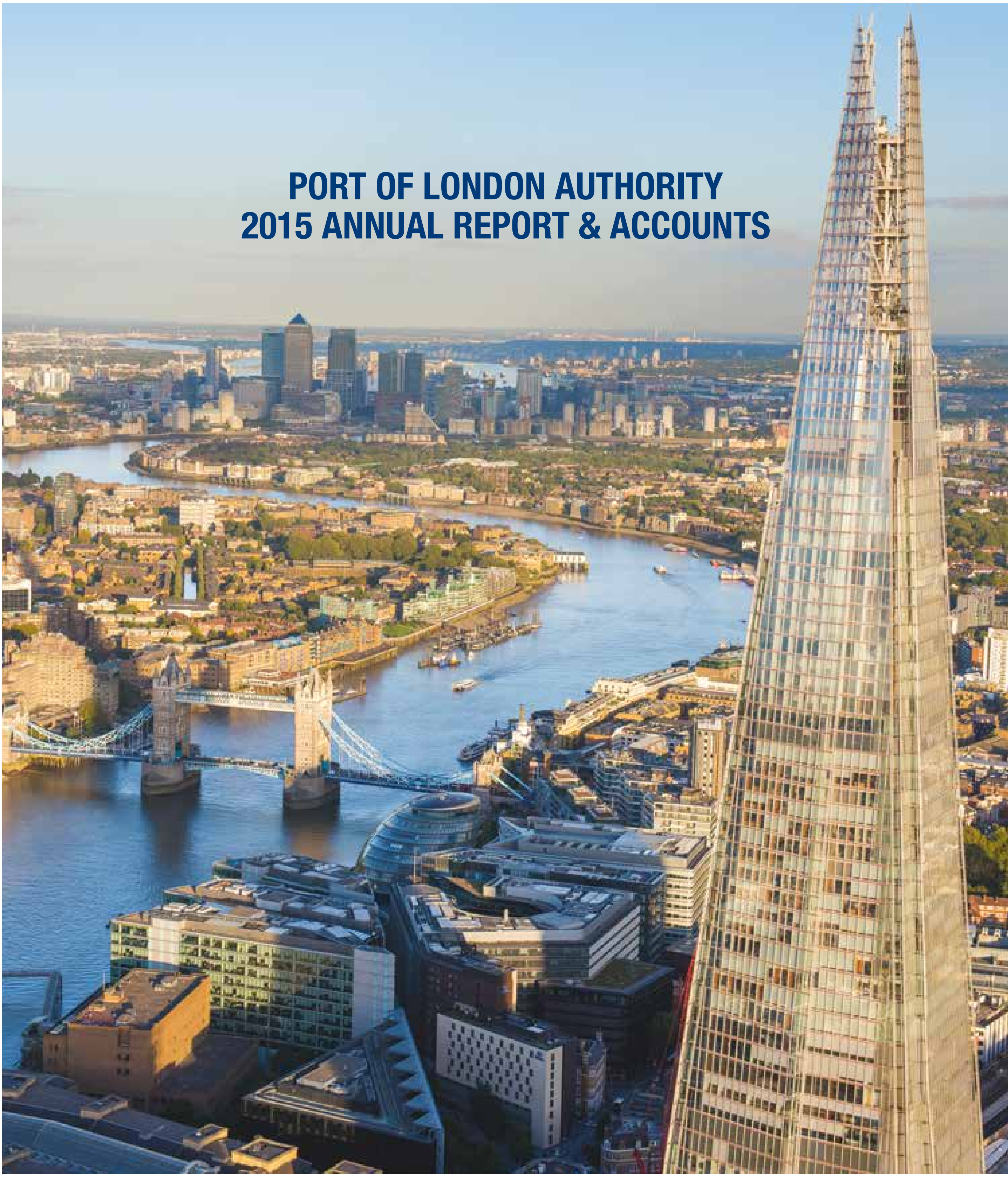
2015

PORT OF LONDON AUTHORITY
2015 ANNUAL REPORT & ACCOUNTS



PORT OF LONDON AUTHORITY

CUSTODIANS OF THE TIDAL THAMES

The River Thames is the UK's busiest inland waterway for passengers and freight. It is one of the main arteries that feeds our capital city and the south east, supporting trade, travel, leisure and sporting activities.

It is also a thing of beauty and majesty which delivers great pleasure to millions of people, on the water and in the buildings, on bridges and walkways on its banks.

As custodians of the tidal Thames, everything we do is designed to ensure that the river is, and remains, at its best. Our mission is to maintain a safe river to support London and the south east in a wide range of activities, at work, rest and play.

We work closely with many valued partners and stakeholders to ensure the river reaches its full potential in generating jobs and wealth for the country. We pay the same high level of attention to maintaining the Thames, its surroundings and the wildlife it supports, for the benefit and enjoyment of many generations to come.

Our activities in 2015 were consistent with the goal we share with our stakeholders: a vibrant, safe and sustainable River Thames. This Annual Report centres on the activities we undertake which stakeholders tell us generate most value:

- River navigation and safety
- Planning consultation and technical expertise
- Bringing people together and promoting the river
- Environmental stewardship

CONTENTS

We hope you find the report of interest and if you want to find out more, visit our website: www.pla.co.uk

2015 IN NUMBERS

RIVER USE

45.4 MILLION TONNES OF GOODS HANDLED

10.3 MILLION PASSENGER JOURNEYS

2.7 MILLION TONNES OF INLAND WATERWAYS FREIGHT

10,495 COMMERCIAL SHIP CALLS

89 SPORTING EVENTS

NAVIGATION & SAFETY

14 SIGNIFICANT NAVIGATIONAL INCIDENTS

60 DIVING OPERATIONS

11,745 PILOTAGE ACTS

314 HYDROGRAPHIC SURVEYS

793 VESSELS LICENSED

PLA IN THE COMMUNITY

£37 MILLION ESTIMATED STAKEHOLDER BENEFIT

12 EVENTS ATTENDED BY RIVERSIDE CODE SAFETY TRAILER

ENVIRONMENTAL STEWARDSHIP

2,124 TONNES OF CARBON EMITTED

211 TONNES OF DRIFTWOOD RECOVERED

24 THAMES21 CLEAN-UPS SUPPORTED

30,400 KWH SOLAR POWER GENERATED

PLA PERSONAL HEALTH & SAFETY

MORE THAN 500 DAYS BETWEEN LOST TIME ACCIDENTS

45 NEAR MISSES REPORTED

0 LOST TIME ACCIDENTS

FINANCE

£7.6 MILLION OPERATING PROFIT

£3.9 MILLION CASH INVESTED

PLANNING & TECHNICAL EXPERTISE

93 RIVER WORKS LICENCES ISSUED

19 DREDGING LICENSES ISSUED

TOTAL ECONOMIC BENEFIT

140,000 JOBS

£6.4 BILLION GVA

2015 HIGHLIGHTS

PORT TRADE

Port trade in 2015 grew by almost one million tonnes to 45.4 million tonnes (2014: 44.5 million tonnes), due to strong growth in movements of containers and building materials.

PORT OF TILBURY

Port of Tilbury highlights included the construction of a new chill store for NFT, handling its one millionth freight unit with P&O Ferries, and the London International Cruise Terminal welcoming more than 100,000 passengers.

LONDON GATEWAY PORT

London Gateway Port welcomed increasing numbers of ultra-large container ships, including the 400-metre *UASC Barzan*, which set a new record as the biggest ever container ship on the Thames. All large container ships are guided to/from their berths by PLA pilots, with traffic coordination by London Port Control.

LONDON TITAN

Our new £7 million mooring maintenance vessel, *London Titan*, started operations on the Thames, bringing much improved operational capability over the ships she replaced.

PASSENGERS

A record 10.3 million passenger trips were taken on the Thames as investment in new and extended piers continued and was bolstered by the introduction of two new MBNA Thames Clippers ferries.

THAMES VISION

The Thames Vision project set a path for growth in river use. Goals identified include the port growing to the biggest it has ever been and continued growth in passenger travel, matched to enhanced environmental stewardship and increasing participation in sport on the water.

ROWING CODE OF PRACTICE

Published an updated, easy-to-use, Rowing Code of Practice. Developed with the Thames Regional Rowing Council, the Code includes simplified guidance and vibrant graphics. It was introduced to coincide with the September start of the rowing season.

CLEANER THAMES CAMPAIGN

Launched the Cleaner Thames campaign, developed with Thames21 and Tideway. Fronted by explorer, Paul Rose, the campaign is aimed at raising awareness and encouraging people to ‘bin’ their rubbish, before it reaches the river.

THE THAMES' ROLE IS TO SERVE ONE OF THE FASTEST GROWING ECONOMIES IN THE WORLD. IT PROVIDES A SPACE FOR TRADE, TRAVEL, LEISURE AND SPORT.

CHAIRMAN'S STATEMENT

£6.4b
TOTAL GROSS VALUE ADDED

140,000
TOTAL RIVER-RELATED EMPLOYMENT

£37M
STAKEHOLDER BENEFIT

2015 key was a good year for the PLA and Robin Mortimer, our CEO, reports on performance against our key metrics later in this report.

As a newcomer – I joined on January 1, 2016 – I want to start by taking this opportunity to thank my predecessor, Dame Helen Alexander for her considerable contribution over her six years in office. I inherited a strong board, a motivated executive team and an organisation committed to improving the river for its multiple stakeholders. We are all immensely grateful to Helen for her leadership and commitment.

Early in my term of office I can already recognise that Helen's lasting legacy is to have supported the initiation of the Thames Vision project, which has created a prototype Thames development plan for the next 20 years.

The headline figures from the Thames Vision research programme give us a clear indication of the importance of the river to London, the riverside boroughs, counties and country as a whole. Total Gross Valued Added by river-related activities is £6.4 billion, with river-related employment totalling over 140,000. And there is a real growth momentum to these numbers: river operators plan to invest £1 billion over the next five years in their businesses.

The Thames is truly the beating heart of our great city. At the PLA it's our job to support and develop people's use of, and engagement with the river. Whether it's trade links with new shipping lines or new recreational activities on the river, we help it happen – safely.

River use continues to evolve. In 2015 the number of passenger journeys grew, port trade continued the progressive recovery seen since 2009, while inland waterways freight movements remained substantial.

The high level of river use was combined with the lowest level of significant navigational safety incidents in eleven years. This is a remarkable achievement and a credit to all, whether operating vessels or enjoying the river at leisure.

With the Thames Vision endorsed by all our stakeholders and our role as "Custodians of the Tidal Thames" clearly established, we plan to refresh the PLA's strategy in the coming year. This will ensure that we are delivering both the safe operating environment that is our primary responsibility and using our convening power to provide the leadership and, as appropriate, contributing our share of the human and financial investment needed to turn the Vision into reality. It is clear that this can only be achieved in partnership with our stakeholders and that there will inevitably need to be trade-offs between competing objectives.

Our strategy refresh will also enable us to follow up the Department for Transport Trust Port Study, which required all Trust Ports to review their strategic objectives in 2016.

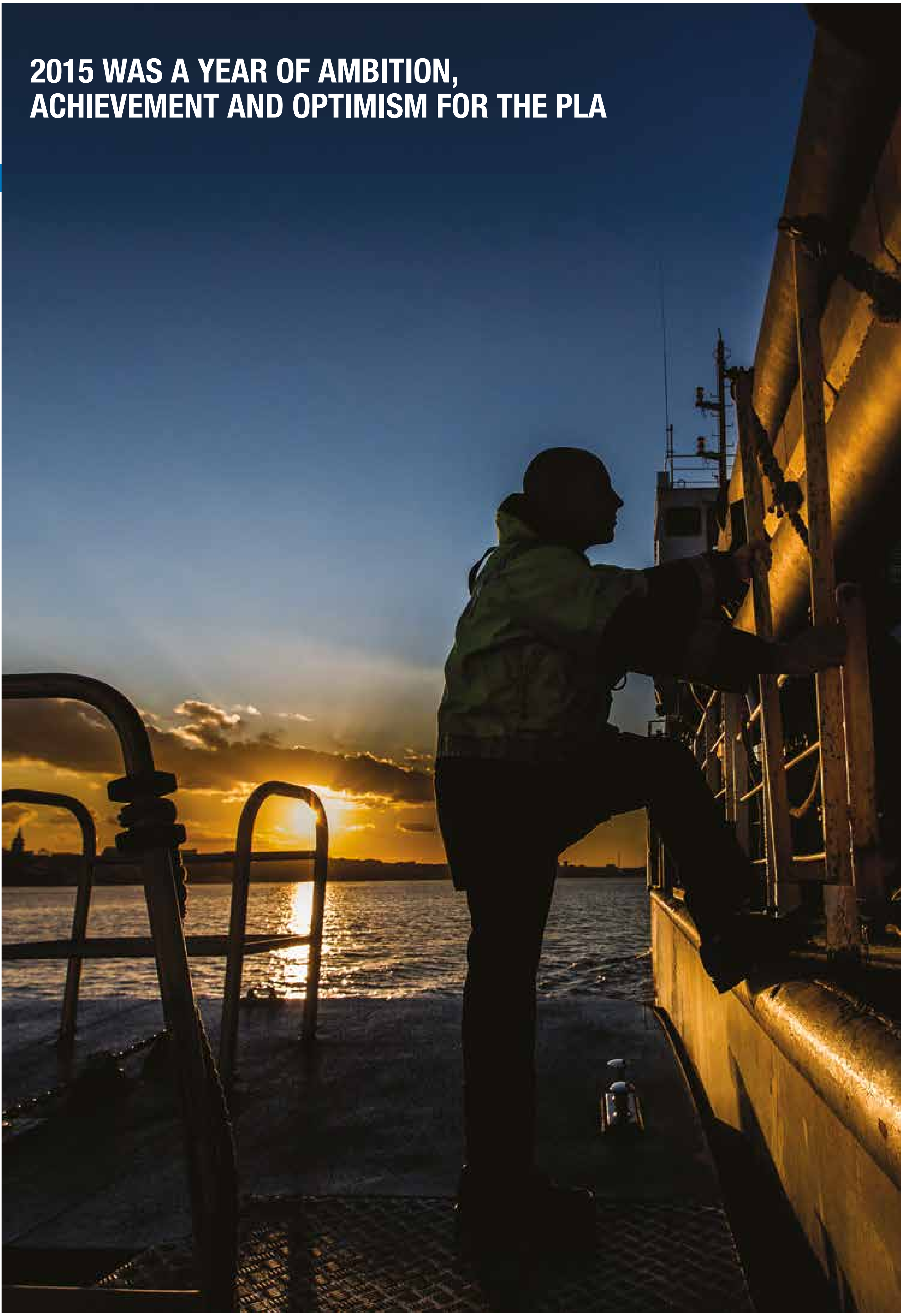
During the year, Scott Steedman also stepped down from the Board, after completing his six-year term. His civil engineering expertise was much valued and his contribution was significant.

The success of the PLA relies on the skill, enthusiasm and pride of our people. It is unusual to have such a broad base of specialist skills in a single organisation. Together they help hundreds of thousands of people make the most of the river, in safety, every year. They do that job with our thanks and appreciation.

Christopher Rodrigues

CHRISTOPHER RODRIGUES CBE
30 MARCH 2016

2015 WAS A YEAR OF AMBITION, ACHIEVEMENT AND OPTIMISM FOR THE PLA



CHIEF EXECUTIVE'S STATEMENT

£49.9m
REVENUE
(2014: £50.7M)

£7.6m
OPERATING PROFIT
(2014: £11.6M)

£3.9m
CASH INVESTED
(2014: £12.9M)

0
LOST TIME ACCIDENTS
(2014: 1)

2015 was a year of ambition, achievement and optimism for the PLA and my first full year as CEO during which I have been proud to lead the PLA team.

In this year's statement I cover river use, financial performance, development initiatives and the challenges and opportunities for the future.

RIVER USE

2015 saw continued growth in the number of passenger journeys, the continued recovery of port trade, and substantial inland waterways freight movements.

Port trade in 2015 grew by almost one million tonnes to 45.4 million tonnes (2014: 44.5 million tonnes), with strong growth in particular in movements of containers, up 4%; and building materials, up 11%.

Developments at the Port of Tilbury included a dedicated new chill store for NFT and a new Travis Perkins distribution centre at the London Distribution Park. With Tilbury owners, Forth Ports, having acquired the former RWE power station site, extending the port estate to the east, Tilbury is set for continued growth.

London Gateway operations also ramped up. Larger and larger ships arrived at the terminal as the year progressed, peaking with the 400-metre *UASC Barzan* at year's end. Development of the third London Gateway berth is now underway, providing further opportunity for growth, linked to the rapidly developing Logistics Park.

More than ten million passenger trips were taken for the first time in 2015, as progress continued towards the Mayor's River Action Plan target of 12 million passenger trips a year by 2020. The foundations for future growth include the new pier opened at Plantation Wharf and pier extensions planned at Bankside, Embankment and Westminster. This growth in infrastructure matches the operators' investment including: two new MBNA Thames Clippers ferries, built at a cost of £6.5 million for the extremely popular western extension of Clippers' network, serving Putney; Thames River Services' new boat, *Thomas Doggett*; and City Cruises extensive rebuilds of its Cityliner-class boats.

The tonnage of goods and materials moved between Thames terminal was 2.7 million tonnes, down from 5.5 million tonnes in 2015. This reflected, principally, the ending of Crossrail-related movement of materials on the Thames. Nonetheless, future prospects look positive: tunnelling spoil from the Northern Line extension now being moved by barge; and the large volumes associated with the Thames Tideway Tunnel scheme set to get underway in earnest within 18 months. Over five million tonnes of materials and supplies will be moved on the river for the development of the Thames Tideway Tunnel.

There is a collective will to see the river used more, particularly for moving freight, keeping it off our congested roads. Success with this depends on having wharves to load and unload ships and barges.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

We have a long term commitment to reactivating wharves safeguarded for port use. Our Compulsory Purchase Order for Orchard Wharf has been approved by the Secretary of State for Transport, but is subject to appeal and further hearings. We will continue vigorously to pursue the reactivation of this, and other, wharves which will bring substantial benefits to London.

RIVER NAVIGATION

Against the backdrop of growing river use, navigational safety performance was strong. There were 14 significant incidents in the year, compared to 40 in 2014. That is a very positive improvement achieved through partnership working between terminals, boat operators, crews and all who take to the Thames for business or recreation. We support their safety endeavours by making the most of new technology, best practice and clear communications.

In the last year we have seen the technology provided to our pilots enhanced, with trials of a dedicated tablet computer, loaded with the latest navigational information. Recreational river users have benefited from a focus on the development of easy-to-understand codes of practice and initiatives such as the vulnerable river user campaign.

FINANCES

The operating profit for the financial year, excluding our share of Estuary Services Ltd (ESL), a joint venture with Port of Sheerness Ltd, was £7.6 million (2014: 11.6 million), a decrease of £4.0 million or 34.5%.

The decrease in profits reflects the benefit, in 2014, of a one-off transaction for the sale of a long term licence for the use of PLA land. Total investment in sustaining the long-term health of the PLA and river operations was £3.9 million.

Revenue, excluding the PLA share of ESL, fell 1.6% to £49.9 million (2014: £50.7 million). Costs, which include the financial effects of the various pension funds in which the PLA participates, increased by 8%.

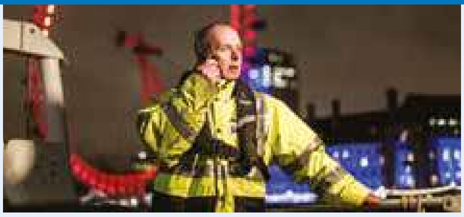
The total comprehensive income for the year was £17.4 million (2014 £8.9 million loss), after accounting for net actuarial gains in pension schemes. The PLA Group was able to cover from operations its cash requirements, including contributions to the pensions deficit repair programmes agreed with the trustees of the pension schemes. The net cash position at the year-end increased by £3 million (2014: £1.6 million decline).

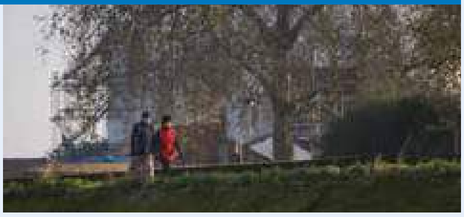
MAIN DEVELOPMENT AREAS 2015

We took three main areas as our focus for development in 2015. These were:

- **Vision**: developing a long-term Vision for the Tidal Thames;
- **Commercial**: growing our commercial business;
- **People**: delivering our People Strategy, *Our PLA*.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)





VISION FOR THE TIDAL THAMES

The development of the Thames Vision was widely welcomed by stakeholders. Starting in March last year we engaged extensively with the communities we serve, through an open consultation, public meetings, river use sessions and gathering of new data including that on economic impact and river capacity. By the end of last year, the contributions of our stakeholders and PLA experts had helped shape six goals for the Vision and 24 priority actions to achieve those goals, which we published for consultation in December.

We are now considering the feedback on the proposed goals and actions and plan to publish the final Vision in the first half of 2016. Delivery of the Vision will require concerted action from the PLA and the wide range of stakeholders including: operators; developers; investors; regulators; community groups; and others. We are fully committed to seeing the Vision become reality.

GROWING OUR COMMERCIAL BUSINESS

Last year we set an explicit goal of broadening our income base beyond that derived purely from port trade, to improve our financial resilience. Through the year we made solid progress, with development of our commercial operations in hydrographic surveying, vessel traffic services training and marine services. Our objective of acquiring and leasing two wharves safeguarded for port operations to operators is taking longer to achieve due to legal and purchase negotiations.

OUR PEOPLE STRATEGY, *OUR PLA*

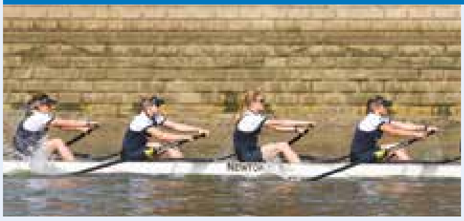
Early last year we launched our new people strategy, *Our PLA*. The strategy is based around four core themes:

- recruiting and developing the best people;
- engaging employees;
- valuing a diverse workforce; and
- staying safe and healthy.

The programme kicked off with a staff survey to establish a baseline for measuring future progress. Overall the results were very positive with almost three-quarters of PLA employees taking the time to respond. The headline finding was a very positive staff engagement score – ninth out of the 65 organisations in the survey company's database – with the vast majority of our people enjoying working here and being proud of what we do.

As a result of the survey we developed an action plan that is being implemented. This has included ensuring all employees have an annual personal development review; introducing a new incentive scheme linked to business performance; and new development opportunities including peer-to-peer coaching, work shadowing and a range of training programmes.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)



OPPORTUNITIES AND CHALLENGES

The Thames Tideway Tunnel development will be the biggest single project in the London reaches of the river in over a century. We have set up a dedicated team to work on it, including a harbour master, an additional planner, river works and vessel licensing, and environment officers. In combination, they are leading our work to see the project through to start on site, at which point we will have further work to do managing the increased amount of river traffic servicing the main tunnelling and in-river construction sites.

The Tideway team is setting the safety bar higher than ever before and we are supporting them closely in this endeavour. Allied to this, and looking to the future as enabling works for the project get underway, we are working closely with Tideway on the creation of the Thames Skills Academy (TSA). This initiative will build on the great work of the Thames Training Alliance to create a group of skilled maritime professionals to work on the Tideway scheme, and equip them for a long career on the increasingly busy Thames.

The opening of London Gateway provided challenge and opportunity: the challenge of handling the world's largest container ships on the Thames for the first time and the opportunity for trade growth.

During 2015 we handled an increasing number of ultra large container ships calling at London Gateway, having completed extensive pilot training in our ships' bridge simulator, visited other ports' handling similar ships and using new technology (Pilot Portable Units) on the ships to aid situational awareness.

We are committed to repairing the deficit in the main PLA Pension Fund. In 2015 we made the second annual payment of £4 million agreed with the Trustee as part of the deficit repair programme. This contribution is over and above our normal pensions contributions.

HEALTH & SAFETY PERFORMANCE

Last year was a record one for our health and safety performance. For the first time in 20 years we achieved a whole calendar year without a Lost Time Accident (LTA), also passing the longest previous record of Lost Time Accidents at 546 days.

There were nevertheless two accidents, not classified as LTAs, which resulted in just seven days off work for the members of staff concerned. That is still two too many accidents, but we are pleased with the progress as the number of near misses reported was also at an all-time high at 45. Identifying and reporting near misses is recognised as essential to progressively improving health and safety performance.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

INVESTMENT STRATEGY

As a Trust Port, our goal is to generate a profit so that we can invest in the business and projects that generate wider stakeholder benefits. During 2015 our principal capital expenditure was on the new mooring maintenance vessel, *London Titan*, and new hydrographic survey boat, *Maplin*. Together, these two boats offer a marked improvement in our marine services and hydrographic capability. *Maplin*, for example, will be able to survey at higher speeds than the vessel she replaces, improving efficiency.

As our fleet of vessels is one of our main assets, we completed a fleet replacement review. Under the resulting plan, we will invest in a further four new boats during 2016, including a new divers' boat and harbour patrol launch. Upgrades of our core navigation systems continue too, including the replacement of conventional radars with more efficient and reliable 'solid state' technology. Radars at Margate and Erith were replaced under this programme during the year.

ENVIRONMENT

We are encouraged by the level of support that the Cleaner Thames campaign attracted from operators and the wider river community. This is an important initiative, targeting the growing problem of litter, particularly plastics, in the Thames. Royal Holloway Univeristy of London and the Natural History Museum research shows plastics are now being found in the guts of some fish species in the river.

OUTLOOK

2015 was a year of marked progress across the PLA. Our immediate priorities this year, alongside the efficient operations our customers expect, are:

- preparing for the Thames Tideway Tunnel project to start on the river in earnest;
- completing development of the Thames Vision; and
- refreshing our strategy to deliver the Vision.

The outlook for the Thames is the best it has been for many years. During the Thames Vision development process we have heard about investment plans across the span of river use from port trade and passenger travel to sport and recreation. It has enabled us to start to change the story about the Thames to one of an essential asset ready for greater use and positive growth.

Ambition on this scale is set to combine with major events including the finish of the Clipper Round the World yacht race on the Thames this summer and the Greenwich Tall Ships Festival in Easter 2017. Together, the ambition, action to turn ambition into reality and major events mean that the profile and importance of the Thames has never been higher.

ROBIN MORTIMER
30 MARCH 2016

“THE THAMES IS THE JEWEL IN LONDON’S CROWN.”

THAMES VISION CONSULTATION RESPONSE, 2015

STAKEHOLDER BENEFITS

£6.4bn
TOTAL GROSS VALUE ADDED

£1bn
INVESTMENT PLANNED OVER NEXT FIVE YEARS

£37m
STAKEHOLDER BENEFITS

The Thames is the UK's busiest inland waterway and the Port of London is one of its busiest ports. We work hard to maximise the economic value of the Thames and the economy it supports by ensuring it remains an attractive, efficient and safe thoroughfare for both freight and passengers.

The Thames' economic role is further magnified as it leads to, and lies within, a capital city that is host to many of Britain's biggest tourist attractions. It is also home to a range of sporting and leisure activities. We work closely with a range of bodies to ensure the river is a real source of pleasure for visitors, leisure and sporting users.

As a Trust Port, we hold the Thames in trust for future generations. We have no shareholders so operate to the benefit of stakeholders. In 2015, we commissioned two independent studies as part of the Thames Vision development process to help us better understand the economic and amenity benefits that our operations on the tidal Thames underpin.

The headline findings of £6.4 billion total Gross Value Added and more than 140,000 river-related jobs gave us a baseline measure for the Thames today, setting the context for understanding stakeholders' ambitions to develop the river over the next 20 years.

The full scope of the Thames Vision project is set out in the Goals and Priority Actions launched for consultation before Christmas 2015 – see page 23.

The Thames Vision development process will draw to close by summer 2016. To realise its ambitions we will have to leverage all elements of our value-creating activities (see page 15).

COMMUNITY BENEFIT

Set alongside the economic and amenity benefits that our operations underpin, we also generate a substantial benefit to the community, estimated to be £37 million in 2015 – full details are on page 34.

STAKEHOLDER BENEFITS (CONTINUED)

PLA ACTIVITIES MOST VALUED BY STAKEHOLDERS

Independent research in 2014 found that stakeholders most value our contributions in:

River Navigation and Safety:
Our port control centres, harbour masters, pilots and river patrol crews keep river users safe. Our salvage operations and divers keep the river clear of obstructions and open for business. We are responsible for river traffic control, security and navigational safety, including buoys, beacons, bridge lights and channel surveys.

Planning consultation and technical expertise:
We provide information, support and significant technical expertise to help river users and investors maximise the value of the river, and to do it safely. We license river works and dredging on the river, applying our expertise to keep river users safe and protect the environment.

Bringing people together and promoting the river:
We bring people together to discuss how to make the best use of the Thames and advocate its potential to those unfamiliar with it. We work with, and for, a wide range of stakeholders and partners on commercial freight, investment, property, safety, conservation, leisure, tourism, passenger transport, sporting pursuits and major events. We try hard to be a 'listening' organisation as well as one that delivers what our stakeholders need and want.

Environmental stewardship:
We hold the tidal Thames in trust, with the remit to hand it on to succeeding generations in the same, or better condition. A major part of our work is conservancy of the Thames, dredging and maintaining the main navigation channels on the river. As stewards of the marine environment, we carefully look after the river's many assets, conserving wildlife, keeping the river clean and free of rubbish. We also promote the use of the river as a natural, low-carbon transport route.



HOW WE CREATE VALUE FOR SOCIETY

	River Navigation & Safety	Planning Consultation and Technical Expertise	Bringing People Together and Promoting the River	Environmental Stewardship
WHAT WE DO	RIVER NAVIGATION & SAFETY	PLANNING CONSULTATION AND TECHNICAL EXPERTISE	BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER	ENVIRONMENTAL STEWARDSHIP
VALUE CREATED	SAFE, NAVIGABLE RIVER	APPROPRIATE INFRASTRUCTURE AND DEVELOPMENTS	STAKEHOLDER COOPERATION AND REPRESENTATION	RIVER CONSERVANCY, LICENSING AND DRIFTWOOD CLEARANCE
DIRECT OUTCOMES	MAINTAINING THAMES AS A VITAL ECONOMIC LINK	INFRASTRUCTURE SUPPORTS SUSTAINABLE GROWTH	RIVER'S POTENTIAL PROMOTED, SAFEGUARDED AND REALISED	PROGRESSIVELY IMPROVING THAMES ENVIRONMENT

VALUE CREATION FOR SOCIETY

HEALTH OF LONDON'S ECONOMY

SUPPORTING SAFE AND SUSTAINABLE GROWTH

INCREASING THAMES AMENITY VALUE

SUSTAINING A LEADING SPACE FOR TOURISM, SPORT AND LEISURE

“EVERY DAY IS A NEW DAY AND A NEW EXPERIENCE ON THE THAMES”

THAMES VISION CONSULTATION RESPONSE, 2015

INCOME

343
NO. OF EMPLOYEES

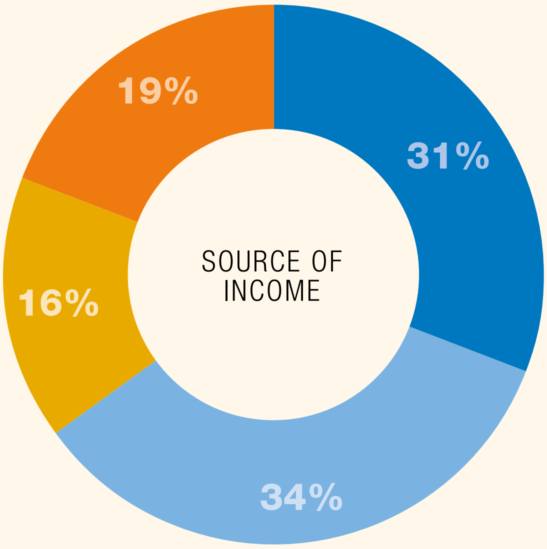
95 miles
LENGTH OF TIDAL RIVER MANAGED

947 ha
SIZE OF ESTATE (LAND)

10,315 ha
SIZE OF ESTATE (MARINE)

44
PLA FLEET OF VESSELS (INCL SIX ESTUARY SERVICES LTD)

As a self-financing Trust Port, we cover the cost of our operations from the fees we levy and make a surplus to invest in the maintenance and renewal of our operational assets. Our income is from:

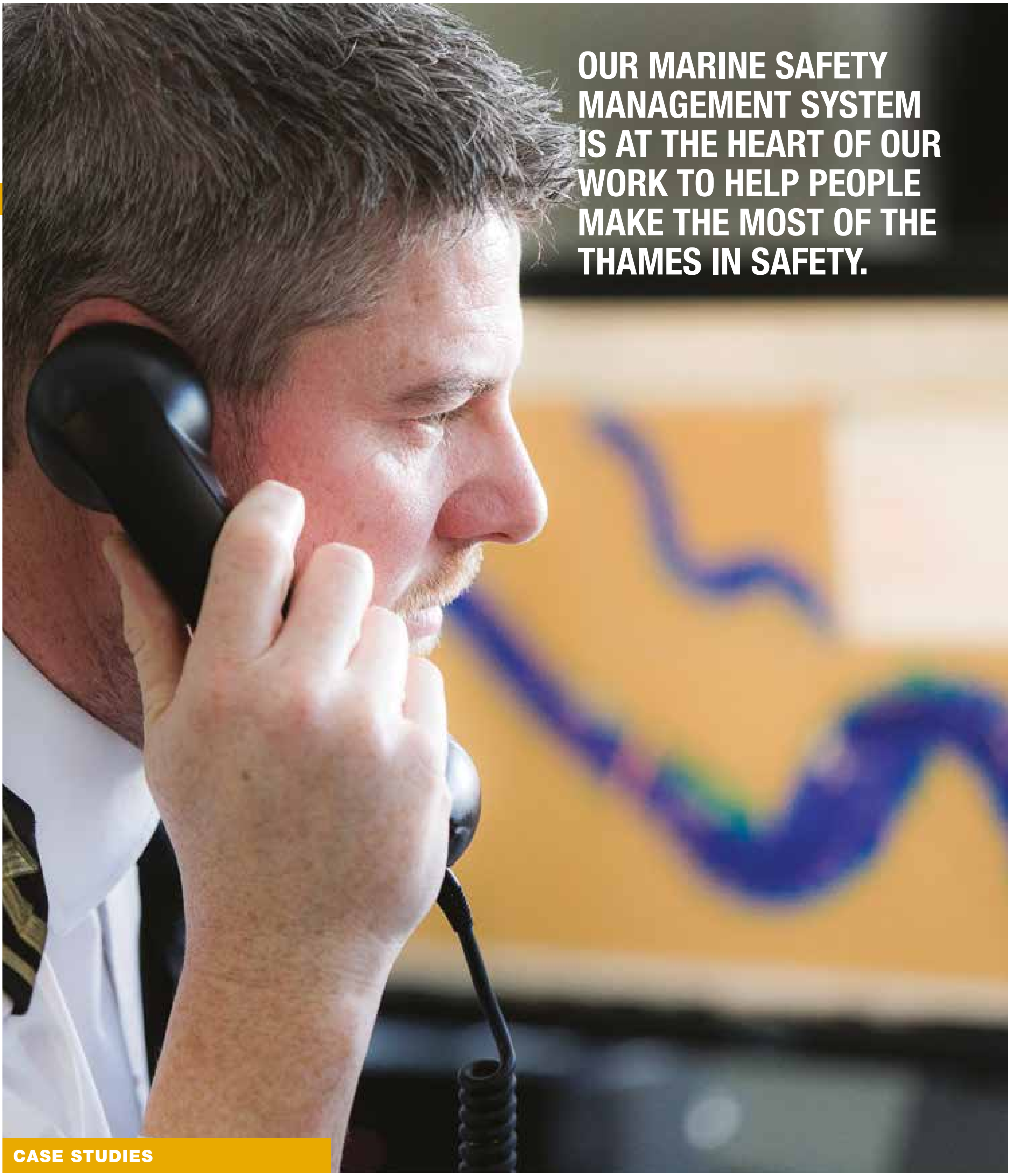


31%
CONSERVANCY CHARGES
– fees charged on ships and their cargoes entering and leaving the port for the maintenance of the channel and facilitating safe navigational access.

34%
PILOTAGE DUES
– charged for providing a pilot who guides the ship into and out of the port (includes Pilots' National Pension Fund levy).

16%
OTHER
– includes hydrographic surveying for third parties, marine services such as laying and renewing moorings, vessel licensing, fees for events and filming on the Thames.

19%
RIVER LICENSING
– river works licensing fees and rents for facilities in, under or over the river.



OUR MARINE SAFETY MANAGEMENT SYSTEM IS AT THE HEART OF OUR WORK TO HELP PEOPLE MAKE THE MOST OF THE THAMES IN SAFETY.

CASE STUDIES

1 The programme to update our radar equipment with the latest "solid-state" technology included lifting a six-tonne cabin, with equipment installed, 42 metres up to its new position, on top of a Margate tower block.

2 A £250,000 upgrade to the hardware and software of our ships' bridge simulator included a separate tug simulator that interacts with the main simulator, increasing the system's value as a training and planning aid.

3 We launched an updated, easy-to-use guide to rowing on the Thames, developed with Thames Regional Rowing Council, packed with graphic illustrations covering: principles of rowing on the Thames; local river characteristics; navigation tips; and practical advice.

RIVER NAVIGATION AND SAFETY

14
SIGNIFICANT NAVIGATIONAL INCIDENTS
(2014: 40)

11,745
PILOTAGE ACTS
(2014: 11,188)

Our main responsibility is maintaining the Thames river channels and managing safe navigation along 95 miles of the tidal Thames, downstream of Teddington Lock. We do this by reviewing regularly the hazards and risks to safe navigation and putting in place safety measures to address them. These include navigation lights and buoys, charting services, pilotage and Vessel Traffic Services (VTS) control centres at Woolwich and Gravesend, which oversee safe navigation over 400 square miles. Ours is the largest VTS area in Europe.

Our Marine Safety Management System sits at the heart of our work to help people make the most of the Thames in safety. This meets the requirements of the Port Marine Safety Code and is continually updated to reflect developments in best practice, changes in trade and the wide range of marine operations and activities within the port. As the river gets busier, our robust approach to risk management is delivering a year-on-year reduction in significant navigational incidents.

Safety performance in 2015 was strong with 14 significant navigational incidents in the year, compared to 40 in 2014. This is in the context of virtually all aspects of river use growing: more and bigger cargo ships, more passenger boats, new projects moving materials by river and new recreational uses. Credit for the success is shared between the PLA teams and river users alike.

We oversee a river where users range from rowers and kayakers in west London, to the world's biggest container ships towards the mouth of the river. Developments during the year reflected this diversity. For recreational river users, we introduced a new, simpler and easier to use Rowing Code of Practice, developed jointly with the Thames Regional Rowing Council.

We also launched a Vulnerable River Users campaign with messages aimed at helping those river users stay safe by being seen, and encouraging other river users to navigate considerately when nearby. Stand Up Paddle Boarding is a rapidly growing sport and, after close and careful consideration, we published new guidance which allows paddle boarding downstream of Putney, subject to very strict criteria being met.

River use continues to intensify in central London, with passenger vessel operators carrying more people and new projects using the river to meet their freight needs. We licensed one of the highest profile film shoots on the river in recent years: the James Bond film 'Spectre'. Our team also again helped host the Greenwich Tall Ships festival and parade.

The number of larger vessels arriving continued to increase. These include the new Grimaldi vessels that are now handled at Tilbury's riverside berths; the ultra-large container ships at London Gateway Port; and the 228-metre long *Viking Star*, the largest-ever cruise ship to call at our Greenwich moorings. We continue extensive planning for new vessels' first visits to the Thames, with pilot training, simulation of operations in our bridge simulator and use of pilots' portable units onboard to give them enhanced situational awareness.

OUR PLANNING AND TECHNICAL EXPERTISE IS A TOUCHSTONE FOR THE WORK WE DO TO PROMOTE THE USE OF THE RIVER.

CASE STUDIES

1 Works started on the Northern Line tube extension, with a giant conveyor belt loading tunnelling spoil on to barges. Some 600,000 tonnes of spoil is set to be taken by barge to Tilbury in Essex, saving over 40,000 lorry trips.

2 Plantation Wharf Pier was opened, after extensive planning team and harbour masters' involvement, delivering the first Thames houseboat community with wash mitigation measures.

3 Essential enabling works for the Thames Tideway Tunnel started, with the development of a new pier to the east of Blackfriars to replace the existing upriver pier, which has to be removed.

PLANNING CONSULTATION AND TECHNICAL EXPERTISE

23
PERMANENT RIVER WORKS LICENCES
(2014: 28)

70
TEMPORARY RIVER WORKS LICENCES
(2014: 60)

19
DREDGING LICENCES
(2014: 15)

Our planning and technical expertise is a touchstone for the work we do to promote the use of the river. It is widely drawn on as we make sure riverside wharves are maintained for river use; provide expert advice to people looking to use the river, whether for trade, travel or leisure; and oversee major events on the river.

In 2015, this expertise was called on to assist with planning growth in passenger operations and inland waterways freight on the Thames. After many months of work, we were able to licence the new Plantation Wharf Pier with a first-of-its-kind wash mitigation for houseboats moored alongside. This project collectively drew on the harbour masters, planning and environment teams.

As part of the Thames Vision development process, we worked closely with the Greater London Authority, Transport for London and the boroughs to scope the potential for passenger transport development on the Thames. This included looking at new piers, new routes and vessels. Working with Transport for London, we also commissioned a river capacity study to help us understand what capacity constraints we face and how best to address them.

New development projects that we advised on, including the Northern Line extension and Battersea Power Station development, started using the Thames for transporting materials. This realised river transport benefits for the local communities, including reduced emissions and congestion, combined with improved safety.

The Thames Tideway Tunnel scheme is the biggest single project on the Thames in over a century. It is drawing heavily on the planning and technical expertise of our core staff and the additional team members recruited to cover the scheme's substantial technical and consenting demands. During 2015, we processed increased numbers of licence applications related to the Thames Tideway Tunnel scheme.

We are working hard to bring two safeguarded wharves in east London (Peruvian and Orchard), back into use. At Peruvian the final steps in the purchase process are in hand. For Orchard, further legal work is involved to secure approval to use our compulsory purchase powers.

We continue to work with DEFRA, the Department for Transport and the Marine Management Organisation (MMO) over the delegation of MMO authority to provide a single marine licence for developments on the Thames. The details of this are being worked through, but the principle of providing operators with a 'one-stop shop' for Thames licensing is agreed.

WE ARE UNIQUELY PLACED TO BRING TOGETHER THAMES STAKEHOLDERS TO MAKE THE MOST OF THE RIVER'S POTENTIAL.

CASE STUDIES

1 We gathered economic impact data, first-of-its-kind amenity benefit data, and commissioned research including a river capacity study. The economic and amenity reports were launched at a breakfast briefing.

2 Nine dedicated 'sector specific' sessions were held, focused on topics from port trade to environment and heritage, to help develop the detail of the Vision.

3 The Thames Vision Goals and Priority Actions document, launched just before Christmas, drew on extensive engagement with stakeholders to frame a path for the river's development over the next 20 years.

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

200

PEOPLE ATTENDED OPEN PUBLIC MEETINGS TO DISCUSS THE THAMES VISION

As a centre for activity, whether trade, travel or sports, and a catalyst for investment, the river needs a strong advocate to ensure that its contribution is recognised, protected and enhanced. We are uniquely placed to bring together Thames stakeholders to make the most of the river's potential.

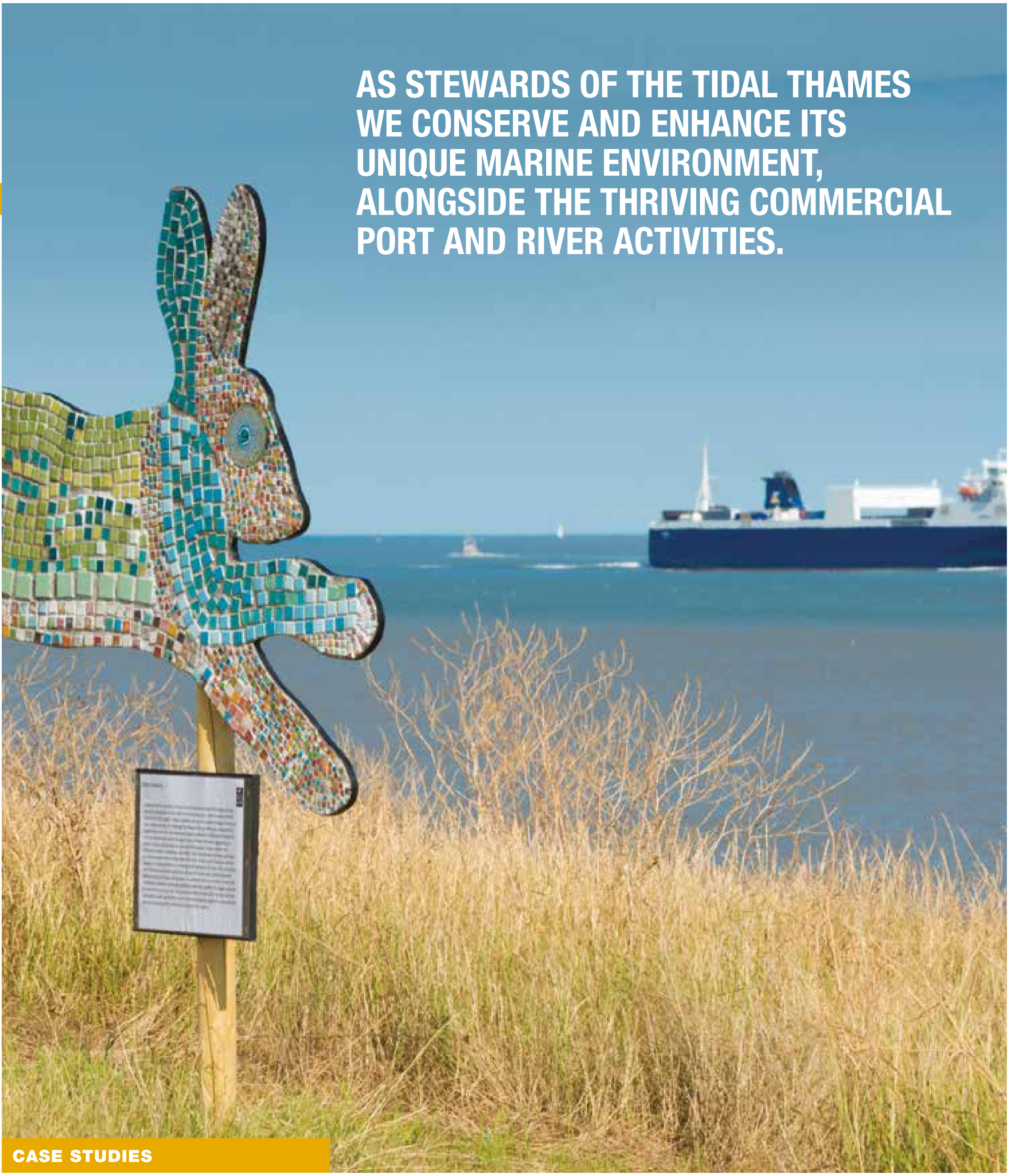
Our convening and advocacy role is at the heart of the Thames Vision project, which looks to identify the path for development of river use over the next 20 years. Through this project we brought together and engaged with hundreds of people at public meetings, through online questionnaires and at river use specific sessions. Together we shaped an ambitious plan for the river's future development, encompassing greater use in all aspects, combined with enhanced environmental stewardship. The outline plan – the overall Goals and Priority Actions – was launched for consultation just before Christmas.

Equally important, by the end of the year, the work, and particularly the prospects identified for the future, resulted in a completely different story being told about the Thames. In media coverage in the Telegraph, London Evening Standard and the Guardian, the story was of a growing river at the heart of a growing city.

With the Thames a valuable asset in a rapidly growing capital, getting the economic, environmental and amenity benefits of greater river use consistently voiced and understood is essential. This will ensure that the importance of protecting and ensuring use of wharves safeguarded for port use is well understood. It will open people's eyes to prospects for the future too. With two deep sea container ports downriver, it is time to look at consumable goods being 'transhipped' into London, alongside the established bulk cargoes, reducing carbon emissions and congestion on London's roads.

The work on the Thames Vision was undertaken alongside our established role, promoting river use and development of essential infrastructure. We continue to work closely with the Greater London Authority and welcomed their identification and marketing of a site at Albert Island for a boat yard for essential vessel maintenance.

AS STEWARDS OF THE TIDAL THAMES WE CONSERVE AND ENHANCE ITS UNIQUE MARINE ENVIRONMENT, ALONGSIDE THE THRIVING COMMERCIAL PORT AND RIVER ACTIVITIES.



CASE STUDIES

1 We launched the Cleaner Thames campaign, developed with Tideway and Thames21, looking to raise awareness of rubbish, particularly plastic bottles, ending up in the river. The campaign message: Bin it for a Cleaner Thames.

2 More than 2,700 seals, porpoises, dolphins and whales were reported to have been spotted in the Thames Estuary over the past ten years by the Zoological Society of London. Our pilots, harbour launch and marine services crews regularly report sightings.

3 We upgraded the mains water supply at our Denton Jetty, installing 150 metres of new pipework, plus state-of-the-art airbrake tanks, to service our fleet of boats and Svitzer's tugs.

10,315 HECTARES
RIVERBED ESTATE

947 HECTARES
LAND ESTATE

9
SITES OF SPECIAL SCIENTIFIC INTEREST WITHIN JURISDICTION

The Thames provides a range of diverse, thriving habitats for many different species of fish, birds, seals and other wildlife. As stewards of the tidal Thames, we conserve and enhance its unique marine environment, alongside the thriving commercial port and river activities.

Within our area of jurisdiction there are nine Sites of Special Scientific Interest (SSSI) including Holehaven Creek and the South Thames Estuary and Marshes. Many of the SSSIs have further European environmental designations as Special Protection Areas or Special Areas of Conservation, or international designation as RAMSAR sites.

In recent years we have been finding increasing numbers of plastic bottles in the rubbish and driftwood that we clear from the river, and foreshore, with the environment charity Thames21. To tackle this, along with Thames21, Totally Thames and Tideway, we launched the Cleaner Thames campaign to raise awareness of the issue and to get people to put their rubbish in the bin. Supported by explorer Paul Rose, the campaign attracted support from numerous river operators, wildlife conservation organisations, recreational river users and other groups.

We work continuously to improve the environmental performance of our operation. During the year we replaced the mains water supply pipe at Denton Wharf, complying with the environmental standards and reducing leaks. We also bought new oil spill collection equipment and conducted an exercise using it, with partners in the Thames Oil Spill Clearance Association (TOSCA).

In 2015 our carbon footprint was essentially unchanged at 2,124 tonnes. We continue to explore ways to reduce carbon emissions, with our new, 30% lighter, hydrographic survey boat *Maplin* expected to contribute to this goal.

Our work to encourage people to move freight by river supports the drive to reduce carbon emissions and congestion on London's roads. During 2015 the equivalent of 135,000 lorry loads of material was moved by river; this will increase once work on the Thames Tideway Tunnel starts in earnest.

Our land ownership includes 10,315 hectares of the Thames riverbed between Teddington Lock and Southend, and a terrestrial estate of 947 hectares. Over 90% of our estate enjoys environmentally protected status. During 2015 we completed the review of bids to operate Rainham Salt Lagoons as a site for disposal of dredged materials. This is an important step as the placing of wet, dredged materials will enhance the condition of this designated habitat.

AS A TRUST PORT WE LOOK AFTER THE RIVER FOR THE BENEFIT OF FUTURE GENERATIONS

CASE STUDIES

1 We had a float in the Lord Mayor's Show for the first time in five years, joining an array of maritime institutions underlining the importance of London's maritime links.

2 Some £90,000 invested, in partnership with the Crown Estate, in refurbishing river access point, Bargehouse Causeway. The causeway is important for recreational river users and the emergency services.

3 IS manager, Jon Stacey was one of the staff whose fund-raising efforts we supported. Jon completed the RideLondon-Surrey 100, raising £500 for WaterAid, which we topped up with a £250 contribution.

PLA IN THE COMMUNITY

£37m
ESTIMATED STAKEHOLDER BENEFIT
(2014: £35M)

12
RIVERSIDE CODE TRAILER EVENTS
(2014: 12)

4
PUBLIC MEETINGS
(2014: 3)

81
PEOPLE ATTENDING STAKEHOLDER FORUM
(2014: 116)

As a Trust Port, we look after the river for the benefit of myriad stakeholders and, ultimately, future generations. We have no shareholders, so the benefits of our operations also accrue financially to stakeholders.

Our operations support activities on the river that generate substantial Gross Value Added (GVA) and employment. In 2015 we commissioned a conventional economic impact study which showed that port and river related GVA exceeds £4 billion (2009: £3 billion) and employment is in excess of 43,000 full-time equivalent jobs (2009: 46,000).

Alongside the traditional economic impact study, we commissioned a first-of-its-kind assessment of the value of the Thames as an amenity that people enjoy. This looked at a wide range of uses from towpath walks to tourist visits to riverside attractions. It gauged the amenity-related GVA to be £2.4 billion and the number of tourism jobs in riverside wards to be 99,000.

We also generate substantial stakeholder benefits through our operations. We calculate that the stakeholder benefit generated in 2015 by the PLA, beyond the statutory services we provide, was £37 million (2014: £35.5 million). The basis of this calculation has been updated to reflect employee remuneration, pensions costs and benefits. A full breakdown of our stakeholder benefit figures for 2015 can be found on page 34.

Our programme of riverbank, causeway and tree works provides benefits to the river and local communities. We refurbished Bargehouse Causeway, an important river access point for recreational river users and the emergency services. The work was jointly funded by the PLA and The Crown Estate with the PLA taking the lead on the £90,000, five-month project. We completed further river bank repairs around Hammersmith and Kew, with the programme of tree management also continuing.

In addition to our ongoing support for the Museum of London Docklands, where our archive is stored, and Thames21, we also support employees raising funds for charity. During 2015, four employees benefited from this support, under which we contribute up to £250 per employee. The total contributed over the year was £930 and supported employees including Craig McArthur and Phil Dalton, who completed the Shine Cancer Research “Light up London” Half Marathon, and Jon Stacey, who completed the RideLondon-Surrey 100.

THE SUCCESS OF THE PLA RELIES ON THE SKILL, ENTHUSIASM AND PRIDE OF OUR PEOPLE.

CASE STUDIES

1 We run two staff well-being days every year, with massage, blood pressure checks and general healthy living advice available to employees at our main bases.

2 Our first staff survey found a high level of staff engagement; one of the main issues identified was the provision of a private health option for all staff, which we put in place by the end of the year.

3 We achieved a year Lost Time Accident free for the first time in over 20 years; continued near miss reporting will be key to sustaining this performance in the future.

343
EMPLOYEES
(2014: 346)

0
LOST TIME ACCIDENTS
(2014: 1)

45
NEAR MISS REPORTS
(2014: 26)

Our workforce of 343 people delivers essential services which help many thousands of people use the river in safety every year. With a strength in depth of seafaring and marine expertise, we also employ skilled electrical and marine engineers, planners, civil engineers, hydrographers and environmental experts. The highly-skilled team across functions including legal, IT, finance and administration provides the essential services that underpin the PLA.

In February 2015, we launched *Our PLA*, the new people strategy. This sets out how we will work together to achieve high standards of performance across the organisation. *Our PLA* includes a strong emphasis on employee engagement and we undertook our first staff survey to gauge how we were doing and identify areas we needed to address.

Overall, the staff survey results were encouraging with almost three-quarters of employees taking the time to respond. The headline finding was very positive, with a staff engagement score of 79/100, which placed us ninth out of the 65 organisations in the survey company's database. This reflected the finding that the majority of employees enjoy working at the PLA and are proud of what we do. Nine out of ten employees say they would recommend the PLA as a place to work.

Personal Health and Safety is one of our core commitments. Our goal is to maintain a safe operation, working towards a target of no Lost Time Accidents (LTA) to PLA employees, contractors or visitors. 2015 was our first LTA free calendar year in over 20 years.

We also achieved a record 45 'near miss reports'. These reports identify situations and incidents where safety could be improved and lessons learnt. Reporting these incidents is recognised to be essential in building a strong safety culture and reducing the number of serious accidents.

Near miss reporting is one of the things we promote continuously to improve our safety performance. In addition we systematically identify the risks of activities we undertake so that we can, as far as it is practicable, manage and mitigate them.

RIVER USE STATISTICS

PORT TRADE

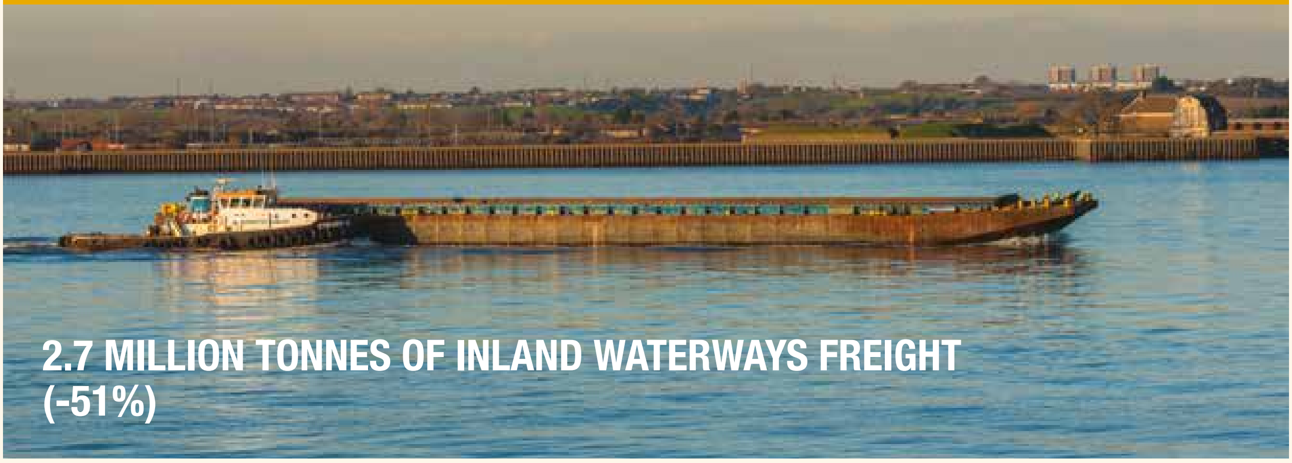
The tonnage of cargo handled at terminals on the Thames was 45.4 million tonnes, 0.9 million tonnes (or 2%) up on 2014. Growth was principally in containers and trailers (unitised traffic) up 4% to 16.8 million tonnes; aggregates and cement increased again as construction continued to recover up 1 million tonnes (11%) to 10.7 million tonnes. Oil trades fell by 8% to 10.9 million tonnes, with volumes particularly low at the beginning of year.

OIL	CONTAINERS & TRAILERS	AGGREGATES/ CEMENT	OTHER CARGOES	VEHICLES	TOTAL TRADE
10.9 MILLION TONNES	**16.8 MILLION TONNES**	**10.7 MILLION TONNES**	**6.3 MILLION TONNES**	**0.7 MILLION TONNES**	**45.4 MILLION TONNES**

PASSENGER TRAVEL

The number of passenger trips on the river in 2015 reached 10.3 million, remaining on target for the Mayor's River Action Plan target of 12 million trips a year. The 2015 increase in trips shows the underlying demand for river services; in 2014 the Tall Ships Regatta at Greenwich drew additional passengers to the river. The opening of new piers, delivery of new boats and extensive refits for others, all late in the year, will sustain growth in traffic into 2016.

INLAND WATERWAYS FREIGHT



Movement of freight between terminals on the Thames fell for the first time in four years to 2.7 million tonnes (2014: 5.5 million tonnes). The fall was due to the ending of the construction phase involving river movement of materials and supplies for two major projects: Crossrail and Thames Water's Lea Tunnel. River use remained strong nevertheless, with operators meeting the capital's construction site needs for supplies of sand and gravel. New schemes using the river included the Northern Line extension at Battersea. River use will move to another level once the £4.1 billion Thames Tideway Tunnel project gets under way.

SPORT AND RECREATION

In 2015, 89 major sporting events were held on the river. These included, for the first time, the women's University Boat Race on the same day, and same course as the men's competition. Other races which drew people to the river were the traditional Head of the River races and the Great River Race. With interest in sport and recreation on the Thames continuing to grow, our work to support safety included new guidance for Stand Up Paddle Boarding, an updated Rowing Code of Practice and a poster campaign aimed at helping keep the more Vulnerable River Users safe.

KEY PERFORMANCE INDICATORS

AS AT 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS £M	2015	2014	2013
Revenue	49.9	50.7	48.7
Operating profit	7.6	11.6	7.3
Net cash inflow from operating activities	6.8	10.5	3.4

RIVER NAVIGATION AND SAFETY	2015	2014	2013
Navigational Safety			
Significant navigational incidents	14	40	34
Pilotage Service			
No. of pilotage acts	11,745	11,188	11,580
No. of pilotage delays	154	41	14
Percentage of total pilotage acts delayed	1.3%	0.4%	0.12%
Total no. of pilotage exemption certificates	150	163	201
New pilotage exemption certificates issued	13	16	26
Hydrographic Surveys			
Hydrographic surveys completed	314	313	325
Diving Operations			
Diving operations	60	75	133
Sporting events			
No. of sporting events held on river	89	83	84

ENVIRONMENTAL STEWARDSHIP	2015	2014	2013
Water use (litres)			
Rainwater harvesting (Marine House)	70,000	118,000	140,000
PLA carbon footprint (CO_2 equivalent tonnes)			
Carbon emissions*	2,124	2,054	2,594
PLA Energy Use (kilowatt hours)			
Electricity consumed	1,343,138	1,623.067	1,682,980
Electricity generated	30,400	51,792	51,447
Gas	586,940	536,872	705,081
PLA waste generation and recycling (tonnes)			
Pre-segregated recyclable	88	44	15
General waste	34	38	32
Hazardous waste	7	15	7
Miscellaneous waste	1	3	-
Driftwood recovered (tonnes)			
Tonnage of material recovered from the river	211	176	256
Thames Oil Spill Clearance Association (TOSCA)			
Call-outs	4	6	7
Reportable spills	8	2	3
Oil encountered (including sheen)	8	4	4
False alarms (nothing found)	2	2	2
Other call outs (safety of life, etc.,)	-	-	1

*The 2014 value is different to that reported last year as we are now including emissions from our waste disposal, water supply and treatment and mileage from company cars and expense claims.

KEY PERFORMANCE INDICATORS (CONTINUED)

PLANNING AND TECHNICAL EXPERTISE	2015	2014	2013
River Works Licences			
Permanent River Works	23	28	27
Temporary River Works	70	60	63
Dredging	19	15	17

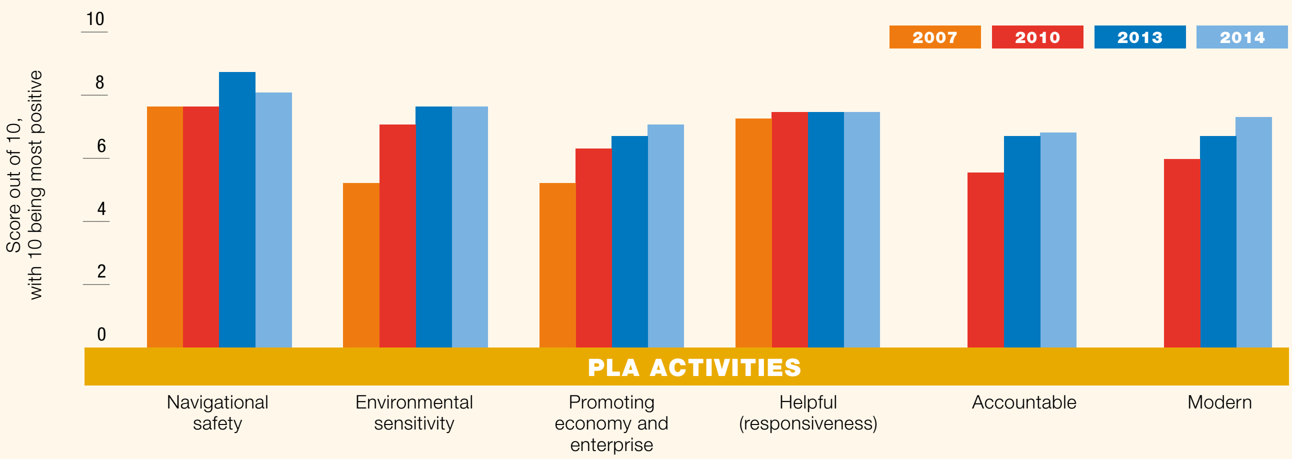
CONVENING STAKEHOLDERS & RIVER ADVOCACY	2015	2014	2013
Stakeholder Meetings			
No. of public meetings held	4	3	3
No. of people attending public meetings	208	92	125
No. of stakeholder forums	1	1	1
No. of people attending stakeholder forums	81	116	95

PLA IN THE COMMUNITY	2015	2014	2013
Riverside Code trailer			
No. of events attended by Riverside Code trailer/gazebo	12	12	9
No. of children through Riverside Code Trailer	5,000	6,000	9,000

PLA PEOPLE	2015	2014	2013
Personal Health & Safety Statistics			
Lost Time Accidents	0	1	1
Near miss reports	45	26	24
Workforce Diversity			
% of workforce that are women	18.2	17	16.4
% of workforce who are women in senior positions	23	20	8.5
% total Black, Minority or Ethnic origin	4.3	10	8.9
Customer Feedback			
Positive feedback	69	49	55
Complaints	8	2	14

ASSESSING OUR PERFORMANCE

Since 2007 we have periodically benchmarked stakeholder views of our performance. This graph shows the evolution of views since then; the next survey will be in 2017. (Assessment of accountability and modernity started from the 2010 survey.)



STAKEHOLDER BENEFITS*

AS AT 31 DECEMBER 2015

PLA IN THE COMMUNITY

	2015	2014
Major Charitable Donations		
Thames21	£25,000	£25,000
Tilbury Seafarers Centre	£30,000	£30,500
Thames Explorers Trust	£12,000	£9,880
Discounted port charges	£25,849	£15,803
Other charitable donations	£18,209	£14,352
Riverside Code & community outreach	£12,167	£16,023
Museum of London Docklands	£40,000	£25,000
Thames 21 (administration costs)	£77,869	£54,230
Gravesham Borough Council (Town Pier)	£3,425	£3,000
	£244,519	**£193,788**

ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT

	2015	2014
Archive at Museum of London Docklands	£68,270	£66,942
River bank maintenance	£31,375	£1,440
Richmond Lock and Weir	£527,768	£557,656
	£627,413	**£626,038**

GOVERNMENT BENEFIT

	2015	2014
Taxation – Pay As You Earn	£7,572,183	£7,466,000
National Insurance (employer's and employees elements)	£3,276,104	£3,330,000
Corporate Tax	£795,000	£1,393,000
Business Rates	£401,214	£341,000
	£12,029,501	**£12,530,000**

BUSINESS COMMUNITY BENEFIT

	2015	2014
Subscriptions to Business Organisations	£63,751	£57,515
Thames Estuary Partnership	£30,000	£30,000
Thames Training Alliance	£13,000	£25,000
Thames Careers Open Day	-	£18,955
Shipping Innovation Award	-	£5,250
Centre for London	-	£3,000
	£106,751	**£139,720**

EMPLOYEES' BENEFIT

	2015	2014
Employee remuneration, pensions costs and benefits**	£24,155,590	£22,015,124
Sports & Social Activities	£150	£9,362
	£24,155,740	**£22,015,274**

Total Stakeholder Benefit	**£37,178,924**	**£35,514,182**

The basis of this calculation has been updated to reflect employee remuneration, pensions costs and benefits; the 2014 figures shown here are calculated on the same basis.

In several cases we have for clarity, listed two separate contributions to the same organisation. For Thames21, we made a £25,000 financial contribution in addition to the £77,869 of 'in-kind' support we provided running some of their back office systems (HR and finance). Similarly, with Museum of London Docklands, we provided £25,000 in core financial support and £68,270 to cover space rental for the storage of the PLA archive.

*Our stakeholder benefit calculation is based on actual costs incurred during 2015. In the case of activities for core PLA responsibilities generating wider stakeholder benefit, we have listed the full cost of those operations for the year.

**£2 million of the increase relates to increased payments to the PLA Pension Scheme under the agreed deficit repair plan

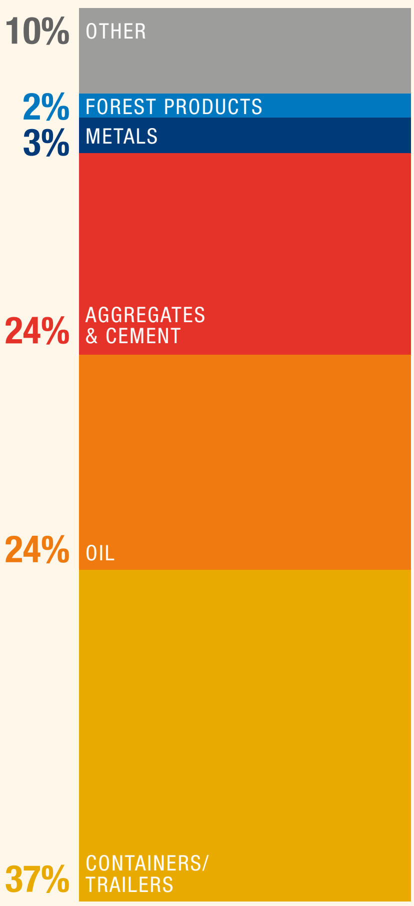
PORT TRADE STATISTICS

TRADE (MILLION TONNES)	2015	2014
Imports	38.3	37.5
Exports	7.1	7.0
Total	45.4	44.5

UNITISED TRAFFIC ‘000 TWENTY-FOOT EQUIVALENT UNITS – (INCLUDED IN ABOVE TONNAGES)	2015	2014
Imports	1,120	1,050
Exports	1,097	1,047
Total	2,217	2,097

NUMBER OF CHARGEABLE VESSEL ARRIVALS TO THE PORT OF LONDON	2015	2014
Total	10,495	11,110

PORT OF LONDON TRADE BY TYPE 2015



UNITED KINGDOM PORT TRAFFIC 2015*

(MILLION TONNES)

* Source: Department for Transport

PORT TRADE STATISTICS (CONTINUED)

AS AT 31 DECEMBER 2015

PORT OF LONDON TOTAL TRAFFIC

	Imports million tonnes		Exports million tonnes		Total million tonnes	
	2015	2014	2015	2014	2015	2014
Oil, crude & products	10.9	11.8	0.0	0.1	10.9	11.9
Containers & trailers	12.2	11.7	4.6	4.5	16.8	16.2
Aggregates / cement	10.7	9.7	0.0	0.0	10.7	9.7
Other cargo	3.0	2.8	1.5	1.4	5.8	4.2
Forest products	1.0	1.0	0.0	0.0	1.0	1.0
Metals & ores	0.5	0.5	1.0	1.0	1.5	1.5
Total	38.3	37.5	7.1	7.0	45.4	44.5

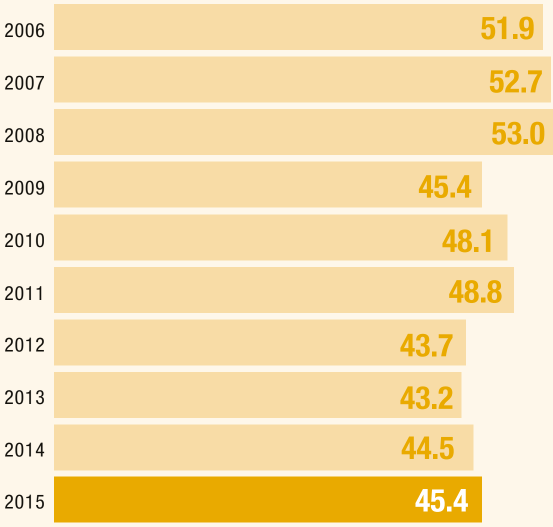
The above figures exclude the transport of refuse and other internal port traffic.

UNITISED TRAFFIC – (INCLUDED IN ABOVE TONNAGES)

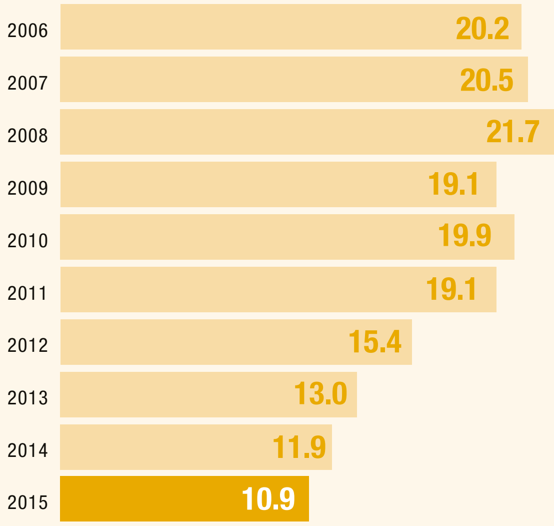
	Imports 000 20-foot equivalent units		Exports 000 20-foot equivalent units		Total 000 20-foot equivalent units	
	2015	2014	2015	2014	2015	2014
Ro/Ro terminals (trailers & containers)	522	511	521	521	1,043	1,032
Container terminals	598	539	576	526	1,174	1,065
Unitised Total (TEUs)	**1,120**	**1,050**	**1,097**	**1047**	**2,217**	**2,097**

PORT TRADE STATISTICS (CONTINUED)

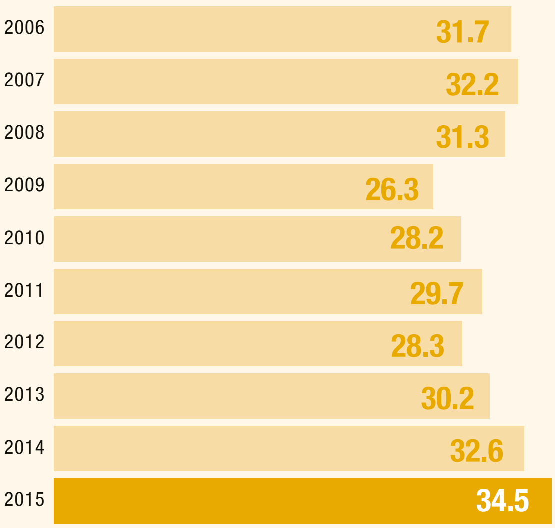
PORT OF LONDON TOTAL TRAFFIC
MILLION TONNES



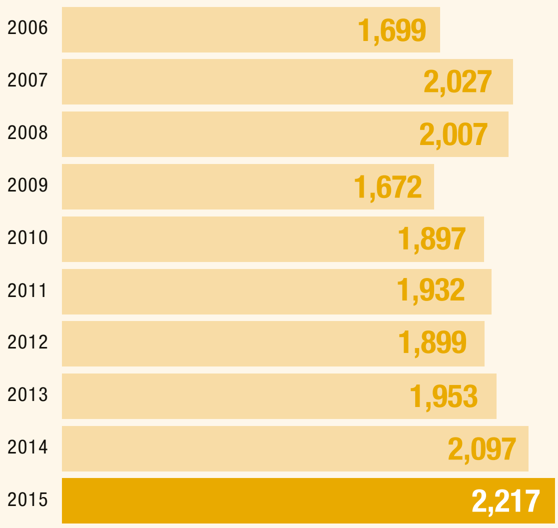
PORT OF LONDON FUEL TRAFFIC*
MILLION TONNES



PORT OF LONDON NON-FUEL TRAFFIC
MILLION TONNES



PORT OF LONDON UNITISED TRAFFIC
THOUSAND TEUS



* Fuel Traffic has traditionally included oil, plus fuel for power generation and manufacturing operations such as cement making. Following the closure in 2013 of Tilbury Power Station, and the closure in previous years of Thameside cement works, the figure is now solely oil related.

RISK MANAGEMENT

The PLA oversees safe navigation along the tidal Thames, shares its marine, environmental, planning and other expertise to promote use of the river and safeguard its marine environment, whilst operating within an acceptable risk envelope. The Board recognises that there are inherent risks in running any business, but to ensure that the PLA's risk appetite is not exceeded, a risk management system is required which enables risks to be identified, understood and managed.

Risk management within the PLA is designed to be proportionate, comprehensive, objective and continuous. It is based on constant monitoring of known risks and knowledge of the Authority's operating environment, together with adherence to the Port Marine Safety Code (PMSC) to identify and manage any additional risks which may arise.

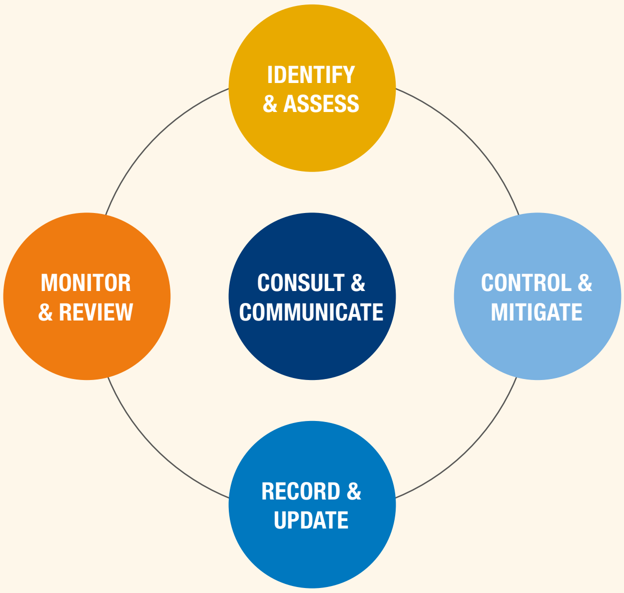
Risk analysis identifies the hazards and analyses risks to which the PLA is exposed, the causes of each risk, the impact and likelihood of its materialising and assesses how that risk should be managed. Any negative consequences of taking a risk are compared with the potential benefit to be derived from taking the risk and considered decisions made accordingly.

1. RISK ORGANISATIONAL STRUCTURE

The Board is responsible for overseeing the system of risk management and internal control. The Board monitors the effectiveness of the risk management process and receives reports from external formal biennial reviews. The Board has delegated the responsibility for implementing the process of risk management to the Executive Committee (ExCo).

ExCo has established three risk committees to assist senior managers in the operation and implementation of the risk management process. Chairs of risk committees are the three executive Board members and include all members of ExCo. Other committee members are drawn from all areas of the PLA providing a broad and comprehensive input to each risk committee. All three risk committees work to the same terms of reference which include the functions shown in the diagram below:

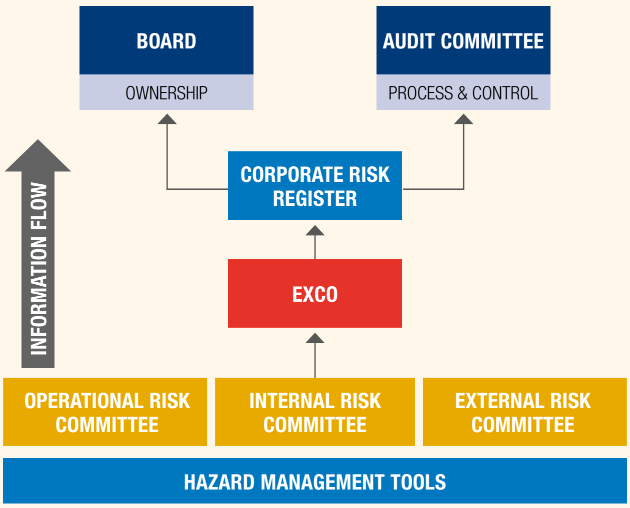
RISK MANAGEMENT PROCESS



It is the responsibility of the Audit Committee to review the systems which are in place and to provide assurance to the Board that the process of risk management is operating effectively.

The following diagram illustrates the risk management structure.

PLA RISK MANAGEMENT STRUCTURE



The risk registers of the three committees form the core of the risk management process. They are reviewed and updated at least four times each year. Each committee presents its register to ExCo and the Board annually, together with an annual review paper submitted by each committee chair. The head of risk, who attends all committee meetings, also reports annually to the Board and Audit Committees outlining system changes, reporting on performance of the risk committees and reviewing policy, risk appetite and terms of reference documents. The distillation of the three separate risk registers into one corporate risk register is undertaken to accompany each risk report to both ExCo and the Board. The corporate risk register is available to the Board via the dedicated area within the Board website portal.

Risk training is undertaken annually for all risk committee members, facilitated by an external trainer delivering bespoke courses.

The PLA is confident that its procedures to ensure the necessary monitoring of risks and controls were sufficient throughout 2015.

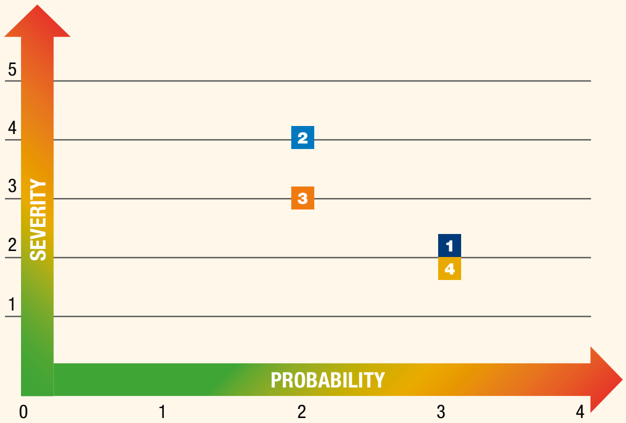
Two external reviews have been undertaken since the introduction of this risk management structure.

The first was in 2013 with the remit to test the system design, ensure that it was sufficiently robust and make recommendations for improvement. The results of the audit constituted a pass and included a number of suggestions for improvement, all of which were ultimately adopted.

The focus of the second review in 2015 was the successful operation of the risk management system as designed. The results of the review were positive, with only minor improvements recommended. All of the enhancements were accepted and will be implemented during 2016.

The current three strategic risk registers include four risks (as shown in the graph below). The principal risks and uncertainties faced by the organisation in 2015, as recorded in the corporate risk register, are set out on the following pages, together with the potential effects, controls and mitigating factors,

2015 STRATEGIC CORPORATE RISKS



RISK 1 Loss of major revenue source
RISK 2 Closure of main navigational channel
RISK 3 Pilots National Pension Fund deficit
RISK 4 PLA Pension Fund deficit

2. STRATEGIC RISKS*

Risk, effect and progression	Potential Net Impact	Controls and mitigation	Action
1. Loss of major revenue source The loss of revenue because a revenue-raising opportunity no longer exists for instance but not limited to, closure of a facility which would have serious implications for both revenues and costs. ➡	**Moderate**	Maintain as close links as possible with all stakeholders by for example appointment of Customer Relationship Managers for our larger customers. Close cost control regime continues throughout the PLA, ensuring an economic and efficient service provision is maintained. Customer Relationship Managers have been allocated to our largest customers as part of a year-long trial to increase the information flow.	Continued vigilance with major operators, shipping lines and other stakeholders.
2. Closure of main navigational channel that results in closure or partial closure of the port, significantly disrupting or halting operations and trade. Closure due to: collision, grounding, foundering, deliberate action by terrorist (bringing down a bridge arch), deliberate action by a pressure group blocks the river. ➡	**Moderate**	Effective navigational Safety Management Systems, Risk assessment/hazard review, Vessel Traffic Services, Pilotage, Hydrography. Effective response to clearing channel, if engaged to do so, highlighting experience of Marine Services and capability of mooring maintenance/salvage vessel *London Titan*.	Establish protocols and procedures. Advance notice to other river users in order to reduce impact.
3. Pilots National Pension Fund (PNPF) deficit The PNPF, which is a multi employer scheme, has a substantial deficit in which the PLA has a share in the region of 6.8%. It is a long term, open ended, industry wide liability over which individual employers have little influence. An industry wide repair plan is in place which, in common with many ports, is funded by way of a levy. ⬇	**Moderate**	In common within the industry we impose a levy on pilotage acts and tripping charges at a level that meets the requirements of the repair plan.	Encourage and support the ongoing discussions regarding other viable solutions.
4. PLA Pension Fund (PLAPF) deficit There is a substantial deficit on an actuarial basis on the PLAPF. As at the balance sheet date, the deficit stands in excess of £75m. There is a repair plan in place, however, it is a long term open ended commitment subject to a significant degree of volatility. ⬇	**Moderate**	For the short and medium term, changes have been implemented to the benefits structure. PLA continues to adhere to the repair plan and supports the trustees in pursuit of appropriate investment strategies.	This is a long term issue for which the PLA has an objective of maintaining affordability, whilst managing risk in so far as it can do.

Key: ⬆ Risk Increased ➡ Risk Unchanged ⬇ Risk Decreased

* Like all businesses, legislative changes can affect PLA operations.

3. GOING CONCERN BASIS OF ACCOUNTING

The Board has a reasonable expectation that the company has adequate resources for a period of at least 12 months from the date of approval of the financial statements and has therefore assessed that the going concern basis of accounting is appropriate in preparing the financial statements and that there are no material uncertainties to disclose.

This conclusion is based on a review of the resources available to the company, taking account of the company's financial projections, together with available cash and committed borrowing facilities, as well as consideration of the company's capital adequacy and any material uncertainties. In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Board would consider undertaking.

4. LONG TERM VIABILITY STATEMENT

The Board has assessed the viability of the company over a three-year period to December 2018, taking account of the company's current position and potential impact of the principal risks documented in the corporate risk register. The Board conducted this review for a period of three years which was selected for the following reasons:

I. Our normal business cycle is a budget plus two plan years. To go beyond that in a business environment prone to change has in the past proved unrealistic. The recent rapid growth in vessel size is indicative of this.

II. With a balance sheet dominated by pension liabilities it makes sense for us to use a review window which fits in with the triennial valuation process of the PLA pension fund and PNPF.

Based on the results of this analysis, the Board has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2018.

In making this statement the Board has considered the resilience of the company, taking account of its current position, the principal risks facing the business in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

WE ARE COMMITTED TO MAINTAINING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE.

OUR YEAR

During 2015, the Board focused the organisation on the following priority areas: development of the Thames Vision; implementation of the new people strategy, *Our PLA*; and developing the PLA's commercial activities/income.

The Board met seven times, with one of the meetings an 'away day' which provided opportunity for looking at four items in greater depth. Members also visited London Gateway Port as a group, subsequent to one of our meetings.

The substantive items we addressed together as the Board included:

Thames Vision and future strategic direction
Business cases for investments exceeding £500,000
Major commercial developments in the port and relationships with PLA customers
Significant legal issues, including major licensing decisions
Stakeholder relations

OUR APPROACH

The Board's role is to set the strategy of the PLA, ensure its long-term success and that we create stakeholder value. In particular we have a duty to manage the tidal river Thames in trust for future generations and to pass it on to our successors in an improved condition. As a provider of essential navigational safety services, we have to ensure that the organisation is efficient and provides customers with cost-effective services. With no shareholders, we are accountable to stakeholders and value their input in shaping the approach and decisions that we take.

We are committed to maintaining the highest standards of corporate governance and follow the principles of the Combined Code, where appropriate, for a statutory organisation.

Our governance is consistent with best practice and the requirements of the Department for Transport's guidance, Modernising Trust Ports II (August 2009). We comply with the requirements of the Port Marine Safety Code (PMSC) and review performance regularly with the guidance of the 'Designated Person', as set out in the PMSC.

During 2015, the Department for Transport completed its Trust Port Study, a review in particular of governance and stakeholder engagement arrangements. One of the study recommendations calls for Trust Ports regularly to review their strategic objectives and consider if the Trust Port model is the best way of achieving these objectives. We will be taking forward such a review in 2016 as we assess the strategy and shape of the PLA in light of the goals identified in the Thames Vision project.

As the Board, we regularly receive detailed financial and operational information to allow us to monitor the key areas of the business. Senior managers regularly brief us on various aspects of the PLA's work, risk and, from time to time, members meet with and visit the principal stakeholders to understand and keep abreast of their concerns, objectives and requirements of the organisation.

CORPORATE GOVERNANCE REPORT (CONTINUED)

OUR GOVERNANCE STRUCTURE

Seven scheduled board meetings were held during the year. In addition, the four committees of the Board overseeing specific elements of the business met and reported back, as needed. The committees are:

- **A** Audit Committee
- **L** Licensing Committee
- **N** Nominations Committee
- **R** Remuneration Committee

A series of short reports on each of the committees starts on P52.

OUR PEOPLE

The Board is made up of a chairman and up to three non-executive members appointed by the Secretary of State for Transport; and up to four non-executive members appointed by the Authority. Three executive members also sit on the Board.

The make-up of the Board evolved during 2015, in particular with the recruitment of a new chairman to replace Dame Helen Alexander, who stepped down at the end of the year after completing the maximum six-year term. More information on the Board changes are included in the Nominations Committee report.

OUR STAKEHOLDERS

Open communications with our stakeholder community is at the heart of our operations. Consistent with Modernising Trust Ports guidance, we hold an Annual Stakeholders' Forum, where stakeholders have an opportunity to meet, hear from and challenge the Executive and Board. A number of open Public Meetings and River Users Consultative Forums are held, giving stakeholders further opportunity for dialogue with the PLA.

OUR APPROACH TO RISK

We adopt a prudent approach to the management of risk in the business. This is consistent with our prime role, providing an essential safety service to our customers. We are also a commercial organisation and accept some level of risk as a normal consequence of doing business. More details of our approach to risk identification and management can be found on page 38.

BOARD EFFECTIVENESS REVIEW

During the year an independent Board Effectiveness Review was undertaken. The findings and recommendations were reported to the November Board meeting and further discussed in December. The review highlighted areas for improvement, which we will be taking forward this year. More details on the findings are in the Nominations Committee commentary on page 51.

We welcome any feedback you may have on this annual report – please email any comments to corporateaffairs@pla.co.uk

CHRISTOPHER RODRIGUES CBE
CHAIRMAN
30 MARCH 2016

BOARD MEMBERS

MANAGEMENT EXECUTIVE COMMITTEE

CHIEF EXECUTIVE:
ROBIN MORTIMER

CHIEF FINANCIAL OFFICER:
BRIAN CHAPMAN

CHIEF HARBOUR MASTER:
DAVID PHILLIPS, MVO

DIRECTOR OF CORPORATE AFFAIRS:
ALISTAIR GALE

DIRECTOR OF MARINE OPERATIONS:
PETER STEEN

DIRECTOR OF PLANNING AND ENVIRONMENT:
JAMES TRIMMER

DIRECTOR OF HUMAN RESOURCES:
GLENN WITHAM

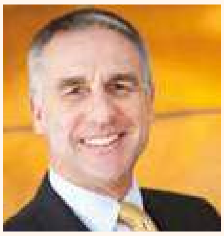
NON-EXECUTIVE MEMBERS

CHAIRMAN
CHRISTOPHER RODRIGUES, CBE

VICE CHAIRMAN
ANTHONY QUINLAN

HELEN DEEBLE, CBE

ALUN GRIFFITHS



IAN MONCRIEFF, CBE

ANNETTE MALM JUSTAD

EXECUTIVE MEMBERS

ROBIN MORTIMER (CHIEF EXECUTIVE)

BRIAN CHAPMAN (CHIEF FINANCIAL OFFICER)

DAVID PHILLIPS, MVO (CHIEF HARBOUR MASTER)

SECRETARY TO THE AUTHORITY

SUSAN GRUNDY

BOARD MEMBERS' BIOGRAPHIES

AS AT 30 MARCH 2016

CHRISTOPHER RODRIGUES CBE (66) CHAIRMAN

Qualifications: MA Cambridge; MBA Harvard, D Univ Surrey

Appointment to the board: January 2016

Committee membership: Nominations, Remuneration and Audit (ex officio)

Skills and experience: Christopher brings substantial operational and financial experience to the Board having over 20 years' experience as a CEO and Chairman of public, private and charitable organisations. As a past member of two winning Cambridge Boat Race Crews and subsequently chairman of the Leander Club he has practical experience of the river. His work in the tourism promotion sector will provide a new perspective for the Board's discussions.

Past career experience: CEO of Bradford & Bingley 1997 to 2004, President and CEO Visa International 2004 to 2007, COO then CEO of Thomas Cook 1988 to 1996. Previous roles at American Express and McKinsey.

Current directorships/business interests: Chairman of Visit Britain, Openwork LLP, The Almeida Theatre and the British Bobsleigh & Skeleton Association. He is a trustee of the National Trust, a craft-owning freeman of the Waterman's Company and Steward of Henley Royal Regatta.

ROBIN MORTIMER (43) CHIEF EXECUTIVE

Qualifications: BA(Hons), Modern History, Oxon; MSc, Development Studies, School of Oriental and African Studies

Appointment to the board: March 2014

Committee membership: Licensing

Skills and experience: Twenty years in the UK Government civil service, working on transport, environment, infrastructure and overseas development, leave Robin well placed to guide the PLA's strategic development. Particularly important skills for a Trust Port include stakeholder engagement, combined with broad strategic management and expertise in environmental matters.

Career experience: Private secretary to the deputy prime minister from 1997 to 1998 and later to the secretary of state for transport from 2001 to 2003. In 2007, he became a director in Defra, where he led the Government's Adapting to Climate Change programme; oversaw the creation of the Canal & River Trust and directed policy on farming and the environment.

Current directorships/business interests: Director of Estuary Services Ltd, Member of the CBI's London Council and, since 2012, a Trustee of the United Nations Environment Programme World Conservation Monitoring Centre, a Cambridge based charity.

DAVID PHILLIPS, MVO (60) CHIEF HARBOUR MASTER

Qualifications: HM Diploma (Merit)

Appointment to the board: October 2011

Committee membership: Licensing

Skills and experience: With over 10 years in command positions in the Royal Navy, David is well placed to lead all navigational safety matters for the PLA, at the Board and operational level. His interest outside work in yachting provides a wider recreational perspective on the PLA's work.

Career experience: Served in the Royal Navy as a specialist navigator and submarine captain. Director of marketing and maritime at the Defence Manufacturers Association, prior to joining the PLA as deputy harbour master (Upper) in November 2007; promoted in July 2009 to the post of harbour master (Upper).

Current directorships/business interests: A Younger Brother at Trinity House, a freeman of the Honourable Company of Master Mariners.

BOARD MEMBERS' BIOGRAPHIES (CONTINUED)

BRIAN CHAPMAN (63) CHIEF FINANCIAL OFFICER

Qualifications: Graduate in Economics and Mathematics; Fellow of Chartered Institute of Management Accountants

Appointment to the board: September 2001

Skills and experience: Brian gained broad-based financial experience in the electronics, automotive and process industries. His guidance and challenge on financial and operational matters underpins superior outcomes for the PLA.

Career experience: Regional finance director for the consumer products arm of the New Zealand Dairy Board and finance director of United Milk plc.

Current directorships/business interests: Director of Estuary Services Ltd, Port of London Properties Limited and a trustee of a number of pension funds and charitable trusts.

ANTHONY QUINLAN (50) VICE CHAIRMAN

Qualifications: B.Sc (Hons.) Chemistry; Chartered Accountant

Appointment to the board: March 2012

Committee membership: Audit (chairman)

Skills and experience: The PLA benefits from Tony's substantial financial and operational experience at large and complex FTSE listed companies and knowledge of leading the communication function at Drax Group plc.

Career experience: Qualified as a Chartered Accountant with Coopers & Lybrand in 1991, before joining Marks & Spencer in 1992, where he held a number of senior finance positions. He was the group's Director of Investor Relations from 2000 before taking up the position of Director of Finance, the deputy to the Group Finance Director, in 2005. From 2008 to 2015, Tony was Group Finance Director at Drax Group plc, the electricity generation and supply group, where he was also responsible for corporate communications.

Current directorships/business interests:
Chief financial officer, Laird plc, the UK listed global technology group.

HELEN DEEBLE, CBE (54) NON-EXECUTIVE DIRECTOR

Qualifications: Chartered Accountant (ICAEW)

Appointment to the board: September 2014

Committee membership: Audit

Other roles: Chairman/Trustee of three PLA pension schemes (PLAPF, PLAWWOPF, PLARBS)

Skills and experience: over 30 years' experience in FMCG and transport, logistics and leisure in both financial and general management roles. As CEO of a large pan-European shipping business carrying 10 million passengers and 2.4m freight units annually and employing over 3000 staff, Helen brings a strong customer focus, robust challenge to strategy and business planning, as well as practical experience of health and safety issues in a marine environment.

Career experience: Qualified as a Chartered Accountant, moving into high street retailing with various divisions of Sears plc in a range of financial management roles. Joined Stena Line in 1993 as Financial Controller, progressing to CFO. Appointed as CFO for P&O Stena Line joint venture, then moving to Chief Operating Officer under P&O Ferries and to Chief Executive in 2006.

Current directorships/business interests: Helen is a board member of the UK Chamber of Shipping and The Standard P&I Club. She was VP and then President of the UK Chamber of Shipping from 2011 to 2013 and was awarded a CBE for services to shipping in 2013.

BOARD MEMBERS' BIOGRAPHIES

AS AT 30 MARCH 2016

ALUN GRIFFITHS (61) NON-EXECUTIVE DIRECTOR

Qualifications: BSc (Hons) Applied Economics

Appointment to the board: September 2014

Committee membership: Licensing (chairman), Remuneration

Skills and experience: Alun brings broad-based business management and corporate experience to the PLA, from heading functions including HR, strategy and marketing to running businesses in the UK and internationally.

Career experience: Group HR director and a main board member at WS Atkins plc, Europe's largest engineering and design consultancy, NED experience with UK and international organisations.

Current directorships/business interests:
Non-executive director of Severfield plc, ISG plc, Ramboll, Anchor Trust and The McLean Partnership. Also a member of the National Employer Advisory Board Alun is a fellow of the Chartered Institute of Personnel and Development.

ANNETTE MALM JUSTAD (57) NON-EXECUTIVE DIRECTOR

Qualifications: Masters degree in Technology Management from Norwegian University of Science and Technology (NTNU)/MIT; MSc in Chemical Engineering from NTNU.

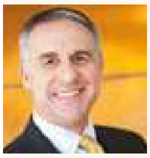
Appointment to the board: June 2014

Committee membership: Audit and Remuneration (chairman)

Skills and experience: Annette's 30 years' experience in industry and shipping provides valuable insight for the PLA's oversight of the UK's second biggest port. This experience, strategic management and commercial experience underpins challenge in Board discussions.

Career experience: working for companies including Yara International ASA, Norgas Carriers AS, and Norsk Hydro ASA. From 2006 to 2010, she was of CEO of Eitzen Maritime Services ASA, an international ship supply and ship management company.

Current directorships/business interests: Currently chairman of the American Shipping Company ASA, Store Norske Kulkompani AS and SeaBird Exploration plc, Member of the boards of Awilco LNG ASA, Odfjell SE and Pleat AS.



IAN MONCRIEFF, CBE DL (61) NON-EXECUTIVE DIRECTOR

Qualifications: BA (Hons) Geography/Geology, IoD Certificate in Company Direction

Appointment to the board: January 2015

Committee membership: Licensing

Skills and experience: Ian's 40 years' experience in the maritime sector blends senior leadership in the Royal Navy, with commercial and strategic management at the UK Hydrographic Office; a Ministry Of Defence Trading Fund providing global maritime navigation products and services. As the Board lead on marine matters, he provides support for the chief harbour master and director of marine operations and is the Board's independent touchstone on marine matters.

Career experience: Served with the Royal Navy for 35 years, accumulating over 20 years' seagoing experience in 11 warships. His senior roles included Commander British Forces South Atlantic, command of the ice-breaker HMS Endurance and destroyer HMS Nottingham; and executive officer of the aircraft carrier, HMS Invincible. Chief Executive of the UK Hydrographic Office (UKHO) from 2011 to 2015, having held variety of UKHO Board roles, including UK National Hydrographer as a Rear Admiral since 2006.

Current directorships/business interests: Deputy Lieutenant for the county of Somerset, a trustee of the Falklands Conservation charity, a Younger Brother of Trinity House and member of the Honourable Company of Master Mariners.

PLA BOARD – SUMMARY STATISTICS

AS AT 30 MARCH 2016

The PLA Board comprises a chairman and up to three non-executive members appointed by the Secretary of State for Transport, and up to four non-executive members appointed by the Board. The Board may also appoint up to four executive members. There were nine members of the PLA Board as at 30 March 2016.

Attendance at the seven meetings of the PLA Board in 2015 was as follows:

6
DAME HELEN ALEXANDER*
(stepped down 31 December 2015)

7
ANTHONY QUINLAN

7
ROBIN MORTIMER

7
BRIAN CHAPMAN

7
DAVID PHILLIPS, MVO

7
HELEN DEEBLE, CBE

7
ALUN GRIFFITHS

6
SCOTT STEEDMAN, CBE
(stepped down 30 November 2015)

7
ANNETTE MALM JUSTAD

7
IAN MONCRIEFF

*Dame Helen had to miss one meeting for medical reasons.

The following committees of the Board also met during 2015:

2
AUDIT

4
LICENSING

2
NOMINATIONS

2
REMUNERATION

Committee memberships are listed in the Board members' biographies and in the following short reports on each committee.

AS AT 30 MARCH 2016

A AUDIT COMMITTEE

MET 2 TIMES

Current Membership:
Tony Quinlan (chair); Helen Deeble; Annette Malm Justad

Commentary
The audit committee's role is to:

- make a recommendation to the Board on the appointment (or reappointment) of the auditor
- review the scope and the results of the annual audit and report to the Board on the effectiveness of the audit process
- review the annual financial statements, including reporting to the Board on the significant issues considered by the committee in relation to the financial statements and how these were addressed

The principal items discussed during the year were around:

- the viability statement
- financial reporting
- risk management
- audit results 2014
- audit planning 2015
- effectivness of the external audit function
- internal audit
- insurance claims

L LICENSING COMMITTEE

MET 4 TIMES

Current Membership:
Alun Griffiths (chair); Robin Mortimer; David Phillips; Ian Moncrieff

Commentary
The licensing committee's role is to:

- approve the processes for administration of the licensing of works
- determine any application considered contentious or significant
- determine any proposal to suspend or revoke a licence, take enforcement action or impose a condition which is not agreed by the licensee
- approve the use of powers under the Town & Country Planning (General Permitted Development) Order
- approve the licensing of Port of London pilots
- applications for exemption from pilotage

The principal items discussed during the year included:

- negotiations over the delegation of Marine Management Organisation licensing authority on the River Thames
- Thames Tideway Tunnel
- advertising on the Thames
- various licence applications

N NOMINATIONS COMMITTEE

MET 2 TIMES

Current Membership:
Christopher Rodrigues (chair); Tony Quinlan; non-executive member/s (as required)

Commentary
The nominations committee's role is to:

- lead the process for Board appointments and make recommendations to the Board
- consider the succession planning of directors

The principal items discussed during the year were around:

- independent evaluation of Board effectiveness
- succession planning for non-executive directors
- recruitment of a new chairman and chief harbour master

A formal, rigorous and transparent process is followed during the selection and appointment of new Board members, all of whom receive a comprehensive induction, tailored to meet their individual needs.

The Department for Transport was involved in the selection of the new chairman, a recruitment process with which executive search firm, Saxton Bampfylde assisted.

Executive search firm, Odgers Berndston, assisted with the recruitment of the new chief harbour master.

R REMUNERATION COMMITTEE

MET 2 TIMES

Current Membership:
Annette Malm Justad (chair); Christopher Rodrigues; Alun Griffiths

Commentary
The remuneration committee's role is to:

- consider and recommend to the Board the remuneration terms for the organisation, including executive directors, other senior executives

The principal items discussed during the year were around:

- pay prospects
- corporate governance
- diversity and gender pay gap

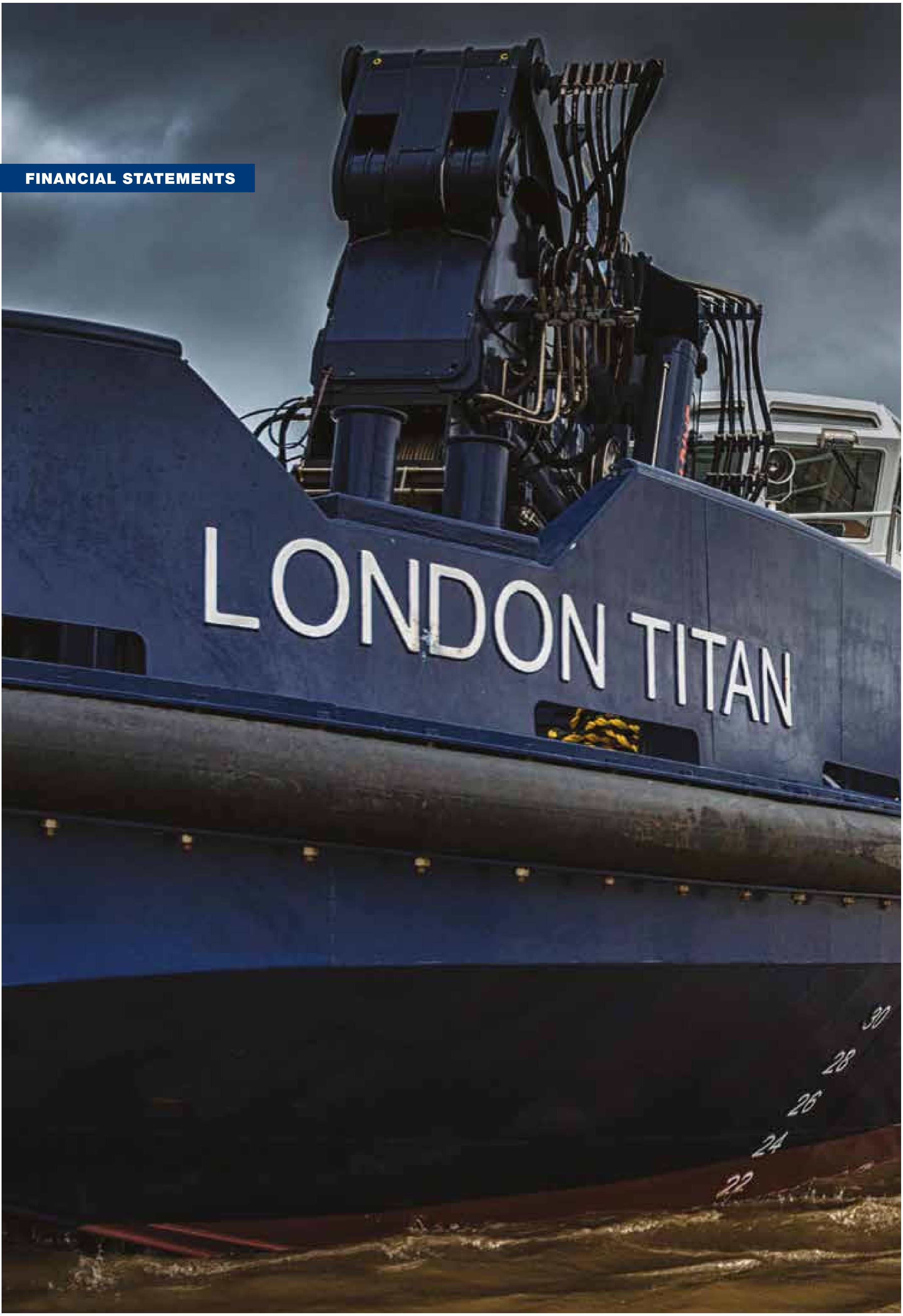
BOARD EFFECTIVENESS REVIEW

The external review of our Board in 2015 was undertaken by Independent Audit Limited. Independent Audit's work consisted of a review of our Board papers; confidential interviews with all Board members, along with selected executives and advisors who have significant interaction with the Board and its committees; and observation of a Board meeting. The review outcomes were discussed fully with the Chairman and subsequently with the Board, with all members receiving a copy of the full report. The Board considered Independent Audit's findings and their suggestions for improvement, and agreed an action plan for improvements. We consider the review to have been rigorous and fully independent.

The main aspects of the Board's work which we feel offer scope for further development include:

- improving Board 'portal' accessibility and functionality
- spreading timing of Board member changeovers
- increased Board and executive committee member engagement between meetings

Independent Audit Limited has no other connections with the Authority.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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	Restated* 2014 £000
Revenue	4	49,899	50,726
Operating expenditure	4	42,290	39,135
Operating profit	5	7,609	11,591
Share of profit from joint venture	9	241	86
Finance costs	7	(3,137)	(3,323)
Finance income	7	323	318
Profit on ordinary activities before taxation		5,036	8,672
Income tax expense	8	(1,466)	(747)
Profit for the financial year		3,570	7,925

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	Restated* 2014 £000
Profit for the year		3,570	7,925
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans	19	11,611	(16,333)
Income tax effect of remeasurement of defined benefit plans		284	0
Movement in deferred tax relating to defined benefit pension schemes	8	1,512	180
Share of joint venture other comprehensive income / (expense) (net of tax)	9	377	(659)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		13,784	(16,812)
Total comprehensive income for the year, net of tax		17,354	(8,887)

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 3.

CONSOLIDATED AND COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2015

		Consolidated			Company		
	Note	2015 £000	Restated* 2014 £000	Restated* As at 1 January 2014 £000	2015 £000	Restated* 2014 £000	Restated* As at 1 January 2014 £000
Non-current assets							
Intangible assets	11	868	805	676	868	805	676
Property, plant and equipment	10	44,697	43,882	43,369	44,697	43,882	43,369
Investments	9	226	0	181	2	2	2
Deferred tax asset	8c	9,791	9,001	8,578	9,791	9,001	8,578
Trade and other receivables	13b	12,880	12,880	12,880	0	0	0
		68,462	66,568	65,684	55,358	53,690	52,625
Current assets							
Inventories		259	232	205	259	232	205
Trade receivables	13a	6,927	6,883	8,862	6,927	6,882	8,816
Prepayments and other current assets		1,593	3,101	1,761	1,590	3,101	1,776
Cash and short term deposits	12	37,826	34,860	36,468	34,185	31,131	32,642
		46,605	45,076	47,296	42,961	41,346	43,439
Total assets		115,067	111,644	112,980	98,319	95,036	96,064
Current liabilities							
Trade and other payables	14	8,405	8,688	17,835	8,373	8,675	17,813
Deferred revenue	16	1,729	1,397	1,329	1,729	1,372	1,329
Investments	9	0	392	0	0	0	0
Provisions	17	1,714	1,661	1,959	1,714	1,661	1,959
		11,848	12,138	21,123	11,816	11,708	21,101
Non-current liabilities							
Deferred revenue	16	1,876	1,983	1,948	1,876	1,983	1,948
Net defined benefit employee liabilities	19	79,871	92,900	76,027	79,871	92,900	76,027
Provisions	17	10,294	10,799	11,171	10,294	10,799	11,171
		92,041	105,682	89,146	92,041	105,682	89,146
Total liabilities		103,889	117,820	110,269	103,857	117,390	110,247
Shareholders equity							
Profit and loss reserve		11,178	(6,176)	2,711	(5,538)	(22,354)	(14,183)
Total Shareholder's equity		11,178	(6,176)	2,711	(5,538)	(22,354)	(14,183)
Total Liabilities and shareholder's equity		115,067	111,644	112,980	98,319	95,036	96,064

These financial statements, which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated and Company balance sheet, the consolidated and Company statements of change in equity, the consolidated and Company statement of cash flows and the related notes were approved by the Board of Members on 8 March 2016 and were signed on its behalf on 30 March 2016.

*Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 3.

C J RODRIGUES
CHAIRMAN

R J D MORTIMER
CHIEF EXECUTIVE

B CHAPMAN
CHIEF FINANCIAL OFFICER

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Profit and loss reserves £000
At 1 January 2014	2,711
Total comprehensive income	(8,887)
At 31 December 2014	(6,176)
Total comprehensive income	17,354
At 31 December 2015	11,178

Company	Profit and loss reserves £000
At 1 January 2014	(14,183)
Total comprehensive income	(8,171)
At 31 December 2014	(22,354)
Total comprehensive income	16,816
At 31 December 2015	(5,538)

Profit and loss reserves represent the cumulative total comprehensive income attributable to the Group and Company to the end of the year.

*Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 3.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 £000	Group Restated* 2014 £000	Company 2015 £000	Company Restated* 2014 £000
Operating activities					
Profit before tax		5,036	8,672	4,709	8,456
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment		2,609	2,139	2,609	2,139
Amortisation of intangible fixed assets		175	187	175	187
(Gain) / loss on disposal of property, plant and equipment	4	7	22	(7)	22
Finance income	7	(323)	(318)	(305)	(299)
Finance costs	7	3,137	3,323	3,137	3,323
Share of profit of a joint venture	9	(241)	(86)	0	0
Movements in provisions	17	(639)	(867)	(639)	(867)
Movements in employee benefits	19	(4,368)	(2,586)	(4,368)	(2,586)
Working capital adjustments					
Decrease in prepayments, trade and other receivables		1,650	645	1,652	601
Increase in inventory		(27)	(27)	(27)	(27)
Increase / (decrease) in trade and other payables		830	(593)	831	(596)
		7,832	10,511	7,767	10,353
Interest received		310	346	292	326
Income tax paid		(1,304)	(312)	(1,282)	(282)
Net cash flows from operating activities		6,838	10,545	6,777	10,397
Investing activities					
Proceeds from sale of property, plant and equipment		18	11	18	11
Purchase of intangible assets, property, plant and equipment		(3,890)	(12,164)	(3,890)	(12,164)
Dividends from subsidiary		0	0	149	245
Net cash flows used in investing activities		(3,872)	(12,153)	(3,723)	(11,908)
Net increase / (decrease) in cash and cash equivalents		2,966	(1,608)	3,054	(1,511)
Cash and cash equivalents at 1 January		34,860	36,468	31,131	32,642
Cash and cash equivalents at 31 December		37,826	34,860	34,185	31,131

*Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 3.

1. ACCOUNTING POLICIES

Corporate information

The consolidated financial statements of the Port of London Authority and its subsidiary (collectively, the Group) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the board of directors on 8 March 2016. Port of London Authority (the Company or the parent) was formed under the Harbours Act 1961 as amended by the Transport Act 1981 and is controlled by its members who are appointed by the Secretary of State and domiciled in the United Kingdom. The registered office is located at London River House, Royal Pier Road, Gravesend in Kent.

The Group was established for the purpose of administering, preserving and improving the Port of London as set forth in the Port of London Act of 1968 as amended. Information on the Group's structure is provided below. Information on other related party relationships of the Group and Company is provided in Note 21.

The consolidated financial statements of the Group include:

			% equity interest	
Name	Principal activities	Country of incorporation	2015	2014
Port of London Authority	- Providing pilotage services - Operating a Vessel Traffic Service - Hydrographic surveying - Dredging and - Providing aids to navigation	United Kingdom	100	100
Port of London Properties Limited	- Management of property interests	United Kingdom	100	100

The Group holds a 50% interest in Estuary Services Limited (ESL) (2014: 50%) and accounts for this interest in accordance with the equity method as further described below and in Note 9.

Basis of Preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group and Company financial statements have been prepared on a historical cost basis. The Group and Company financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The Group and Company financial statements provide comparative information in respect of the previous period. In addition, the Group and Company present additional consolidated and Company balance sheets at the beginning of the earliest period presented when there is a retrospective application of an accounting policy. Additional Group and Company balance sheets as at 1 January 2014 are presented in these Group financial statements due to retrospective application of certain accounting policies, refer to Note 3. The company has taken advantage of Section 408 of the Companies Act 2006 exemption from presenting its own income statement and statement of other comprehensive income. The Company result for the year amounted to a gain of £16,816,000 (2014: £8,171,000 loss).

Basis of consolidation

The Group financial statements comprise the financial statements of the Group and its wholly owned subsidiary as at 31 December 2015.

Summary of significant accounting policies

These financial statements have been prepared on the going concern basis. A summary of the more important accounting policies, which have been applied consistently unless indicated to the contrary, is set out below.

(a) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The Group income statement reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of income or expense of a joint venture is shown on the face of the Group income statement or loss outside operating profit.

1. ACCOUNTING POLICIES (CONTINUED)

The financial statements of the joint venture are prepared on the same basis and for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'share of profit of joint venture' in the Group income statement. In the Company's stand-alone financial statements the investment in the joint venture is recognised at cost.

(b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- A cash or cash equivalent unless said cash or cash equivalent is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards or ownership of the goods have passed to the buyer.

The Group regularly makes sales of parts of the foreshore, river bed and airspace above it. These sales are considered by the Board to be a core part of the Group's operational activities. The Group recognises these sales into revenue at the point of sale (i.e. upon execution of a contract).

River works licences

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are treated as operating expenditure in the year incurred. Operating lease income is recognised on a straight line basis over the period covered by the licence. Contingent rents are recognised as revenue in the period in which they are earned.

Rendering of services

Cargo conservancy charges are recognised as revenue for imported/exported cargo in accordance with the date that the vessel enters the Port limits or departs from a berth. Vessel conservancy charges are recognised as revenue in accordance with the date that the vessel enters or leaves the Port limits. Pilotage income is recognised as revenue on the commencement of a pilotage act. Landfill royalties are recognised as revenue in accordance with the date the material is deposited. Other income is recognised as revenue as the service is provided.

(d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted and applicable, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

1. ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside of the income statement is also considered outside of the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(e) Foreign Currencies

The Group's financial statements are presented in Pounds Sterling, which is also the functional currency of the parent, subsidiary and the joint venture in which the Group has an investment.

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 income statement. 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 Group income statement .

(f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended and borrowing costs for long-term construction projects if the borrowing costs are directly attributable to the acquisition, construction or production of an asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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. Depreciation commences when the assets are completed and ready for their intended use.

The estimated useful lives, residual values and depreciation methods of the property, plant and equipment are reviewed annually. Changes made are accounted for prospectively as changes in estimates.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating leases

Group and Company as a Lessee

Costs in respect of operating leases are charged to the income statement on a straight line basis.

(h) Intangible Assets

Intangible assets are initially measured at cost. Subsequently, the intangible assets are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement in the expense that is consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortisation is provided on assets on a straight line basis over their estimated useful economic lives; these lives range between 3 and 5 years for software and 50 years for a licence to deposit dredging materials. Amortisation commences when the assets are completed and ready for their intended use.

The estimated useful lives, residual values and amortisation methods of software and licences are reviewed annually. Changes made are accounted for prospectively as changes in estimates.

1. ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit and loss or loans and receivables, as appropriate. All financial assets are recognised initially at fair value. The Group's financial assets include cash and short-term deposits, investments due within one year and trade and other receivables.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two categories:

- Financial assets at fair value through profit and loss
- Loans and receivables

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment if such interest is significant. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment of receivables are recognised in cost of sales or other operating expenses.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets and this impact can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments , it is probable that they will enter bankruptcy or other financial reorganisation , observable data indicating that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group assess at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred only if there is objective evidence that a loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The Group uses criteria such as significant financial difficulty of the counterparty, the disappearance of an active market for that financial asset because of financial difficulties and breaches of contract as objective evidence.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the Group income statement when the liabilities are derecognised as well as through the EIR amortisation process.

1. ACCOUNTING POLICIES (CONTINUED)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Group income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Group income statement.

Fair Value

As stated above, the company initially measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Group balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory consists of spare parts and consumable items. Costs incurred to bring the product to its present location include transportation costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Group income statement in expense categories consistent with the function of the impaired asset.

1. ACCOUNTING POLICIES (CONTINUED)

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Group income statement.

(l) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of twelve months or less and accessible without penalty. For the purpose of the Group statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(m) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Group income statement net of any reimbursement. Any increase to a provision as the result of discounting is recognised in the Group income statement as an interest expense.

(n) Pensions and other post-employment benefits

The Group operates defined benefit plans in the UK, which require contributions to be made to separately administered funds. The costs of providing benefits under the defined benefit plans are determined separately for each plan using the projected unit credit method and are based on actuarial advice.

Re-measurements, comprising of actuarial gains, the effect of the asset ceiling and losses and the return on plan assets (excluding net interest) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the Group income statement in subsequent periods. Past service costs are recognised in the income statement at the date of the plan amendment or curtailment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined obligation under 'operating expenditure' in the income statement:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status) less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset may be limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

(o) Payments to suppliers

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

Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

(a) Joint venture classification - Estuary Services Limited

The group holds a 50% voting and equity interest in Estuary Services Limited ("ESL"). The Group has determined that it holds joint control over ESL with Medway Port Authority as neither party can pass a resolution without the consent of the other party. Upon establishing joint control, the Group has further determined that this joint arrangement is a joint venture rather than a joint operation.

The Group determined this as it does not have rights to any specific assets or liabilities of ESL, but rather to the net assets of the company nor does it have an implicit obligation to fund the liabilities of ESL through an obligation to purchase all of the output of ESL. As a joint venture, the Group accounts for its interest in ESL under the equity method.

1. ACCOUNTING POLICIES (CONTINUED)

(b) Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. See note 19.

(c) Cargo handling provision

The provision amount for cargo handling claims is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ to actual developments in the future. These include the determination of the discount rate, the number of future claims, the amount of future claims and the timing of future claims. Due to the complexities involved in the valuation and its long-term nature, the provision is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate used is the weighted average risk free rate based on the Bank of England's government liability curve spot rate in 2015 of 1.5% (2014: 1.6%). It is expected that the provision will be utilised over a period of around 35 years. See note 17.

(d) Deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax is recognised on pension and cargo handling provisions capped at managements best estimate of available future taxable profits. A £1,000,000 increase or decrease in forecast taxable profits over the recognition period would increase or decrease the deferred tax asset by approximately £190,000 with a corresponding decrease or increase in the tax charges recognised in the consolidated statement of other comprehensive income.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
IFRS 9	Financial instruments	01.01.2018*
IFRS 14	Regulatory deferral accounts	01.01.2016*
IFRS 15	Revenue from contracts with customers	01.01.2018*
IFRS 16	Leases	01.01.2019*
IFRS for SMEs	2015 Amendments to IFRS for SMEs	01.01.2017
IFRS 10 and IAS 28 (proposed amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Postponed indefinitely*
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment entities: applying the consolidated exception	01.01.2016*
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	01.01.2016
IAS 1 (amendment)	Disclosure initiatives	01.01.2016
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation	01.01.2016
IAS 16 and IAS 41 (proposed amendments)	Agriculture: bearer plants	01.01.2016
IAS 27 (amendment)	Equity method in separate financial statements	01.01.2016
IFRS 4, IFRS 7, IAS 19 and IAS 34	Annual improvements 2012-2014	01.01.2016
IAS 12 (amendment)	Income taxes: recognition of deferred tax assets for unrealised losses	01.01.2017*
IAS 7 (amendment)	Disclosure initiative	01.01.2017*

*Not yet endorsed by the EU

The company is currently considering the impact of these standards and interpretations.

3. FIRST-TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2015, are the first the Group and Company have prepared in accordance with IFRS, as adopted by the EU. For periods up to and including the year ended 31 December 2014, the Group and Company prepared their financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

Accordingly, the Group and Company have prepared financial statements which comply with IFRS, as adopted by the EU, applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening consolidated balance sheet and the Company's balance sheet were prepared as at 1 January 2014, the Group and Company's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements, including the Group and Company balance sheets as at 1 January 2014 and the financial statements as at and for the year ended 31 December 2014.

Exemptions applied:

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

None of the exemptions are applicable to the Group or the Company.

Estimates

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies).

Group reconciliation of equity as at 1 January 2014

	Note	UK GAAP £000	Remeasurements £000	Reclassifications £000	IFRS as at 1January 2014 £000
Non-current assets					
Intangible assets	A	241		435	676
Property, plant and equipment	A	43,804		(435)	43,369
Investments		181			181
Deferred tax asset	F	0		8,578	8,578
Trade and other receivables		12,880			12,880
		57,106	0	8,578	65,684
Current assets					
Inventories		205			205
Trade receivables		8,862			8,862
Prepayments and other current assets		1,761			1,761
Investments due within one year	B	24,000		(24,000)	0
Cash and short term deposits	B	12,916		23,552	36,468
		47,744	0	(448)	47,296
Total assets		104,850	0	8,130	112,980
Current liabilities					
Trade and other payables	B & C	17,903	380	(448)	17,835
Deferred revenue		1,329			1,329
Provisions		1,959			1,959
		21,191	380	(448)	21,123
Non-current liabilities					
Deferred revenue		1,948			1,948
Net defined benefit employee liabilities	D & F	70,524	(3,705)	9,208	76,027
Deferred tax liability	F	630		(630)	0
Provisions		11,171			11,171
		84,273	(3,705)	8,578	89,146
Total liabilities		105,464	(3,325)	8,130	110,269
Shareholders equity					
Profit and loss reserve		(614)	3,325		2,711
Total Shareholder's equity		(614)	3,325	0	2,711
Total Liabilities and shareholder's equity		104,850	0	8,130	112,980

3. FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Group reconciliation of equity as at 31 December 2014

	Note	UK GAAP £000	Remeasurements £000	Reclassifications £000	IFRS for the year ended 31 December 2014 £000
Non-current assets					
Intangible assets	A	234		571	805
Property, plant and equipment	A	44,453		(571)	43,882
Investments		(391)	(1)	392	0
Deferred tax asset	F	0		9,001	9,001
Trade and other receivables		12,880			12,880
		57,176	(1)	9,393	66,568
Current assets					
Inventories		232			232
Trade receivables		6,883			6,883
Prepayments and other current assets		3,101			3,101
Investments due within one year	B	27,000		(27,000)	0
Cash and short term deposits	B	7,860		27,000	34,860
		45,076	0	0	45,076
Total assets		102,252	(1)	9,393	111,644
Current liabilities					
Trade and other payables	B & C	8,319	369		8,688
Deferred revenue		1,397			1,397
Investments		0		392	392
Provisions		1,661			1,661
		11,377	369	392	12,138
Non-current liabilities					
Deferred revenue	D & F	1,983			1,983
Net defined benefit employee liabilities	F	88,277	(4,765)	9,388	92,900
Deferred tax liability		387		(387)	0
Provisions		10,799			10,799
		101,446	(4,765)	9,001	105,682
Total liabilities		112,823	(4,396)	9,393	117,820
Shareholders equity					
Profit and loss reserve		(10,571)	4,395		(6,176)
Total Shareholder's equity		(10,571)	4,395	0	(6,176)
Total Liabilities and shareholder's equity		102,252	(1)	9,393	111,644

3. FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Group reconciliation of total comprehensive income for the year ended 31 December 2014

	Note	UK GAAP £000	Remeasurements £000	Reclassifications £000	IFRS for the year ended 31 December 2014 £000
Revenue		50,726			50,726
Operating expenditure	C & D	(38,949)	(186)		(39,135)
Operating profit		11,777	(186)	0	11,591
Share of profit from joint venture	E	159		(73)	86
Finance costs	D & E	(371)	(2,928)	(24)	(3,323)
Finance income	E	319		(1)	318
Profit on ordinary activities before tax		11,884	(3,114)	(98)	8,672
Income tax expense	E	(1,168)		421	(747)
Profit for the year		10,716	(3,114)	323	7,925
Other comprehensive income					
Other comprehensive income not to be reclassified to consolidated income statement in subsequent periods:					
Remeasurement of defined benefit plans	D	(20,518)	4,185		(16,333)
Income tax effect of remeasurement of defined benefit plans		372		(372)	0
Movement in deferred tax relating to defined benefit pension schemes		180			180
Share of joint venture other comprehensive expense (net of tax)	E	(707)		48	(659)
Net other comprehensive income not to be reclassified to consolidated income statement in subsequent periods		(20,673)	4,185	(324)	(16,812)
Total comprehensive income for the year, net of tax		(9,957)	1,071	(1)	(8,887)

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014.

A Software which was previously accounted for under Property, Plant & Equipment is now included within Intangible Assets.

B Investments due within one year and a bank overdraft are treated as cash equivalents under IFRS.

C Under UK GAAP, no accrual was taken for untaken annual leave. This has been included under IFRS.

D Defined benefit pension scheme deficits have been revalued under IAS 19 instead of FRS17.

E The PLA share of the joint venture has been revalued.

F Deferred tax assets and liabilities have been netted off under IFRS whereas under UK GAAP the deferred tax asset was netted off against the pension deficit.

3. FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Company reconciliation of equity as at 1 January 2014

	Note	UK GAAP £000	Remeasurements £000	Reclassifications £000	IFRS as at 1January 2014 £000
Non-current assets					
Intangible assets	A	241		435	676
Property, plant and equipment	A	43,804		(435)	43,369
Investments		2			2
Deferred tax asset	F	0		8,578	8,578
		44,047	0	8,578	52,625
Current assets					
Inventories		205			205
Trade receivables		8,816			8,816
Prepayments and other current assets		1,776			1,776
Investments due within one year	B	20,174		(20,174)	0
Cash and short term deposits	B	12,916		19,726	32,642
		43,887	0	(448)	43,439
Total assets		87,934	0	8,130	96,064
Current liabilities					
Trade and other payables	B & C	17,881	380	(448)	17,813
Deferred revenue		1,329			1,329
Provisions		1,959			1,959
		21,169	380	(448)	21,101
Non-current liabilities					
Deferred revenue		1,948			1,948
Net defined benefit employee liabilities	D & F	70,524	(3,705)	9,208	76,027
Deferred tax liability	F	630		(630)	0
Provisions		11,171			11,171
		84,273	(3,705)	8,578	89,146
Total liabilities		105,442	(3,325)	8,130	110,247
Shareholders equity					
Profit and loss reserve		(17,508)	3,325		(14,183)
Total Shareholder's equity		(17,508)	3,325	0	(14,183)
Total Liabilities and shareholder's equity		87,934	0	8,130	96,064

3. FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Company reconciliation of equity as at 31 December 2014

	Note	UK GAAP £000	Remeasurements £000	Reclassifications £000	IFRS for the year ended 31 December 2014 £000
Non-current assets					
Intangible assets	A	234		571	805
Property, plant and equipment	A	44,453		(571)	43,882
Investments		2			2
Deferred tax asset	F			9,001	9,001
		44,689	0	9,001	53,690
Current assets					
Inventories		232			232
Trade receivables		6,882			6,882
Prepayments and other current assets		3,101			3,101
Investments due within one year	B	23,271		(23,271)	0
Cash and short term deposits	B	7,860		23,271	31,131
		41,346	0	0	41,346
Total assets		86,035	0	9,001	95,036
Current liabilities					
Trade and other payables	B & C	8,306	369		8,675
Deferred revenue		1,372			1,372
Provisions		1,661			1,661
		11,339	369	0	11,708
Non-current liabilities					
Deferred revenue		1,983			1,983
Net defined benefit employee liabilities	D & F	88,277	(4,765)	9,388	92,900
Deferred tax liability	F	387		(387)	0
Provisions		10,799			10,799
		101,446	(4,765)	9,001	105,682
Total liabilities		112,785	(4,396)	9,001	117,390
Shareholders equity					
Profit and loss reserve		(26,750)	4,396		(22,354)
Total Shareholder's equity		(26,750)	4,396	0	(22,354)
Total Liabilities and shareholder's equity		86,035	0	9,001	95,036

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014

A Software which was previously accounted for under Property, Plant & Equipment is now included within Intangible Assets.

B Investments due within one year and a bank overdraft are treated as cash equivalents under IFRS.

C Under UK GAAP, no accrual was taken for untaken annual leave. This has been included under IFRS.

D Defined benefit pension scheme deficits have been revalued under IAS 19 instead of FRS17.

F Deferred tax assets and liabilities have been netted off under IFRS whereas under UK GAAP the deferred tax asset was netted off against the pension deficit.

4.A) REVENUE AND OPERATING EXPENDITURE

		2015 £000	2014 £000
Revenue from services			
Conservancy charges on cargo		6,779	6,784
Conservancy charges on vessels		8,736	8,581
		15,515	15,365
Pilotage		17,148	15,734
River works licences and other rents		8,226	8,315
Services provided		4,634	4,372
Moorings		680	687
Landfill royalties		1,744	1,365
Embankment licences		288	2,803
Other revenue		1,664	2,085
		49,899	50,726
Operating expenditure			
Operating payroll		22,786	21,154
Supplies and services		11,956	11,588
Depreciation and amortisation		2,784	2,326
Administration:	payroll	3,195	2,606
	other	1,569	1,461
		42,290	39,135
Operating profit		7,609	11,591

All revenue relates to activities within the United Kingdom.

4.B) PILOTAGE – OPERATING PROFIT

The profit and loss account includes the following relating to pilotage:-	2015 £000	2014 £000
Turnover		
providing pilotage services	16,077	14,860
issue of pilotage exemption certificates	34	47
	16,111	14,907
Operating expenditure		
providing the services of pilots	13,281	12,325
providing, maintaining and operating pilot boats	596	582
administration and other costs	1,635	1,690
legal fees in relation to the PNPF	11	19
	15,523	14,616
Operating profit relating to pilotage	588	291

The operating profit shown above excludes £1,037,000 (2014 = £827,000) income from a levy charged to fund deficit repairs to the Pilots' National Pension Fund (PNPF). In addition net interest costs in the PNPF of £420,000 (2014 £593,000) are also not included in the amounts shown above. See note 19.

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):		2015 £000	2014 £000
Auditors' remuneration	- audit of the financial statements	75	111
	- audit of the group pension schemes	38	26
	- statutory audit for subsidiary company	5	7
	- taxation services*	28	19
	- all other services**	0	75
		146	238
Operating lease rentals	- land and buildings	474	494
	- other	39	40
		513	534
(Gain)/loss on disposal of fixed assets		(7)	22
Depreciation	- owned assets	2,609	2,139
Amortisation of intangible fixed assets		175	187

* Included in taxation services is £23,000 (2014: £19,000) relating to the PLA.
** Included in other services is £nil (2014: £69,000) relating to the PLA.

6. EMPLOYEE BENEFITS EXPENSE

Staff costs incurred in Operating Expenditure (including Executive Board Members) during the year were:-	2015 £000	2014 £000
Wages and salaries	20,093	19,280
Social security costs	2,056	1,959
Pensions costs	3,714	2,395
	25,863	23,634
Staff severance	85	95
	25,948	23,729

The average monthly number of persons (including Executive Board Members) employed during the year was:-	Number	Number
Operations	286	290
Administration	57	56
	343	346

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.

From time to time 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 executive members of the Board make recommendations to the Board in respect of the non-executive members' remuneration.

6. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

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

	Total Salary and Fees		Taxable Benefits		Total	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Executive Members:-						
R L Everitt (retired 31.03.14)	0	48,790	918	3,392	918	52,182
R J D Mortimer (joined 03.03.14)	189,025	154,166	1,895	2,166	190,920	156,332
B Chapman	123,169	120,600	2,309	2,605	125,478	123,205
D G Phillips	100,314	98,059	10,831	9,914	111,145	107,973
Non-Executive Members:-						
Dame Helen Alexander (Chairman) (retired 31.12.15)	88,750	88,750	0	0	88,750	88,750
C J Rodrigues (Chairman) (appointed 01.01.16)	0	0	0	0	0	0
J F Mills (Vice Chairman) (retired 31.08.14)	0	23,050	0	0	0	23,050
A J Quinlan (Vice Chairman)	34,575	31,725	0	0	34,575	31,725
R S Steedman (retired 30.11.15)	23,192	25,300	0	0	23,192	25,300
R D M Lenthall (retired 31.12..14)	0	28,300	0	0	0	28,300
W D Everard (retired 31.05.14)	0	15,542	0	0	0	15,542
H Deeble (appointed 01.09.14)	29,300	8,433	0	0	29,300	8,433
A H Griffiths (appointed 01.09.14)	29,300	9,267	0	0	29,300	9,267
I Moncrieff (appointed 01.01.15)	29,300	0	0	0	29,300	0
A Malm Justad (appointed 01.06.14)	29,173	14,757	0	0	29,173	14,757
	676,098	666,739	15,953	18,077	692,051	684,816

Pension entitlement

All executive Board members participate in the PLA'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 2015 was £4,520 per annum (2014 £2,045).

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

7. FINANCE INCOME AND EXPENSE

Finance expense	2015 £000	2014 £000
Interest on loans and borrowings	0	0
Net interest on defined benefit plans	2,950	3,126
Total interest expense	2,950	3,126
Unwinding of discount and effect of changes in discount rate on provisions	187	197
Total finance expense	3,137	3,323

Finance income	2015 £000	2014 £000
Interest income on receivables	323	318
Total finance income	323	318

8. INCOME TAX

(a) Tax on profit on ordinary activities	2015 £000	2014 £000
Current income tax:		
Current income tax charge on profit for the year	677	1,146
Adjustments in respect of prior year	67	(156)
Deferred tax:		
Current year deferred tax	722	(243)
Income tax expense reported in consolidated income statement	1,466	747
Consolidated statement of other comprehensive income		
Current tax related to items recognised in other comprehensive income during the year	(284)	0
Deferred tax related to items recognised in other comprehensive income during the year	(1,512)	(180)
Income tax charged to other comprehensive income	(1,796)	(180)

(b) Reconciliation of tax expense:

The tax expense in the income statement for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £000	2014 £000
Profit before income tax	5,036	8,672
At the UK's statutory corporate income tax rate of 20.25% (2014: 21.49%)	1,020	1,864
Adjustments in respect of current income tax of previous years	67	(156)
Effects of:		
Share of profit of joint venture	(49)	(18)
Non deductible expenses for tax purposes	237	192
Income exempt from taxes	(47)	(227)
Recognition of previously unrecognised deferred tax on accelerated capital allowances	450	(784)
Movement in unrecognised deferred tax on other temporary differences	(170)	(11)
Pension movements recognised in the consolidated statement of other comprehensive income in relation to historic actuarial losses	0	116
Utilisation of previously unrecognised tax losses	(42)	(229)
Income tax expense reported in the consolidated income statement for the year	1,466	747

8. INCOME TAX (CONTINUED)

(c) Deferred tax	Balance sheet			Income statement	
	2015 £000	2014 £000	At 1 January 2014 £000	**2015 £000**	2014 £000
Accelerated depreciation for tax purposes	(1,142)	(447)	(889)	(695)	442
Pension	10,900	9,388	9,208	0	0
Other temporary differences	33	60	259	(27)	(199)
Deferred tax (expense)/income				(722)	243
Net deferred tax assets	9,791	9,001	8,578		
Reflected in the statement of financial position as follows:					
Deferred tax assets	10,900	9,388	9,208		
Deferred tax liabilities	(1,109)	(387)	(630)		
Net deferred tax assets	9,791	9,001	8,578		

Reconciliation of deferred tax assets	**2015 £000**	2014 £000
Reconciliation of deferred tax assets		8,578
Tax (expense)/income during the year recognised in the consolidated income statement	(722)	243
Tax income during the year recognised in other comprehensive income	1,512	180
Closing balance as at 31 December	9,791	9,001

At 31 December 2015 there was a current tax debtor of £224,000 (2014 creditor £628,000) that was recognised within Prepayments and other current assets (2014 Trade and other payables).

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

On 26 October 2015 the Summer Finance Bill 2015, which reduced the main rate of corporation tax to 19% from April 2017 and 18% from April 2020 was substantively enacted. As these reductions to the rate were substantively enacted at the balance sheet date, the Port of London Authority has calculated the deferred tax assets at appropriate rates between 18% - 20% in accordance with when it anticipates temporary differences will unwind.

The increase in the net deferred tax asset of £790,000 (2014 £423,000 increase), includes a net cost of £822,000 (2014 £nil) in relation to the rate change of 18% - 20% (2014 20%).

The Group has capital losses carried forward of £2,284,000 (2014 £2,479,000) that may be available for offset against future capital gains that arise in the Group. A deferred tax asset has not been recognised in respect of these losses, in relation to pension liabilities of £21,493,000 (2014 £45,959,000) or in relation to other temporary differences of £11,082,000 (2014 £11,579,000) as neither the capital losses, pension liabilities or the other temporary differences in question satisfy the recognition criteria for deferred tax assets at this stage.

The Group's joint venture will not distribute its profits until it obtains consent from all venture partners.

The PLA's share of the temporary differences associated with the joint venture, for which a deferred tax asset has not been recognised, aggregate to £9,000 (2014: £203,000).

9. INTEREST IN JOINT VENTURE

The Group has a 50% interest in Estuary Services Limited, a jointly controlled entity involved in launch services, together with shore support services, for the boarding and landing of pilots. The Group's interest in Estuary Services Limited is accounted for using the equity method in the consolidated financial statements . Summarised financial information of the joint venture, based on its IFRS financial statements, with a reconciliation to the carrying amount of the investment in the consolidated financial statements is set out below:

	2015 £000	2014 £000	At 1 January 2014 £000
Current assets, including cash and cash equivalents £709,000 (2014: £596,000) and prepayments £37,000 (2014: 36,000)	1,469	970	726
Non-current assets	1,675	1,788	1,940
Current liabilities, including tax payable £65,000 (2014: £nil)	(453)	(392)	(361)
Non-current liabilities, including deferred tax liabilities £210,000 (2014: £239,000) and long-term borrowing £nill (2014: £nil)	(2,239)	(3,150)	(1,944)
Equity	452	(784)	361
Proportion of the Group's ownership	50%	50%	50%
Carrying amount of the investment	226	(392)	181

Summarised income statement of Estuary Services Limited	2015 £000	2014 £000
Revenue	3,376	3,146
Cost of sales	(2,725)	(2,831)
Finance income	3	2
Finance costs, including interest expense £101,000 (2012: £74,000)	(101)	(74)
Profit on ordinary activities before taxation	553	243
Income tax expense	(72)	(72)
Profit for the year	481	171
Group's share of profit for the year	241	86

Other comprehensive income	2015 £000	2014 £000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans	548	(1,455)
Income tax effect of remeasurement of defined benefit plans	35	37
Movement in deferred tax relating to defined benefit pension schemes	172	101
Total other comprehensive income	755	(1,317)
Group's share of other comprehensive income	377	(659)

9. INTEREST IN JOINT VENTURE (CONTINUED)

The joint venture had no contingent liabilities or capital commitments as at 31 December 2015 and 2014. Estuary Services Limited cannot distribute its profits until it obtains the consent from the two joint venture partners.

Company only - subsidiary and joint venture	Subsidiary £000	Joint venture £000
At 1 January 2014	0	2
Additions	0	0
Disposals	0	0
At 31 December 2014	0	2
Additions	0	0
Disposals	0	0
At 31 December 2015	0	2

10. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Land and buildings £000	Dredging £000	River structures £000	Floating craft £000	Plant and equipment £000	Total £000
Cost						
At 1 January 2014	13,622	20,985	11,015	14,144	16,026	75,792
Additions	388	(73)	(1)	306	2,065	2,685
Disposals	(146)	0	(160)	(179)	(1,050)	(1,535)
At 31 December 2014	13,864	20,912	10,854	14,271	17,041	76,942
Additions	640	0	42	1,884	860	3,426
Disposals	0	0	0	0	(253)	(253)
At 31 December 2015	14,504	20,912	10,896	16,155	17,648	80,115
Depreciation						
At 1 January 2014	5,584	3,340	5,872	5,573	12,054	32,423
Charge for year	376	73	411	392	887	2,139
Eliminated on disposals	(144)	0	(160)	(147)	(1,051)	(1,502)
At 31 December 2014	5,816	3,413	6,123	5,818	11,890	33,060
Charge for year	385	394	407	452	971	2,609
Eliminated on disposals	0	0	0	0	(251)	(251)
At 31 December 2015	6,201	3,807	6,530	6,270	12,610	35,418
Net book value at 31 December 2015	8,303	17,105	4,366	9,885	5,038	44,697
Net book value at 31 December 2014	8,048	17,499	4,731	8,453	5,151	43,882
Net book value at 1 January 2014	8,038	17,645	5,143	8,571	3,972	43,369

The net book value of leasehold property held under long leases included in land and buildings above is £56,000 (2014: £57,000; 2013: £57,000). Assets under construction not yet being depreciated amounted to £2,392,000 (2014 £22,970,000).

11. INTANGIBLE ASSETS

Group and Company	Software £000	Licences £000	Total £000
Cost			
At 1 January 2014	2,131	330	2,461
Additions	316	0	316
At 31 December 2014	2,447	330	2,777
Additions	247	0	247
Disposals	(63)	0	(63)
At 31 December 2015	2,631	330	2,961
Amortisation			
At 1 January 2014	1,696	89	1,785
Charge for year	180	7	187
At 31 December 2014	1,876	96	1,972
Charge for year	169	6	175
Eliminated on disposals	(54)	0	(54)
At 31 December 2015	1,991	102	2,093
Net book value at 31 December 2015	640	228	868
Net book value at 31 December 2014	571	234	805
Net book value at 1 January 2014	435	241	676

The Group 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, Essex.

Assets under development not yet being amortised amounted to £12,000 (2014 £202,000).

12. CASH AND SHORT-TERM DEPOSITS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

Group	2015 £000	2014 £000	At 1 January 2014 £000
Cash at banks and on hand	826	7,860	12,468
Short-term deposits	37,000	27,000	24,000
	37,826	34,860	36,468

Company	2015 £000	2014 £000	At 1 January 2014 £000
Cash at banks and on hand	826	7,860	12,468
Short-term deposits	33,359	23,271	20,174
	34,185	31,131	32,642

Cash at banks earns interest at rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months and are available immediately without penalty if required, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

13. TRADE RECEIVABLES

(a) Trade receivables (current)

Group	2015 £000	2014 £000	At 1 January 2014 £000
Trade receivables	6,927	6,883	8,862
	6,927	6,883	8,862

Company	2015 £000	2014 £000	At 1 January 2014 £000
Trade receivables	6,927	6,882	8,811
Receivables from subsidiary	0	0	5
	6,927	6,882	8,816

For terms and conditions relating to related party receivables, refer to Note 21.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

As at 31 December 2015, trade receivables of an initial value of £868,000 (2014 £1,098,000) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

Group	Individually impaired £000	Collectively impaired £000	Total £000
At 1 January 2014	785	300	1,085
Charge for the year	25	0	25
Utilised	(12)	0	(12)
At 31 December 2014	798	300	1,098
Utilised	(24)	0	(24)
Unused amounts reversed	(56)	(150)	(206)
At 31 December 2015	718	150	868

Company	Individually impaired £000	Collectively impaired £000	Total £000
At 1 January 2014	785	300	1,085
Charge for the year	25	0	25
Utilised	(12)	0	(12)
At 31 December 2014	798	300	1,098
Utilised	(24)	0	(24)
Unused amounts reversed	(56)	(150)	(206)
At 31 December 2015	718	150	868

13. TRADE RECEIVABLES (CONTINUED)

As at 31 December, the ageing analysis of trade receivables is, as follows:

			Past due but not impaired				
Group	Total £000	Neither past due nor impaired £000	<30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
2015	6,927	1,987	2,344	1,986	422	86	102
2014	6,883	1,600	2,451	2,520	312	0	0
1 January 2014	8,862	1,528	6,051	1,283	0	0	0
Company							
2015	6,927	1,987	2,344	1,986	422	86	102
2014	6,882	1,599	2,451	2,520	312	0	0
1 January 2014	8,816	1,482	6,051	1,283	0	0	0

See Note 15 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither part due nor impaired.

(b) Trade and other receivables (non-current)

At the instructions of the UK Government, during 2000 POLP's remaining properties were sold to British Waterways Board (BWB). BWB was a public corporation responsible to the UK Government. Proceeds from this sale of £12,880,000 remain unsettled and are included in non-current assets. BWB has now transferred its canals and rivers to the ownership of a new waterways charity, the Canal & River Trust. The loan to the Canal and River Trust is presented as due after one year and mutually agreeable collateral has been agreed for this. Interest has been agreed on this loan at the rate of 1% above base rate until 2019.

14. TRADE AND OTHER PAYABLES

Group	2015 £000	2014 £000	At 1 January 2014 £000
Trade Payables	104	136	236
Amounts owed to joint venture company	182	165	152
Other taxation and social security	913	1,556	934
Other creditors	1,078	496	1,177
Accruals	6,128	6,335	15,336
Total	8,405	8,688	17,835

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Company	2015 £000	2014 £000	At 1 January 2014 £000
Trade Payables	104	136	236
Amounts owed to joint venture company	182	165	152
Other taxation and social security	905	1,543	934
Other creditors	1,054	496	1,177
Accruals	6,128	6,335	15,314
Total	8,373	8,675	17,813

Trade payables are non-interest bearing and are normally settled on 30-day terms.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group has a structured approach to risk management, which involves a broad cross-section of employees. Risk awareness and control are paramount and the Board reviews the risk register periodically. The Group's senior management is supported by the Board of Directors which advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of Directors provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group's financial liabilities relate to trade and other payables (Note 14). The main purpose of these financial liabilities is to support the Group's operations and objectives. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

Categories of financial instruments:

	Fair value			Book value		
Group	**2015 £000**	2014 £000	At 1 January 2014 £000	**2015 £000**	2014 £000	At 1 January 2014 £000
Financial Assets						
Loans and receivables:						
Trade and other receivables	19,807	19,763	21,742	19,807	19,763	21,742
	19,807	19,763	21,742	19,807	19,763	21,742
At fair value through profit and loss:						
Cash and short-term deposits	37,826	34,860	36,468	37,826	34,860	36,468
	37,826	34,860	36,468	37,826	34,860	36,468
Total	57,633	54,623	58,210	57,633	54,623	58,210
Financial Liabilities						
Financial liabilities at amortised cost:						
Trade and other payables	7,492	7,132	16,901	7,492	7,132	16,901
Total	50,141	47,491	41,309	50,141	47,491	41,309

	Fair value			Book value		
Company	**2015 £000**	2014 £000	At 1 January 2014 £000	**2015 £000**	2014 £000	At 1 January 2014 £000
Financial Assets						
Loans and receivables:						
Trade and other receivables	6,927	6,882	8,816	6,927	6,882	8,816
	6,927	6,882	8,816	6,927	6,882	8,816
At fair value through profit and loss:						
Cash and short-term deposits	34,185	31,131	32,642	34,185	31,131	32,642
	34,185	31,131	32,642	34,185	31,131	32,642
Total	41,112	38,013	41,458	41,112	38,013	41,458
Financial Liabilities						
Financial liabilities at amortised cost:						
Trade and other payables	7,468	7,132	16,879	7,468	7,132	16,879
Total	33,644	30,881	24,579	33,644	30,881	24,579

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market is limited as it does not hold any long-term debt obligations. The Group's exposure to interest rate risk is as follows:

	Increase / decrease in basis points	Effect on profit before tax
2015	+/- 1%	378
2014	+/- 1%	349

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (trade receivables), cash and investments.

Trade receivables (current)

Outstanding customer receivables are regularly monitored. At 31 December 2015, the Group and Company had 10 customers (2014 11 customers, 2013 10 customers) that owed the Group and Company more than £100,000 each and accounted for approximately 26% (2014 28%, 2013 52%) of all the receivables outstanding. There were 0 customers (2014 0, 2013 1 customer) with balances greater than £1 million accounting for just over 0% (2014 0%, 2013 34%)) of the total amounts receivable.

All receivables are reviewed for impairment at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in Note 15. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Customers are continually monitored to ensure invoices are settled within terms.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's senior management. Investments of surplus funds are made only with approved counterparties with a short term rating published by Standard and Poor's of A1 and by Moody's of P1 and with a maximum of no more than £5m with any single institution. Management does not seek to invest surplus funds for greater than a year and only invests in highly liquid investments (money-market deposits). The Group's maximum exposure to credit risk for the components of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014.

Liquidity Risk

The Group's objective is use its cash to self-fund its projects and initiatives, rather than incur debt. As such, it strives to protect its cash and is risk adverse on investing its cash.

The tables below summarise the maturity profile of the Group's and Company's trade and other payables based on contractual undiscounted payments.

Group	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2015						
Trade and other payables	0	7,492	0	0	0	7,492
Year ended 31 December 2014						
Trade and other payables	0	7,132	0	0	0	7,132
At 1 January 2014						
Trade and other payables	0	16,901	0	0	0	16,901

Company	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2015						
Trade and other payables	0	7,468	0	0	0	7,468
Year ended 31 December 2014						
Trade and other payables	0	7,132	0	0	0	7,132
At 1 January 2014						
Trade and other payables	0	16,879	0	0	0	16,879

16. DEFERRED REVENUE

Group and Company	2015 £000	2014 £000
At 1 January	3,320	3,277
Amortisation released to the consolidated income statement	(107)	(107)
Movement in other deferred revenue during the year	392	150
At 31 December	3,605	3,320
Current	1,729	1,372
Non-current	1,876	1,948
	3,605	3,320

Deferred revenue includes lump sum payments received in relation to the London Array windfarm and Royal Terrace Pier which are being amortised over the next 25 years in line with associated future costs.

17. PROVISIONS

Group and Company	2015 £000	2014 £000
At 1 January	12,460	13,130
Utilised during the year	(334)	(443)
Increase in provision due to unwinding of discount at 1.5% (2014: 1.5%)	187	197
Arising/(released) during the year	(305)	(424)
At 31 December	12,008	12,460
Current: Payable within 1 year	1,714	1,661
Non-current: Payable in years 2 - 5	3,108	3,108
Non-Current Payable after 5 years	7,186	7,691
	12,008	12,460

The Group continues to receive claims which relate to the time during which it operated docks and was involved in cargo handling. An actuarial estimate as at 31 December 2015 of the duration, number and value of these claims has been made and provided for in the financial statements on the basis of a discounted value using a weighted average risk free rate based on the Bank of England's government liability yield curve spot rate in 2015 of 1.5% (2014: 1.5%). It is expected that the provision will be utilised over a period of around 35 years.

A quantitative summary analysis for significant assumptions at 31 December 2015 is shown below:

Assumptions	Range of unpaid claims		
Sensitivity Level	Low £000	Best £000	High £000
Total provision basis:			
Undiscounted	6,139	14,612	56,696
Discounted @ risk free rate - 2% *	5,860	13,949	54,127
Discounted @ risk free rate	5,045	12,008	46,593
Discounted @ risk free rate + 2%	4,353	10,361	40,204

*Discount rates are subject to a floor of 0%.

18. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group and Company as lessee

The Group and Company have entered into commercial leases for buildings and machinery and equipment. The building leases have an average life of 1-2 years and the machinery and equipment have an average life of 2 years. The minimum future lease rentals payable under non-cancellable operating leases as of 31 December 2015 and 2014 are as follows:

	2015			2014		
Total commitments under non-cancellable operating leases expiring:-	**Land and Buildings £000**	**Other £000**	**Total £000**	Land and Buildings £000	Other £000	Total £000
Within one year	266	26	292	196	24	220
In the second to fifth year inclusive	455	32	487	397	33	430
Over five years	960	0	960	927	0	927
	1,681	58	1,739	1,520	57	1,577

Operating lease commitments - Group and Company as lessor

The Group and Company act as lessors for certain areas of land. The majority are licences which have an average life of 3 to 6 months. The minimum future lease rentals receivable under non-cancellable operating leases as at 31 December 2015 and 2014 are as follows:

	2015			2014		
Total commitments under non-cancellable operating leases expiring:-	**Land and Buildings £000**	**Other £000**	**Total £000**	Land and Buildings £000	Other £000	Total £000
Within one year	3,271	0	3,271	3,055	0	3,055
In the second to fifth year inclusive	1,282	0	1,282	542	0	542
Over five years	7,270	0	7,270	1,009	0	1,009
	11,823	0	11,823	4,606	0	4,606

Capital commitments	**2015 £000**	2014 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	237	793

Contingent liabilities

Historically, 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, in these years, 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 which have not yet been collected and the PLA will cease to have any further liability.

There were no other contingent liabilities at 31 December 2015 (2014 £nil).

19. PENSIONS

Group and Company

The PLA participates in the following funded defined benefits schemes:

Scheme	Date of latest formal actuarial valuation
Port of London Authority Pension Fund (PLAPF)	31 March 2012
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2013
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2013
The Pilots' National Pension Fund (PNPF)	31 December 2013

PLAPF

The major scheme in which the PLA participates is the PLAPF. It is administered by a Committee of Management which, as at 8 March 2016, comprised:

Chairman:

H Deeble (appointed 01.01.15)
W D Everard (retired 31.12.14)

Port Authority Committee Persons:-

R L Everitt (resigned 31.03.14)
R J D Mortimer (appointed 27.05.14)
B Chapman
R S Steedman (retired 30.11.15)
R D M Lenthall (retired 31.12.14)
J F Mills (retired 31.08.14)
A H Griffiths (appointed 26.09.14)
I Moncrieff (appointed 01.01.16)

Members' Committee Persons:-

P Durkin
L Steggles
A L M Jeffrey (appointed 01.01.14)
R G Brodie
P F Gold

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

The pension contributions are assessed in accordance with the advice of an independent, qualified actuary using the projected unit method. The latest actuarial assessment was at 31 March 2012. At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £263,600,000 which represented 73% of the value of the benefits that had accrued to members on the basis of the assumptions summarised below. Following discussions with the Committee of Management, it was agreed that the employer would pay contributions of 33.05% of pensionable salaries for Final Salary members, 13.2% of pensionable salaries for higher rate CARE members and 9.9% of pensionable salaries for lower rate CARE members for the period to December 2013 and then 13.4% of pensionable salaries for higher rate CARE members and 10.05% of pensionable salaries for lower rate CARE members from 1 January 2014. In addition, it was agreed that the employer would make a payment of £0.3 million by 30 June 2014 and payments of £4,000,000 per annum payable monthly from 1 July 2014 until 30 June 2033. An additional £1,000,000 over and above the agreed recovery plan was also paid in December 2015 (2014 £nil).

PLAWWOPF

This fund has a surplus which is recognised in accordance with IFRS. Previously this surplus had been treated as an irrecoverable surplus under UK GAAP.

PLARBS

The PLA has agreed to fund the deficits of the Port of London Authority Retirement Benefits Scheme at £215,000 per annum payable monthly until 31 March 2021.

PNPF

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime Pilots upon retirement and also on death before or after retirement.

The PNPF is administered by a separate Trustee Company which is legally separate from the PLA. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the PNPF's investment policy and day-to-day administration.

The Trustee of the PNPF sought the guidance of the court on a number of issues relating to the Trustee's powers under the Rules of the Fund, including who is liable to contribute. Until the legal status of the PNPF had been clarified, the PLA was unable to determine its share of the liabilities of the PNPF.

Following the court's determination and further information being made available on the extent of the PNPF's liabilities, the PLA is now able to determine its share of the assets and liabilities in respect of the PNPF as described below.

The PLA is responsible for its own share of the total liabilities in the PNPF, together with a proportionate share of the 'orphan' liabilities of the PNPF, i.e. those liabilities that cannot be attributed to another participating company.

19. PENSIONS (CONTINUED)

All Schemes

The results of the latest formal actuarial valuations have been updated to 31 December 2015 by a qualified independent actuary.

The principal assumptions used in determining pension benefit obligations for these plans are shown below:

PLA Schemes	2015 %	2014 %	As at 1 January 2014 %
Discount rate	3.6	3.4	4.4
RPI Price inflation	3.1	3.1	3.4
CPI Price inflation	2.1	2.2	2.6
Future salary increases	3.6	3.6	3.9
Future pension increases (RPI, min 3%, max 5%)	3.6	3.6	3.7
Future pension increases (RPI, max 5%)	3.0	3.0	3.4
Future pension increases (CPI, max 2.5%)	1.8	1.8	2.6

Life expectation for pensioners at the age of 65:	Years	Years	Years
Male	87.0	87.0	87.0
Female	89.0	89.5	89.5

PNPF	2015 %	2014 %	As at 1 January 2014 %
Discount Rate	3.5	3.4	4.3
RPI Price inflation	3.0	3.0	3.4
CPI Price inflation	2.0	2.0	2.5
Future salary increases	3.5	3.5	3.9
Future pension increases (RPI, min 3%, max 5%)	3.5	3.6	3.7
Future pension increases (RPI, max 5%)	3.0	2.9	3.2

Life expectation for pensioners at the age of 65:	Years	Years	Years
Male	87.1	87.3	87.5
Female	88.8	89.3	89.9

19. PENSIONS (CONTINUED)

All Schemes

The fair value of the major categories of plan assets are as follows:

At 31 December 2015	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Multi assets credit	117.8	0.0	0.0	0.0	117.8
Equities	61.7	0.0	0.0	3.0	64.7
Hedge Funds	58.5	0.0	0.0	3.3	61.8
Liability Drive Investments	34.0	0.0	0.0	0.0	34.0
Corporate Bonds	0.0	5.4	0.9	7.6	13.9
Gilts	0.0	6.3	1.6	2.2	10.1
Diversified Growth Funds	0.0	5.7	0.0	3.1	8.8
Insurance Policies	0.0	8.6	0.0	0.0	8.6
Infrastructure	7.8	0.0	0.0	0.0	7.8
Cash	17.9	0.0	0.0	0.3	18.2
Total	297.7	26.0	2.5	19.5	345.7

At 31 December 2014	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Equities	60.4	0.0	0.0	3.0	63.4
Hedge Funds	58.0	0.0	0.0	3.3	61.3
Liability Drive Investments	49.1	0.0	0.0	0.0	49.1
Corporate Bonds	110.7	5.6	1.0	7.8	125.1
Gilts	22.1	6.5	1.7	2.6	32.9
Diversified Growth Funds	0.0	5.7	0.0	3.1	8.8
Insurance Policies	0.0	9.7	0.0	0.0	9.7
Infrastructure	3.7	0.0	0.0	0.0	3.7
Cash	2.5	0.0	0.0	0.5	3.0
Total	306.5	27.5	2.7	20.3	357.0

At 1 January 2014	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Equities	59.1	0.0	0.0	3.1	62.2
Hedge Funds	61.2	0.0	0.0	2.9	64.1
Corporate Bonds	124.9	4.9	1.0	6.8	137.6
Gilts	35.2	5.5	1.7	1.6	44.0
Diversified Growth Funds	0.0	5.4	0.0	3.0	8.4
Insurance Policies	0.0	9.5	0.0	0.0	9.5
Cash	1.6	0.0	0.0	0.1	1.7
Total	282.0	25.3	2.7	17.5	327.5

19. PENSIONS (CONTINUED)

Amounts to be recognised in the Balance Sheet

At 31 December 2015	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	297,737	25,963	2,505	19,526	345,731
Present value of scheme liabilities	(370,038)	(20,672)	(3,474)	(31,418)	(425,602)
Defined benefit pension scheme (deficit)/surplus	(72,301)	5,291	(969)	(11,892)	(79,871)

At 31 December 2014	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	306,547	27,479	2,712	20,250	356,988
Present value of scheme liabilities	(390,208)	(22,714)	(3,978)	(32,988)	(449,888)
Defined benefit pension scheme (deficit) / surplus	(83,661)	4,765	(1,266)	(12,738)	(92,900)

At 1 January 2014	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	282,007	25,282	2,662	17,490	327,441
Present value of scheme liabilities	(346,181)	(21,577)	(4,135)	(31,575)	(403,468)
Defined benefit pension scheme (deficit) / surplus	(64,174)	3,705	(1,473)	(14,085)	(76,027)

Amounts to be recognised in the Income Statement

At 31 December 2015	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(3,331)	0	0	0	(3,331)
Administrative expenses	(191)	(86)	(16)	(90)	(383)
Recognised in arriving at the operating profit	(3,522)	(86)	(16)	(90)	(3,714)
Expected return on scheme assets	10,214	914	88	668	11,884
Interest cost on scheme liabilities	(12,886)	(737)	(123)	(1,088)	(14,834)
Finance costs	(2,672)	177	(35)	(420)	(2,950)
Total recognised in the Income Statement	(6,194)	91	(51)	(510)	(6,664)

At 31 December 2014	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(2,384)	0	0	0	(2,384)
Past service cost	0	0	0	163	163
Administrative expenses	81	(7)	6	(146)	(66)
Recognised in arriving at the operating profit	(2,303)	(7)	6	17	(2,287)
Expected return on scheme assets	12,050	1,086	111	725	13,972
Interest cost on scheme liabilities	(14,713)	(902)	(165)	(1,318)	(17,098)
Finance costs	(2,663)	184	(54)	(593)	(3,126)
Total recognised in the Income Statement	(4,966)	177	(48)	(576)	(5,413)

19. PENSIONS (CONTINUED)

Amounts to be recognised in the Statement of Other Comprehensive Income

At 31 December 2015	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets below that in recognised net interest	(6,734)	(1,203)	(72)	(209)	(8,218)
Other actuarial gains	17,326	1,638	205	660	19,829
Actuarial gains recognised in the Statement of Other Comprehensive Income	10,592	435	133	451	11,611

At 31 December 2014	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets in excess of that in recognised net interest	28,784	2,321	202	3,315	34,622
Other actuarial losses	(47,239)	(1,438)	(162)	(2,116)	(50,955)
Actuarial (losses)/gains recognised in the Statement of Other Comprehensive Income	(18,455)	883	40	1,199	(16,333)

Changes in the present value of the defined benefits obligations are as follows:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
As at 1 January 2014	(346,181)	(21,577)	(4,135)	(31,575)	(403,468)
Movement in the administrative reserve balance	81	23	6	0	110
Current service cost	(2,384)	0	0	0	(2,384)
Past service cost	0	0	0	163	163
Interest expense on defined benefits obligations	(14,713)	(902)	(165)	(1,318)	(17,098)
Member's contributions	(965)	0	0	0	(965)
Actuarial losses on scheme liabilities	(47,239)	(1,438)	(162)	(2,116)	(50,955)
Benefits paid	21,193	1,180	478	1,858	24,709
As at 31 December 2014 and 1 January 2015	(390,208)	(22,714)	(3,978)	(32,988)	(449,888)
Movement in the administrative reserve balance	(191)	(54)	(16)	0	(261)
Current service cost	(3,331)	0	0	0	(3,331)
Interest expense on defined benefits obligations	(12,886)	(737)	(123)	(1,088)	(14,834)
Member's contributions	(978)	0	0	0	(978)
Actuarial gains on scheme liabilities	17,326	1,638	205	660	19,829
Benefits paid	20,230	1,195	438	1,998	23,861
As at 31 December 2015	(370,038)	(20,672)	(3,474)	(31,418)	(425,602)

19. PENSIONS (CONTINUED)

Changes in the fair value of plan assets are as follows:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
As at 1 January 2014	282,007	25,282	2,662	17,490	327,441
Administration expenses	0	(30)	0	(146)	(176)
Interest income on scheme assets	12,050	1,086	111	725	13,972
Actuarial gains on scheme assets	28,784	2,321	202	3,315	34,622
Company contributions	3,934	0	215	724	4,873
Member's contributions	965	0	0	0	965
Benefits paid	(21,193)	(1,180)	(478)	(1,858)	(24,709)
As at 31 December 2014 and 1 January 2015	306,547	27,479	2,712	20,250	356,988
Administration expenses	0	(32)	0	(90)	(122)
Interest income on scheme assets	10,214	914	88	668	11,884
Actuarial losses on scheme assets	(6,734)	(1,203)	(72)	(209)	(8,218)
Company contributions	6,962	0	215	905	8,082
Member's contributions	978	0	0	0	978
Benefits paid	(20,230)	(1,195)	(438)	(1,998)	(23,861)
As at 31 December 2015	297,737	25,963	2,505	19,526	345,731

A quantitative summary analysis for significant assumptions at 31 December 2015 is shown below:

Assumptions	Discount rate		RPI inflation		Mortality	
Sensitivity Level	.25% increase £000	.25% decrease £000	.25% increase £000	.25% decrease £000	1.5% improvement £000	1.5% worsening £000
Impact on defined benefit obligation:						
PLAPF	13,994	(13,994)	(9,206)	9,206	5,524	(5,524)
PLAWWOPF	378	(378)	(91)	91	169	(169)
PLARBS	53	(53)	(28)	28	31	(31)
	14,425	(14,425)	(9,325)	9,325	5,724	(5,724)

Sensitivity Level	.5% increase	.5% decrease	.5% increase	.5% decrease	1 year increase	1 year decrease
PNPF	2,200	(2,200)	-300	300	1,600	(1,600)

A 1% increase in PLA's share of the PNPF would increase the deficit by £1,824,000 (2014 £1,954,000).

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

19. PENSIONS (CONTINUED)

The following payments are expected deficit repair contributions to these defined benefit plan obligations in future years:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Within the next 12 months (next annual reporting period)	4,000	0	215	936	5,151
Between 2 and 5 years	16,000	0	860	4,071	20,931
Between 6 and 10 years	20,000	0	54	5,917	25,971
Beyond 10 years	30,000	0	0	4,055	34,055
Total expected payments	70,000	0	1,129	14,979	86,108

Historical Pension Information

	All Schemes				
	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	345,731	356,988	327,441	322,219	285,407
Present value of scheme liabilities	(425,602)	(449,888)	(403,468)	(412,134)	(334,854)
Defined benefit pension scheme deficit	(79,871)	(92,900)	(76,027)	(89,915)	(49,447)

20. CAPITAL MANAGEMENT

For the purpose of the Group and Company's capital management, capital includes the net assets of the Group and Company. The primary objective of the Group and Company's capital management is to effectively use its capital to fulfil its charter in ensuring 1) safe navigation on the river, 2) conserving the environment of the river, 3) supporting the development of the use of the river and 4) forming a partnership with river users and accountability to stakeholders.

In order to met its overall objectives, the Group and Company's capital management, is risk adverse and aims to protect its cash as much as possible. This means that PLA keeps its cash to self fund its projects, initiatives and long term liabilities. In doing so, The Group and Company aim to have as little debt as possible. The Group currently has net assets of £11,178,000 (2014 net liabilities £6,176,000).The Group and Company do not have any financial covenants that they are required to comply with.

21. RELATED PARTY TRANSACTIONS

Note 1 above provides the information about the Group's structure including the details of subsidiary and joint venture. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Group	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed to related parties £000	Amounts owed to related parties £000
Subsidiary					
2015	0	0	0	0	0
2014	0	0	0	0	0
Joint venture					
2015	0	0	0	0	0
2014	0	0	0	0	0
Key management personnel of the Group:					
2015	0	0	692	0	0
2014	0	0	685	0	0

Company	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed to related parties £000	Amounts owed to related parties £000
Subsidiary					
2015	101	0	0	0	0
2014	57	0	0	0	0
Joint venture					
2015	157	2,160	0	182	182
2014	148	2,016	0	165	165
Key management personnel of the Group:					
2015	0	0	692	0	0
2014	0	0	685	0	0

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances are the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014 £Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

During the year the PLA provided administration and management services to Port of London Properties Limited for which it charged £101,000 (2014 £57,000).

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £157,000 (2014 £148,000) and was charged £2,160,000 (2014 £2,016,000) for boarding and landing services. At 31 December 2015 the PLA owed £182,000 (2014 £165,000) to Estuary Services Limited for unpaid boarding and landing services received.

Members of the PLA Board are the key management personnel of the Group. See page 45.

STATEMENT OF MEMBERS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The members are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

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

- present fairly the financial position, financial performance and cash flows of the group and company;
- select suitable accounting policies in accordance with IAS8: Accounting policies, changes in accounting estimates and errors, and then apply them consistently;
- make judgements that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company's financial position and financial performance;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the PLA will continue in business, in which case there should be supporting assumptions or qualifications as necessary; and
- state that the group and company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The members confirm that they have complied with the above requirements in preparing the financial statements.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the PLA and enable them to ensure that the financial statements comply with Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981. They are also responsible for safeguarding the assets of the PLA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the PLA's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT OF LONDON AUTHORITY

FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Port of London Authority for the year ended 31 December 2015 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated statement of cash flows and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Port of London Authority's members, as a body, in accordance with the Harbours Act 1964, as amended by the Transport Act 1981. Our audit work has been undertaken so that we might state to the Port of London Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of members' responsibilities on page 93, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Port of London Authority's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981.

ERNST & YOUNG LLP,
STATUTORY AUDITOR
LONDON
30 MARCH 2016

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