	6
At 31 December 2005	36
Net book value at 31 December 2005	294
Net book value at 31 December 2004	300

PLA has 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.

11. 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 2005	9,558	3,547	9,690	6,929	11,985	41,709
Additions	189	110	285	478	1,135	2,197
Disposals	(134)	0	0	(10)	-289	(433)
At 31 December 2005	9,613	3,657	9,975	7,397	12,831	43,473
Depreciation						
At 1 January 2005	2,777	2,365	1,732	3,585	6,148	16,607
Charge for year	279	220	564	383	1,203	2,649
Impairment (see note 4)	0	0	128	325	80	533
Eliminated on disposals	(134)	0	0	(10)	(283)	(427)
At 31 December 2005	2,922	2,585	2,424	4,283	7,148	19,362
Net book value at 31 December 2005	6,691	1,072	7,551	3,114	5,683	24,111
Net book value at 31 December 2004	6,781	1,182	7,958	3,344	5,837	25,102

Net book value of leasehold property held under long leases included above is:- 62

Net book value assets held under finance leases and hire purchase contracts included above is:- 859

12. INVESTMENTS

	2005 £000	2004 £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.

13. FIXED ASSETS - JOINT VENTURE INVESTMENT IN ESTUARY SERVICES LIMITED

	Shares £000	Retained Profit £000	Total £000
At 1 January 2005 (as previously reported)	2	482	484
Prior year adjustment	0	(334)	(334)
At 1 January 2005 (as restated)	2	148	150
Share of profit for year	0	98	98
Actuarial (loss)/gain on pension scheme	0	(110)	(110)
At 31 December 2005	2	136	138

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 £81,000 (2004 £82,000) and was charged £1,362,000 (2004 £1,228,000) for the boarding and landing service for pilots.

14. CAPITAL COMMITMENTS

	2005 £000	2004 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	290	173

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FOR THE YEAR ENDED 31 DECEMBER 2005

15. FINANCIAL COMMITMENTS

	2005			2004		
	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	463	40	503	277	37	314
In the second to fifth year inclusive	0	56	56	179	35	214
Over five years	18	0	18	18	0	18
	481	96	577	474	72	546

16. DEFERRED TAX

	2005 £000	2004 £000
Balance at 1 January as previously reported	-	1,777
Prior year adjustment	-	1,821
Balance at 1 January as restated	3,507	3,598
Charged in the profit and loss account for the year (Note 9a)	(662)	(481)
Charged to the STRGL	(1,470)	390
Balance at 31 December	1,375	3,507
Deferred tax comprises:-		
Accelerated capital allowances	(900)	(1,067)
Unrelieved trading losses carried forward	1,846	2,690
Other timing differences	12	0
Deferred tax excluding that relating to pension deficit	958	1,623
Pension deficit	417	1,884
Total deferred tax	1,375	3,507

Of the total deferred tax asset of £1,375k (2004 (restated): £3,507k), £417k (2004 (restated): £1,884k) has been deducted in arriving at the net pension liability on the balance sheet.

17. CURRENT ASSETS - DEBTORS

	2005 £000	2004 £000
Amounts falling due within one year:-		
Trade debtors	5,228	4,860
Dividends receivable	0	37
Other debtors	417	344
Prepayments and accrued income	814	645
	6,459	5,886

18. CURRENT LIABILITIES - CREDITORS

	2005 £000	2004 £000
Amounts falling due within one year:-		
Bank overdraft	344	555
Trade creditors	1,735	1,779
Amounts owed to joint venture company	119	95
Other taxation and social security	783	670
Corporation tax	166	111
Current instalments on finance leases and hire purchase contracts	68	110
Current instalments on loans	170	170
Other creditors	2,055	1,338
Accruals and deferred income	768	517
	6,208	5,345

19. CREDITORS - LOANS

	2005 £000	2004 £000
Amounts falling due after more than one year:-		
Repayable in years 2 - 5	680	680
Repayable after 5 years	2,040	2,210
	2,720	2,890

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%.

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

20. CREDITORS - OTHER AMOUNTS

	2005 £000	2004 £000
Amounts falling due after more than one year:-		
Obligations under finance leases and hire purchase contracts		
Repayable in years 2 - 5	39	114
Repayable after 5 years	6	16
Deferred Income		
Repayable in years 2 - 5	56	0
Repayable after 5 years	270	0
Other creditors	719	0
	1,090	130

21. 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.

22. RESERVES

	Profit and loss account	
	2005 £000	2004 £000
At 1 January as previously reported	-	44,951
Prior year adjustment	-	(4,627)
At 1 January as restated	41,181	40,324
Actuarial gain/(loss) on the pension schemes	4,900	(1,300)
Movement on deferred tax relating to pensions	(1,470)	390
Share of actuarial (loss)/gain on joint venture defined benefit pension scheme	(110)	14
Profit for year	2,151	1,753
At 31 December	46,652	41,181

23. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £000	2004 (As restated) £000
Operating profit per profit and loss account	1,432	1,178
Less: Share of operating profit of joint venture	(194)	(109)
PLA operating profit	1,238	1,069
Depreciation of tangible fixed assets	2,649	2,342
Impairment loss (see note 4)	533	0
Amortisation of intangible fixed assets	6	7
Profit on disposal of fixed assets	(19)	(23)
Decrease in stocks	21	45
(Increase)/decrease in trade debtors	(506)	230
Increase in other debtors	(73)	(92)
(Increase)/decrease in prepayments and accrued income	(220)	16
Increase in trade creditors	59	604
Increase/(decrease) in amount owed to joint venture company	24	(2)
Increase in other taxation and social security creditors	113	29
Increase in other creditors	717	668
Increase in creditors due in more than one year	719	0
Increase/(decrease) in accruals and deferred income	578	(115)
Decrease in administration expense reserve	(90)	(90)
Difference between current service cost and cash contributions	900	(500)
Total net cash inflow from operating activities	6,649	4,188

24. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	2005 £000	2004 £000
Increase in cash	4,918	6,245
Cash (inflow)/outflow from net (decrease)/increase in liquid resources	116	(5,533)
Cash outflow from repayment of loans	170	170
Cash outflow from decrease in obligations under finance leases and hire purchase contracts	107	245
Change in net funds resulting from cash flows	5,311	1,127
Change in net funds resulting from other changes	20	0
Net funds at 1 January	16,734	15,607
Net funds at 31 December	22,065	16,734

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25. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 January 2005 £000	Cash flows £000	Other changes £000	At 31 December 2005 £000
Cash and bank balances including overdrafts	7,148	4,918	0	12,066
Current asset investments - short term deposits	12,886	116	0	13,002
Total liquid resources	20,034	5,034	0	25,068
Debt due within 1 year:-				
Loans	(170)	170	(170)	(170)
Obligations under finance leases	(110)	107	(65)	(68)
Debt due after 1 year:-				
Loans	(2,890)	0	170	(2,720)
Obligations under finance leases	(130)	0	85	(45)
Net funds	16,734	5,311	20	22,065

26. CONTINGENT LIABILITIES

(a) 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.

(b) The PLA, in common with other Competent Harbour Authorities, has been made aware of a significant deficit in the Pilots National Pension Fund (PNPF). Negotiations over the way this deficit can be repaired are continuing.

27. 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 one-off contribution of £1.396m to fully fund the deficit in the PLANPS on an agreed basis at that time.

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 7 February 2006, 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.

At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £259.1 million 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 (MTLRWPS)	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 performed as at 6 April 2003. The PLA's share of the deficit on this scheme has been incorporated into the financial statements via the gross equity method.

The disclosures required under FRS17 have been based on the most recent actuarial valuations of the pension schemes as detailed above, updated to 31 December 2005. The financial assumptions adopted for assessing the schemes' liabilities as at 31 December 2005 were as follows:-

	2005 % pa	All schemes 2004 % pa	2003 % pa
Price inflation	2.80	2.80	2.75
General payroll cost inflation	4.80	4.80	4.75
Pension increase rate for:-			
Pensions subject to a minimum increase of 3% pa	3.50	3.50	3.50
Pensions subject to increase in line with RPI	2.80	2.80	2.75
Discount rate	4.80	5.30	5.40

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

	At 31 December 2005		At 31 December 2004		At 31 December 2003	
	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m
All schemes						
Equities	7.8	60.6	8.0	57.1	8.2	59.7
Corporate bonds	4.8	224.2	5.3	213.6	5.4	156.2
Fixed interest and index linked gilts	4.1	34.1	4.6	24.0	4.8	75.9
Cash and other assets	3.6	0.9	3.6	3.7	3.8	5.4
		319.8		298.4		297.2

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

	PLAPF £000	PLANPS £000	PLARBS £000	PLAWWOPF £000	MTLRWPS £000	Total £000
At 31 December 2005						
Fair value of scheme assets	284,100	na	6,500	29,200	na	319,800
Actuarial value of scheme liabilities	285,490*	na	6,463	21,648*	na	313,601
(Deficit)/surplus in the schemes	(1,390)	na	37	7,552	na	6,199
Irrecoverable surplus	0	na	37	7,552	na	7,589
Pension liability recognised in balance sheet before allowance for deferred tax	(1,390)	na	0	0	na	(1,390)
Related deferred tax	417	na	0	0	na	417
Net pension liability	(973)	na	0	0	na	(973)

At 31 December 2004

Fair value of scheme assets	265,100	na	6,600	26,400	300	298,400
Actuarial value of scheme liabilities	271,380*	na	6,600	19,256*	300	297,536
(Deficit)/surplus in the schemes	(6,280)	na	0	7,144	0	864
Irrecoverable surplus	0	na	0	7,144	0	7,144
Pension liability recognised in balance sheet before allowance for deferred tax	(6,280)	na	0	0	0	(6,280)
Related deferred tax	1,884	na	0	0	0	1,884
Net pension liability	(4,396)	na	0	0	0	(4,396)

At 31 December 2003

Fair value of scheme assets	261,000	4,100	6,900	24,900	300	297,200
Actuarial value of scheme liabilities	264,770*	6,400	6,900	20,962*	300	299,332
(Deficit)/surplus in the schemes	(3,770)	(2,300)	0	3,938	0	(2,132)
Irrecoverable surplus	0	0	0	3,938	0	3,938
Pension liability recognised in balance sheet before allowance for deferred tax	(3,770)	(2,300)	0	0	0	(6,070)
Related deferred tax	1,131	690	0	0	0	1,821
Net pension liability	(2,639)	(1,610)	0	0	0	(4,249)

* Includes the following expense reserve balances in respect of fund administration costs borne by the PLA relating to deferred and retired members of the schemes.

	2005 £000	2004 £000	2003 £000
PLAPF	1,290	1,380	1,470
PLAWWOPF (unrecognised due to irrecoverable surplus on scheme)	348	372	396
	1,638	1,752	1,866

	2005 PLAPF £000	2005 PLARBS £000	2005 PLAWWOPF £000	2005 Total £000	2004 Total £000
Analysis of the amounts charged to operating profit in respect of the defined benefit scheme.					
Release of administration expense reserve	(90)	0	0	(90)	(90)
Current service cost	3,100	0	0	3,100	3,100
Total service cost	3,010	0	0	3,010	3,010
Analysis of other financial income					
Interest on pension scheme liabilities	13,900	300	1,000	15,200	15,400
Expected return on assets in the pension scheme	14,700	300	1,000*	16,000	15,900
Other financial income attributable to the PLA	800	0	0	800	500
Share of other financial costs in joint venture				(2)	(7)
Total other financial income				798	493

* Expected return on assets restricted to the sum of service cost and interest cost due to the funds' irrecoverable surplus.

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Analysis of amount recognised in the Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme assets	21,200	1,200
Experience gains/(losses) arising on the scheme liabilities	1,000	(300)
Changes in assumptions underlying the present value of the scheme liabilities	(17,300)	(2,200)
Actuarial gain/(loss) recognised in STRGL before adjustment for tax	4,900	(1,300)

	2005 £000	2004 £000
Movement in schemes' net surplus during the year		
Combined deficit in schemes at beginning of year	(6,280)	(6,070)
Movements in year to 31 December:-		
Service cost	(3,010)	(3,010)
Employer contributions	2,200	3,600*
Other finance income	800	500
Actuarial gain/(loss)	4,900	(1,300)
Combined deficit in schemes at end of year	(1,390)	(6,280)

* Includes an exceptional one-off contribution of £1,396k to eliminate a deficit on the Port of London Authority New Pension Scheme at the date of its merger with the the Port of London Authority Pension Fund.

NOTES TO THE ACCOUNTS continued

FOR THE YEAR ENDED 31 DECEMBER 2005

History of experience of gains and losses

	Year ended:		31 Dec 04		31 Dec 03	
		31 Dec 05	%	£m	%	£m
a. Actual return less expected return on schemes' assets						
Amount		21.2		1.2		3.6
% of schemes' assets at end of year	6.6		0.4		1.2	
b. Experience gain/(loss) on scheme liabilities						
Amount		1.0		(0.3)		(3.0)
% of the present value of the schemes' liabilities	0.3		0.1		(1.0)	
c. Total actuarial gain/(loss) recognised in STRGL						
Amount		4.9		(1.3)		(11.3)
% of the present value of the schemes' liabilities	1.6		0.4		(3.8)	