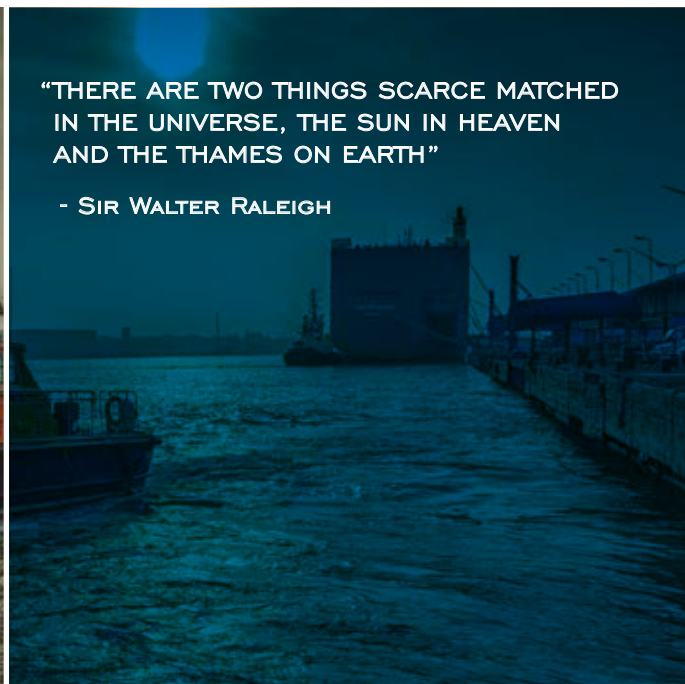




AT THE HEART OF TRADE, TRAVEL,
LEISURE AND SPORT ON THE THAMES



PORT OF LONDON AUTHORITY
2014 ANNUAL REPORT & ACCOUNTS



“THERE ARE TWO THINGS SCARCE MATCHED
IN THE UNIVERSE, THE SUN IN HEAVEN
AND THE THAMES ON EARTH”

- SIR WALTER RALEIGH

CONTENTS

INTRODUCTION	1
STRATEGIC REPORT	3
Highlights 2014	4
Chairman’s statement	6
Chief Executive’s review	10
Business model	
Stakeholder Benefits	12
How we create value for society	13
Income	14
Risk and risk management	15
River navigation and safety	16
Planning consultation and technical expertise	18
Bringing people together and promoting the river	20
Environmental stewardship	22
PLA in the community	24
PLA people	26
River use statistics and key performance indicators	28
Stakeholder benefits	32
Port trade statistics	33
GOVERNANCE	37
Members of the Authority	38
Report of the Board	40
Board and committees	41
FINANCIAL STATEMENTS	43
Consolidated Profit and Loss Account	45
Consolidated Statement of Total Recognised Gains and Losses (STRGL)	45
Balance Sheets	46
Consolidated Cash Flow Statement	47
Notes to the Accounts	48
Statement of Members’ Responsibilities	69
Independent Auditor’s Report	70

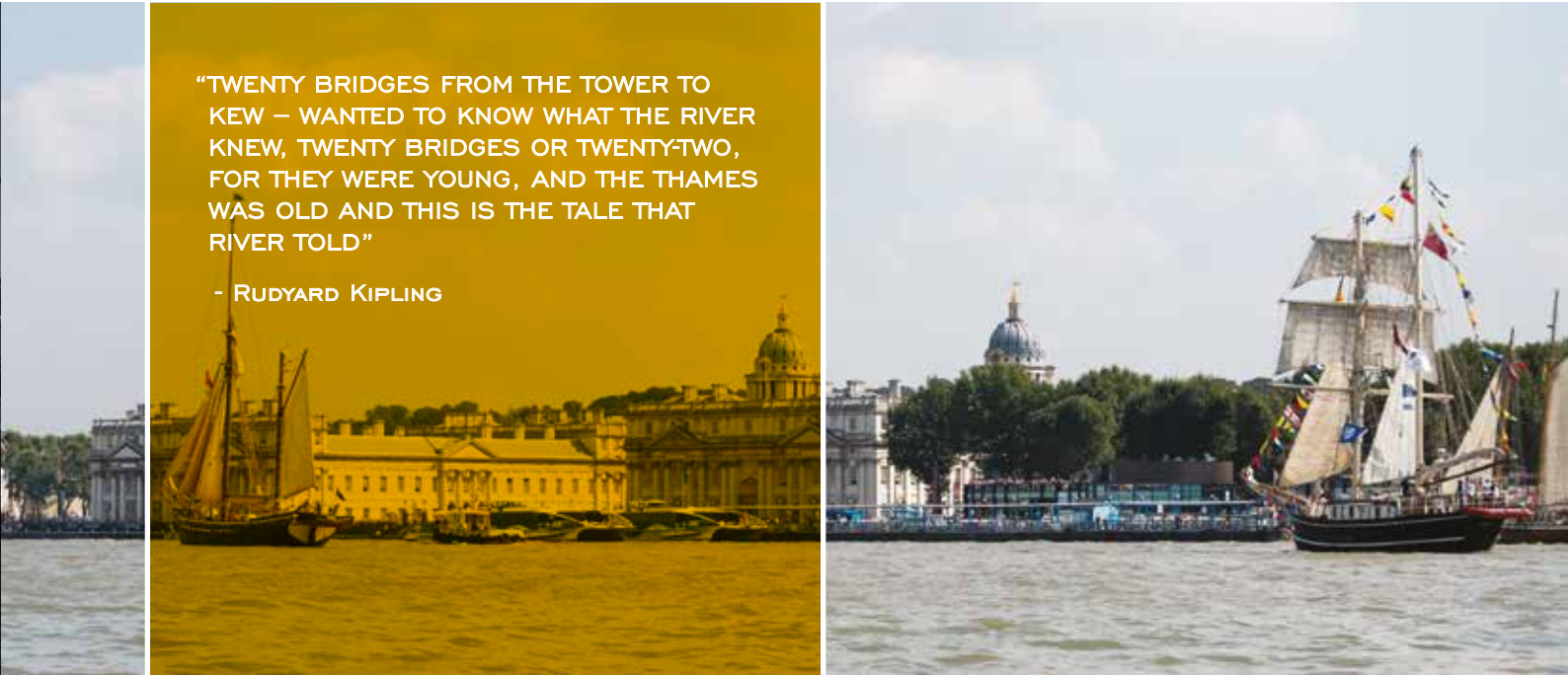
CHANGING THE WAY WE REPORT

This year we are starting a two-year transformation of the way we report performance. Many stakeholders will be familiar with the PLA Annual Review, published alongside our Annual Report & Accounts. From this year, we are integrating these documents into a single Annual Report which will give a more complete picture of the work that we do.

At the same time, we are looking at the value we create for our stakeholders and the wider community. Initial work has redefined the benefits that the PLA creates, and this is covered in this Annual Report. Our next step will be to refresh Key Performance Indicators to enable us to track progress in these areas. This work will be undertaken during 2015 and reflected in next year’s Annual Report.

Our approach will evolve as we discover and learn more – we will be open to feedback throughout, so do please email any thoughts to:

corporateaffairs@pla.co.uk



“TWENTY BRIDGES FROM THE TOWER TO KEW – WANTED TO KNOW WHAT THE RIVER KNEW, TWENTY BRIDGES OR TWENTY-TWO, FOR THEY WERE YOUNG, AND THE THAMES WAS OLD AND THIS IS THE TALE THAT RIVER TOLD”

- RUDYARD KIPLING

INTRODUCTION

THE RIVER THAMES IS BY SOME MARGIN THE UK'S BUSIEST 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, at its best, a thing of beauty and majesty that 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 plays the maximum possible part in generating jobs and wealth for the country. We pay the same high level of attention to helping maintain the Thames, its environs and the wildlife it supports, for the benefit and enjoyment of many generations to come.

Our activities in 2014 were consistent with the goal we share with our stakeholders: a vibrant, safe and sustainable river Thames. This, our first integrated report, sets out the progress we, with our stakeholders, made towards that goal in 2014.



ROBINSON

PROLEY

CLIPPER

ROUND THE
WORLD

13-14



STRATEGIC REPORT



HIGHLIGHTS 2014



PORT TRADE

Port trade up by 3% to 44.5 million tonnes (2013: 43.2 million tonnes). Volumes of all main types of cargo handled at terminals on the river grew, including oil products, aggregates and unitised (container and roll-on/roll-off).



LONDON GATEWAY PORT

London Gateway Port handled (what was then) the largest container ship ever on the Thames, the 397-metre long *Edith Maersk*. Our pilots guided the vessel to and from her berth, with the transit planned and overseen by London Port Control.



PASSENGERS

Record numbers of people travelled on the Thames, with 9.8 million passenger journeys taken (2013: 8.5 million). The development of new piers and investment in new vessels will underpin future growth, in line with the Mayor's River Action Plan.



PARADE OF SAIL

The Royal Borough of Greenwich hosted the largest Tall Ships Festival on the Thames in 25 years. We worked with Greenwich planning the event and co-ordinating the finale: a Parade of Sail by more than 50 ships.



INLAND WATERWAYS FREIGHT

The volume of cargo moved between terminals on the Thames increased to 5.5 million tonnes, an increase of 4% (2014: 5.3 million tonnes).



PARTNERSHIP

We celebrated a decade's partnership working with Thames foreshore clean-up charity, Thames21.



RIVER USE

44.5 MILLION TONNES

OF GOODS HANDLED



9.8 MILLION

PASSENGER
JOURNEYS



5.5 MILLION

TONNES OF INLAND
WATERWAYS FREIGHT

1 TALL SHIPS REGATTA



9,056

COMMERCIAL SHIP CALLS

83

SPORTING EVENTS



PLA IN THE COMMUNITY

£13.5 MILLION

 ESTIMATED
STAKEHOLDER BENEFIT

12

EVENTS ATTENDED
BY RIVERSIDE CODE
SAFETY TRAILER



PLA PERSONAL HEALTH & SAFETY

544

DAYS BETWEEN
LOST TIME
ACCIDENTS

27

NEAR MISSES
REPORTED

1

LOST TIME
ACCIDENT



PLANNING AND TECHNICAL EXPERTISE

88 RIVER WORKS LICENCES ISSUED



RIVER NAVIGATION AND SAFETY

11,188 PILOTAGE ACTS



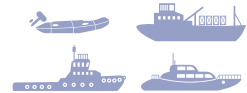
75

DIVING OPERATIONS

313 HYDROGRAPHIC SURVEYS

783

VESSELS LICENSED



FINANCE

£11.9 MILLION

 OPERATING
PROFIT

£12.2 MILLION

 CASH
INVESTED

ENVIRONMENTAL STEWARDSHIP

1,908

TONNES
OF CARBON
EMITTED

176

TONNES OF
DRIFTWOOD
RECOVERED

14

THAMES 2 I
CLEAN-UPS
SUPPORTED

51,792 KWH

SOLAR POWER GENERATED



CHAIRMAN'S STATEMENT



DAME HELEN ALEXANDER



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. IN 2014, INNOVATION AND INVESTMENT WERE AT THE HEART OF THE RIVER'S PLACE ON THE GROWTH AGENDA. INNOVATION WAS MANIFEST AS WE WELCOMED EDITH MAERSK, THEN THE LARGEST EVER CONTAINER SHIP ON THE RIVER, AT LONDON GATEWAY. INVESTMENT, AS DEVELOPMENT CONTINUED AT THE PORT OF TILBURY AND OTHER TERMINALS ALONG THE THAMES. THESE TWIN THEMES ARE SET TO CONTINUE OVER THE COMING YEARS.

RIVER USE

The river has never been busier: in 2014 we saw growth in passenger trips, inland waterways freight movements, port trade and sporting activities.

The Mayor's River Action Plan set a target of 12 million passenger trips a year by 2020. In 2014 there were almost 10 million, a new high. So we are well on the way to meeting the target. There was sustained growth in demand for Thames Clippers' new Putney service, and they have now ordered two new ferries, one for use on that route. Charter and tourism services continued to grow. There were more pier developments, with Plantation Wharf Pier soon to join the expanding network, and the number of trips in high-speed RIBs increased too.

Two major river events stand out as 2014 highlights – and helped to draw people to take river trips. The Clipper Round the World yacht race ended on the Thames in July – a day of celebration for crew and spectators alike. Two months later, in September, the Royal Borough of Greenwich hosted the Tall Ship Regatta, the largest Tall Ships event in London for 25 years. It drew more than a million extra visitors to the borough and Greenwich has since signed to host a larger Tall Ships event in 2017.

2014

Turnover	£51.3m
Operating profit	£11.9m
Net cash inflow from operating activities	£10.5m



The amount of goods and material moved between terminals on the Thames grew for the fourth year in a row to 5.5 million tonnes, a 4% increase on 2013. Increasingly, the Thames is at the heart of major London infrastructure schemes, with water transport serving projects like Crossrail and the Lea Tunnel. In the coming years, it will be central to the Northern Line extension, the Battersea Power Station development and the Thames Tideway Tunnel scheme.

Making the most of the river for inland waterways freight relies on having wharves to get materials on and off the river. We aim to reactivate the wharves safeguarded for port use. In 2014, the Secretary of State for Transport confirmed our Compulsory Purchase Order for Orchard Wharf, a site we have been working to bring back into use for almost a decade. That decision was subsequently appealed and we await the High Court's verdict.

Port trade in 2014 grew by 1.3 million tonnes (3%) to 44.5 million tonnes. This growth was spread across all major cargo types – oil, containers and building materials. It reflected economic recovery and new trades attracted to existing facilities and new ones, such as London Gateway and FM Conway's Imperial Wharf. After the first visit of a 397-metre E-class container ship in October, then the largest ever container ship on the Thames, such calls are now becoming part of normal business.

Investment at the Port of Tilbury also prompted a Thames first, when they had two cruise ships alongside at the same time in December, after a £3 million investment at their cruise terminal landing stage. Investment elsewhere on the port estate includes the London Distribution Park, with pre-let warehousing now under construction. Stolt Nielsen is also expanding its Thames operations, with terminal renewal and expansion.

NAVIGATIONAL SAFETY

In the context of increasing river use, the overall level of safety performance continued to be good. We effectively oversee three rivers in one – a recreational river, a capital city's river and a commercial port. The safety challenges consequently differ starkly as we serve more passenger boats, more barges and ever bigger ships. The successful audit of our compliance with the Port Marine Safety Code at the end of the year was therefore an important achievement.

CHAIRMAN'S STATEMENT

CONTINUED



FINANCES

The operating profit for the financial year, including our share of Estuary Services Ltd (ESL), a joint venture with Port of Sheerness Ltd, was £11.9 million, an increase of £4.6 million or 63.6%. Total investment in sustaining the long-term health of the PLA and river operations was £12.2 million.

Turnover, excluding the PLA share of ESL, rose 5.5% to £50.7 million. The increase reflects the charging of a levy on pilotage to cover the costs of deficit repairs to the Pilots' National Pension Fund and improved non-trade related revenues. Costs, which include the financial effects of the various pension funds the PLA participates in, reduced by 4.8%. From 1 January 2014, all members of the PLA Pension Fund transferred to a career average basis from defined, final salary, benefit.

The total recognised loss for the year was £10 million (2013: £17.1 million gain), after accounting for net actuarial losses in pension schemes. The PLA Group was able to cover from operations its cash requirements, including contributions to the deficit repair programmes agreed with the trustees of the pension schemes. After allowing for a VAT refund from Her Majesty's Revenue and Customs, received in January 2015, the net cash position was in balance.

STRATEGY

During 2014 the Board agreed the three main areas of focus for developing the PLA in 2015 and beyond. Discussions with stakeholders indicated strong demand for a Vision for the Tidal Thames to look forward over the next two decades and set direction for the PLA, and our partners, for the years ahead. This is something we will be taking forward during 2015 in close discussion with all our stakeholders.

Secondly, we will be developing commercial opportunities that make the most of our expertise and generate income less vulnerable to changing volumes of port trade. Finally, we developed and launched, in early 2015, *Our PLA*, a new people strategy. *Our PLA* is set to embed a high-performance culture in the organisation that will benefit employees and stakeholders.

THE BOARD

Last year there were several changes on the PLA Board. Richard Everitt retired after more than nine excellent years as chief executive at the end of March, handing over to Robin Mortimer. John Mills, William Everard and Rodney Lenthall stood down from the Board, each after six years' much valued service. I would like to thank them each warmly for their contribution. Helen Deeble, Annette Malm Justad, Alun Griffiths and Ian Moncrieff joined the Board, bringing individual expertise which collectively further strengthens the Board (biographies of Board members can be found on page 38 and 39). The changes also mean that the female representation on the Board is now 30%.



OUTLOOK

The outlook for the Thames, its wide range of users and for the PLA, is positive. River use seems set for a period of continued growth, whether in passenger trips, inland waterways freight or deep-sea trade. The Thames Tideway Tunnel is going to be the largest single project for the river over the next decade. The Thames through London will be busier once the construction starts, and Thames Water's contractors begin operations alongside the existing passenger and freight services. To manage this we will be co-ordinating barge movements, providing local traffic control and monitoring compliance with conditions in our river works licences.

OUR PEOPLE

Last year we again showed the strength of the PLA team. Whether piloting more than 10,000 ships to and from Thames berths, or overseeing the Great River Race, the professionalism of our employees is visible to and valued by all. On behalf of the Board and the wider stakeholder community that we serve, they all have our thanks.

DAME HELEN ALEXANDER
CHAIRMAN

26 MARCH 2015

CHIEF EXECUTIVE'S REVIEW



In this my first year as PLA chief executive, I have been constantly struck by the potential for growth in use of the Thames. 2014 saw exciting developments in all areas - from port trade to travel, leisure to sport. It is our job at the PLA, working with many stakeholders, to make the most of this great asset: optimising its economic and social value whilst conserving its unique marine environment. My review consequently focuses particularly on the work we have in hand for the future.

STAKEHOLDER BENEFIT

We are a self-financing organisation, receiving no taxpayers' money, but holding the River Thames in trust for the benefit of stakeholders and to finance our essential services.

For the first time in this annual report, we are publishing in detail the value of the direct benefits we deliver to our stakeholders over and beyond the delivery of our statutory services, following best practice in other Trust Ports. In 2014, the value of these stakeholder benefits was estimated to be £13.5 million, as set out later in this report.

OPPORTUNITIES AND CHALLENGES

Our areas of focus for 2015 will address the opportunity for growth in both river use and as an organisation. In particular, this includes: developing a long-term Vision for the Tidal Thames; growing our commercial business; and delivering our people strategy, *Our PLA*, to enhance our capability as a business. These initiatives are alongside investing in our boats and other equipment to enable us to provide a modern and efficient service.

We will be engaging with stakeholders over the development of a Vision for the Tidal Thames throughout 2015 to be clear on our collective aspirations for the river and identify what needs to be

done to achieve these ambitions. The Vision will set out how we want river use to grow and evolve and what role Government, developers, investors, regulators and community groups will play in that. We expect it will also frame the PLA's future development strategy.

To support development of the Vision, we have commissioned new studies of the total economic contribution made by the Port of London to the UK economy, including, for the first time, estimating the value of recreational, amenity and wider social benefits from the tidal river. We are also investing in a new river capacity study jointly with Transport for London, and looking at economic growth and other forecasts to help plan for the future.

Broadening income will address one of the main challenges any harbour authority faces: responding to fluctuations in port trade. Latterly these have been in the energy sector, where the closure of the last remaining Thames oil refinery and Tilbury power station together resulted in the loss of over ten million tonnes of port trade between 2011 and 2014.

We aim to grow our non-port related income over time to have a stronger, more diversified revenue base. This will be by building out from our existing areas of strength and expertise, for example by developing our commercially offered services and acquiring safeguarded wharves. We already have a well-developed business offering hydrographic services and are making good progress with the development of the training activities. In 2014 we expanded the provision of Vessel Traffic Services (VTS) training to third parties. These IALA and MCA-accredited courses uniquely offer delegates the operators' view of Europe's largest VTS area. Take-up has been strong, with delegates from UK and European ports.



We have plans to acquire two wharves safeguarded for port operations. Subject to completing legal processes, Peruvian and Orchard wharves, both in east London will be leased long-term to operators. This will provide us with a stable rental income, while the operators will have the security to invest in the latest cargo-handling equipment, ensuring the river is used more.

We developed our new people strategy, *Our PLA* in 2014, which is available on the PLA website. *Our PLA* is about building on our strong reputation as well as introducing change, so that we are a high-performing, customer-facing and responsive organisation.

We are starting 2015 with a staff survey to give a baseline of staff engagement and satisfaction against which we can measure progress over the coming years and we will be seeking stakeholder feedback on how we are performing later in 2015.

The PLA will also in 2015 play a major role in facilitating Thames Water's Thames Tideway Tunnel (TTT) project, we will be handling larger vessels on the river and funding increased deficit repair payments for the main PLA pension fund. In each case we have plans in place to address the challenges: a dedicated team is working on the TTT project; we are using new technology (Pilot Portable Units) and enhanced training to handle the larger ships safely; and we are now several years into the deficit repair plans agreed with the trustees of the two main pensions schemes with which the PLA is involved.

HEALTH & SAFETY PERFORMANCE

I am committed to making sure that we achieve the highest standards of health and safety performance. Last year there were fewer lost time accidents overall and none afloat, which was encouraging progress. We strengthened our culture of near miss reporting, with more near misses reported than in any previous year.

We also introduced new PLA "Golden Rules" to put health and safety at the centre of the way we work.

INVESTMENT STRATEGY

We invest to sustain and improve the equipment and facilities we use to perform our duties. The investments are principally in vessels and infrastructure, with a new £6.9 million mooring maintenance vessel, *London Titan*, shortly to be delivered and a new hydrographic survey boat on order. We are also progressively replacing radars in our 18-strong network with new 'solid-state' technology, offering greater resilience and signal quality.

The Thames is the UK's most important and valuable river asset, at the centre of national life. I am excited that in 2015 we will be developing, with our stakeholders, a new Vision for the tidal Thames. This will look forward to the next 20 years of growth and safe enjoyment of the river and help shape the PLA's priorities going forward.

In closing I extend my thanks to my predecessor, Richard Everitt, whose generous support in my first month at the PLA was invaluable. Richard's tenure as chief executive covered the first three months of 2014; the strong performance and results set out in this Annual Report very much reflect his leadership.

ROBIN MORTIMER
CHIEF EXECUTIVE

26 MARCH 2015

BUSINESS MODEL

STAKEHOLDER BENEFITS



BENEFITS OUR OPERATION GENERATES

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 also accommodates 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.

PLA ACTIVITIES MOST VALUED BY STAKEHOLDERS

We asked an independent organisation to establish with stakeholders the value the PLA generates. Their initial findings were that our value is as much in planning and technical expertise as in navigational safety, convening stakeholders and river advocacy. The main areas of benefit are set out here and have been used as the section headers of this new-style annual report:

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 marine 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.

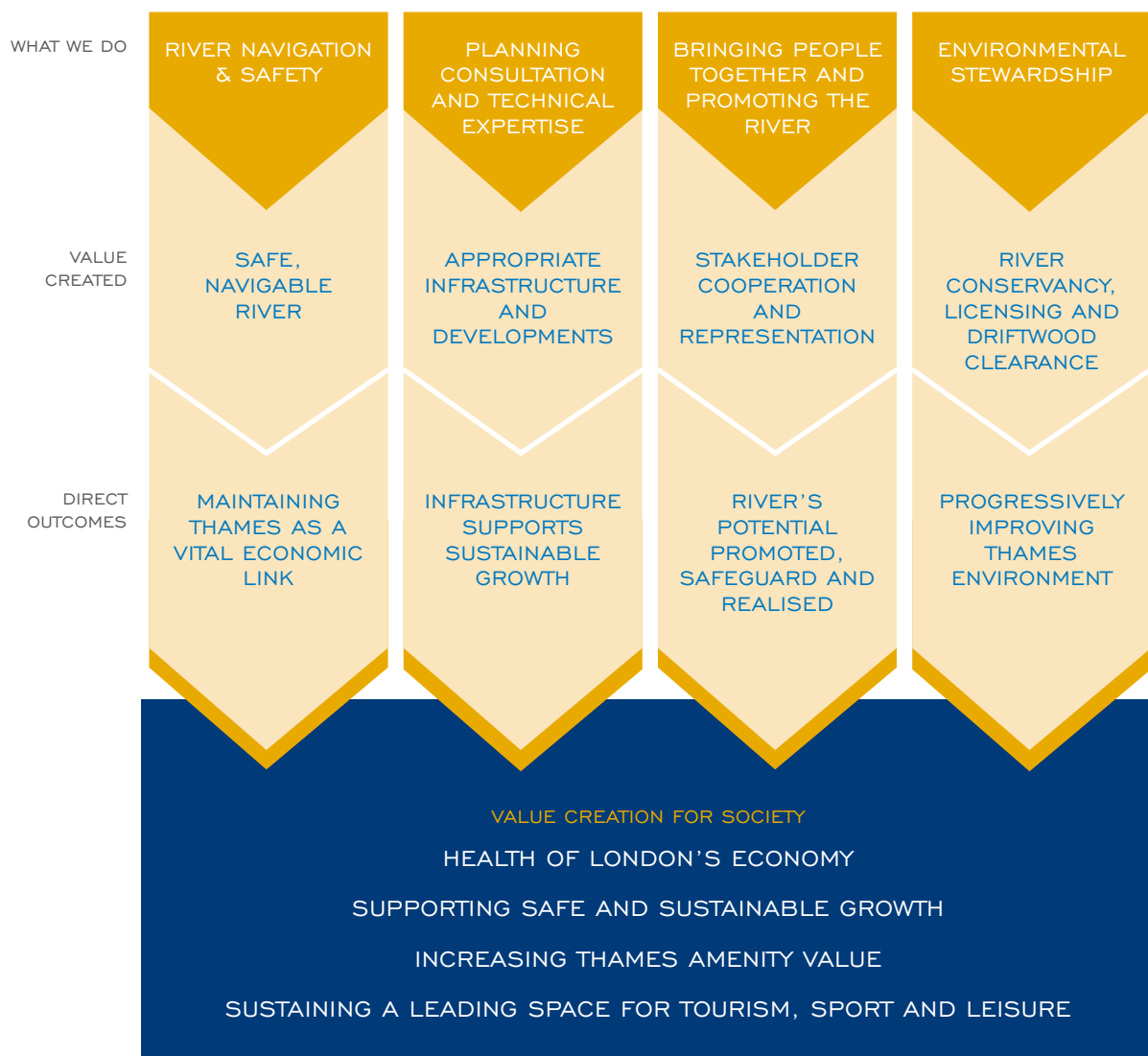
Environmental stewardship: We hold the tidal Thames in trust, with the goal of handing it on to succeeding generations in the same, or better condition. A major part of our work is conservancy of the Thames, dredging and maintaining the main navigation channels on the river. As stewards of the marine 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 low-carbon means of transport.

COMMUNITY BENEFIT

As we operate for the benefit of stakeholders, not shareholders, we are able to generate a substantial benefit to the community, estimated to be £13.5 million in 2014.



HOW WE CREATE VALUE FOR SOCIETY



BUSINESS MODEL

INCOME



KEY STATISTICS PLA:

No of employees	346
Length of tidal river managed	95 miles
Size of estate (land)	947 ha
Size of estate (marine)	10,315 ha
PLA fleet of vessels (incl six Estuary Services Ltd)	44

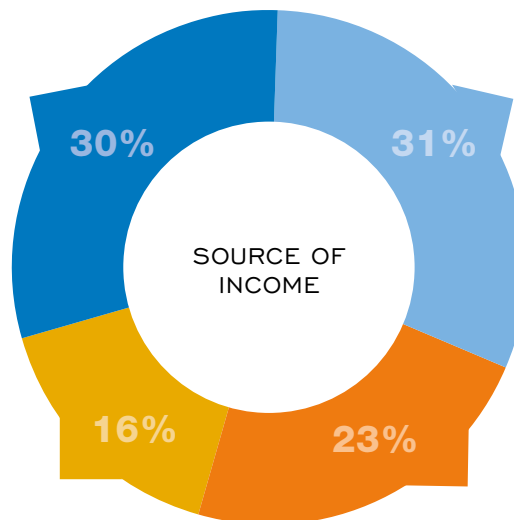
AS A SELF-FINANCING STATUTORY AUTHORITY, WE COVER THE COST OF OUR OPERATIONS FROM THE FEES WE LEVY AND MAKE A SURPLUS TO INVEST IN THE MAINTENANCE AND RENEWAL OF OUR OPERATIONAL ASSETS. OUR INCOME IS FROM:

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

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



PILOTAGE DUES

charged for providing a pilot who guides the ship into and out of the port (includes Pilots' National Pension Fund levy)

RIVER LICENSING

river works licensing fees and rents for facilities in, under or over the river

BUSINESS MODEL

RISK AND RISK MANAGEMENT



Risk management and control is an integral part of corporate governance.

We have 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 overall Corporate Risk Register at least annually with periodic reviews of the three risk areas: operational, internal and external.

Personal health and safety of PLA staff and contractors is the subject of continued and close scrutiny. Near miss reporting and prompt sharing of lessons learned have become an embedded way of ensuring continuous performance improvement.

Our principal operational risk management focus is on facilitating navigational safety. We use a Marine Safety Management System to identify the risks, mitigate them where possible, with monitoring and frequent reassessment. External risks primarily relate to environmental, legal, legislative, political and economic matters. Our management of environmental risk includes the licensing of structures or facilities on the river, operating the Thames Oil Spill Clearance Association and exercising with its assets periodically in partnership with relevant local authorities and regulators.

Internal risks include a number of 'legacy' risks resulting from the PLA's previous role as dock owner and operator. We continue to work on meeting these liabilities. Similarly, in common with other employers, pension schemes feature amongst the principal financial risks the PLA faces. Deficits have arisen through improved pensioner longevity and changes in the discount factors applied when undertaking valuations. Steps have been taken to control the PLA's exposure and meet its liabilities.

The economy on a macro- and micro-scale is also considered in our risk registers, particularly the potential impact of changes in the global economy which may have local repercussions, with major facilities on the Thames being created, closing down or sites being regenerated.

RIVER NAVIGATION AND SAFETY



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, the largest VTS area in Europe.

Our Marine Safety Management System is continually updated to reflect changes in trade and the wide range of marine operations and activities within the port. The system was confirmed to meet Port Marine Safety Code requirements in a compliance audit completed by Marico Marine in 2014. Our robust approach to risk management is vital on a river that is busy and getting busier and underpins our goal to reduce the number of significant navigational incidents by 10% annually.

Other developments during 2014 reflected the diverse river that we oversee. On the upper reaches, after a period of prolonged heavy rain resulted in an increased number of incidents, we introduced an Ebb Tide flow indicator to alert rowers to hazardous rowing conditions. We are also working on updating the Rowing Code of Practice. The Code was introduced in 2006 and has resulted in a marked improvement in rowing safety.

In the middle district, we oversaw growing passenger trip numbers and burgeoning inland waterways freight operations. We also licensed an exceptionally high number of events and filming operations, including the launch of the new Jaguar XE.

Downriver, we continue to see the arrival of larger vessels, particularly container ships. Our preparation for these bigger ships involved extensive planning, pilot training, including simulation of operations in our bridge simulator and visits to ports already handling larger vessels.

2014

Significant navigational incidents **40**

Pilotage acts **11,188**



ORDERED NEW HYDROGRAPHIC SURVEY VESSEL TO UPDATE OUR FLEET AND SURVEY CAPABILITY

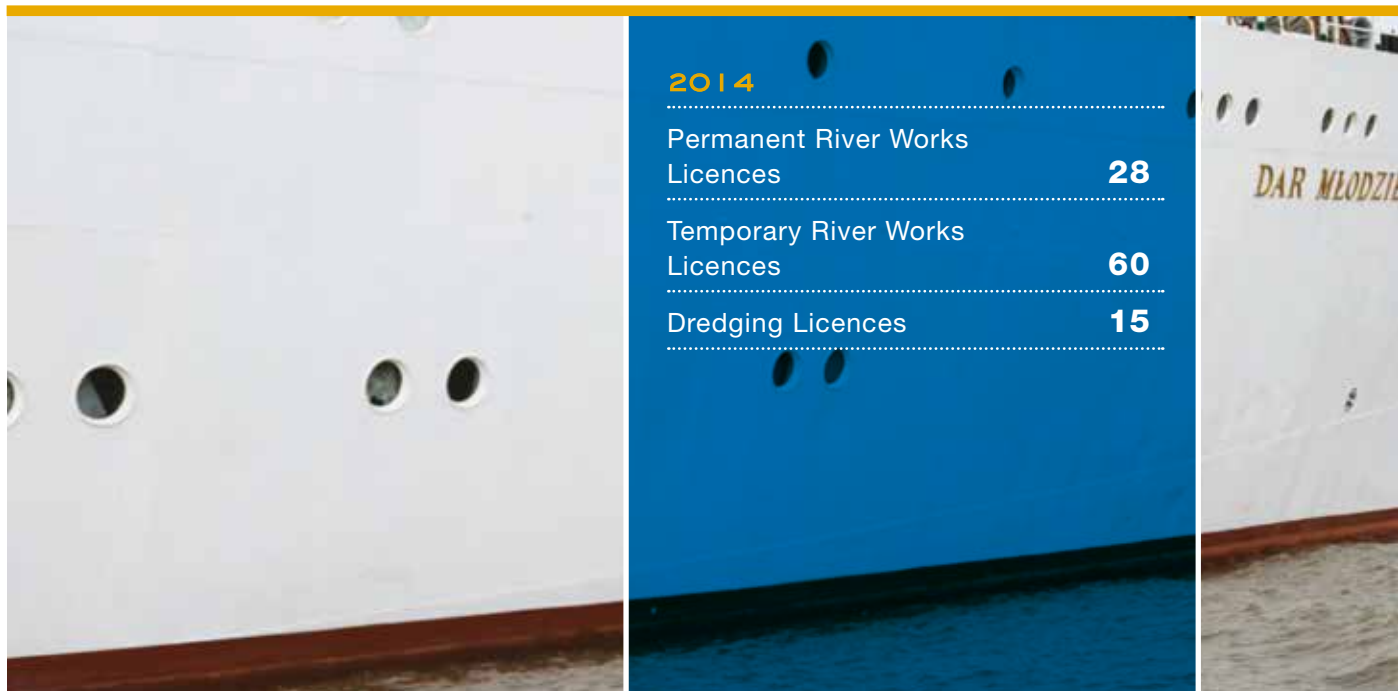


INTRODUCED PORTABLE PILOT UNITS, WHICH BRING TOGETHER ELECTRONIC CHARTS, OTHER SAFETY AND NAVIGATION INFORMATION, WITH PRECISE, REAL TIME POSITIONING DATA, TO ASSIST PILOTS BRINGING LARGE SHIPS ON TO THE THAMES



LAUNCHED NEW POSTER CAMPAIGN JOINTLY WITH THAMES REGIONAL ROWING COUNCIL ENCOURAGING ROWERS ON THE THAMES TIDWAY TO KEEP A LOOK OUT AT ALL TIMES ON THE RIVER; ANALYSIS HAD FOUND 'FAILING TO KEEP A PROPER LOOKOUT' IS THE MAIN CAUSE OF ROWING INCIDENTS ON THE THAMES

PLANNING CONSULTATION AND TECHNICAL EXPERTISE



OUR PLANNING AND TECHNICAL EXPERTISE IS AT THE HEART OF THE WORK WE DO TO PROMOTE THE USE OF THE RIVER. IN PRACTICE THIS SEES US: MAKING SURE RIVERSIDE WHARVES ARE MAINTAINED FOR RIVER USE; PROVIDING EXPERT ADVICE TO PEOPLE LOOKING TO USE THE RIVER, WHETHER FOR TRADE, TRAVEL OR LEISURE; AND OVERSEEING, AND OCCASIONALLY RUNNING, MAJOR EVENTS ON THE RIVER.

Over the last five years, our planning and technical expertise has been instrumental in the sustained growth in passenger trips and inland waterways freight movements on the Thames. On passenger services, we are working closely with the Greater London Authority, Transport for London and the boroughs, advising developers on plans for new piers, assessing new routes and vessels.

In 2014, we worked with partners on the development of a new pier at Plantation Wharf; we are also engaged with plans for further new piers and pier extensions. The joint river capacity study we have commissioned with Transport for London will help shape these pier plans.

Through the planning process, and more widely, we promote use of the Thames for transporting materials to and from new riverside developments and major infrastructure schemes. River transport reduces the emissions, safety and other impacts of major projects on local communities and cuts congestion on the busy road network. Currently more than 265,000 lorry trips are saved by river use.

Crossrail are making extensive use of the river to transport supplies and tunnelling spoil following the example of the Lea Tunnel and Blackfriars Bridge projects, both of which used the river to transport supplies and construction waste.

The Thames Tideway Tunnel scheme is set to be the biggest single project on the Thames in London in over a century and is drawing heavily on our planning and technical expertise – 2014 saw us recruit additional staff to cover the scheme’s substantial technical and consenting demands.

Among other projects considered for river works licences in 2014 were the Garden Bridge, Fulham Football Club’s new riverside stand and the first maintenance dredge at London Gateway.



SET UP PROJECT TEAM TO HANDLE THAMES TIDEWAY TUNNEL LICENSING, PLANNING AND NAVIGATIONAL MATTERS, WITH FULL-TIME HARBOUR MASTER AND FOUR FURTHER ADDITIONAL RECRUITS



COMPLETED PROJECT WITH FM CONWAY TO BRING IMPERIAL WHARF, GRAVESEND, BACK INTO USE AS A BITUMEN TERMINAL



COMMISSIONED RIVER CAPACITY STUDY, WORKING JOINTLY WITH TRANSPORT FOR LONDON, TO IDENTIFY HOW PINCH POINTS WITH RIVER PIER AND OTHER INFRASTRUCTURE CAN BE ADDRESSED TO ACCOMMODATE FUTURE GROWTH

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER



WE ARE UNIQUELY PLACED TO BRING TOGETHER THAMES STAKEHOLDERS TO ADDRESS RIVER-RELATED ISSUES. 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.

The river is a valuable asset for the capital and south east; we ensure that the economic, environmental and amenity benefits of its greater use are consistently voiced. We actively encourage developers of riverside sites to make use of the river for construction and, where possible, integrate piers into their developments too.

Long-term our biggest single role in this area of activity is working in partnership with the Mayor of London and others to protect and ensure use of riverside sites for port-related use. This makes sure that the essential slip-roads on to the Thames marine superhighway are protected. The use of several safeguarded sites for the Thames Tideway Tunnel scheme underlines the importance of this part of the long-term vision.

A major theme in our advocacy work is the role that moving goods and materials by river plays in keeping lorries off congested roads in London and the south east. During 2014, PLA representatives shared this message at a number of conferences

on transport in London. Each year the use of barges and ships to move materials along the Thames keeps more than 265,000 lorry movements off busy roads.

Allied to our work around infrastructure is supporting development of the skilled workforce needed to navigate vessels carrying the growing volumes of river traffic. We hosted the second Thames Careers and Trade Fair at our Gravesend base in 2014, working with the National Maritime Development Group. The event attracted students and job seekers keen to find out more about the opportunities for jobs on the Thames from exhibitors including Port of Tilbury, DP World London Gateway, Thames Tideway Tunnel, Commercial and Marine Piling, S Walsh & Son and RSPB.

We are working with the Greater London Authority on prospects for developing infrastructure essential to support a busy river, including a London boat yard for essential vessel maintenance.



SUPPORTED THAMES TRAINING ALLIANCE, WHO ADDED A TRAINING MANAGER TO ITS TEAM IN 2014, OVERSEEING TRAINING FOR APPRENTICES INCLUDING MAX GOODWRIGHT (ABOVE) AS THE ALLIANCE WORKS TO MEET FUTURE DEMAND FOR SKILLED MARINE OPERATORS ON THE THAMES



CONVENED MEETINGS OF FREIGHT AND PASSENGER OPERATORS TO BRING A SINGLE RIVER VOICE TO DISCUSSIONS WITH THE THAMES TIDEWAY TUNNEL TEAM AS THEIR PROJECT TEAM CONTINUED PRE-WORKS ASSESSMENTS



COMMISSIONED ECONOMIC IMPACT STUDY TO ASSESS THE VALUE OF ALL ASPECTS OF RIVER USE: TRADE, TRAVEL, LEISURE AND SPORT

ENVIRONMENTAL STEWARDSHIP



THE THAMES PROVIDES A RANGE OF DIVERSE, THRIVING HABITATS FOR MANY DIFFERENT SPECIES OF FISH, BIRDS, SEALS AND OTHER WILDLIFE. IN OUR ENVIRONMENTAL STEWARDSHIP ROLE WE CONSERVE AND ENHANCE THE UNIQUE MARINE ENVIRONMENT OF THE TIDAL THAMES, ALONGSIDE THE THRIVING COMMERCIAL PORT AND RIVER ACTIVITIES.

We own over 95% of the Thames river bed (10,315 hectares) from Teddington Lock to Southend. Our terrestrial estate is 947 hectares. Within our area of jurisdiction there are eight 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 RAMSAR sites, Special Protection Areas or Special Areas of Conservation.

We assess the impact of proposed new river developments within the context of environmental and other designations, licensing them with appropriate conditions to protect the environment. We are working with DEFRA and the Marine Management Organisation (MMO) over the delegation of MMO authority to provide a single marine licence for developments on the Thames from spring 2016.

In 2014 we kicked off work on a campaign to reduce the amount of litter ending up in the Thames as part of our work to improve the Thames environment. This campaign, with partners including Thames21, Thames Estuary Partnership, the RSPB and Environment Agency, will be launched during 2015.

We work continuously to improve the environmental performance of our operation through projects including solar power generation, rain water harvesting and waste separation. In 2014 our carbon footprint increased by 8% from 1,752 tonnes to 1,908 tonnes. This change was due principally to improved data gathering as we work through Energy Saving Opportunity Scheme (ESOS) assessments. New gas boilers installed at Denton in December 2014 and the commissioning of the new hydrographic survey boat are expected to reduce future carbon emissions.

On the Thames, our work to encourage people to move freight by river supports the drive to reduce carbon emissions. The 5.5 million tonnes of material moved by river would be carried in more than 265,000 lorry loads on busy roads in and around London. During 2015 we will be setting targets for the further growth of river use for moving freight.

On our terrestrial land holdings, higher level stewardship agreements were approved by Natural England for our land at Cliffe and AllHallows in Kent during 2014. We sought bids for operation of Rainham Salt Lagoons, also designated as a valuable habitat.



2014

Riverbed estate	10,315 hectares
Terrestrial estate	947 hectares
Sites of Special Scientific Interest within jurisdiction	8



COMPLETED PROGRAMME OF HABITAT AND OTHER IMPROVEMENTS COSTING OVER £30,000 ON OLIVER'S AIT, AN ISLAND JUST DOWNRIVER OF KEW BRIDGE, BENEFITING WILDLIFE, ROWERS, RIVERSIDE RESIDENTS AND WALKERS; THE AIT IS A VALUED HABITAT FOR WILDLIFE INCLUDING BATS, KINGFISHERS AND RARE SNAILS

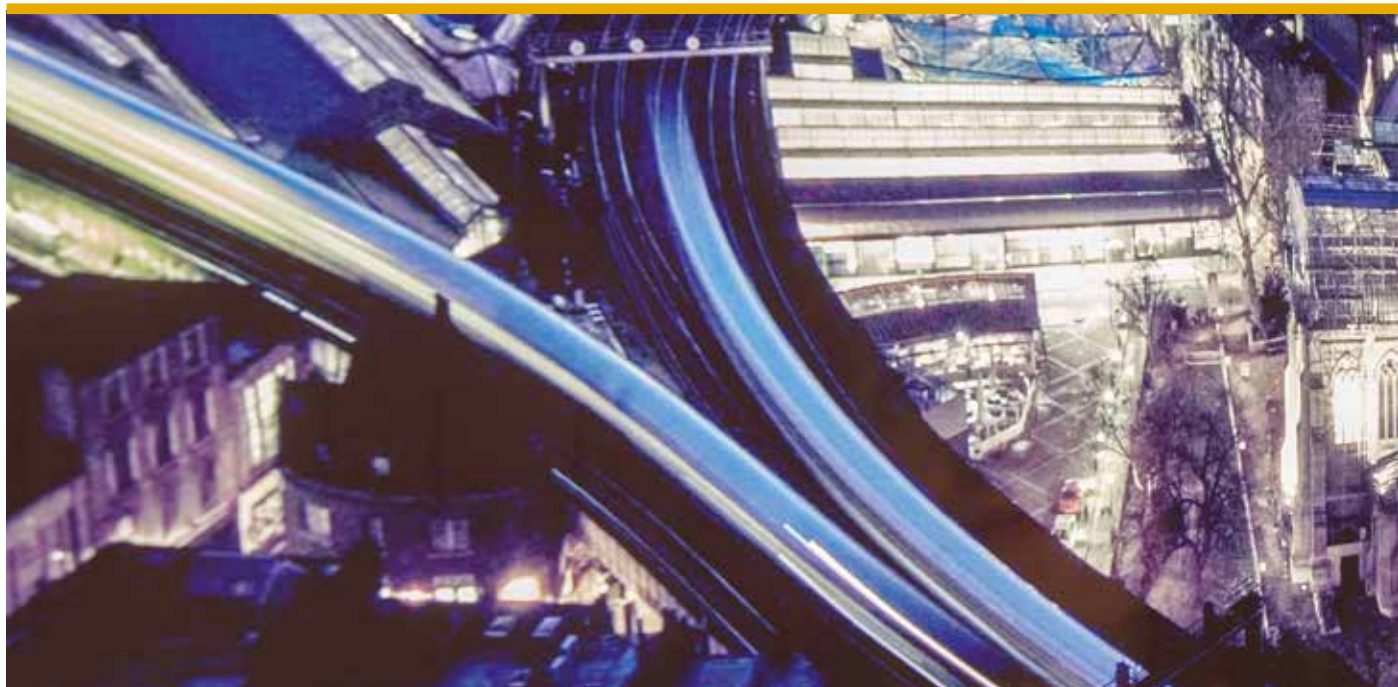


HIGHER LEVEL STEWARDSHIP AGREEMENTS APPROVED BY NATURAL ENGLAND FOR OUR LANDHOLDINGS AT CLIFFE AND ALLHALLOWS IN KENT; THE AGREEMENTS FORM THE BASIS FOR ONGOING IMPROVEMENTS TO THE LAND BY OUR TENANT FARMERS



CELEBRATED THE FIRST DECADE OF PARTNERSHIP WORKING WITH LONDON WATERWAY CHARITY THAMES21 WITH A FORESHORE CLEAR-UP AT DENTON, GRAVESEND. WE ENABLE THAMES21 TO DELIVER VOLUNTEER FORESHORE CLEAN UPS

PLA IN THE COMMUNITY



AS A TRUST PORT WE LOOK AFTER THE RIVER FOR THE BENEFIT OF MYRIAD STAKEHOLDERS AND, ULTIMATELY, FUTURE GENERATIONS. AS WE HAVE NO SHAREHOLDERS, 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. The last study to measure this, published in 2009, indicated the GVA exceeded £3 billion and employment 46,000 full time equivalent jobs. We have commissioned a study to update those statistics.

We estimate the total value of the stakeholder benefit generated in 2014 by the PLA, beyond the statutory services we provide, to be £13.5 million. This calculation was prepared on the basis of industry best practice – a full breakdown of our stakeholder benefit figures for 2014 can be found on page 32. We will be refining the scope of these calculations in coming years.

Our 2014 stakeholder benefit estimate is made up of business community benefits (£139,720), operational activities that generate wider stakeholder benefits (£626,038), taxes (£12,530,000), community contributions (£193,788) and non-pay staff benefits (£9,362).

Our operational activities that generate wider community benefits include maintaining and operating the Grade II* listed structure, Richmond Lock & Weir. In 2014, our ongoing investment at

the Lock & Weir included replacing timber fenders, rubbing strips and jetty access ladders used by vessels when tying up prior to using the Lock.

Our business community benefit includes our membership subscriptions to organisations including the Confederation of British Industry and London Chamber of Commerce and Industry. We supported the Thames Careers Open Day hosted on Royal Terrace Pier, Gravesend and the Centre for London's commission east Thames crossings. Thames Estuary Partnership and the Thames Training Alliance also benefit from ongoing support.

We also made preparations to resume our bankside maintenance programme over eight kilometres of PLA-owned tow path upstream of Putney. The tow path is home to native black poplars of fundamental importance to the UK's biodiversity of this species.

River-related organisations we support include the Museum of London Docklands, Thames21 and Thames Estuary Partnership. Our community outreach programme includes an education programme delivered by Thames Explorer Trust and the PLA-staffed Riverside Code safety trailer, which attends community events along the Thames.



2014

Estimated stakeholder benefit	£13.5m
Riverside Code Trailer events	12
Public meetings	3
People attending Stakeholder Forum	116



OUR RIVERSIDE CODE TRAILER ATTENDED 12 EVENTS ALONG THE THAMES REACHING A POTENTIAL AUDIENCE OF MORE THAN 6,000 PEOPLE



OUR PORT WELFARE INVOLVEMENT SUPPORTED THE SEAFARERS CENTRE AT TILBURY AS PART OF OUR PORT WELFARE INVOLVEMENT



WELCOMED MORE THAN 100 PEOPLE TO RICHMOND LOCK & WEIR DURING THE ANNUAL LONDON OPEN HOUSE WEEKEND

PLA PEOPLE



OUR WORKFORCE OF 346 PEOPLE DELIVERS THE ESSENTIAL SERVICES WE PROVIDE. A LARGE NUMBER OF OUR EMPLOYEES HAVE BEEN SEAFARERS AND THEIR MARINE EXPERTISE IS COMPLEMENTED BY KNOW-HOW OF SKILLED ELECTRICAL AND MARINE ENGINEERS, PLANNERS, CIVIL ENGINEERS, HYDROGRAPHERS AND ENVIRONMENTAL EXPERTS. THEY ARE SUPPORTED BY A HIGHLY SKILLED TEAM ACROSS FUNCTIONS INCLUDING LEGAL, IT, FINANCE AND ADMINISTRATION.

During 2014 we developed a new HR strategy *Our PLA*. Launched in February 2015, the strategy is focused on developing high performance across the organisation. This includes a strong emphasis on employee engagement, a new look at how we value our employees, a refreshed approach to recruitment and development and our commitment to diversity at all levels.

Personal health and safety of our employees, and those who work on our sites, remains central to the PLA. Our goal is to maintain a safe operation, working towards a target of no Lost Time Accidents (LTA) to PLA employees, contractors or visitors. To achieve this we systematically identify the risks of activities we undertake so that we can, as far as it is practicable, manage and mitigate them.

Near miss reports are the building blocks for strong health and safety performance. In 2014 we achieved a record 27 near miss reports and lessons were learnt from each one. 2014 also saw the end of our longest ever LTA-free run: 544 days, started in January 2013. The previous best was 346 between February 2011 and January 2012.

2014

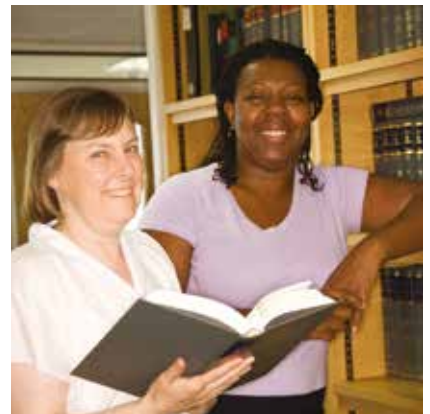
Employees	346
Lost Time Accident	1
Near miss reports	27



IMPROVED HEALTH & SAFETY PERFORMANCE, WITH JUST ONE LOST TIME ACCIDENT AND 27 NEAR MISS REPORTS



RAN BESPOKE IN-HOUSE TRAINING COURSES INCLUDING RIVER TRAFFIC CONTROL FOR LAUNCH CREWS



DEVELOPED NEW HR STRATEGY, *OUR PLA*, WITH A GREATER FOCUS ON HIGH PERFORMANCE AND DEVELOPMENT

RIVER USE STATS & KEY PERFORMANCE INDICATORS

PORT TRADE



44.5 MILLION TONNES OF CARGO HANDLED (+3%)

The tonnage of cargo handled at terminals on the Thames was 44.5 million tonnes, 1.3 million tonnes (or 3%) up on 2013. Growth was spread across almost all cargo types: containers and trailers (unitised traffic) up 7.4% to 16.2 million tonnes; aggregates and cement up 10.1% to 9.7 million tonnes; and oil trades up by 2.3% to 11.9 million tonnes. The period saw the first visit of an 'E-class' container ship, then the largest container ship ever to visit the Thames, the Port of Tilbury secure new short sea services and the opening of London Paper Terminal.

▲ Oil	11.9 million tonnes
▲ Containers & trailers	16.2 million tonnes
▲ Aggregates/Cement	9.7 million tonnes
▲ Other cargoes	6.0 million tonnes
▲ Vehicles	0.7 million tonnes
▲ Total Trade	44.5 million tonnes

PASSENGER TRAVEL



9.8 MILLION PASSENGER JOURNEYS (+22.5%)

The number of passenger trips on the river in 2014 reached almost 10 million, just two million short of the Mayor's River Action Plan 2020 target of 12 million trips a year. The increase in trips resulted from new boats being brought into service, events including the Tall Ship Regatta drawing people to the river, growing demand on existing routes and the introduction of new routes by operators including Thames Clippers and City Cruises. Future growth will be sustained with new piers such as Plantation Wharf, pier extensions and new boats, including two new ferries ordered by Thames Clippers.

INLAND WATERWAYS FREIGHT



5.5 MILLION TONNES OF INLAND WATERWAYS FREIGHT (+ 4%)

Movement of freight between terminals on the Thames grew by a further 4% in 2014 to 5.5 million tonnes, the fourth consecutive year of growth. The Crossrail and Thames Water's Lea Tunnel projects continue to underpin strong river use. Growth also came from the booming London construction market's demand for supplies of sand and gravel, plus new schemes using the river. Immediate prospects for growth are good, in particular with the movement of spoil from the Northern Line extension and, from 2016, the movement of materials for the £4.1 billion Thames Tideway Tunnel project.

SPORT AND RECREATION



83 MAJOR SPORTING EVENTS

There were 83 major sporting events on the river in 2014, including the traditional Head of the River races, Great River Race and the iconic University Boat Race. Interest in recreational pursuits on the Thames continues to grow with stand-up paddle boarding proving a source of growing interest. We continue to work closely with the sports and recreation communities, promoting safety awareness with partners including the Thames Regional Rowing Council.

KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS £M	2014	2013	2012
Turnover (including joint venture)	51.3	48.7	46.4
Operating profit (including joint venture)	11.9	7.3	6.5
Net cash inflow from operating activities	10.5	3.4	1.9

RIVER NAVIGATION AND SAFETY	2014	2013	2012
NAVIGATIONAL SAFETY			
Significant navigational incidents	40	34	38
PILOTAGE SERVICE			
No. of pilotage acts	11,188	11,580	11,399
No. of pilotage delays	41	14	30
Percentage of total pilotage acts delayed	0.4%	0.12%	0.26%
HYDROGRAPHIC SURVEYS			
Hydrographic surveys completed	313	325	360
DIVING OPERATIONS			
Diving operations	75	133	150
SPORTING EVENTS			
No. of sporting events held on river	83	84	84

ENVIRONMENTAL STEWARDSHIP	2014	2013	2012
WATER USE (LITRES)			
Rainwater harvesting (Marine House)	118,000	140,000	104,000
PLA CARBON FOOTPRINT (CO₂ EQUIVALENT TONNES)			
Carbon emissions	1,908	1,753	2,583
PLA ENERGY USE (KILOWATT HOURS)			
Electricity consumed	1,432,001	1,682,980	1,623,067
Electricity generated	51,792	51,447	321
Gas	530,969	705,081	536,872
PLA WASTE GENERATION AND RECYCLING (TONNES)			
Pre-segregated recyclable	44	14,985	11,205
General waste	38	31,525	33.3
Hazardous waste	15	6.69	10.51
Miscellaneous waste	3	-	-
DRIFTWOOD RECOVERED (TONNES)			
Tonnage of material recovered from the river	176	256	239
THAMES OIL SPILL CLEARANCE ASSOCIATION			
Call-outs	6	7	7
Reportable spills	2	3	0
Oil encountered (including sheen)	4	4	4
False alarms (nothing found)	2	2	3

PLANNING AND TECHNICAL EXPERTISE	2014	2013	2012
RIVER WORKS LICENCES			
Permanent River Works	28	27	16
Temporary River Works	60	63	57
Dredging	15	17	15

CONVENING STAKEHOLDERS AND RIVER ADVOCACY	2014	2013	2012
STAKEHOLDER MEETINGS			
No. of public meetings held	3	3	2
No. of people attending public meetings	92	125	48
No. of stakeholder forums	1	1	1
No. of people attending stakeholder forum	116	95	81

PLA IN THE COMMUNITY	2014	2013	2012
RIVERSIDE CODE TRAILER			
No of events attended by Riverside Code trailer/gazebo	12	9	14

PLA PEOPLE	2014	2013	2012
WORKFORCE			
No of employees	346	345	364
WORKFORCE DIVERSITY			
% workforce that are women	16	15.6	16
% senior managers that are women	16	15.6	16
% total Black, Minority or Ethnic origin	10	8.9	7.9
PERSONAL HEALTH & SAFETY STATISTICS			
Lost Time Accidents	1	1	5
Near miss reports	27	24	16

STAKEHOLDER BENEFITS*

PLA IN THE COMMUNITY	2014
MAJOR CHARITABLE DONATIONS	
Thames21	£25,000
Tilbury Seafarers Centre	£30,500
Thames Explorers Trust	£9,880
Discounted port charges	£15,803
Other charitable donations	£14,352
Riverside Code & community outreach	£16,023
Museum of London Docklands	£25,000
Thames 21 (administration costs)	£54,230
Gravesham Borough Council (Town Pier)	£3,000
	£193,788
ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT	
	2014
Archive at Museum of London Docklands	£66,942
River bank maintenance	£1,440
Richmond Lock & Weir	£557,656
	£626,038
GOVERNMENT BENEFIT	
	2014
Taxation – Pay As You Earn	£7,466,000
National Insurance (employer's and employees' elements)	£3,330,000
Corporation Tax	£1,393,000
Business Rates	£341,000
	£12,530,000
BUSINESS COMMUNITY BENEFIT	
	2014
Subscriptions to business organisations	£57,515
Thames Careers Open Day	£18,955
Centre for London	£3,000
Shipping Innovation award	£5,250
Thames Estuary Partnership	£30,000
Thames Training Alliance	£25,000
	£139,720
EMPLOYEES BENEFIT	
	2014
Sports and social activities	£9,362
	£9,362
Total Stakeholder Benefit	£13,498,908

*Our stakeholder benefit calculation is based on actual costs incurred during 2014. 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. This 2014 listing is our first estimated stakeholder benefit; we will be refining the basis of the calculation in future years.

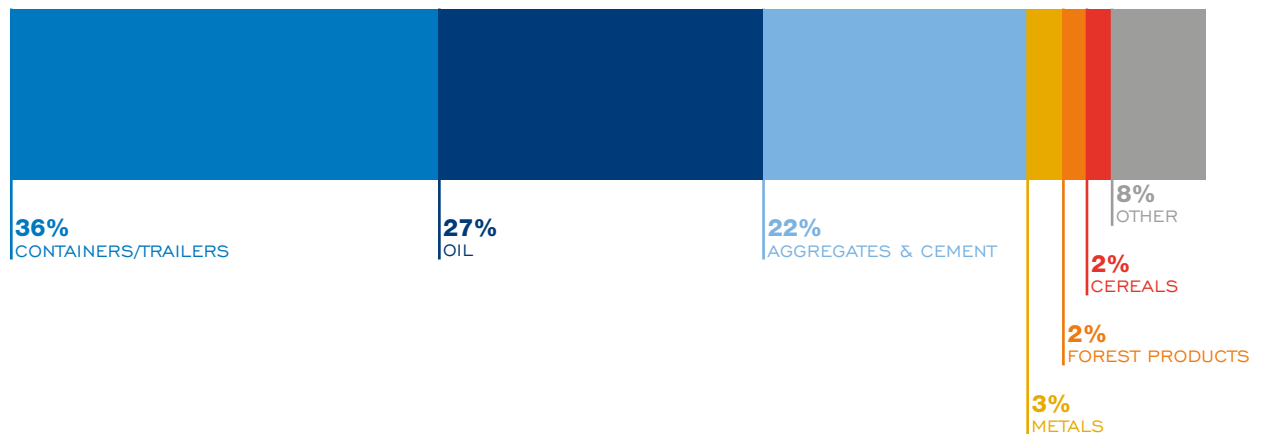
In several cases we have for clarity listed two separate contributions to the same organisation. For Thames21, we made a £25,000 financial contribution in addition to the £54,230 of 'in-kind' support we provided running some of their back office systems (HR and finance). Similarly, with Museum of London Docklands, we provided £25,000 in core financial support and £66,942 to cover space rental for the storage of the PLA archive.

PORT TRADE STATISTICS

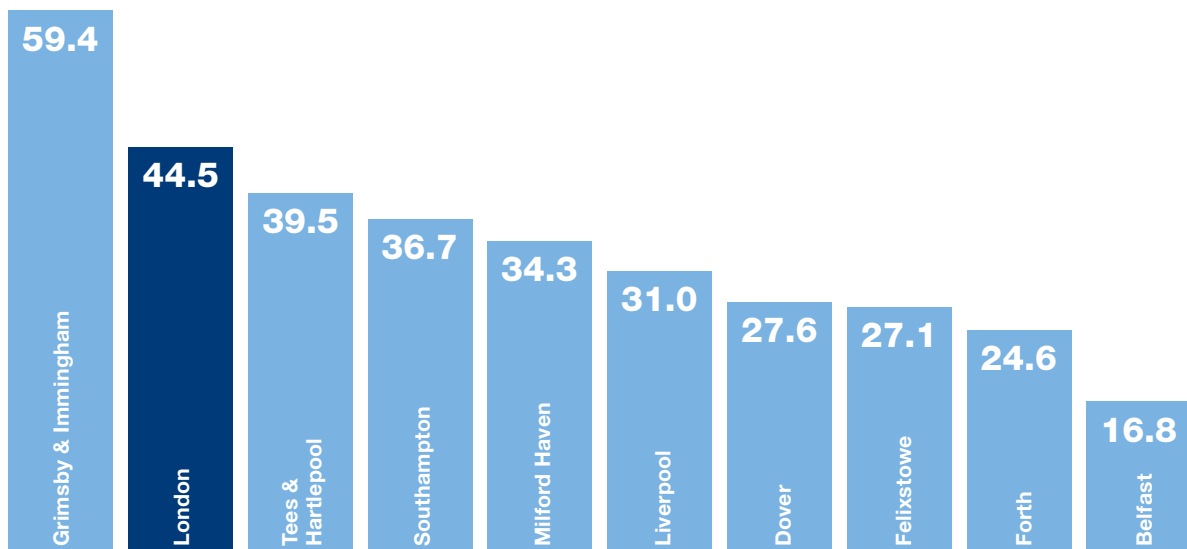
TRADE MILLION TONNES	2014	2013
Imports	37.5	36.4
Exports	7.0	6.8
Total	44.5	43.2

UNITISED TRAFFIC '000 TWENTY-FOOT EQUIVALENT UNITS – (INCLUDED IN ABOVE TONNAGES)	2014	2013
Imports	1,050	977
Exports	1,047	976
Total	2,097	1,953
Number of chargeable vessel arrivals to the Port of London	9,056	8,772

PORT OF LONDON TRADE BY TYPE 2014



UNITED KINGDOM PORT TRAFFIC 2014*



* Source: Department for Transport

PORT TRADE STATISTICS

PORT OF LONDON TOTAL TRAFFIC

	Imports		Exports		Total	
	million tonnes		million tonnes		million tonnes	
	2014	2013	2014	2013	2014	2013
Oil, crude & products	11.8	11.5	0.1	0.1	11.9	11.6
Containers & trailers	11.7	10.9	4.5	4.2	16.2	15.1
Aggregates / cement	9.7	8.8	0.0	0.6	9.7	9.4
Other cargo	2.4	2.3	1.0	0.5	3.4	2.8
Forest products	1.0	1.0	0.0	0.0	1.0	1.0
Biomass	0.0	1.4	0.0	0.0	0.0	1.4
Metals & ores	0.5	0.3	1.0	0.9	1.5	1.2
Cereals	0.4	0.2	0.4	0.5	0.8	0.7
TOTAL	37.5	36.4	7.0	6.8	44.5	43.2

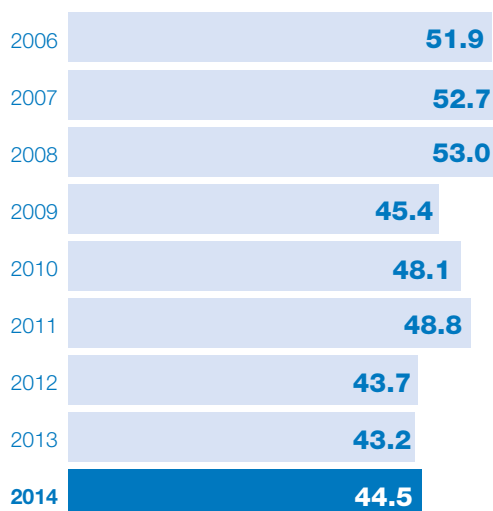
The above figures exclude the transport of refuse and other internal port traffic

UNITISED TRAFFIC (INCLUDED IN ABOVE TONNAGES)

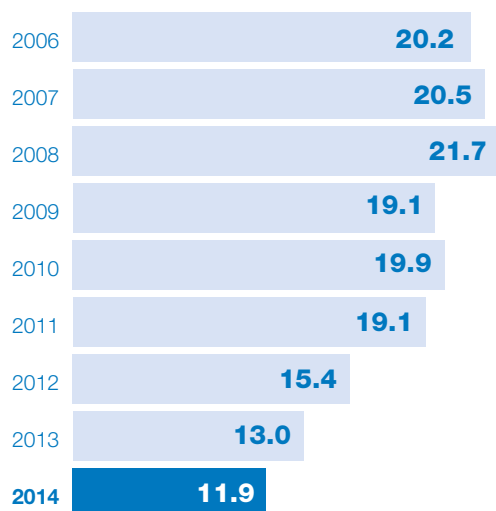
	Imports		Exports		Total	
	000 20-foot equivalent units		000 20-foot equivalent units		000 20-foot equivalent units	
	2014	2013	2014	2013	2014	2013
Ro/Ro terminals (trailers & containers)	511	512	521	512	1,032	1,024
Container terminals	539	465	526	464	1,065	929
Unitised Total (TEUs)	1,050	977	1,047	976	2,097	1,953

PORT TRADE STATISTICS

PORT OF LONDON TOTAL TRAFFIC
MILLION TONNES



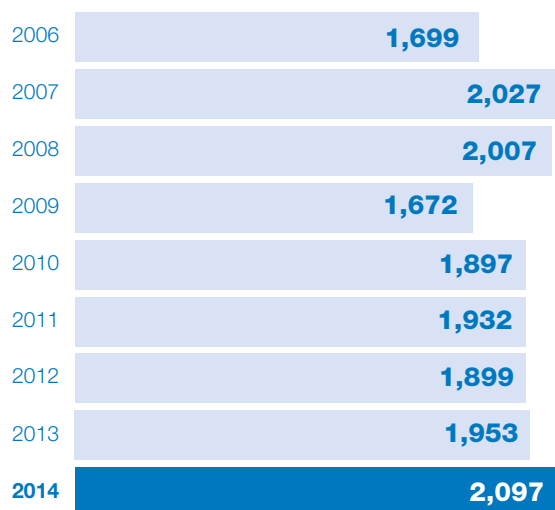
PORT OF LONDON FUEL TRAFFIC*
MILLION TONNES



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.





GOVERNANCE

MEMBERS OF THE AUTHORITY

AS AT 24 MARCH 2015



DAME HELEN ALEXANDER

Dame Helen Alexander is chairman of the Port of London Authority (PLA) and UBM plc. She is also deputy chairman of esure Group Holdings, a non-executive director of Rolls-Royce Group plc, and senior adviser to Bain Capital. Dame Helen was president of the Confederation of British Industry (CBI) until June 2011. Helen is chancellor of the University of Southampton and is currently involved with other not-for-profit organisations in media, the arts and education. Dame Helen was chief executive of the Economist Group till 2008, having joined the company in 1985 and been managing director of the Economist Intelligence Unit from 1993 to 1997.



BRIAN CHAPMAN

Brian Chapman, chief financial officer, was appointed an executive member of the PLA in September 2001 prior to which he spent many years in the food industry. His post, prior to joining the PLA, was as finance director of United Milk plc, and previously he was regional finance director for the consumer products arm of the New Zealand Dairy Board. As chief financial officer he is responsible for the accounting function, pensions, information services, insurance and property. He is a director of Estuary Services Ltd, Port of London Properties Limited, a trustee of a number of pension funds and Veolia North Thames Trust.



TONY QUINLAN

Tony is vice chairman of the PLA and chairman of the audit committee. He was appointed a non-executive member of the PLA board in March 2012. A chartered accountant, Tony qualified with Coopers & Lybrand 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. In 2008, Tony joined Drax Group plc as group finance director, a position he currently holds.



COMMANDER DAVID PHILLIPS MVO

David Phillips was appointed as chief harbour master in October 2011 and is responsible for all operational and navigational matters including vessel traffic management, hydrography, harbour services, port security and navigation systems. Previously, he joined the PLA as deputy harbour master (Upper) in November 2007 and was promoted in July 2009 to the post of harbour master (Upper). Before joining the PLA, David was director of marketing and maritime at the Defence Manufacturers Association and served in the Royal Navy as a specialist navigator and submarine captain. He is a younger brother at Trinity House, a member of the Honourable Company of Master Mariners and a volunteer crewman with Gravesend Lifeboat.



ROBIN MORTIMER

Robin Mortimer joined the PLA in March 2014 and took over as chief executive in April 2014. Prior to joining the PLA, Robin worked in the UK Government from 1994, following graduation from Oxford University and the School of Oriental and African Studies in London. Between 1996 and 2001, he was private secretary to the deputy prime minister and three secretaries of state for transport, environment and communities. After a secondment to the NHS as a service manager, Robin joined Defra in 2004 as deputy director covering rural policy, and later led work on the Climate Change Act. In 2007, he became a director in Defra where his roles included setting up the UK's Climate Change Adaptation programme, creating the Canal & River Trust, and directing programmes on farming and the natural environment. Robin is on the London Council of the CBI and is a trustee of two charities – the World Conservation Monitoring Centre in Cambridge and Thames21. He rows regularly on the Thames and has been a keen runner for the last 25 years.



HELEN DEEBLE, CBE

Helen is chief executive of P&O Ferries. A chartered accountant with a background in retail and logistics, Helen has more than twenty years' experience in shipping and was appointed CEO of P&O Ferries in 2006. Helen is a board member of the UK Chamber of Shipping and The Standard P&I Club. She was vice-president and president of the UK Chamber of Shipping from 2011 to 2013. Helen joined the PLA as a non-executive member of the board in September 2014 and chairs the Pension Committee.



ALUN GRIFFITHS

Alun Griffiths joined the PLA as a non-executive member of the board in September 2014. He was formerly Group HR director and a main board member at WS Atkins plc, Europe's largest engineering and design consultancy. An economics graduate, Alun is a fellow of the Chartered Institute of Personnel and Development and a non-executive director of the group Women in Science and Engineering. He has worked in a number of business management and corporate roles, including HR, strategy and marketing. Alun is a non-executive director of Severfield plc, The McLean Partnership Limited, ISG plc, Anchor Trust, a member of the National Employer Advisory Board, chairman of the advisory board of UCL 2050 leadership programme.



ANNETTE MALM JUSTAD

Annette Malm Justad joined the PLA as a non-executive member of the board on 1 June 2014. Annette has over 30 years' experience in industry and shipping, working for companies including Yara International ASA, Norgas Carriers/IM Skaugen ASA, and Norsk Hydro ASA. From 2006 to 2010, she was of CEO of Eitzen Maritime Services ASA, an international ship supply company. Annette is currently chairman of the American Shipping Company ASA and Store Norske Kulkompani AS. She is also a member of the boards of Awilco LNG ASA, Odfjell SE, Small Turbine Partners AS and Pleat AS. Annette holds a Masters degree in Technology Management from MIT/Norwegian University of Science and Technology (NTNU) and an MSc in Chemical Engineering from NTNU.



SCOTT STEEDMAN, CBE

Scott Steedman was appointed as a non-executive member of the board of the board in December 2009. A civil engineer by background, Scott spent 20 years working in industry for consulting and contracting companies on major infrastructure and building projects around the world. He is director of standards and on the board of the BSI Group where he is responsible for the UK's National Standards Body and for representing the UK in international standards matters. He was elected vice president, policy for the European Committee for Standardization (CEN) in November 2012. He is a former vice-president of the Royal Academy of Engineering and of the Institution of Civil Engineers and continues to be editor-in-chief of Ingenia, the Royal Academy's flagship magazine.



IAN MONCRIEFF, CBE DL

Ian joined the PLA as non-executive, marine member of the board in January 2015. He was chief executive of the UK Hydrographic Office (UKHO) from 2011-2015, having been with the UKHO in a variety of roles, including UK national hydrographer as a rear admiral since 2006. He served with the Royal Navy for 35 years, accumulating over 20 years' seagoing experience on 11 warships. His senior roles included commander British Forces South Atlantic and he commanded the ice-breaker *HMS Endurance* and destroyer *HMS Nottingham* and was executive officer of the aircraft carrier, *HMS Invincible*. Ian is a 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.



**SECRETARY TO THE AUTHORITY
SUSAN GRUNDY**

Susan Grundy joined the PLA in June 2006 and became secretary to the authority in September 2013. Susan previously managed the administration team for a large homeless charity where she supported its board and audit committee.

REPORT OF THE BOARD

GOVERNANCE

The Board is committed to maintaining the highest standards of corporate governance. It follows the principles of the Combined Code, where appropriate for a statutory organisation. The chairman is responsible for the Board's operation, leadership and governance, ensuring that it operates effectively, while providing appropriate challenge to management.

PLA 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 and review performance regularly with the guidance of the 'Designated Person', as set out in the Code.

The Board regularly receives detailed financial and operational information to allow it to monitor the key areas of the business. It receives briefings from senior managers on various aspects of the PLA's work. From time to time, Board members meet with and visit the principal stakeholders to understand and keep abreast of their concerns, objectives and requirements of the PLA.

COMMITTEES

Five committees of the Board oversee specific elements of the business and report back, as needed. The committees are:

- Audit Committee
- Licensing Committee
- Nominations Committee
- Remuneration Committee
- Pensions Committee

There were seven meetings of the PLA Board in 2014; members attended as follows:

Dame Helen Alexander	7
A J Quinlan	7
R J D Mortimer (appointed chief executive 01.04.14)	6
B Chapman	7
D G Phillips, MVO	7
H Deeble, CBE (appointed 01.09.14)	3
A Griffiths (appointed 01.09.14)	3
R S Steedman, CBE	7
A Malm Justad (appointed 01.06.14)	4
R L Everitt (retired 31.03.14)	2
W D Everard*, CBE (retired 31.05.14)	3
R D M Lenthall (retired 31.12.14)	7
J F Mills, CBE (retired 31.08.14)	4

* Remained as chair of the Pensions Committee until 31 December 2014

Biographies of Board members can be found in the previous section, Members of the Authority, starting on page 38.

The following committees of the Board also met during 2014:

Audit	2
Licensing	4
Nominations	1
Pensions	7
Remuneration	2

APPOINTMENT OF BOARD MEMBERS

The Authority 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 Authority. The Authority has appointed three executive members to the Board.

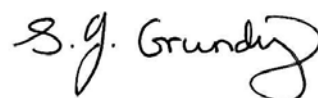
A formal, rigorous and transparent process is followed during the selection and appointment of new Board members with due regard to gender balance, all of whom receive a comprehensive induction, tailored to meet their individual needs.

STAKEHOLDERS' FORUM (EQUIVALENT TO AN ANNUAL GENERAL MEETING)

The PLA is committed to open communications with its stakeholder community. Consistent with Modernising Trust Ports guidance, the PLA holds 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.

PROVISION OF INFORMATION TO AUDITORS

All current members confirm that, to the best of their knowledge, all relevant information has been provided to the auditor to prepare this report. Each member has taken all the steps that they are obliged to take as a member of the Board, to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.



SUSAN GRUNDY
SECRETARY TO THE AUTHORITY

BY ORDER OF THE BOARD
26 MARCH 2015

BOARD & COMMITTEES

AS AT 24 MARCH 2015

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 authority. The authority may also appoint up to four executive members. There were ten members of the PLA Board as at 24 March 2015.

There are six committees of the Board. Membership of the Board and committees as at 24 March 2015 is listed below:

BOARD MEMBERS

CHAIRMAN:

Dame Helen Alexander (N*, R)

VICE CHAIRMAN:

A J Quinlan (A*)

NON-EXECUTIVE MEMBERS

H Deeble, CBE (A, P*)

A H Griffiths (L*, P, R)

A Malm Justad (A, R*)

R S Steedman, CBE (L, P)

I Moncrieff, CBE DL (L)

EXECUTIVE MEMBERS

B Chapman (Chief Financial Officer) (A, P)

R J D Mortimer (Chief Executive) (A, L, P, R)

D G Phillips, MVO (Chief Harbour Master) (L)

SECRETARY TO THE AUTHORITY:

S J Grundy

Note: committee chairmen are denoted by (*)

MANAGEMENT EXECUTIVE COMMITTEE

CHIEF EXECUTIVE:

R J D Mortimer

CHIEF FINANCIAL OFFICER:

B Chapman

CHIEF HARBOUR MASTER:

D G Phillips, MVO

DIRECTOR OF CORPORATE AFFAIRS:

A F Gale

DIRECTOR OF MARINE OPERATIONS:

P Steen

DIRECTOR OF PLANNING AND ENVIRONMENT:

J Trimmer

DIRECTOR OF HUMAN RESOURCES:

G W Witham

COMMITTEES OF THE BOARD

Audit Committee (A)

Licensing Committee (L)

Nominations Committee (N)

Remuneration Committee (R)

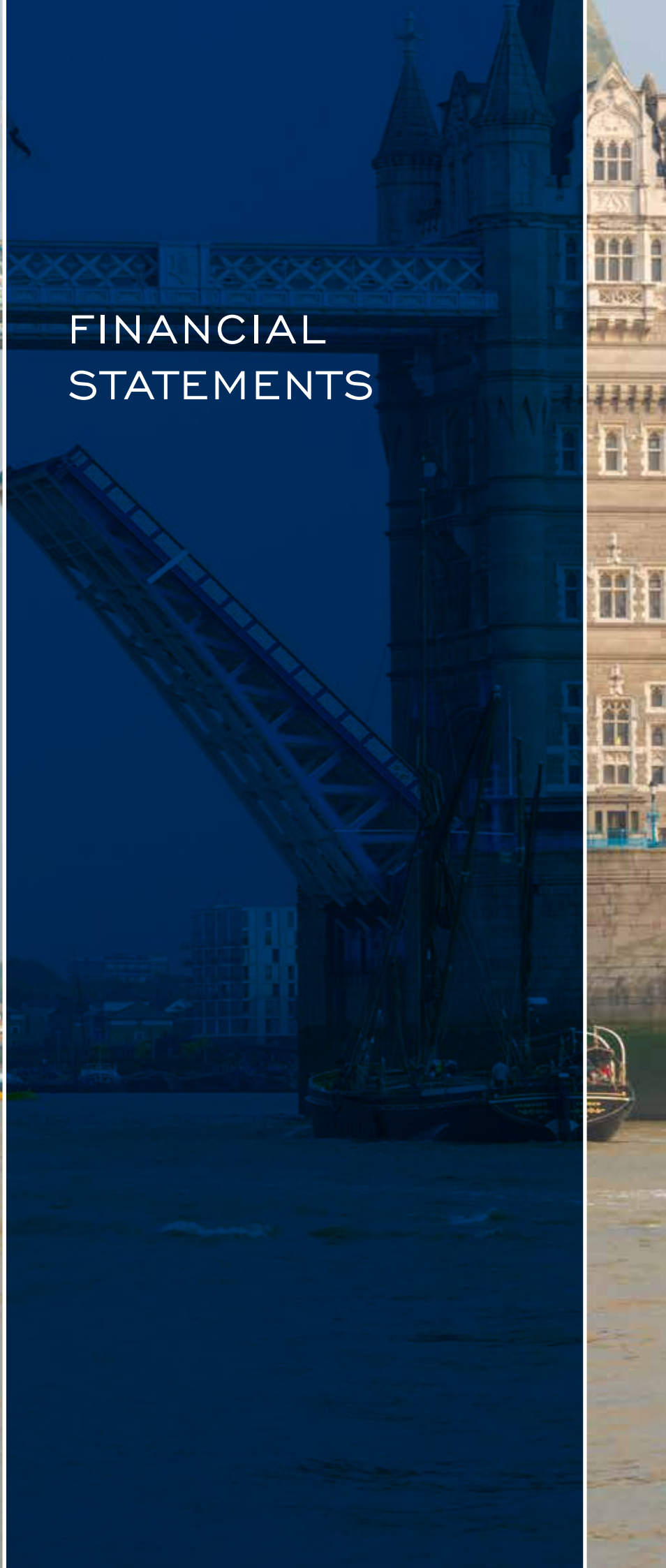
Pensions Committee (P)

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





FINANCIAL STATEMENTS



CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £000	2013 £000
Turnover including share of joint venture		51,291	48,652
Less: share of joint venture		565	568
Turnover excluding share of joint venture	2	50,726	48,084
Operating expenditure	2	38,949	40,913
Operating profit excluding joint venture	2, 4	11,777	7,171
Share of operating profit of joint venture		159	125
Operating profit including joint venture		11,936	7,296
Net interest	7	122	188
Other financial costs	25a, 25b	(174)	(269)
Profit on ordinary activities before taxation		11,884	7,215
Taxation	8	(1,168)	(1,119)
Profit for the financial year	20	10,716	6,096

All results are in respect of continuing activities.

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £000	2013 £000
Profit for the financial year		10,716	6,096
Actuarial (loss) / gain on PLA pension schemes	25a	(21,416)	11,386
Share of actuarial gain on Pilots' National Pension Fund	25b	898	527
Current UK corporation tax on defined benefit pension schemes		372	411
Movement in deferred tax relating to defined benefit pension schemes	14	180	(1,317)
		(9,250)	17,103
Share of actuarial (loss) / gain on joint venture defined benefit pension scheme (net of tax)	11	(707)	45
Total recognised (losses) / gains relating to the year		(9,957)	17,148

The PLA also has an unrecognised gain of £1,060,000 for the year ended 31 December 2014 (2013 gain of £32,000) in relation to a pension scheme which has an irrecoverable surplus (see note 25a).

BALANCE SHEETS

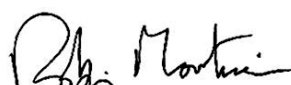
AS AT 31 DECEMBER 2014

	Notes	Consolidated		PLA	
		2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets					
Intangible assets	9	234	241	234	241
Tangible assets	10	44,453	43,804	44,453	43,804
Investments	11	0	0	2	2
Joint venture:-					
Share of gross assets		1,379	1,333	0	0
Share of gross liabilities		(314)	(281)	0	0
Share of pension deficit		(1,456)	(871)	0	0
	11	(391)	181	0	0
		44,296	44,226	44,689	44,047
Current assets					
Stocks		232	205	232	205
Debtors – amounts due less than and more than one year	15	22,864	23,503	9,983	10,592
Liquid resources		27,000	24,000	23,271	20,174
Cash and bank balances		7,860	12,916	7,860	12,916
		57,956	60,624	41,346	43,887
Current liabilities					
Creditors: amounts falling due within one year	16	9,716	19,232	9,678	19,210
Net current assets		48,240	41,392	31,668	24,677
Total assets less current liabilities		92,536	85,618	76,357	68,724
Creditors: amounts falling due after more than one year	17	1,983	1,948	1,983	1,948
Provisions for liabilities and charges	18	12,847	13,760	12,847	13,760
		14,830	15,708	14,830	15,708
Net assets excluding pension deficits		77,706	69,910	61,527	53,016
Pension deficits					
PLA defined benefit pension scheme deficits	25a	(75,539)	(56,439)	(75,539)	(56,439)
Share of Pilots' National Pension Fund deficit	25b	(12,738)	(14,085)	(12,738)	(14,085)
Net liabilities including pension deficits		(10,571)	(614)	(26,750)	(17,508)
Reserves					
Profit and loss account	20	(10,571)	(614)	(26,750)	(17,508)

These financial statements, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and PLA balance sheets, the consolidated cash flow statement and the related notes were approved by the Board of Members on 24 March 2015 and were signed on its behalf on 26 March 2015 by:-



Dame Helen Alexander
Chairman



R J D Mortimer
Chief Executive



B Chapman
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Net cash inflow from operating activities	21		10,511		3,421
Returns on investment and servicing of finance					
Interest received		346		597	
Net cash inflow from returns on investments and servicing of finance			346		597
Taxation					
UK Corporation tax (paid) / received		(312)		63	
			(312)		63
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(12,164)		(4,573)	
Sale of tangible fixed assets		11		492	
Net cash outflow from capital expenditure and financial investment			(12,153)		(4,081)
Net cash outflow before use of liquid resources and financing			(1,608)		0
Management of liquid resources					
(Increase) / decrease in short term investments			(3,000)		7,000
(Decrease) / increase in cash in the year	22, 23		(4,608)		7,000

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

I. PRINCIPAL ACCOUNTING POLICIES

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

(A) BASIS OF ACCOUNTING

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

(B) BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the PLA and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for the PLA as permitted by section 408 of the Companies Act 2006.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method. Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

(C) PROVISIONS FOR LIABILITIES AND CHARGES

The PLA 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 2014 of the duration, number and value of these claims has been made and fully 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 2014 of 1.5% (2013 1.6%). It is expected that the provision will be utilised over a period of around 40 years. See note 18.

Increases in the provision as a result of discounting are recognised as an interest expense in accordance with FRS12.

(D) TURNOVER

Turnover represents all revenue earned during the period and excludes VAT.

Cargo conservancy charges are recognised as turnover 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 turnover in accordance with the date that the vessel enters or leaves the Port limits. Pilotage income is recognised as turnover on the commencement of a pilotage act. Income from licences granted for river works is recognised as turnover on a straight line basis over the period covered by the licence. In addition the PLA 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 PLA's operational activities. These assets are not capitalised in the balance sheet with an ascribed value. These sales are therefore treated as operating activity and are accounted for as operating income with turnover. Other income is recognised as turnover as the service is provided.

(E) INTANGIBLE FIXED ASSETS

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

(F) TANGIBLE FIXED ASSETS

Tangible fixed assets are 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. Borrowing costs attributable to assets under construction are recognised as an expense when incurred. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(i) Assets financed by lease agreements are treated as if they have been purchased outright and the corresponding lease commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements with interest charged to the profit and loss account.

(ii) Depreciation is provided on assets other than land on a straight line basis over their estimated useful economic lives; these lives range up to a maximum of 50 years for dredging, river structures and buildings, 30 years for floating craft and between three and 50 years for plant and equipment. Depreciation commences when the assets are completed and ready for their intended use.

(G) STOCKS

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(H) TAXATION

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the members consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(I) PAYMENTS TO SUPPLIERS

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

(J) OPERATING LEASES

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis.

(K) FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any resulting exchange differences are dealt with in the profit and loss account. Exchange differences arising on transactions during the year, which are translated at the exchange rate ruling at the date of transaction, are also dealt with in the profit and loss account.

(L) PENSIONS

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

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 any past service cost not yet recognised and 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 is 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.

(M) LIQUID RESOURCES

Current asset investments comprise money market deposits with maturity terms up to one year. Such amounts are excluded from cash and bank balances on the balance sheet in accordance with the requirements of FRS1 revised.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

4. Operating Profit

Operating profit is stated after accounting for the following:-	2014 £000	2013 £000
Auditors' remuneration - audit of the financial statements	111	67
- audit of the group pension schemes	26	28
- statutory audit for subsidiary company	7	4
- taxation services *	19	13
- all other services **	75	7
	238	119
Operating lease rentals - land and buildings	494	521
- other	40	44
	534	565
Loss / (profit) on disposal of fixed assets	22	(273)
Depreciation - owned assets	2,319	2,436
Amortisation of intangible fixed assets	7	6

* Included in taxation services is £19,000 (2013 £9,000) relating to the PLA.

** Included in other services is £69,000 (2013 £5,000) relating to the PLA.

5. Employees

Staff costs (including Executive Board Members) during the year were:-	2014 £000	2013 £000
Wages and salaries	19,288	18,762
Social security costs	1,960	1,912
Pensions costs	2,200	5,062
	23,448	25,736
Staff severance	95	141
	23,543	25,877

The average monthly number of persons (including Executive Board Members) employed during the year was:-	2014 Number	2013 Number
Operations	290	295
Administration	56	50
	346	345

6. Board Members' Remuneration

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

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.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. Board Members' Remuneration – continued

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

	Basic Salary and Fees		Taxable Benefits		Total	
	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
Executive Members:-						
R L Everitt (retired 31.03.14)	48,790*	189,419*	3,392	2,330	52,182	191,749
R J D Mortimer (joined 03.03.14)	154,166*	0*	2,166	0	156,332	0
B Chapman	120,600*	117,136*	2,605	2,330	123,205	119,466
D G Phillips	98,059	95,018	9,914	9,694	107,973	104,712
Non-Executive Members:-						
Dame Helen Alexander (Chairman)	88,750	86,000	0	0	88,750	86,000
J F Mills (Vice Chairman) (retired 31.08.14)	23,050	33,500	0	0	23,050	33,500
A J Quinlan (Vice Chairman)	31,725	27,750	0	0	31,725	27,750
R S Steedman	25,300	24,500	0	0	25,300	24,500
R D M Lenthall (retired 31.12.14)	28,300	29,500	0	0	28,300	29,500
W D Everard (retired 31.05.14)	15,542	29,250	0	0	15,542	29,250
H Deeble (appointed 01.09.14)	8,433	0	0	0	8,433	0
A H Griffiths (appointed 01.09.14)	9,267	0	0	0	9,267	0
A Malm Justad (appointed 01.06.14)	14,757	0	0	0	14,757	0
	666,739	632,073	18,077	14,354	684,816	646,427

*Includes car allowance of:

	2014 £	2013 £
R L Everitt	2,500	10,000
R J D Mortimer	8,333	0
B Chapman	8,877	8,877

Pension entitlement

All executive Board members participate in the PLA's funded defined benefit pension scheme. Under the scheme, members with service prior to 1 January 2014 are entitled to benefits based on their pensionable service to 31 December 2013 and final pensionable salary. Service from 1 January 2014 benefits are based on a career average revalued earnings (CARE) basis. The accrued pension of the highest paid Board member under the funded defined benefit scheme at 31 December 2014 was £2,045 per annum (2013 £20,950).

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

7. Net interest

	2014 £000	2013 £000
Interest receivable	318	408
Unwinding of discount on provisions for liabilities and charges (see note 18)	(197)	(220)
	121	188
Share of joint venture interest:-		
Receivable	1	0
	122	188

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

8. Tax on Profit on Ordinary Activities

	2014 £000	2013 £000
a. Analysis of charge for the year:-		
Corporation tax at 21.49% (2013 23.25%)	1,518	726
Adjustment in respect of prior years	(156)	10
Total corporation tax (Note 8b)	1,362	736
Total deferred tax (Note 14)	(243)	356
Share of joint venture tax:-		
Corporation tax at 20% (2013 20%)	31	9
Deferred tax	18	18
Total joint venture tax	49	27
Total taxation charge to profit and loss account	1,168	1,119
b. Factors affecting current tax charge for the year:-		
Profit on ordinary activities before taxation	11,884	7,215
Corporation tax thereon at 21.49% (2013 23.25%)	2,554	1,677
Effects of:		
Share of profit of joint venture	(39)	(30)
Disallowable expenditure	191	376
Accelerated capital allowances	(324)	(341)
Capital proceeds for which losses brought forward exist	(603)	(581)
Pension contribution relief in advance of net pension cost charge	(156)	(40)
Prior year adjustment	(156)	10
Forward spreading of pension contributions paid	0	(222)
Movement in provision for liabilities and charges	(77)	(113)
Other timing differences	(28)	0
Corporation tax charge for the year (Note 8a)	1,362	736

c. Factors affecting future tax charges

Further reductions in the UK corporation tax rate were substantively enacted during the year. The main rate of corporation tax was reduced from 23% to 21% effective from 1 April 2014. The provision for deferred tax on temporary differences as at 31 December 2014 was calculated at 20%, the corporation tax rate effective from 1 April 2015. The differences from the application of 20% instead of 21% for the 3 month period from 1 January 2015 to 31 March 2015 are not expected to be material.

The group has capital losses carried forward of £2,479,000 (2013 £3,486,000) 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 £50,724,000 (2013 £33,690,000) or in relation to other timing differences of £11,579,000 (2013 £11,940,000) as neither the capital losses, pension liabilities or the timing differences in question satisfy the recognition criteria for deferred tax assets in FRS19 at this stage.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

9. Fixed Assets – Intangible Assets

Consolidated and PLA	Licences £000
Cost	
At 1 January 2014 and 31 December 2014	330
Amortisation	
At 1 January 2014	89
Charge for year	7
At 31 December 2014	96
Net book value at 31 December 2014	234
Net book value at 31 December 2013	241

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

10. Fixed Assets – Tangible Assets

Consolidated and PLA	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	18,157	77,923
Additions	409	(73)	(1)	1,484	1,182	3,001
Disposals	(146)	0	(160)	(179)	(1,050)	(1,535)
At 31 December 2014	13,885	20,912	10,854	15,449	18,289	79,389
Depreciation						
At 1 January 2014	5,584	3,340	5,872	5,573	13,750	34,119
Charge for year	376	73	411	392	1,067	2,319
Eliminated on disposals	(144)	0	(160)	(147)	(1,051)	(1,502)
At 31 December 2014	5,816	3,413	6,123	5,818	13,766	34,936
Net book value at 31 December 2014	8,069	17,499	4,731	9,631	4,523	44,453
Net book value at 31 December 2013	8,038	17,645	5,143	8,571	4,407	43,804

The net book value of leasehold property held under long leases included in land and buildings above is £57,000 (2013 £57,000).

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11. Fixed Assets – Joint Venture Investment in Estuary Services Limited

Consolidated	Shares £000	Retained Profit / (Loss) £000	Total £000
At 1 January 2014	2	179	181
Share of profit for year	0	135	135
Actuarial loss on defined benefit pension scheme	0	(707)	(707)
At 31 December 2014	2	(393)	(391)

PLA	2014 £000	2013 £000
Shares held at 1 January and 31 December	2	2

The PLA owns, as a long term investment, 50% of the ordinary share capital of Estuary Services Limited, a company incorporated and registered in England (registered number 02262789), which operates a boarding and landing service for pilots.

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £147,000 (2013 £137,000) and was charged £2,016,000 (2013 £2,116,000) for boarding and landing services. At 31 December 2014 the PLA owed £165,000 (2013 £152,000) to Estuary Services Limited for unpaid boarding and landing services received.

12. Capital Commitments

Consolidated	2014 £000	2013 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	793	1,692

PLA	2014 £000	2013 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	793	1,692

On 4 January 2010, the PLA entered into an agreement with London Gateway Port Limited to develop the site of the Shellhaven oil refinery into a container port. The project included channel dredging to a depth of 14.5 metres which provides a significant benefit to port users. The agreement stated that the PLA will contribute a maximum of £17m towards dredging, hydrography services and wreck removals throughout the dredging operation with a final payment due once the port is operational. The port became operational on 7 November 2013. However the dredging operation was not completed at that time. The balance of the amount due of £3.5m has been accrued (2013 £12.8) and is expected to be paid in 2015.

On 19 March 2012, the PLA entered into an agreement with Manor Marine to build a Mooring Maintenance Vessel for £5.9m. Delivery is expected in 2015.

13. Financial Commitments

	2014			2013		
	Land and Building £000	Other £000	Total £000	Land and Building £000	Other £000	Total £000
Annual commitments under non-cancellable operating leases expiring:-						
Within one year	279	6	285	282	0	282
In the second to fifth year inclusive	141	18	159	92	36	128
Over five years	28	0	28	28	0	28
	448	24	472	402	36	438

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

14. Deferred Tax

Consolidated and PLA	2014 £000	2013 £000
Balance at 1 January	8,578	10,251
Profit and loss account movement for the year (Note 8a)	243	(356)
Credited / (charged) to the STRGL	180	(1,317)
Balance at 31 December	9,001	8,578
Deferred tax comprises:		
Accelerated capital allowances	(447)	(889)
Other timing differences	60	259
Deferred tax excluding that relating to pensions	(387)	(630)
Pension deficits	9,388	9,208
Total deferred tax	9,001	8,578

Of the net deferred tax asset of £9,001,000 (2013 £8,578,000), £9,388,000 (2013 £9,208,000) is included within the net pension liabilities on the balance sheet.

The total deferred tax movement in the prior year includes a charge of £1,287,000 as a result of the change in the rate at which deferred tax is recognised from 23% to 20%. This figure is made up of £6,000 for amounts previously credited to the profit and loss account and £1,281,000 for amounts previously credited to the STRGL.

15. Current Assets – Debtors

	Consolidated		PLA	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts due within one year:-				
Trade debtors	6,883	8,862	6,882	8,811
Amounts owed by Port of London Properties Ltd	0	0	0	5
Corporation tax debtor	0	50	0	65
Other debtors	2,152	634	2,152	634
Prepayments and accrued income	875	931	875	931
	9,910	10,477	9,909	10,446
Amounts due after one year:-				
Trade debtors	12,954	13,026	74	146
	22,864	23,503	9,983	10,592

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

16. Current Liabilities – Creditors

	Consolidated		PLA	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts falling due within one year:-				
Bank overdraft	0	448	0	448
Trade creditors	136	236	136	236
Amounts owed to joint venture company	165	152	165	152
Other taxation and social security	928	934	928	934
Corporation tax	628	0	615	0
Other creditors	496	1,177	496	1,177
Accruals and deferred income	7,363	16,285	7,338	16,263
	9,716	19,232	9,678	19,210

17. Creditors – Amounts Falling Due After More Than One Year

	2014 £000	2013 £000
Consolidated and PLA		
Amounts falling due after more than one year:-		
Deferred Income		
Repayable in years 2 - 5	428	400
Repayable after 5 years	1,555	1,548
	1,983	1,948

18. Provisions for Liabilities and Charges

	2014			2013		
	Deferred Tax £000	Other £000	Total £000	Deferred Tax £000	Other £000	Total £000
Consolidated and PLA						
At 1 January	630	13,130	13,760	280	13,960	14,240
Utilised during the year	0	(443)	(443)	0	(581)	(581)
Increase in provision due to unwinding of discount at 1.5% (2013 1.6%)	0	197	197	0	220	220
(Released) / arising during the year	(243)	(424)	(667)	350	(469)	(119)
At 31 December	387	12,460	12,847	630	13,130	13,760
Payable within 1 year	387	1,661	2,048	630	1,959	2,589
Payable in years 2 - 5	0	3,108	3,108	0	3,079	3,079
Payable after 5 years	0	7,691	7,691	0	8,092	8,092
	387	12,460	12,847	630	13,130	13,760

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

19. 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 those years. Certain of the grants were non-repayable. An agreement was reached with the Secretary of State for Transport that with effect from 1 January 1993 the net proceeds of the Port of London Properties Limited Group would be used, subject to certain conditions, to repay outstanding grants.

Further to that agreement a Notice from the Secretary of State for the Environment, Transport and the Regions dated 20 February 2001, was received requiring the Port of London Properties Limited Group to sell all of its remaining property assets to the British Waterways Board (since transferred to Canal & River Trust). 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 2014 (2013 £nil).

20. Profit and Loss Reserve

	Consolidated		PLA	
	2014 £000	2013 £000	2014 £000	2013 £000
At 1 January	(614)	(17,762)	(17,508)	(35,406)
Profit for year	10,716	6,096	10,724	6,891
Actuarial (loss) / gain on pension schemes	(21,416)	11,386	(21,416)	11,386
Share of actuarial gain on Pilots' National Pension Fund	898	527	898	527
Current UK corporation tax on defined benefit pension schemes	372	411	372	411
Movement in deferred tax relating to pension schemes	180	(1,317)	180	(1,317)
Share of actuarial (loss) / gain on joint venture defined benefit pension scheme (net of tax)	(707)	45	0	0
At 31 December	(10,571)	(614)	(26,750)	(17,508)

21. Net Cash Inflow from Operating Activities

	2014 £000	2013 £000
Group operating profit	11,936	7,296
Less share of operating profit of joint venture	(159)	(125)
Group operating profit excluding joint venture	11,777	7,171
Depreciation and impairment of tangible fixed assets	2,319	2,436
Amortisation of intangible fixed assets	7	6
Loss / (profit) on disposal of fixed assets	22	(273)
Increase in stocks	(27)	(26)
Decrease / (increase) in debtors	645	(3,660)
(Decrease) / increase in creditors	(582)	1,033
Decrease in provisions for liabilities and charges	(867)	(1,050)
Difference between pension charge and cash contributions	(2,783)	(2,216)
Cash inflow from operating activities	10,511	3,421

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

22. Reconciliation of Net Cash Inflow to Movement in Net Funds

	2014 £000	2013 £000
(Decrease) / increase in cash	(4,608)	7,000
Cash outflow /(inflow) from net change in liquid resources	3,000	(7,000)
Change in net funds resulting from cash flows	(1,608)	0
Net funds at 1 January	36,468	36,468
Net funds at 31 December	34,860	36,468

23. Analysis of Change in Net Funds

	At 1 January 2014 £000	Cash flows £000	At 31 December 2014 £000
Cash and bank balances	12,916	(5,056)	7,860
Overdrafts	(448)	448	0
Cash and bank balances including overdrafts	12,468	(4,608)	7,860
Current asset investments – liquid resources	24,000	3,000	27,000
Net funds	36,468	(1,608)	34,860

24. Subsidiary companies

Port of London Properties Limited is a wholly owned subsidiary company, incorporated and registered in England (registered number 01681053), with £100 ordinary shares of £1 each authorised, issued and fully paid. See note 1(b) for basis of consolidation.

Port of London Authority Limited is a wholly owned subsidiary company, incorporated and registered in England (registered number 02515148), with £2 ordinary shares of £1 each authorised, issued and fully paid. It has never traded and continues to be entirely dormant.

Port of London Limited is a wholly owned subsidiary company, incorporated and registered in England (registered number 02515157), with £2 ordinary shares of £1 each authorised, issued and fully paid. It has never traded and continues to be entirely dormant.

25a. PLA Pensions

Consolidated and PLA

The major scheme in which the PLA participates is the Port of London Authority Pension Fund (PLAPF), a funded final salary defined benefits scheme. For members joining the scheme after 31 March 2009 a CARE section has been set up. From 1 January 2014 all other members transferred to the CARE section. It is administered by a Committee of Management which, as at 24 March 2015, comprised:-

CHAIRMAN:

W D Everard (retired 31.12.14)

H. Deeble (appointed 01.01.15)

Port Authority Committee Persons:-

R L Everitt (resigned 31.03.14)

R J D Mortimer (appointed 27.05.14)

B Chapman

R S Steedman

R D M Lenthall (retired 31.12.14)

J F Mills (retired 31.08.14)

A H Griffiths (appointed 26.09.14)

Members' Committee Persons:-

P Durkin

L Steggles

A L M Jeffrey (appointed 01.01.14)

R G Brodie

P F Gold

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued

The pension contributions to PLAPF 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. The financial assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the post-retirement rate of return on investments would be 3.5% per annum and the pre-retirement rate of return on investments would be 6.75% per annum (in the context of assumed RPI price inflation of 3% per annum), that the rate of growth in payroll costs would be 3.5% per annum and that the majority of present and future pensions would increase at the rate of 3.5% per annum.

At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £263.6 million which represented 73% of the value of the benefits that had accrued to members on the basis of the assumptions summarised above. 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 million per annum payable monthly from 1 July 2014 until 30 June 2033.

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

Scheme	Date of valuation
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2013
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2013

The PLA's joint venture company, Estuary Services Limited, also operates a funded final salary defined benefit scheme, the Estuary Services Limited Pension Scheme (ESLPS) which was closed to new entrants on 5 April 2003 and to future accrual on 5 April 2012. The latest formal actuarial valuation was performed as at 6 April 2012. The PLA's share of the deficit on this scheme has been incorporated into the financial statements via the gross equity method.

The disclosures required under FRS17 have been based on the most recent actuarial valuation of the pension schemes as detailed above, updated to 31 December 2014. The principal actuarial assumptions at the balance sheet date were as follows:-

	Consolidated and PLA – All Schemes		
	2014	2013	2012
Discount rate	3.40%	4.40%	4.00%
Expected return on scheme assets at the end of the year	3.9%-5.5%	3.9%-5.5%	3.3%-5.2%
Rate of increase in salaries	3.60%	3.90%	3.20%
RPI Price inflation	3.10%	3.40%	2.70%
CPI Price inflation	2.20%	2.60%	2.00%
Pension increases (RPI, min 3%, max 5%)	3.60%	3.70%	3.50%
Post-retirement mortality	#2	#1	#1

#1: SAPS tables, birth year, with 2011 CMI projections and mortality rates at all ages increased by 5%, with a long term improvement of 1.0% pa

#2: SAPS tables, birth year, with 2011 CMI projections and mortality rates at all ages increased by 5%, with a long term improvement of 1.25% pa

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued

Plan Assets – PLAPF	2014			2013			2012		
	£ m	%	EROA	£ m	%	EROA	£ m	%	EROA
Equities	60.4	20%	7.00%	59.1	21%	7.25%	50.4	18%	7.75%
Hedge Funds	58.0	19%	7.00%	61.2	22%	7.25%	54.8	20%	7.75%
Liability Driven Investments	49.1	16%	2.60%	0.0	0%	0.00%	0.0	0%	0.00%
Index linked gilts	22.1	7%	2.30%	35.2	12%	3.50%	36.2	13%	2.70%
Corporate bonds (including overseas)	110.7	36%	3.40%	124.9	44%	4.40%	129.0	47%	4.00%
Infrastructure	3.7	1%	7.50%	0.0	0%	0.00%	0.0	0%	0.00%
Cash and other assets	2.5	1%	0.50%	1.6	1%	0.50%	4.8	2%	0.50%
Total plan assets	306.5	100%	4.60%	282.0	100%	5.50%	275.2	100%	5.20%
Expected rate of return on plan assets			4.60%			5.50%			5.20%

Plan Assets – PLAWWOPF	2014			2013			2012		
	£ m	%	EROA	£ m	%	EROA	£ m	%	EROA
Index linked gilts	6.5	24%	2.30%	5.5	22%	3.50%	5.6	22%	2.70%
Corporate bonds (including overseas)	5.6	20%	3.40%	4.9	19%	4.40%	4.9	19%	4.00%
Diversified Growth Fund	5.7	21%	6.10%	5.4	22%	7.25%	5.2	20%	7.75%
Insurance Policies	9.7	35%	3.40%	9.5	37%	4.40%	10.2	39%	4.00%
Total plan assets	27.5	100%	3.70%	25.3	100%	4.80%	25.9	100%	4.50%
Expected rate of return on plan assets			3.70%			4.80%			4.50%

Plan Assets – PLARBS	2014			2013			2012		
	£ m	%	EROA	£ m	%	EROA	£ m	%	EROA
Fixed interest gilts	1.6	59%	2.40%	1.6	60%	3.60%	1.6	54%	2.70%
Index linked gilts	0.1	4%	2.30%	0.1	1%	3.50%	0.1	2%	2.70%
Corporate bonds (including overseas)	1.0	35%	3.40%	1.0	39%	4.40%	1.1	38%	4.00%
Cash and other assets	0.0	2%	0.50%	0.0	0%	0.50%	0.2	6%	0.50%
Total plan assets	2.7	100%	2.70%	2.7	100%	3.90%	3.0	100%	3.30%
Expected rate of return on plan assets			2.70%			3.90%			3.30%

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected returns are set by reference to market indicators, including price inflation, dividend yields, economic growth, yields on index-linked gilts and bonds and interest rates.

Actual return on plan assets	2014 £000	2013 £000
PLAPF	40,834	19,554
PLAWWOPF	3,407	594
PLARBS	313	(80)
	44,554	20,068

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

Amounts to be recognised in the balance sheet	PLAPF £000	PLAWWOPF £000	PLARBS £000	Total £000
At 31 December 2014				
Fair value of scheme assets	306,547	27,479	2,712	336,738
Actuarial value of scheme liabilities *	(390,208)	(22,714)	(3,978)	(416,900)
(Deficit) / surplus in the schemes	(83,661)	4,765	(1,266)	(80,162)
Irrecoverable surplus	0	(4,765)	0	(4,765)
Pension liability recognised in balance sheet before allowance for deferred tax	(83,661)	0	(1,266)	(84,927)
Related deferred tax (note 14)	9,135	0	253	9,388
Net pension liability	(74,526)	0	(1,013)	(75,539)
At 31 December 2013				
Fair value of scheme assets	282,007	25,282	2,662	309,951
Actuarial value of scheme liabilities *	(346,181)	(21,577)	(4,135)	(371,893)
(Deficit) / surplus in the schemes	(64,174)	3,705	(1,473)	(61,942)
Irrecoverable surplus	0	(3,705)	0	(3,705)
Pension liability recognised in balance sheet before allowance for deferred tax	(64,174)	0	(1,473)	(65,647)
Related deferred tax (note 14)	8,913	0	295	9,208
Net pension liability	(55,261)	0	(1,178)	(56,439)

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

	2014 £000	2013 £000
PLAPF	1,592	1,673
PLAWWOPF (unrecognised due to irrecoverable surplus on scheme)	454	477
PLARBS	133	139
	2,179	2,289

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued

Changes in the present value of the defined benefit liabilities are as follows:

	All Schemes	
	2014 £000	2013 £000
Year ended December:		
Opening defined benefit liability	(371,893)	(379,624)
Admin reserve balances	110	180
Service cost	(2,363)	(5,062)
Interest cost	(15,836)	(14,769)
Employee contributions	(965)	(973)
Actuarial (losses) / gains on scheme liabilities	(48,834)	6,292
Benefits paid	22,881	22,063
Closing defined benefit liability	(416,900)	(371,893)

Analysis of the defined benefit obligation

	All Schemes	
	2014 £000	2013 £000
Year ended December:		
Present value of unfunded liabilities	0	0
Present value of funded liabilities	(416,900)	(371,893)

Reconciliation of fair value of plan assets

	All Schemes	
	2014 £000	2013 £000
Year ended December:		
Opening fair value of scheme assets	309,951	304,049
Expected return on scheme assets	16,352	15,216
Actuarial gains on scheme assets	28,202	4,852
Contributions by the company	4,149	6,924
Contributions by employees	965	973
Benefits paid	(22,881)	(22,063)
Closing fair value of scheme assets	336,738	309,951

Estimate of the Profit & Loss Figures before tax for the year ending 31 December 2015

	PLAPF £000	PLAWWOPF £000	PLARBS £000	Total £000
Service Cost*	(3,333)	(30)	0	(3,363)
Interest Cost	(12,932)	(736)	(123)	(13,791)
Expected return on assets	13,783	994	70	14,847
Effect of irrecoverable surplus	0	(228)	0	(228)
Net profit & loss charge before tax	(2,482)	0	(53)	(2,535)

* The service cost is net of employee contributions

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued

	PLAPF £000	PLAWWOPF £000	PLARBS £000	Total £000
Employers best estimate of contributions to be paid to the fund in 2015 *	6,000	0	215	6,215

*During 2013 discussions took place to determine the future level of employer contributions following the 31 March 2012 actuarial valuation. The PLA agreed a recovery plan with the Trustees of the PLAPF whereby in addition to normal employer contributions an additional £0.3m would be paid to the fund before 30 June 2014 and thereafter £4m per annum will be paid to the fund monthly from 1 July 2014 until 30 June 2033 or until the deficit is eliminated. During 2013 the £0.3m due before 30 June 2014 and an additional £1m over and above the agreed recovery plan was paid to the fund. During 2014 an additional £2m was paid over to the fund. The above figure of £6.0m includes the additional £4m due in 2015. The PLA has also granted the Trustees of the PLAPF security over future landfill royalties and licence income from the London Eye as a guarantee against these future annual deficit repairs.

Changes in the amounts recognised in the statement of total recognised gains and losses (STRGL)

	All Schemes	
	2014 £000	2013 £000
Year ended December:		
Opening cumulative STRGL	(63,115)	(73,596)
Actuarial (losses) / gains net of deferred tax	(20,864)	10,481
Closing cumulative STRGL	(83,979)	(63,115)

History of assets, liabilities and actuarial gains and losses

	All Schemes				
	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Year ended December:					
Fair value of scheme assets \$	336,738	309,951	304,049	285,407	288,417
Present value of defined scheme liability	(416,900)	(371,893)	(379,624)	(334,854)	(306,161)
Net pension liability #	(80,162)	(61,942)	(75,575)	(49,447)	(17,744)
# Includes irrecoverable surplus on PLAWWOPF.	4,765	3,705	3,673	4,635	5,361
\$ Scheme assets shown at bid value at all dates.					

	All Schemes				
	2014	2013	2012	2011	2010
Year ended December:					
Experience (loss) / gain on scheme liabilities and changes in assumptions					
Amount (£000)	(48,834)	6,292	(46,296)	(28,833)	(6,370)
Percentage of the present value of the scheme liabilities	(12)%	2%	(12)%	(9)%	(2)%
Difference between the expected and actual return on scheme assets					
Amount (£000)	28,202	4,852	17,281	(5,488)	10,193
Percentage of the present value of the scheme assets	8%	2%	6%	(2)%	4%

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25a. PLA Pensions – continued**Amounts to be recognised in the profit and loss account**

	Year ended 31 December 2014				2013
	PLAPF £000	PLAWWOPF £000	PLARBS £000	Total £000	Total £000
Movement in administration expense reserve	81	23	6	110	180
Current service costs	(2,333)	(30)	0	(2,363)	(5,062)
Total service (costs) / income	(2,252)	(7)	6	(2,253)	(4,882)

Analysis of other financial income / (costs)

Interest cost on pension scheme liabilities	(14,769)	(902)	(165)	(15,836)	(14,769)
Expected return on scheme assets	15,068	909*	99	16,076	14,942
Other financial income / (costs) attributable to the PLA	299	7	(66)	240	173
Share of other financial income in joint venture				24	4
Total other financial income				264	177

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

Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL)

	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	25,980	5,396
Actuarial (losses) / gains on scheme liabilities	(47,396)	5,990
Actuarial (loss) / gain recognised in STRGL before adjustment for tax	(21,416)	11,386

Movement in schemes' net deficit during the year

	2014 £000	2013 £000
Combined deficit in schemes at beginning of year	(65,647)	(79,248)
Movements in year to 31 December:-		
Service cost	(2,253)	(4,882)
Employer contributions	4,149	6,924
Other finance income	240	173
Actuarial (loss) / gain	(21,416)	11,386
Combined deficit in schemes at end of year	(84,927)	(65,647)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25b The Pilots' National Pension Fund (PNPF) – Consolidated and PLA

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 has 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.

The last formal actuarial valuation of the PNPF was completed as at 31 December 2013. The results of these calculations have been updated to 31 December 2014 by a qualified independent actuary.

Amounts to be recognised in the balance sheet

At 31 December:	2014 £000	2013 £000
Fair value of scheme assets	20,250	17,490
Actuarial value of scheme liabilities	(32,988)	(31,575)
Deficit in the scheme	(12,738)	(14,085)
Related deferred tax *	0	0
Net pension liability	(12,738)	(14,085)

*A deferred tax asset has not been recognised as the pension liabilities do not satisfy the recognition criteria for deferred tax assets in FRS19 at this stage (see note 8c).

Changes in the present value of the defined benefit liabilities are as follows

Year ended December:	2014 £000	2013 £000
Opening defined benefit liability	(31,575)	(32,510)
Past service cost	163	0
Interest cost	(1,318)	(1,296)
Actuarial gain on liability due to change in assumptions	(2,029)	755
Experience loss arising on liability	(87)	(331)
Benefits paid	1,858	1,807
Closing defined benefit liability	(32,988)	(31,575)

Reconciliation of fair value of plan assets

Year ended December:	2014 £000	2013 £000
Opening fair value of scheme assets	17,490	18,170
Expected return on scheme assets	880	850
Contributions by the company	724	174
Actuarial gains on scheme assets	3,014	103
Benefits paid	(1,858)	(1,807)
Closing fair value of scheme assets	20,250	17,490

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25b The Pilots' National Pension Fund (PNPF) – Consolidated and PLA – continued

The value of the assets did not include any assets used directly by the PLA, nor did it include any direct investment in the PLA's own financial instruments.

Amounts to be recognised in the profit or loss

Year ended December:	2014	2013
	£000	£000
Past service cost	163	0
Interest cost on pension scheme liabilities	(1,318)	(1,296)
Expected return on scheme assets	880	850
Total	(275)	(446)

Changes in the amounts recognised in the statement of total recognised gains and losses (STRGL)

Year ended December:	2014	2013
	£000	£000
Opening cumulative STRGL	(13,274)	(13,801)
Actuarial gains net of deferred tax	898	527
Closing cumulative STRGL	(12,376)	(13,274)

Expected return on assets

The assumed expected rate of return for PNPF assets as at 31 December 2014 is based on the PNPF's current asset allocation and the yields currently available in the appropriate investment markets.

	2014			2013			2012		
	£m	%	EROA	£m	%	EROA	£m	%	EROA
Global Equities *	3.0	14.6%	6.5%	3.1	17.8%	7.0%	3.8	21.0%	7.5%
Fund of Hedge Funds *	3.3	16.2%	5.5%	3.0	16.9%	6.0%	2.8	15.4%	6.5%
Diversified Growth Funds *	3.1	15.1%	5.5%	3.0	17.2%	6.0%	0.0	0.0%	0.0%
Corporate bond returns (based on the current yield available on AA-rated corporate bonds at an appropriate duration) *	7.8	38.6%	3.2%	6.8	38.7%	4.1%	10.6	58.3%	3.9%
Gilts (based on the current yield available on gilts at an appropriate duration) *	2.6	13.0%	2.0%	1.5	8.9%	3.4%	0.0	0.0%	0.0%
Cash returns (based on the current LIBOR rate) *	0.5	2.5%	0.3%	0.1	0.5%	0.7%	1.0	5.3%	0.7%
	20.3	100.0%	4.2%	17.5	100.0%	5.2%	18.2	100.0%	4.9%
Expected rate of return on plan assets*			4.2%			5.2%			4.9%

* Net of a deduction of 0.2% pa to allow for investment management expenses.

Actual return on assets

Year ended December:	2014	2013
	£000	£000
Actual return	3,894	953

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25b The Pilots' National Pension Fund (PNPF) – Consolidated and PLA – continued

The principal actuarial assumptions at the balance sheet date were as follows:-

Year ended December:	2014 %	2013 %
Discount rate	3.4%	4.3%
Expected return on scheme assets at the end of the year	4.2%	5.2%
Rate of increase in salaries	3.5%	3.9%
Rate of increase to pensions in deferment	2.0%	2.5%
RPI inflation	3.0%	3.4%
CPI inflation	2.0%	2.5%
Pension increases: maximum 5% pa, minimum 0% pa	2.9%	3.2%
Pension increases: maximum 5% pa, minimum 3% pa	3.6%	3.7%
Mortality - base table	100% of S2PxA Standard Tables	95% of S1NxA Standard Tables
Mortality - future improvements	CMI_2014 core projections 1.25% pa long-term improvement	CMI_2013 core projections 1.25% pa long-term improvement

History of assets, liabilities and actuarial gains and losses

Year ended December:	2014 £000	2013 £000	2012 £000
Fair value of scheme assets	20,250	17,490	18,170
Present value of defined scheme liability	(32,988)	(31,575)	(32,510)
Net pension liability	(12,738)	(14,085)	(14,340)

Experience loss on scheme liabilities

Amount (£000)	87	(331)	0
Percentage of the present value of the scheme liabilities	0.3%	(1.0)%	0%

Difference between the expected and actual return on scheme assets

Amount (£000)	3,014	103	0
Percentage of the present value of the scheme assets	14.9%	0.6%	0%

Company contributions

The PLA's best estimate of contributions to be paid to the scheme in 2015 is £905,000.

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:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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 (PLA) FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of the Port of London Authority for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and PLA Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the PLA'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 PLA'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 PLA and the PLA's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Members' Responsibilities set out on page 69, the members 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 PLA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; 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 2014 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for this 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 PLA's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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
26 March 2015

The maintenance and integrity of the PLA's web site is the responsibility of the members; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WORKING IN PARTNERSHIP

Partnership with river users and accountability to stakeholders is one of the PLA's strategic priorities. As part of our partnership work we have set up a number of consultative and liaison groups; we also actively participate in groups set up by others. Listed on this page are the principal consultative and liaison committees run by the PLA, together with the outside bodies on which we are represented.

PLA Consultative and Liaison Committees

PLA Safe Mooring Group
 PLA/Environment Agency/Marine Management Organisation liaison
 PLA/London River Services (LRS) Liaison
 PLA/Maritime and Coastguard Agency (MCA) Liaison
 PLA/Medway/Harwich Tripartite Group
 PLA/Metropolitan Police Liaison
 PLA/LGP Marine Liaison Group
 PLA/London Port Health Authority Liaison
 PLA/Watermen and Lightermen's Company Liaison
 PLA Harbour Masters Recreation and Navigational Group
 Port Security Committee
 River Users Consultative Forum (Lower & Estuary)
 River Users Consultative Forum (Upper)
 Thames Freight Standard Working Group
 Thames Oil Spill Clearance Association (TOSCA)
 Thames Strategy Group

PLA Representation on outside bodies

Association of Diving Contractors
 Association of Police Health & Safety Advisors
 (London & South East Group)
 Bexley Emergency Planning and Liaison Group
 BMF Thames Valley Committee
 CAMBRIA Trust
 Central London Local Resilience Forum
 Cliffe Conservation and Community Partnership
 Steering Group
 Committee on Shipping Hydrography (MCA)
 Cory Environmental Trust in Thurrock
 Crouch Harbour Authority Advisory Committee
 Defra/DfT Marine Consents Liaison Group
 Defra Water Framework Directive Stakeholder Groups
 Defra Ports Liaison Group
 Dredging Liaison Group
 Emergency Planning Society Oil Pollution Professional Interest Group
 Essex Resilience Forum and associated groups
 Freight Transport Association
 Gravesham Chamber of Commerce
 Gravesham Local Business Partnership Steering Group
 Greater London Authority (GLA) Working Groups
 Greenwich Emergency Planning and Liaison Group
 Havering and Thurrock Riverside Environmental
 Strategy Group
 Health and Safety Executive and Statutory Harbour
 Authorities Committee (HESHA)
 IMarEST Small Ships Group Integrated Coastal
 Hydrography Steering Group (UKHO)
 International Association of Lighthouse Authorities
 International Harbour Masters Association
 Kent and Medway Oil Pollution Group
 Kent Resilience Forum and associated groups
 London Borough of Richmond Emergency Planning Forum
 London Borough of Southwark Emergency Planning Forum
 London Chamber of Commerce and Industry
 London Emergency Services Liaison Panel (LESPL)
 London Home and Water Safety Council
 London Resilience Forum
 London Resilience Media Group

London Resilience Transport Group
 London & SE Port Welfare Committee
 London Waterways Commission
 Maritime Advisory Group
 Maritime London
 MCA/DfT MARPOL Consultative Panel
 MCA Hire Boat Licensing Working Group
 Working Group
 MCA Seagoing and Inland Waterways Commercial Vessel
 Regulatory Working Parties
 MCA Sunk Users Group
 Medway Partners Emergency Planning Group
 National Inland Waterways Freight Standards Steering Group
 National Marine Safety Co-ordinating Committee
 National Maritime Development Group
 National Maritime Security Committee (Ports Panel)
 National Offshore Renewable Energy Liaison Group
 National Sea Training Trust
 North Central London Local Resilience Forum
 North East London Local Resilience Forum
 North Kent Chamber of Commerce
 North West Kent College Training Trust
 North West Kent College Corporate Board
 OFCOM/MCA Maritime Advisory Technical Committee
 Parliamentary Maritime Group
 Port Marine Safety Code Steering Group
 Port Skills and Safety
 Richmond Resilience Forum
 River Basin Liaison Panel
 River Users Health & Safety Forum
 RoSPA (National Home Safety Committee and Water Safety
 membership)
 SITPRO Ports and Borders Group
 South East London Local Resilience Forum
 South Essex Environmental Protection Group
 South West London Local Resilience Forum
 Southwark Resilience Forum
 Thames21
 Thames & Dover Police Portal Group
 Thames Estuary Partnership
 Thames Estuary Research Forum
 Thames Estuary Standing Environment Group
 Thames Landscape Strategy Hampton – Kew
 Thames Resilience Group
 Thames Strategy Kew – Chelsea
 Thames Traditional Rowing Association
 Thames Training Alliance
 Thurrock District Association of Industries
 UK Delegation to International Maritime Organisation (IMO)
 UK Harbour Masters Association
 United Kingdom Major Ports Group
 UKMPG/BPA Environmental Policy Group
 UKMPG/BPA Marine and Pilotage Working Group
 University College London Geomatics Faculty
 Wandsworth Resilience Forum
 Westminster Biodiversity Action Plan Steering Group
 Vauxhall Nine Elms Battersea Opportunity Area
 Veolia North Thames Trust

Photos by: Sam Ashfield, Jim Deeney, Ben Fitzpatrick, London Gateway Port, Steve O'Connell, Richard Shellabear, Thames Tideway Tunnel, Andy Wallace

Main image on p24/25 is: © Museum of London Docklands and © Suki Chan 2011



PINNACLE HOUSE

23-26 St Dunstan's Hill, London, EC3R 8HN

LONDON RIVER HOUSE


Royal Pier Road, Gravesend, Kent, DA12 2BG

T +44 (01474) 562200

F +44 (01474) 562281

E info@pla.co.uk

W www.pla.co.uk

 [@LondonPortAuth](https://twitter.com/LondonPortAuth)

