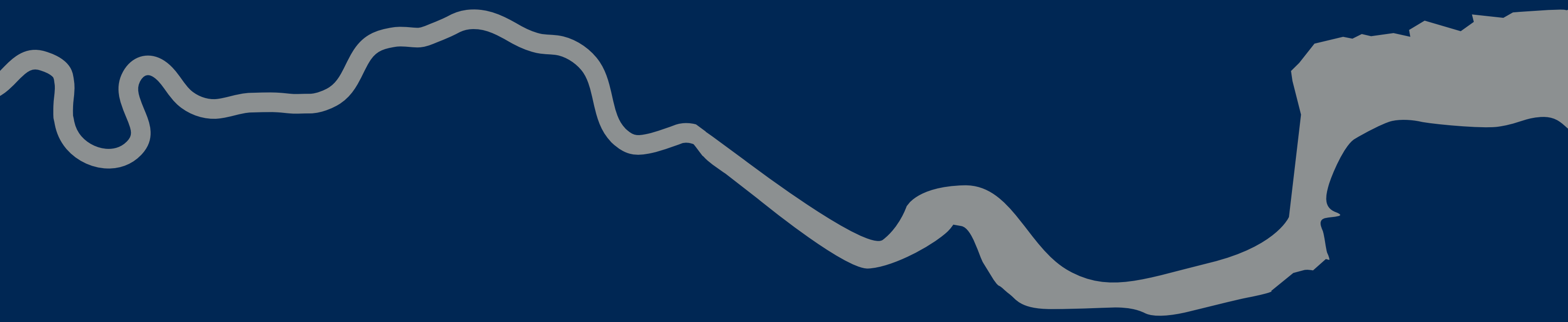
PORT OF LONDON AUTHORITY

CUSTODIANS OF THE TIDAL THAMES

INVESTING IN THE FUTURE



ANNUAL REPORT & ACCOUNTS 2017

PORT OF LONDON AUTHORITY
INVESTING IN THE FUTURE

At the Port of London Authority we are the Custodians of the tidal Thames. We hold the river in trust, working to hand it on in a better condition to future generations and realising the goals of the Thames Vision.

Our strategy to achieve this is centred on key themes of:

- **PROTECT** – targeting Zero Harm and improved sustainability
- **IMPROVE** – running efficient operations and investing to support growing river use
- **PROMOTE** – leading the Thames Vision to unlock the potential of the Thames

To support delivery of our Protect, Improve and Promote agenda, we will be:

- **Customer focused**
- **Personally accountable**
- **Open to Change**

ABOUT THE TIDAL THAMES

The tidal Thames is 95 miles of river from Teddington Lock, through central London, out to the North Sea. That stretch of river is home to the UK's second biggest port, busiest inland waterway for freight and passengers and a growing centre for sporting activity.

The tidal Thames is also a thriving habitat, home to 125 different species of fish, 3,000 seals and over 300,000 over wintering birds.

Economically, the port plays a key role as part of supply chains serving the UK markets of London, the south east and beyond. Over 40,000 jobs depend on the port which generate over £4 billion in economic value added annually. In addition, there over 100,000 jobs related to the river as an amenity and economic activity generating a value added of over £2 billion.

ABOUT THE THAMES VISION

The Thames Vision is a 20-year development framework for the river, created with stakeholders over 18 months from early 2015 to mid-2016. Across six goals, the Vision targets greater river use, alongside an improving environment. The Vision is being delivering in partnership by the PLA and stakeholders; key elements of the Vision are reflected in the London Plan and the Mayor of London's environment and transport strategies.

The six goals of the Thames Vision are:

- The busiest ever Port of London, handling 60 – 80 million tonnes of cargo a year
- More goods and materials routinely moved between wharves on the river – every year over four million tonnes carried by water – taking over 400,000 lorry trips off the region's roads.
- Double the number of people travelling by river – reaching 20 million commuter and tourist trips every year
- The river the cleanest since the Industrial Revolution, with improved habitats and awareness of heritage.
- Greater participation in sport and recreation on and alongside the water.
- A riverside which is a magnet for ramblers, historians, artists and others, whether living nearby, on the river or travelling from further afield.

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2017 HIGHLIGHTS

PORT OF TILBURY TILBURY2 DEVELOPMENT

Forth Ports submitted an application for a development consent order to build a new terminal adjacent to the Port of Tilbury. Tilbury2, will be built on a 152-acre site which was part of the former Tilbury Power Station.

LONDON GATEWAY FIRST EAST-WEST SERVICE

New Asia-Europe and transatlantic services operated by 'THE Alliance' started calling at DP World London Gateway, who formally opened their third berth for full operations to handle increasing demand.

AIR QUALITY STRATEGY

We broke new ground, publishing for consultation the first draft Air Quality Strategy for a UK port. The strategy's 19 proposals for action include investigating means to develop and implement green technology, encouraging best practice and running trials of new innovations to assess emissions reductions.

TUNNEL BORING MACHINE RIVER DELIVERY

Tideway, the organisation building London's new super sewer, welcomed the river delivery of the first of its six tunnel boring machines; the machine travelled 525 miles by barge from Germany to Tideway's Carnwath Road site in West London.

THAMES SKILLS ACADEMY 22 APPRENTICES

The Thames Skills Academy's (TSA) launched their first Thames Apprenticeship Programme, with twenty two apprentices from six river operators.

TALL SHIPS REGATTA

The Rendez-Vous 2017 Tall Ships Regatta brought majestic sailing ships back to the Thames at Greenwich over the Easter weekend, with crowds gathering to see the vessels parade as they started their journey to Quebec in Canada.

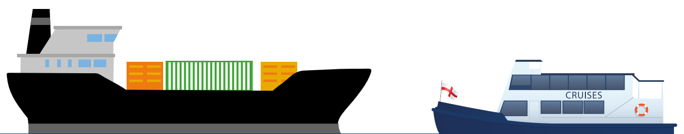
NEW BOATLIFT

The new £400,000 boatlift came into operation at our Marine Services boatyard in Denton, Kent. The new lift offers greater lifting capacity and more manoeuvrability than the lift it replaced.

COBELFRET GAME CHANGER SHIP - *CELINE*

The largest short sea roll-on/roll-off freight vessel in the world, CLdN's Celine called on the Thames for the first time; the first of a new class of larger ships, described as a 'game changing' development.

2017 AT A GLANCE



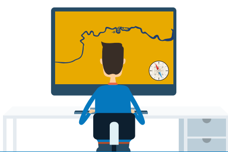
RIVER USE

49.9m TONNES OF GOODS HANDLED

10m PASSENGER JOURNEYS

4.3m TONNES OF INLAND WATERWAYS FREIGHT

152 SPORTING EVENTS



NAVIGATION & SAFETY

13 SERIOUS NAVIGATIONAL INCIDENTS

13,123 PILOTAGE ACTS

PLA IN THE COMMUNITY

9 EVENTS ATTENDED BY RIVERSIDE CODE SAFETY TRAILER

257 PEOPLE ATTENDING PUBLIC MEETINGS

FINANCE

£35.6m STAKEHOLDER BENEFIT

£7.3m OPERATING SURPLUS

£5.4m CASH INVESTED

HEALTH & SAFETY

102 NEAR MISS REPORTS

6 LOST TIME ACCIDENTS

ENVIRONMENTAL STEWARDSHIP

175 TONNES OF DRIFTWOOD RECOVERED

2,081 CO2 EQUIVALENT TONNES

12 THAMES21 CLEAN-UPS SUPPORTED

49,081 KILOWATT HOURS

THE THAMES AGAIN HOSTED A TALL SHIPS RENDEZVOUS WHICH DREW HUNDREDS OF THOUSANDS OF PEOPLE TO THE RIVERBANKS.

CHRISTOPHER RODRIGUES CBE

CHAIRMAN'S STATEMENT

2017 was a good year for the Thames. The river continued to welcome some of the world's largest ships, trade continued at close to its 2016 peak and the Thames again hosted a Tall Ships Rendezvous, which drew more than three quarters of a million people to the river's banks. This dynamism combined with the progressive embedding of the Thames Vision in the policies for London's future development, in particular the London Plan. Now our focus is on investing in the future, doing all we can to support the long term health of the river and the PLA.

Increased investment by the PLA will support delivery of the Thames Vision and the greater river use that is at its heart. During 2018 we will publish our investment plans for the next five years. We expect these to support growth in river use, to help deliver amenity and environmental improvements and to deliver operational improvements for the PLA.

Sustaining investment, which delivers value across the range of our stakeholder interests, is at the heart of the Trust Ports model's success for over 150 years.

Our investments will be alongside the substantial ongoing investment being made on the Thames by both the private and public sector. The forecast long term growth in port trade is founded on developments such as Tilbury2, London Gateway Port and Cobelfret's expansion of its Purfleet operation.

Improved infrastructure is vital to making the most of these types of investment. The first meeting of the Port of London Infrastructure Group, attended by then shipping minister, John Hayes MP, was consequently extremely important. Bringing the major terminal operators together, speaking with one voice to the major infrastructure providers, is a core PLA role.

In this light, certainty on the Lower Thames Crossing is very welcome. Investment in further infrastructure will also be essential. We welcome the publication of the Department for Transport's Port Connectivity Study and look forward to the report from the Thames Estuary Growth Commission 2050. Both of these reports will help shape the infrastructure landscape as we prepare for a post-Brexit world.

Towards the end of 2017, the PLA Board changed as we welcomed Julie Tankard as chief financial officer, taking over from Brian Chapman. Brian had been with the PLA for sixteen years, providing expert counsel to the Board and Executive Committee. He leaves with our thanks and very best wishes for the future.

We were particularly sad during the year to learn that Dame Helen Alexander, my predecessor as PLA chairman, had passed away. Helen, who shared our collective passion for the Thames, was instrumental in creating the more modern, forward looking PLA that I joined; she will be much missed.

The whole PLA team is essential for delivering the safety and other services that we provide, 24 hours a day, 365 days a year. Nowhere was this better displayed than that Easter weekend of the Tall Ships Rendezvous and, of course, for the annual New Year's Eve fireworks. For this they have my and the Board's thanks.

The year ahead inevitably contains uncertainty as we approach the UK's departure from the EU. We can nevertheless do so with confidence as an organisation based on the investment-backed direction set over the past few years.

Christopher Rodrigues CBE
26 March 2018

ROBIN MORTIMER

CHIEF EXECUTIVE'S STATEMENT

Our focus in 2017 was on delivery of our strategy to Protect, Improve and Promote. These three strategic goals set the direction for the organisation and a framework for all we do.

The context in which we operated in 2017 was a year of stable economic activity on the river. Port trade was steady at 50 million tonnes, passenger trips remained around 10 million and the level of inland waterways freight topped four million tonnes.

Confidence in the port remains high, with continued investment at major terminals – Forth Ports is bringing forward Tilbury2, London Gateway continues to expand strongly and Cobelfret is redeveloping its jetties to accommodate larger ships.

Financially, the performance of the port, alongside income from property and work for third parties enabled us to deliver a healthy financial performance, with a surplus after tax of £4.4 million (2016: £8.6 million), on turnover of £58.3 million (2016: £56.9 million).

PROTECT

Our goal is to operate a safe river. The year saw 13 serious navigational incidents, compared to 10 in the previous year. There were no very serious navigational incidents. The level of near miss reporting, which will help reduce the number of incidents in the long term, increased markedly.

The health and safety of all our staff at the PLA is always a primary concern. Our accident rate in 2017 rose to around the average for the Ports sector, with six Lost Time Accidents (LTAs) in total. We are determined to improve our safety performance. A programme to re-energise our health and safety culture, with additional training, refreshed systems and leadership focus, started in the latter months of 2017 and will run through 2018. This will include early in 2018 running our first Health & Safety Week, with a focus on reaching staff who work afloat and in operational areas.

The Marine Accident Investigation Branch (MAIB) report into the death in 2016 of PLA pilot, Gordon Coates was published in October last year. The report findings mirrored the PLA's Investigation Report and we had implemented all the recommendations in our report during the first part of 2017. There were no further recommendations for the PLA in the MAIB report, but we continue to keep all aspects of health and safety relating to our pilots under constant review.

The PLA's remit also extends to a wide range of environmental protection issues. Air Quality has been a growing political and public health issue, particularly in London where air pollution accounts for around 9,500 premature deaths a year and was the prime focus of our environmental team this year. We are proud to have published the first Air Quality Strategy for a UK port. In the meantime more than 150 vessels calling on the Thames have benefited from our green tariff for ships with higher environmental performance – another UK ports sector first.

IMPROVE

As a fundamentally service driven organisation, our goal is always to provide first class customer service. In that regard, in spite of the best efforts of our dedicated team of pilots and other staff, we fell short last year. The higher level of port trade over the last two years increased demand for pilots beyond the resources available and our service level – total vessels served without delay – was 94%. We aim for – and our customers rightly expect – 100% reliability.

Our immediate priority is to improve the service level we deliver for pilotage customers. We are making substantial investments in our pilotage operations to return as quickly as possible to excellent service levels. We now have ten more pilots than we did two years ago, at an annual extra cost of more than £1 million. We have also invested in a new IT system to support our pilotage coordinators in allocating pilots to vessels, to maximise efficiency.

More broadly, our strategy is to improve the port and river. This is in line with our fundamental purpose as a Trust Port: to improve the tidal Thames for stakeholders today and in the future. To this end, we have been developing an investment strategy to set out how we will support growth in the river economy, improvement in the facilities for river users and enhancement of the environment, in line with the Department for Transport's Ports Good Governance Guidance.

PROMOTE

The Thames Vision, published in mid-2016, sets out the collective, stakeholder view of how the river will develop between now and 2035. In 2017 we started to turn the aspiration into reality, with the Thames and London Waterways Forum launched by the deputy mayor for transport, Val Shawcross CBE, with Vision goals at its heart. Progress was made across the six goals, including in trade, travel, sport and recreation, and environment.

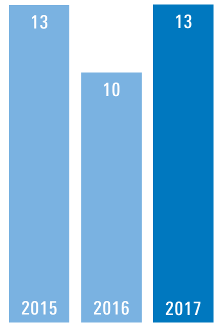
This brief summary of 2017 gives a feel for the main elements of our agenda. The progressive changes we are making are enabling the PLA to deliver on its commitments to Protect, Improve and Promote, supporting improved customer service, health and safety performance and generation of stakeholder benefit.

As ever, my thanks are to the PLA teams who work round the clock, every day of the year to enable people to make the most of the river in safety, whether for trade, travel, sport or recreation.

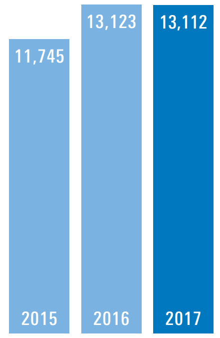
Robin Mortimer
26 March 2018

SAFETY ON THE RIVER IS OUR PRIME FOCUS AS AN ORGANISATION AND KEY TO THE LONG TERM GROWTH IN RIVER USE PROJECTED BY THE THAMES VISION.

BOB BAKER



SERIOUS NAVIGATION INCIDENTS (NO.)



PILOTAGE ACTS (NO.)

VESSELS SERVED WITHOUT DELAY (%)

CHIEF HARBOUR MASTER'S STATEMENT

In 2017, there were no very serious navigational incidents, but the overall level of serious incidents was 13, compared to ten in 2016 and 13 in 2015. The severity of incidents is judged using criteria in our navigational safety management systems.

The statistics show a significant reduction in serious incidents to commercial shipping, while incidents involving inland waterways vessels doubled. With inland waterways traffic set to increase markedly in the next few years, particularly with new project cargoes, we are looking at what steps can be taken to reduce the number of incidents.

Our incident trend analysis, together with growing traffic volumes, has increased our risk rating for the upper river. We are developing strategies and working closely with both the Maritime Coastguard Agency and Department for Transport to ensure that crews on the river are working to the highest safety standards and competencies, while all boats are maintained, fitted out to, and comply with, the highest and latest safety requirements.

Demand for pilotage services remained high in 2017. The 13,112 pilotage acts in the year were virtually identical to those in 2016, at a level of over 1,000 more acts than in 2015. Resolving this is our top priority and we have been working hard across pilot recruitment and operational efficiency since early 2016 to meet this unprecedented level of demand.

We started a major pilot recruitment drive in 2016, adding 12 trainees to our roster. This continued through 2017, with a further 12 trainees recruited. Recruitment will continue in 2018, with training in batches of six (rather than four) to speed up the process. By the end of 2017, after allowing for retirements, we had ten additional pilots on the roster, compared to the start of 2015. Newly qualified pilots progress through the various classes of ships they can handle – we expect that those who joined us in early 2015 will be able to start handling the larger 'Class 1' ships in 2019.

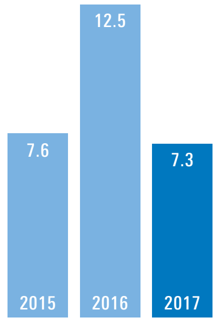
Looking to the longer term, we are starting trials of an automated Pilot Allocation tool to assist our pilotage coordinators in allocating the pilots to ships in the most efficient manner. This will mean that we make best use of each pilot's usable hours, within the working rules.

We continue to work on the Red Tape Challenge, our 'human factors' safety campaign, and facilitating greater recreational use of the Thames. These initiatives are described in more detail in the River Navigation section of this Annual Report on P27.

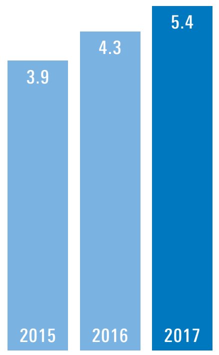
Bob Baker
26 March 2018

***THAME* IS THE LATEST ADDITION TO OUR HYDROGRAPHIC SURVEY FLEET**

JULIE TANKARD



OPERATING SURPLUS (£M)



CASH INVESTED (£M)

CHIEF FINANCIAL OFFICER'S STATEMENT

It has been a pleasure to join the PLA during 2017 and I have been immediately struck by the pride and professionalism of both PLA staff and the companies we work with on the Thames. I bring to the role of CFO a strong customer/commercial focus and our door is always open to our customers.

2017 was a healthy year for the PLA financially. Overall turnover rose to £58.3 million (2016: £56.9 million). We generated an operating surplus of £7.3 million (2016: £12.5 million). The 2017 surplus was at more normal levels for the PLA, after an exceptional year in 2016. Factors influencing the surplus included increased costs as we added to our pilotage capacity, pensions servicing costs, property related insurance claims and a variety of fees, some related to Peruvian Wharf.

Rental income grew to £10.6 million in 2017, from £10.4 million in 2016. Pilotage income grew by £2.1 million, as a result of larger vessels coming into the port. Despite the increase, pilotage profit was slightly down in the year as a result of increased investment in new tools and systems and additional headcount.

Our operating costs rose as we continued the programme of pilot recruitment and embarked on a major programme of updating our main operating systems. In addition we incurred additional costs relating to the actuarial assumptions on property-related insurance claims, which the organisation continues to receive in relation to properties the PLA historically owned.

The net cash position on our balance sheet at the year-end reduced slightly to £39.8 million (2016: £41.5 million) largely as a result of capital investments and changes in working capital. This financial performance gives us flexibility to invest for the future. In total in 2017 we had cash outflows of £5.4m in capital investments (2016: £4.3 million).

Our principal core investments in the year were in a new vessel, a major improvement to our operating systems and a pilot allocation system. Thame is a new hydrographic survey vessel acquired to replace an existing vessel. She will support our core surveying operation as the hydro team continues to develop its commercial operations in supporting works on the river. The new systems and process improvements we are introducing through an integrated HR/Payroll/Finance and Procurement system will drive efficiency and improve customer service. The new rostering tool for pilots is set to support the allocation of resources and reduce customer delays.

Peruvian Wharf is a larger financial commitment and symbolic of how our investment approach is evolving, in line with the Thames Vision and our strategy. The wharf was acquired in late 2016 and through 2017 we developed it ready for occupation. The total investment of £6 million over the last two years will return a valuable income stream and is part of our financial strategy to diversify our sources of revenue to protect the PLA in the event of any economic downturn.

Alongside investments to sustain and improve our operational efficiency, we will be looking to develop a portfolio which encompasses investments for commercial and for public benefit. We will publish our investment strategy during the first half of 2018.

These investments will be made alongside financing of our pension obligations, which remain a significant commitment. Under the deficit repair agreement with the PLA Pension Scheme Trustees, we make annual payments of £4 million, over and above normal employer's pensions contributions.

In 2017 we saw our pension liability reduce significantly from £101 million in 2016 to £72 million across the multiple schemes that we either operate or in which we participate. The principal movement was in the PLA's main employee scheme (PLAPF). This figure represents the latest actuarial calculation at the date of this report.

J. Tankard

Julie Tankard
26 March 2018

THE THAMES TIDEWAY TUNNEL PROJECT IS THE BIGGEST SINGLE ENGINEERING PROJECT IN THE LONDON REACHES OF THE THAMES SINCE THE CONSTRUCTION OF THE EMBANKMENT IN THE 1800S.

OPPORTUNITIES AND CHALLENGES

As an organisation, the PLA has to manage and respond to a number of opportunities and challenges. Our ongoing assessment of these more immediate concerns sits alongside the formal risk management process which is reported in details in the Governance section of this report. We also operate four management systems to support our work to achieve continuous improvement in all areas of our operation.

Preparations for leaving the European Union and the conclusion of the various agreements covering future trading arrangements remains the principal potential challenge to operations in the port. We are continuing to press for the benefits of frictionless trading arrangements, which allows the seamless movement of goods once landed at terminals in the port.

Over the last two years we have adjusted to increased levels of traffic in the port, particularly around London Gateway and Thames Oil Port. Overseeing the movement of the world's largest container ships on the Thames is now well practiced.

The goals of the Thames Vision embody the biggest opportunities for the PLA. The 20-year plan for the Thames centres on greater river use, in all its aspects. It provides an essential template for us to support delivery of stakeholders' goals for the Thames. We made substantial progress on a number of the workstreams in the Vision during 2017, particularly sports and recreation and the new Port of London Infrastructure Group. Further work will be undertaken in 2018 as we work fully to embed the river in the thinking of developers working on residential schemes in the east of the capital.

The Thames Tideway Tunnel is the biggest single engineering project in the London reaches of the Thames since the construction of the Embankment in the 1800s. With eleven construction sites in and alongside the river, this provides a major challenge for our harbour masters and licensing teams. The dedicated licensing team set up to handle the substantial demands of the project has processed more than 250 individual licence applications over the last two years, almost identical to the number of licences we process annually for normal operations.

Tunnelling is due to start in 2018 at which point the main focus for the PLA will be managing the substantial tonnage of materials being moved on the Thames. The long term benefits of the project are a cleaner Thames and a new generation of tugs and barges for use on the river in the future.

The growth in safe river use flowing from both the Vision and the development of the Thames Tideway Tunnel, means that development of more, skilled marine workers is imperative. The Thames Skills Academy (TSA) has been set up to help meet the challenge of delivering this workforce. The TSA is supported by Tideway, the PLA, Transport for London (TfL) and the Company of Watermen & Lightermen.

Air Quality, particularly in urban areas, is an emerging issue. On the Thames, by working in partnership with many stakeholders, we have developed a draft Air Quality Strategy. The first of its kind in the UK, it gives us an opportunity to lead the sector and to meet the challenge of creating a truly sustainable port.

PLA STRATEGY

As a Trust Port, we hold the Thames in trust for future generations. We have no shareholders, so operate for the benefit of customers and stakeholders now and in the future.

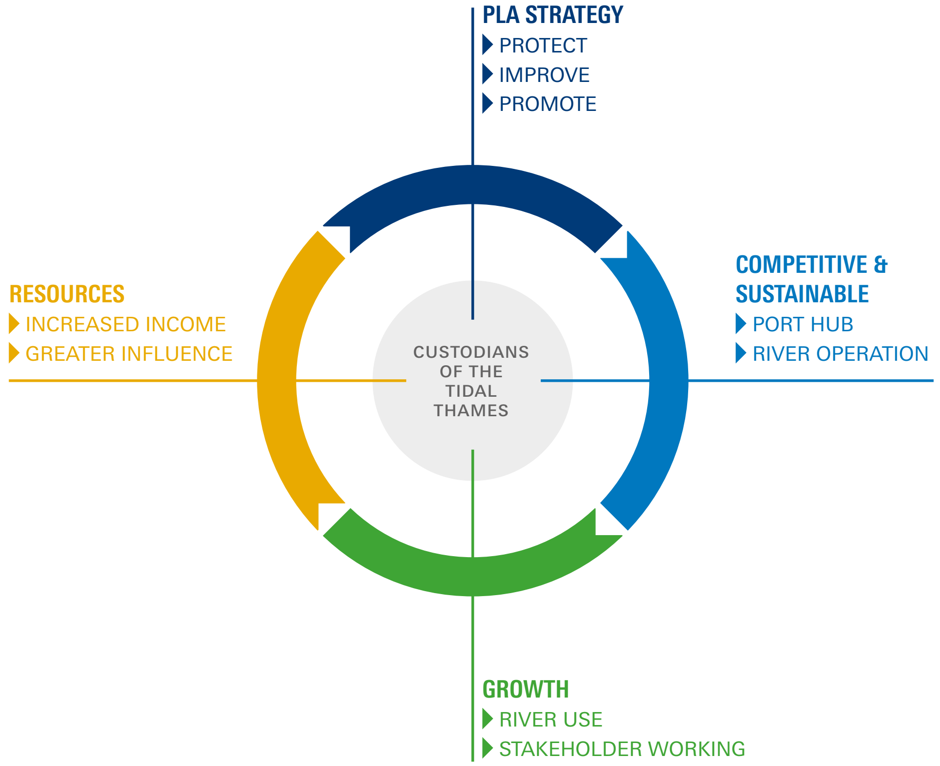
Stakeholders' ambition, as set out in the Thames Vision, is to see the river play a much greater role in the life of London and the south east, from trade and travel to sport and recreation. To support this ambition, our new strategy is centred on three core roles for the PLA:

PROTECT	targeting Zero Harm and improved sustainability
IMPROVE	running efficient operations and investing to support growing river use
PROMOTE	leading the Thames Vision to unlock the potential of the Thames

A strong and effective PLA supports growth through creating a 'virtuous circle', shown below. Delivering on our commitments to Protect, Improve and Promote will help develop the competitiveness and sustainability of port and river operations. This will underpin growth in river use and generate a financial return, which we can invest again in protecting, improving and promoting.

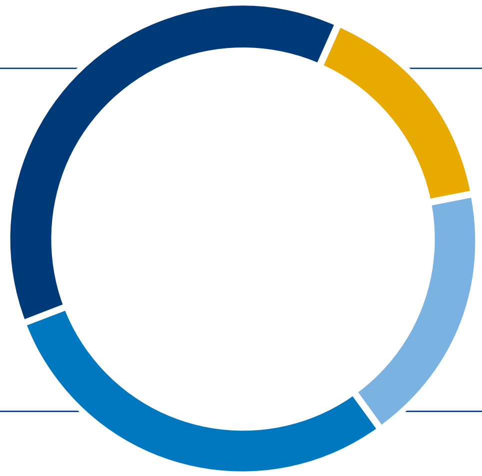
The Thames is the UK's busiest inland waterway and the Port of London is one of its busiest ports. The most recent assessment of the economic impact of port and river operations found a total of £6.4 billion Gross Value Added and more than 140,000 river-related jobs. Achieving the goals in the Vision will see this already substantial contribution grow further now and in the future.

PLA STRATEGY VIRTUOUS CIRCLE



INCOME

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



37.4%
PILOTAGE DUES

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

29.2%
CONSERVANCY CHARGES

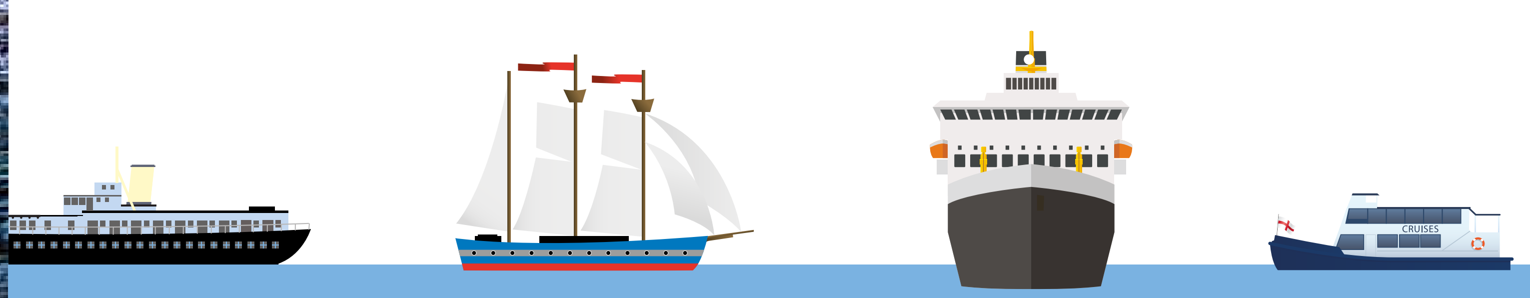
on ships and their cargoes entering and leaving the port for the maintenance of the channel and facilitating safe navigational access.

15.3%
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.

18.1%
RENTS

for facilities on PLA land in, under or over the river.



42
PLA VESSELS (INCLUDES SIX ESTUARY SERVICES LTD)

10,315
HECTARES SIZE OF ESTATE (MARINE)

95
MILES OF TIDAL RIVER MANAGED

367
NO. OF EMPLOYEES

950
HECTARES SIZE OF ESTATE (LAND)

WE ARE THE BIGGEST SINGLE CONTRIBUTOR TO THE ENVIRONMENTAL CHARITY, THAMES21

STAKEHOLDER BENEFITS

Independent research we commissioned in 2014 identified the things we do that stakeholders most value. One particular aspect people wanted to see was increased river advocacy. The creation with stakeholders of the Thames Vision, a framework for the river's development over the next 20 years, was the logical next step on from that insight.

The Vision was finalised during the first half of 2016 and our new strategy ensures that we are continuing to improve as an organisation and deliver our actions under the Thames Vision. Stakeholders most value our contributions in:

RIVER NAVIGATION AND SAFETY

Our port control centres, harbour masters, pilots and river patrol crews help 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 and navigational safety, including buoys, beacons, bridge lights and channel surveys.

PLANNING CONSULTATION AND TECHNICAL EXPERTISE

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

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

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

ENVIRONMENTAL STEWARDSHIP

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

COMMUNITY BENEFIT

Set alongside the economic and amenity benefits that our operations underpin, we also generate a substantial benefit to the community, estimated to be £35.6 million in 2017 (2016: £32.2 million). The benefit we generate derives from discretionary and non-discretionary spend. Our discretionary spend totals over £1 million. It includes: major charitable donations to organisations including the Sea Change Sailing Trust and Tilbury Seafarers Centre; activities required for our core responsibilities such as making our archive publicly available at the Museum of London Docklands; and support for organisations like the Thames Skills Academy. More than £31 million is paid in taxes, wages and other employment costs which contribute directly to the local economy.

A full breakdown of our stakeholder benefit calculation is overleaf.

THE MUSEUM OF LONDON DOCKLANDS IS HOME TO THE PLA ARCHIVE

STAKEHOLDER BENEFITS CONTINUED

PLA IN THE COMMUNITY	2017 (£)	2016 (£)
Major Charitable Donations		
Thames21	15,000	20,000
Thames Explorer Trust – schools outreach	12,000	12,000
Tilbury Seafarers Centre	31,500	31,500
Sea Change Sailing Trust	0	12,500
Discounted Port charges	25,679	30,849
Other Charitable Donations	31,285	23,224
Riverside Code & Community Outreach	12,516	22,198
Museum of London Docklands	35,400	40,297
Thames 21 (administration costs)	89,000	85,655
Gravesham Borough Council (Town Pier)	3,521	3,452
	255,901	**281,675**

ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT		
Archive at Museum of London Docklands	70,500	68,987
River bank maintenance	167,749	16,236
Richmond Lock and Weir	589,900	512,813
Boat operator training	9,000	-
	837,149	**598,036**

GOVERNMENT BENEFIT*		
Taxation – Pay As You Earn	8,245,492	8,006,554
National Insurance (employer's and employees elements)	4,071,288	3,820,301
Corporate Tax	1,302,547	1,671,612
Business Rates	467,005	421,703
	14,086,332	**13,920,170**

BUSINESS COMMUNITY BENEFIT		
Subscriptions to Business Organisations**	99,077	80,419
Thames Estuary Partnership	22,500	30,000
Thames Landscape Strategy	4,250	-
Thames Skills Academy	25,000	25,000
	150,827	**135,419**

EMPLOYEES' BENEFIT		
Net employee remuneration, pensions costs and benefits***	20,257,366	17,233,295
Sports & Social Activities	12,052	7,590
	20,269,418	**17,240,885**

TOTAL STAKEHOLDER BENEFIT	**£35,599,627**	**£32,176,185**

The values used in this table are cash flow and relate to payments made in the year.

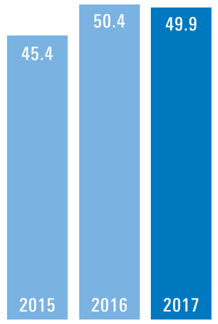
* Includes Port of London Properties (POLP) and 50% of Estuary Services Limited (ESL) (links to Government benefit)

** Subscriptions rose due to full year membership of the British Ports Association and Shipping Innovation Week sponsorship

*** The majority of this increase from 2016 relates to pilotage costs

RIVER USE 2017

PORT TRADE



CARGO HANDLED
MILLON TONNES

Trade in the Port of London in 2017 was 49.9 million tonnes (2016: 50.4 million tonnes).

Beneath this overall steady performance were changes in different parts of the river economy. Oil products and gases rose by 2% to 13.6 million tonnes in 2017. Forest products throughput increased by 10% to 0.8 million tonnes. Steel and other metals rose to 1.5 million, up by 10%. Unitised cargo fell by half a million tonnes or 3% to 17.5 million tonnes. Aggregates and cement declined by 7% to 11.5 million tonnes.

Investment in the port remains strong and underpins long term forecasts for growth. The new Amazon fulfilment centre opened at Tilbury's London Distribution Park. Forth Ports submitted their Development Consent Order for Tilbury2, the proposed new port development on the site of the former Tilbury Power Station. London Gateway officially opened Berth 3 and welcomed THE Alliance to the port, with Gateway's first scheduled East West service.

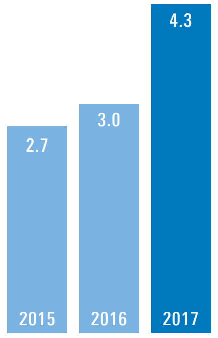
Cobelfret introduced the first of their 'game changer' vessels, *Celine*, the world's largest short sea ro-ro freighter, which made her first call on the Thames in late October. The Cobelfret jetties at Purfleet are now being redeveloped to handle the increased volumes of trade the new, larger vessels can carry.

In the oil trades, Nustar undertook a major redevelopment of their jetties and Thames Oil Port added lorry loading racks, enabling them to distribute product by road.

The building materials sector is seeing significant investment in new facilities and vessels. Both Hanson and Cemex have new vessels being built that will operate on the Thames. Hanson is also set to invest £12 million in the redevelopment of its Victoria Deep Water Terminal. During the year Eurovia completed a £450,000 maintenance and improvement project at its Dagenham Dock Wharf, replacing the wharf's timber frontage.

RIVER USE 2017 CONTINUED

INLAND WATERWAYS FREIGHT



INLAND WATERWAYS FREIGHT
MILLON TONNES

The tonnage of freight moved between terminals on the Thames increased by more than one million tonnes to 4.3 million tonnes in 2017, from 3.0 million tonnes in 2016. A strong baseload of river use continued and was again bolstered with project cargoes for Northern Line extension tunnelling and Tideway enabling works.

The Thames Tideway Tunnel project is the largest civil engineering scheme in the Thames for over a century. Tideway is making use of the river to service the in-river and riverside construction sites. The project has been the catalyst for major investment in the inland waterways fleet of tugs and barges, by operators including GPS, Livett and Walsh.

The renewal of the inland waterways fleet is being supported by the reactivation and use of safeguarded wharves. Tideway has brought Hurlingham Wharf back into use for the scheme and, for the future, the reactivation this year of Peruvian Wharf will be particularly important. Peruvian is a strategically important site, at the centre of the part of the city earmarked for major development over coming years.

Acquired by the PLA after 17 years of legal dispute, the site is now cleared and ready for development as a building materials hub.

The long term aim is to increase the baseline/day-to-day-use of the Thames for moving freight. The achievement of this goal will be supported by the inclusion of inland waterways freight in the workstreams of the new Thames & London Waterways Forum.

PASSENGER TRAVEL

PASSENGER JOURNEYS
MILLON

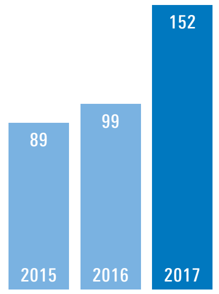
The number of passenger trips on the river in 2017 fell by 5% to 10 million, a 600,000 decrease on the figure for 2016 (10.6 million). The 2016 performance was thought to be related to a decline in domestic tourism.

The outlook for passenger travel on the Thames is positive. Two new MBNA Thames Clippers arrived on the Thames from a shipyard on the Isle of Wight and Thames River Services brought their new vessel, *Thomas Doggett*, into operation. Battersea Power Station Pier opened late in the year, bringing river-based public transport to this major new development ahead of the new tube line.

Long term, there is a commitment to making river services available to communities further east of the current route network. During the year MBNA Thames Clippers completed a successful four-day trial operating commuter services morning and evening from Town Pier, Gravesend to piers in central London.

Continuing the growth of passenger travel is one of the three main work streams of the new Thames & London Waterways Forum.

SPORT AND RECREATION



MAJOR SPORTING EVENTS

In 2017, 152 sporting events were held on the river. These included the University Boat Race, Head of the River races and the Great River Race.

The number of events recorded has increased both due to more activity and more consistent reporting of the events to us. During 2017, we completed the first survey of sports participation on the Thames. Flowing from that we launched an initiative to double participation over the next 20 years.

To help us achieve this, we are working with the National Governing Bodies, including the Royal Yachting Association and British Canoeing, to develop a programme to support existing clubs' delivery of events and share best practice for new developments.

Our practical support for sport and recreation continued, with publication of a new paddlers code and continued briefings for recreational river user groups.

WE PRODUCED A DEDICATED "PADDLING CODE", WITH BRITISH CANOEING AND THAMES-BASED PADDLING ORGANISATIONS.

RIVER NAVIGATION

Our main responsibility is maintaining the Thames river channels and managing safe navigation along 95 miles of the tidal Thames, downstream of Teddington Lock. Using our Marine Safety Management System we regularly review the hazards and risks to safe navigation and put measures in place 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.

We are working to make the rules and regulations for using the river safely easier to understand through a 'Red Tape Challenge'. We have completed the initial review, and the streamlining work is set to be completed this year.

To support the development of an improved safety culture on the Thames we have significantly improved the speed of incident investigations and the quality of incident reporting. Through publishing this information promptly, with quarterly and annual safety reports we can share key learning points with the river community, reducing the chance of similar incidents recurring.

The new PLA app, launched last February, aligns with this communications focus, providing easy access to the basic information needed to use the river in safety.

Our latest safety campaign focuses on 'human factors' after analysis of incident data showed that it was the leading cause of navigational incidents on the tidal Thames in the last two years. It drew on Maritime & Coastguard Agency guidance highlighting the 'deadly dozen', the twelve people related factors, in developing the campaign. This campaign runs into 2018.

Exercising for incident response remains a priority and July saw us running an emergency exercise with Thames terminal operator, Shell, in the vicinity of Canvey Island.

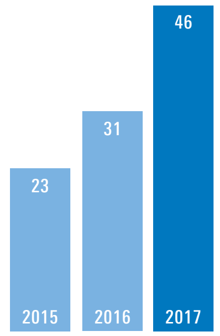
As part of the wider Protect agenda, we are working with partners including the RNLI, Met Police, Maritime Coastguard Agency and London Fire Brigade on development of a suicide prevention strategy. Suicide is the single most frequent cause of drowning in the River Thames and accounts for approximately one third of the RNLI's incidents per year along the Thames.

On average, there are over 30 accidental and self-harm fatalities per year. With current 'planned' prevention of such incidents minimal, we are developing a plan for positive interventions to reduce the number of suicide attempts. The plan will be published this Spring.

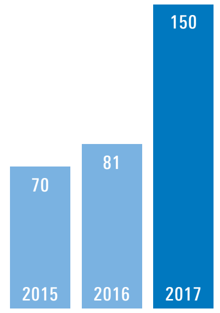
Recreational use of the river continues to grow rapidly and is a major focus for the Thames Vision. During the year we launched a paddlers' guide to the Thames, providing tailored information to this growing community of river users. University of London Boat Club won the 2017 Rowing Safety Award for safety performance linked to the Rowing on the Tideway Code.

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

PLANNING CONSULTATION & TECHNICAL EXPERTISE



PERMANENT RIVER WORKS LICENCES (NO.)



TEMPORARY RIVER WORKS LICENCES (NO.)

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

Consenting work for the Thames Tideway Tunnel scheme was a major focus for the planning and environment team through 2017. A total of 168 applications were processed for the scheme last year. This is a remarkable achievement for the specially created Tideway licensing team, which handled the same level of river works licence applications that the PLA would normally process in a year for all other operators on the tidal Thames.

The planning team is central to the delivery of the Thames Vision. During the year, two additional planners bolstered the existing resource and are focused on initiatives including borough engagement and the completion of an uninterrupted Thames Path.

Notable progress on the Vision during 2017 saw it included in three key mayoral documents: the draft London Plan, the Mayor's Transport Strategy and the Mayor's Environment Strategy. The planning team is working closely with the deputy mayors and Greater London Authority (GLA) officers on development and implementation of these strategies.

We advise the GLA on wharf viability and are making progress bringing wharves back into operation. The Mayor's team's recognition of the importance of protecting Strategic Industrial Land has been welcomed by Thames terminal operators. It can support additional protection for their operations, which provide low carbon supply of essential goods and materials.

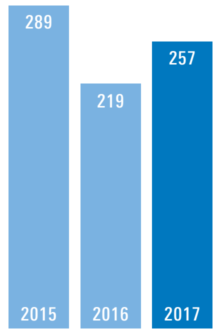
Looking to the future, Peruvian Wharf, which we acquired at the end of 2016, is expected to become operational in 2018, after a year of extended site preparation work. For passenger transport, new piers are in prospect at the Intercontinental Hotel on the Greenwich Peninsula and potentially on the Isle of Dogs (Canary Wharf East).

Development Consent Orders (DCOs) are an area of increasing work. In 2017 we worked on the DCO for Forth Ports' Tilbury2 scheme and the proposed Silvertown Tunnel. For the Silvertown scheme, we advocated for, and secured, a commitment to greater river use during construction.

In 2016 we reached agreement in principle with the Department for Environment, Food & Rural Affairs (Defra), the Department for Transport and the Marine Management Organisation (MMO) on a streamlined approach to regulating development in the Thames. We are working with Defra and the MMO to see this implemented as soon as possible as a prority for our customers.

AS CUSTODIANS OF THE TIDAL THAMES WE ARE UNIQUELY PLACED TO BRING TOGETHER THE LARGEST NUMBER OF THAMES STAKEHOLDERS TO MAKE THE MOST OF THE RIVER'S POTENTIAL.

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER



PEOPLE ATTENDING PUBLIC MEETINGS (NO.)

The river is a hub of activity, whether for trade, travel or sports, or as a catalyst for investment. Crossing many administrative boundaries, it needs a strong advocate to ensure that its contribution is recognised, protected and enhanced. As Custodians of the tidal Thames we are uniquely placed to bring together the largest number of Thames stakeholders to make the most of the river's potential.

This advocacy role is at the heart of our work on the Thames Vision, where convening interested parties is key to delivering greater use of the river in the long term. We continued to work in 2017 with the Thames Estuary Growth Commission 2050, as they develop their plans for publication this Spring.

During the year we made progress on each of the six Vision goals that target greater river use and activity. To support the forecast growth in port trade, we established the Port of London Infrastructure Group. Meeting twice in the year, the group brought together all the major terminal operators, with politicians, Government officials and the major infrastructure providers. Collectively the group is better able to push for the infrastructure that will support the logistics needs of the growing port.

The creation of the Thames & London Waterways Forum is an essential step in making more of the river through London. Launched by London's deputy Mayor for transport Val Shawcross CBE, in September, the Forum was created to help ensure the river carries more passengers and goods while growing its status as a sporting, cultural and events hub for communities along the river. The Forum guides and draws on three working groups on: passenger transport, freight development; and people and places. The PLA has representation on each of the groups.

We convened two new groups to progress our goal of increasing participation in sport and recreation on and by the Thames. A Sport & Recreation development group came together with Sport England, London Sport and the National Governing Bodies for rowing and sailing and the Thames Regional Rowing Council. With support from Sport England and London Sport we undertook the first survey of sports participation on the Thames and made a collective commitment to doubling sports participation over the next twenty years. Alongside this, a new East London Sports and Recreation group is looking in particular at how we promote increasing provision of watersports facilities and participation in East London.

Our first environment and heritage conference, held at the start of the year was a success and, after the second running this January has become a 'must attend' event on the Thames calendar. On our broader heritage work, we supported the publication of a new book exploring ten years of archaeological discovery on the Thames, published by the Thames Discovery Programme (TDP). 'The River's Tale' is TDP's first book and the first on the archaeology of the River Thames since the 1956 publication, 'Treasure in the Thames'.

Progress was also made in our work to encourage more people to engage with the Thames. To reach more young people, we have agreed a new educational initiative with Thames Festival Trust and an expanded one with Thames Explorer Trust. Thames Explorer Trust will bring access to Thames linked education across a wider geographic area, focused in East London and to the east of London, while the Festival Trust will provide our first PLA-supported secondary school activities.

We are also working with the Greater London Authority and have part funded a research programme on the development of a new river cultural strategy. London & Partners are also centring more of their promotional work bringing the Thames into the tourism offer for London. The proposals for the Illuminated River are set to increase the Thames' draw as a year round night time attraction.

THE FOR FISHES SAKE #FFS CAMPAIGN HELPED DELIVER A 20-30% REDUCTION IN RIVERSIDE LITTERING IN ACTIVATION ZONES ALONG THE THAMES IN LONDON.

ENVIRONMENTAL STEWARDSHIP

CARBON EMISSIONS (CO_2 EQUIVALENT TONNES)

We conserve and enhance a range of diverse, thriving habitats for many different species of fish, birds, seals and other wildlife alongside the thriving commercial port and river activities. Within our area of jurisdiction there are nine Sites of Special Scientific Interest (SSSI), many with further European environmental designations as Special Protection Areas (SPA) or Special Areas of Conservation (SAC), or international designation as RAMSAR sites.

2017 saw strong progress across our environmental agenda. A particular focus was the publication of a draft Air Quality Strategy for the tidal Thames. We worked closely with stakeholders on this, at national and city level. A series of ground breaking research studies were commissioned to inform development of the strategy and the results discussed with stakeholders before the strategy was published for consultation. The final strategy will be published in 2018.

Alongside development of the Air Quality strategy, we introduced a 'green' discount on charges for ships calling on the Thames that used cleaner technology, as measured by their Environmental Shipping Index score. The discount benefited more than 150 ships that called on the Thames during the year and we will be looking at how we develop the discount further to increase its impact.

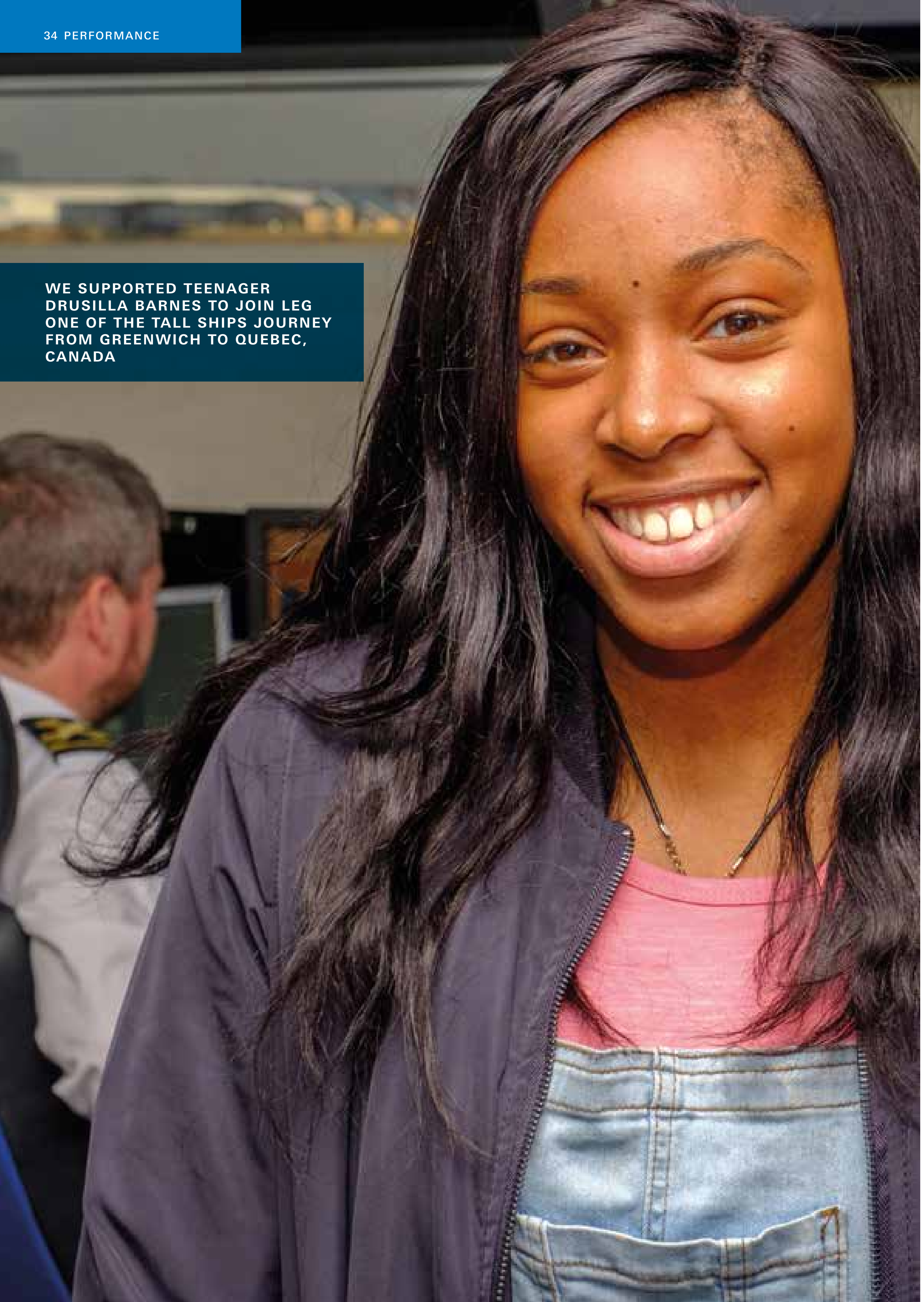
Plastics in the marine environment remained a principal concern for the environment team. We followed development of the Cleaner Thames campaign with support for a behavioural change campaign developed by charity, Hubbub. For Fishes Sake (#FFS) was focused on a small part of central London and was aimed at reducing riverside littering as the original source of materials that end up in the Thames.

The #FFS interventions reduced the amount of litter dropped along the river by between 22% and 30%, on average. We are now working with Hubbub to develop a similar programme for deployment in West London. This will complement the work we are doing with the Thames Litter Forum on a wider approach to reducing litter in the river.

Allied to this work, in late summer, we welcomed the eXXpedition crew to London who were researching the amount of plastics in UK waters during their circumnavigation of the British Isles. Their visit coincided with start of Totally Thames, which had Future Dust, an art installation made from plastic rubbish recovered from the Thames, as its centrepiece. We supported the artist Maria Arceo's Future Dust installation at sites along the river during the festival.

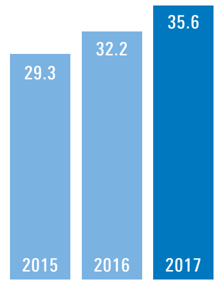
We work continuously to improve the environmental performance of our operation. In 2017 our carbon footprint was 2,081 CO_2 equivalent tonnes. The latest innovations to further reduce carbon emissions included buying a hybrid 'pool' car and a low power, low emission vehicle for running supplies to and from the end of Denton Jetty. Both are reducing fuel consumption and air emissions.

Over 90% of our estate enjoys environmentally-protected status. This includes Rainham Silt Lagoons. The lagoons have traditionally been used for the disposal of dredged materials, which created a valuable habitat for the dabbling duck, a teal. After a decade when no material was disposed there, the habitat has declined into a poor condition. We have now appointed Land & Water to operate the lagoons and are seeking dredged materials for disposal, which will help improve the site condition.



WE SUPPORTED TEENAGER DRUSILLA BARNES TO JOIN LEG ONE OF THE TALL SHIPS JOURNEY FROM GREENWICH TO QUEBEC, CANADA

PLA IN THE COMMUNITY



STAKEHOLDER BENEFIT (£M)

As a Trust Port, we look after the river for the benefit of many stakeholders and, ultimately, future generations. We are active members of the river and wider communities, generating benefits beyond those of our core operations.

Our operations support activity on the river that generates Gross Value Added (GVA) of more than £6 billion annually and supports in excess of 140,000 jobs. This figures covers port and other operations on the river, alongside activities linked to people enjoying the tourism and amenity value of the Thames.

In addition to the broad GVA, our operations generate substantial direct stakeholder benefits, through payments including wages, taxes, supplies bought in and charitable donations. In 2017 we calculate that this totalled £35.6 million (2016: £32.2 million). A full breakdown of our stakeholder benefit figures for 2016 can be found on page 21.

In August we gifted the royal barge, the *Royal Nore* to the Port of Leith-based Royal Yacht Britannia Trust in Edinburgh. The *Royal Nore* was at the centre of the 1977 Queen's Silver Jubilee celebrations on the Thames. At the time named the *Nore*, she was subsequently renamed by Royal Command. We have gifted the barge to the Trust in order that she could be made available to the public as part of their collection.

Our main charitable contributions span environment, heritage, maritime and education. We are Thames21's single biggest contributor, providing HR and financial administration support, alongside practical assistance with collection and disposal of rubbish from foreshore clear-ups.

The Museum of London Docklands hosts the PLA archive, noted to be one of the most important in London, and makes it available to the public; the agreement to extend an agreement for a further ten years has just been signed.

We have supported the Tilbury Seafarers Centre since its creation in the mid-2000s. Our links with the centre were consolidated this year with PLA staff support at key times. At Christmas we provided supplies for, and helped wrap, some of the 1,500-plus parcels centre volunteers prepare for crew members whose ships are calling at the Port of London over the festive period. During Seafarers Awareness Week we donated 'treat' bags for seafarers visiting the port.

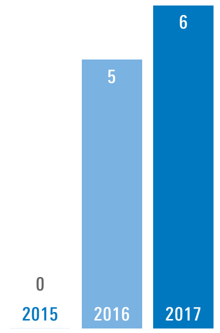
Our support for education deepened during the year. Alongside our ongoing programme with Thames Explorer Trust, we began a three-year partnership with London Youth Rowing (LYR). Our support for LYR's 'Breaking Barriers' campaign enabled students from St Angela's Ursuline School in Newham to access a twelve-week programme of mentoring and support with a PLA team which will prepare them for the world of work.

The Tall Ships Rendezvous was one of the major events of the river year. As part of our outreach programme we supported a London teenager to join the crew of one of the competing ships on leg one of a transatlantic journey from Greenwich to Quebec, Canada. Her duties on-board included rigging the sails, navigating and steering at the helm.

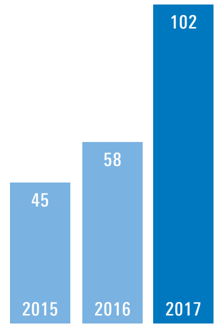
Our support for employees' fundraising includes match funding money they raise, up to £250 per person. This year's main beneficiaries were a team of eight employees who completed the London to Brighton bike ride. They raised over £1,000 for the Kent Association of the Blind, which the PLA matched, making a total contribution to the charity of more than £2,000.

WE APPOINTED A NEW SAFETY & TRAINING OFFICER AND RECRUITED MORE APPRENTICES

PLA PEOPLE



LOST TIME ACCIDENTS (NO.)



NEAR MISS REPORTS (NO.)

Our 367-strong team helps many thousands of people use the river safely every year. In our work we draw on seafaring and marine expertise, complemented by that of skilled electrical and marine engineers, planners, civil engineers, hydrographers, environmental and many other experts.

In terms of Health & Safety, there were six Lost Time Accidents (LTAs) in 2017, compared to five in 2016. This increase is concerning, given three years ago there were none. More positively, a record 102 near miss reports were recorded compared to 58 for the previous year. Awareness to spot and report near misses helps us to build a stronger safety culture and the lessons learnt help reduce the number of serious accidents.

To build on the positive progress with near miss reporting, through the latter part of 2017, and into 2018, we have been refreshing our commitment to Health & Safety. This includes a reworking of Health & Safety rules and refresher Health & Safety training for staff across the business.

A revised Drug and Alcohol Policy was introduced during the year. The revised policy features a new, lower limit for alcohol and a programme of increased random drug and alcohol testing. As we are a 24 hour a day operation, the random tests can be conducted on staff working at any time of the night and day.

Our annual staff survey enables us to gauge staff engagement and identify areas for improvement. In 2017 our staff engagement score was 68/100, compared to 81/100 in 2016. The survey revealed that, while staff continued to be very positive about job satisfaction, health and safety standards and team working, there were concerns around how we introduce change and cross team working. We are continuing to develop our communications, and will introduce a change charter, to start to address these concerns.

At the PLA we offer a strong set of staff benefits, some added in recent years following staff survey feedback. During 2017 we agreed a three-year pay deal linked to the Office of National Statistics' CPIH measure of inflation, giving employees greater security over expectations for pay.

Our apprenticeships programme progressed during 2017. Two existing apprentices completed their training and moved into permanent roles. At the same time we recruited a further four apprentices. Two are marine services apprentices, who will be trained through the Thames Skills Academy; a further two have joined our marine engineering team, one mechanical, one electrical. The engineering apprentices both come to the PLA having completed work experience with us, underlining the importance of such schemes in sparking young people's interest in working in the marine sector.

We will report our gender pay gap on our website by the end of March 2018, in line with the requirements of the relevant legislation. We have a detailed plan for addressing the gender pay gap, as part of our wider commitment to diversity, including requiring diverse shortlists for all senior roles, using funding from the apprentice levy to recruit high potential women graduates and having a target of 50% women for our apprenticeship intake.

PLA ACTIVITY INDICATORS
AS AT 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS £M	2017	2016	2015
Revenue	58.4	56.9	49.9
Operating surplus	7.3	12.4	7.6
Net increase/decrease in cash or cash equivalents	-1.7	3.6	6.8

RIVER NAVIGATION AND SAFETY	2017	2016	2015
Navigational Safety			
Marine incidents	268	201	260
Pilotage Service			
No. of pilotage acts	13,112	13,123	11,745
No. of pilotage delays	952	778	154
Vessels served without delay (%)	94	94.1	98.1
Total no of pilotage exemption certificates	160	153	150
New pilotage exemption certificates issued	21	23	13
Hydrographic Surveys			
Hydrographic surveys completed	245	274	314
Diving Operations			
Diving operations	20	44	60
Sporting events			
No. of sporting events held on river	152	99	89

ENVIRONMENTAL STEWARDSHIP	2017	2016	2015
Water use (litres)			
Rainwater harvesting (Marine House)	136,000	107,000	70,000
PLA carbon footprint (CO2 equivalent tonnes)			
Carbon emissions	2,081	2,101	2,124
PLA Energy Use (kilowatt hours)			
Electricity consumed	1,440,155	1,506,492	1,343,138
Electricity generated	49,081	48,946	30,400
Gas consumed	514,202	556,756	586,940
PLA waste generation and recycling (tonnes)			
Pre-segregated recyclable	75	37	88
General waste (energy from waste)	102	66	34
Hazardous waste (treatment)	30	9	7
Miscellaneous waste (landfill)	0	0	1
Driftwood recovered (tonnes)			
Tonnage of material recovered from the river	175	175	211
Thames Oil Spill Clearance Association (TOSCA)			
Call-outs	9	3	4
Reportable spills	5	10	8
Oil encountered (including sheen)	5	7	8
False alarms (nothing found)	4	0	2
Other call outs (safety of life, etc.,)	0	0	0

PLA ACTIVITY INDICATORS
CONTINUED

PLANNING AND TECHNICAL EXPERTISE	2017	2016	2015
River Works Licences			
Permanent River Works	38	31	23
Temporary River Works	80	81	70
Dredging	12	16	19
Thames Tideway Tunnel			
Permanent River Works	22	15	0
Temporary River Works	146	69	0
Total	168	84	0
Permits			
Foreshore permits (including renewals)	756	244	182

CONVENING STAKEHOLDERS & RIVER ADVOCACY	2017	2016	2015
Stakeholder Meetings			
No. of public meetings held (incl Thames Vision)	2	3	4
No. of people attending public meetings	101	91	208
No. of stakeholder forums	1	1	1
No. of people attending stakeholder forums	156	131	128

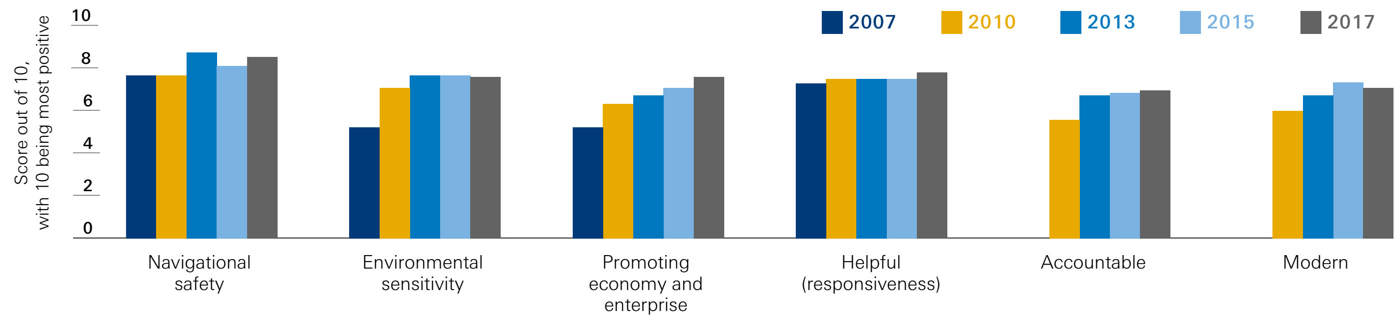
PLA IN THE COMMUNITY	2017	2016	2015
Riverside Code trailer			
No. of events attended by Riverside Code Trailer/Gazebo	9	10	12
No. of children through Riverside Code Trailer	5,000	5,500	5,000

PLA PEOPLE	2017	2016	2015
Personal Health & Safety Statistics			
Lost Time Accidents	6	5*	0
Near miss reports	102	58	45
Workforce Diversity			
% of workforce that are women	20.6	18.9	18.2
% of workforce who are women in senior positions	25.6	20.6	23.0
% total Black, Minority or Ethnic origin	3.6	4.7	4.3
Customer Feedback			
Positive feedback	72	111	69
Complaints	15	19	8

* includes one fatality

ASSESSING OUR PERFORMANCE

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



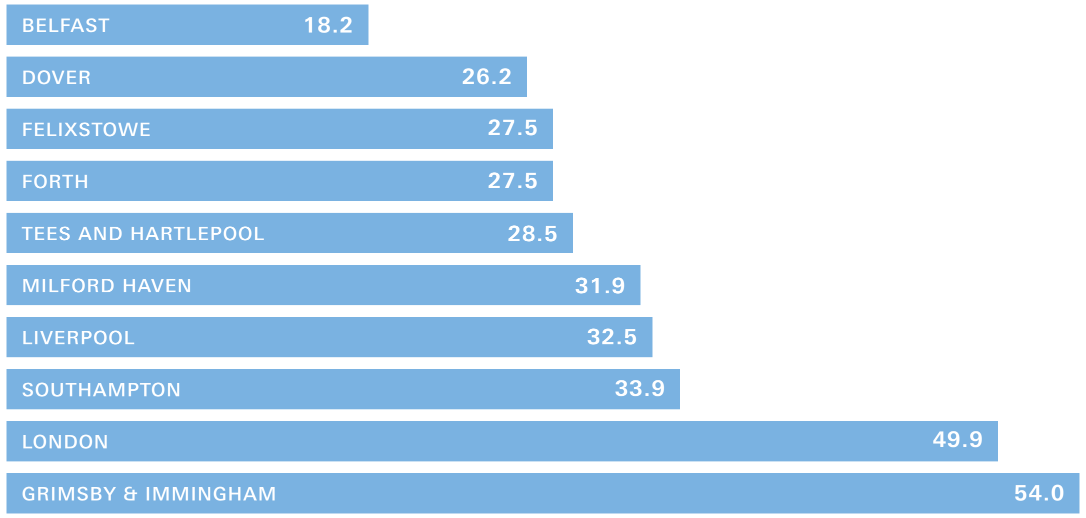
PORT TRADE STATISTICS
AS AT 31 DECEMBER 2017

TRADE (million tonnes)	2017	2016
Imports	42.3	43.2
Exports	7.6	7.2
Total	49.9	50.4

UNITISED TRAFFIC '000 twenty-foot equivalent units – (included in above tonnages)	2017	2016
Imports	1,169	1,281
Exports	1,262	1,256
Total	2,431	2,537

NUMBER OF CHARGEABLE VESSEL ARRIVALS TO THE PORT OF LONDON	2017	2016
Total	10,730	10,869

UNITED KINGDOM PORT TRAFFIC 2017* (MILLION TONNES)



Source: Department for Transport

PORT OF LONDON TRADE BY TYPE 2017

PORT TRADE STATISTICS
CONTINUED

PORT OF LONDON TOTAL TRAFFIC

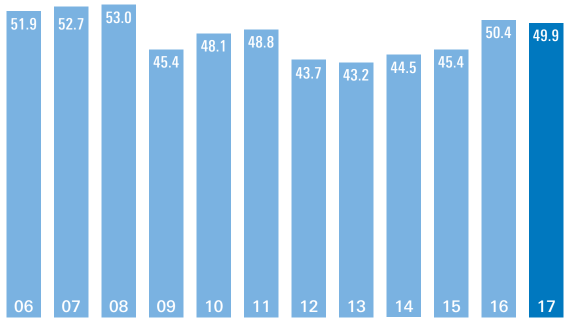
	IMPORTS million tonnes		EXPORTS million tonnes		TOTAL million tonnes	
	2017	2016	2017	2016	2017	2016
Oil, crude & products	13.6	13.3	0.0	0.0	13.6	13.3
Containers & trailers	12.1	13.4	5.4	4.6	17.5	18.0
Aggregates & cement	11.5	12.4	0.0	0.0	11.5	12.4
Other cargo	3.9	3.0	1.1	1.6	5.0	4.6
Forest products	0.8	0.7	0.0	0.0	0.8	0.7
Metals & ores	0.4	0.4	1.1	1.0	1.5	1.4
TOTAL	42.3	43.2	7.6	7.2	49.9	50.4

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

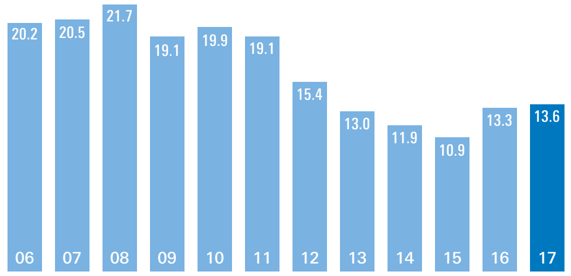
UNITISED TRAFFIC – (INCLUDED IN ABOVE TONNAGES)

	IMPORTS 000 20-foot equivalent units		EXPORTS 000 20-foot equivalent units		TOTAL 000 20-foot equivalent units	
	2017	2016	2017	2016	2017	2016
Ro/Ro terminals (trailers & containers)	528	522	523	518	1,051	1,040
Container terminals	641	759	739	738	1,380	1,497
Unitised Total (TEUs)	1,169	1,281	1,262	1,256	2,431	2,537

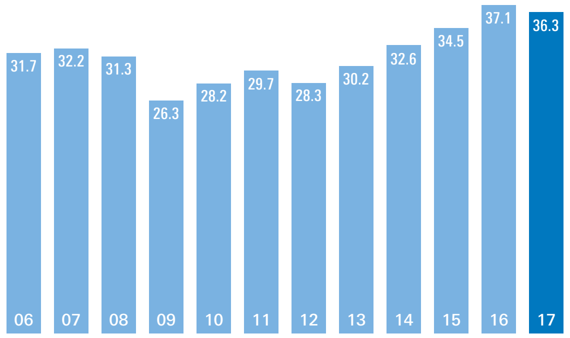
PORT OF LONDON TOTAL TRAFFIC
MILLION TONNES



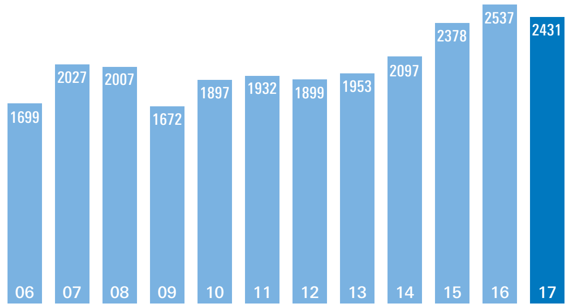
PORT OF LONDON FUEL TRAFFIC*
MILLION TONNES



PORT OF LONDON NON-FUEL TRAFFIC
MILLION TONNES



PORT OF LONDON UNITISED TRAFFIC
THOUSAND TEUS



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

RISK MANAGEMENT

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

Risk management within the PLA is designed to be proportionate, comprehensive, objective and continuous.

It is based on constant monitoring of known risks and knowledge of the Authority's operating environment together with adherence to the Port Marine Safety Code to identify and manage any additional risks which may arise.

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

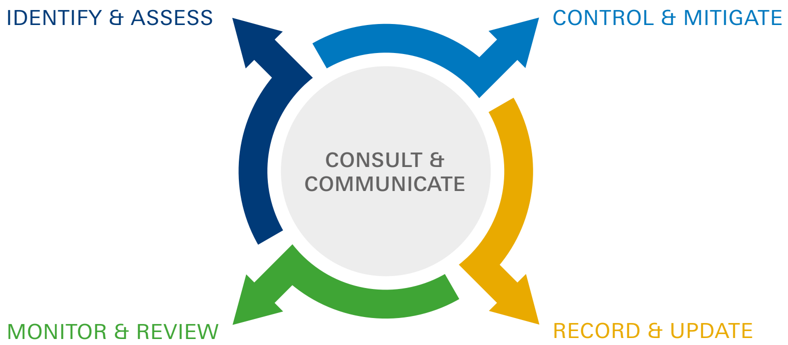
1. RISK ORGANISATIONAL STRUCTURE

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

ExCo has established three risk committees to assist senior managers in the operation and implementation of the risk management process. Chairs of risk committees are the three executive Board members and include all members of ExCo. Other committee members are drawn from all areas of the PLA providing a broad and comprehensive input to each risk committee.

All three risk committees work to the same terms of reference which include the following key functions:

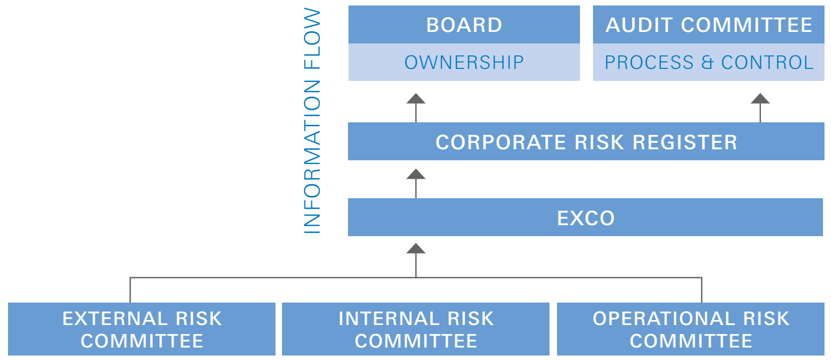
RISK MANAGEMENT PROCESS



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

The diagram on page 43 illustrates the risk management structure.

PLA RISK MANAGEMENT STRUCTURE



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

Risk training is undertaken annually for all risk committee members, facilitated by an external trainer delivering bespoke courses. The PLA is confident that its procedures to ensure the necessary monitoring of risks and controls were sufficient throughout 2017. Two external reviews have been undertaken since the inception of this risk management structure.

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

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

The current three risk registers include five risks which are identified as our top 'strategic risks'. The principal risks and uncertainties faced by the PLA in 2017, together with the potential effects, controls and mitigating factors are contained within the corporate risk register, the essence of which is replicated on the following pages.

MANAGEMENT SYSTEMS

We operate management systems to support our work in the key areas of navigational safety, environment, health & safety and quality. All systems are founded on the principle of continuous improvement. The policy in each area is reviewed annually and progress is tracked using key performance indicators (KPIs).

Our management systems are certified to the relevant international and British standards, or in the case of the Marine Safety Management System, audited in line with the requirements of the Port Marine Safety Code. During 2017 we were successfully approved for transition to the new requirements for the management systems standards for environment and quality.

	Management Systems	Certification/ Standard	Principal objective
NAVIGATIONAL SAFETY	Marine Safety Management System	Port Marine Safety Code	Manages marine hazards and risks, along with preparations for Emergencies
ENVIRONMENT	Environmental Management System	ISO14001	Continuous improvement in environmental performance of our operations.
HEALTH & SAFETY	Safety Management System	OHSAS18001	Providing a safe working environment for employees and other interested parties.
PLA OPERATIONS	Quality Management System	ISO9001	Ensuring we provide the best possible service and performance to our stakeholders.

RISK MANAGEMENT

2. STRATEGIC RISKS*

RISK, EFFECT AND PROGRESSION	CONTROLS AND MITIGATION	POTENTIAL NET IMPACT	ACTION
1. VERY SERIOUS MARINE CASUALTIES			
Very serious marine casualties resulting in loss of life and requiring a multi agency response. Class V or high speed vessel. PLA has limited control over licensing Class V vessels. In the context of growing volumes of river traffic, the continued trading of 'tunnel boats' is an increasing concern.	Effective navigational Safety Management System (SMS), risk assessment / hazard review, Vessel Traffic Services (VTS), Pilotage, Hydrography, Passenger Boat Code of Practice, Automatic Identification System (AIS), RNLI and London Coastguard, Special Signal Lights, new speed control byelaws. Hosting safety orientated seminars (Class V seminar in 2017). Working more closely with security services post incident.	Moderate	Engaging with the MCA and DfT about Tunnel Boats, Class V mate competency requirements and vessel / operator SMS standards.
2. FUNDAMENTAL SHIFT IN FINANCIAL CLIMATE			
A material shift in the micro or macro financial environment in which the PLA operates. Included are anything from significant changes in trade including business cessation of a major customer or change in the consumer market through to national or international economic factors such as Brexit which may have a serious impact on PLA revenue.	Communication channels in place with a view to anticipating change in sufficient time to react accordingly by making a corresponding shift in the cost base. Debtor protocols in place. International exposure minimised as far as is possible. Five-year business plans and an annual forecast and budget exercise are undertaken.	Moderate	Continued vigilance with major operators, shipping lines and other stakeholders.
3. PLA PENSION FUND (PLAPF) DEFICIT			
There is a substantial deficit on an actuarial basis on the PLAPF. As at the balance sheet date the deficit stands in the region of £66 million which remains materially significant for the PLA. A repair plan is in place; however, it is a long-term open-ended commitment over which the PLA has little control or any ability to set boundaries.	For the short and medium term, changes have been implemented to the benefits structure. PLA continues to adhere to the repair plan and supports the trustees in pursuit of appropriate investment strategies	Moderate	Monitor to ensure we have sufficient funds to sustain affordability
4. CLOSURE OR PARTIAL CLOSURE OF THE PORT, SIGNIFICANTLY DISRUPTING OR HALTING OPERATIONS AND TRADE			
Closure due to: collision, grounding, foundering, deliberate terrorist action, deliberate action by a pressure group blocking the river.	Effective navigational SMS, risk assessment / hazard review, VTS, Pilotage, and Hydrography. Effective response to clearing passage if engaged to do so with experience highlighting Marine Services and the vessel *London Titan* as key. Participation in Thames Security Forum and resilience groups. Emergency centre now in place at the Thames Barrier.	Low	Establish protocols and procedures. Advance notice to other river users in order to reduce impact.
5. PILOTS NATIONAL PENSION FUND (PNPF) DEFICIT			
PNPF, a multi employer scheme, has a substantial deficit in which the PLA has a share in the region of 6.8%. It is a long-term open-ended industry-wide liability over which individual employers have little influence An industry-wide repair plan is in place which, in common with many ports, is funded by way of a levy.	In common within the industry we impose a levy on pilotage acts and tripping charges at a level that meets the requirements of the repair plan.	Low	Encourage and support the ongoing discussions regarding other viable solutions.

Key: Risk Increased Risk Unchanged Risk Decreased

3. GOING CONCERN BASIS OF ACCOUNTING

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

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

4. LONG TERM VIABILITY STATEMENT

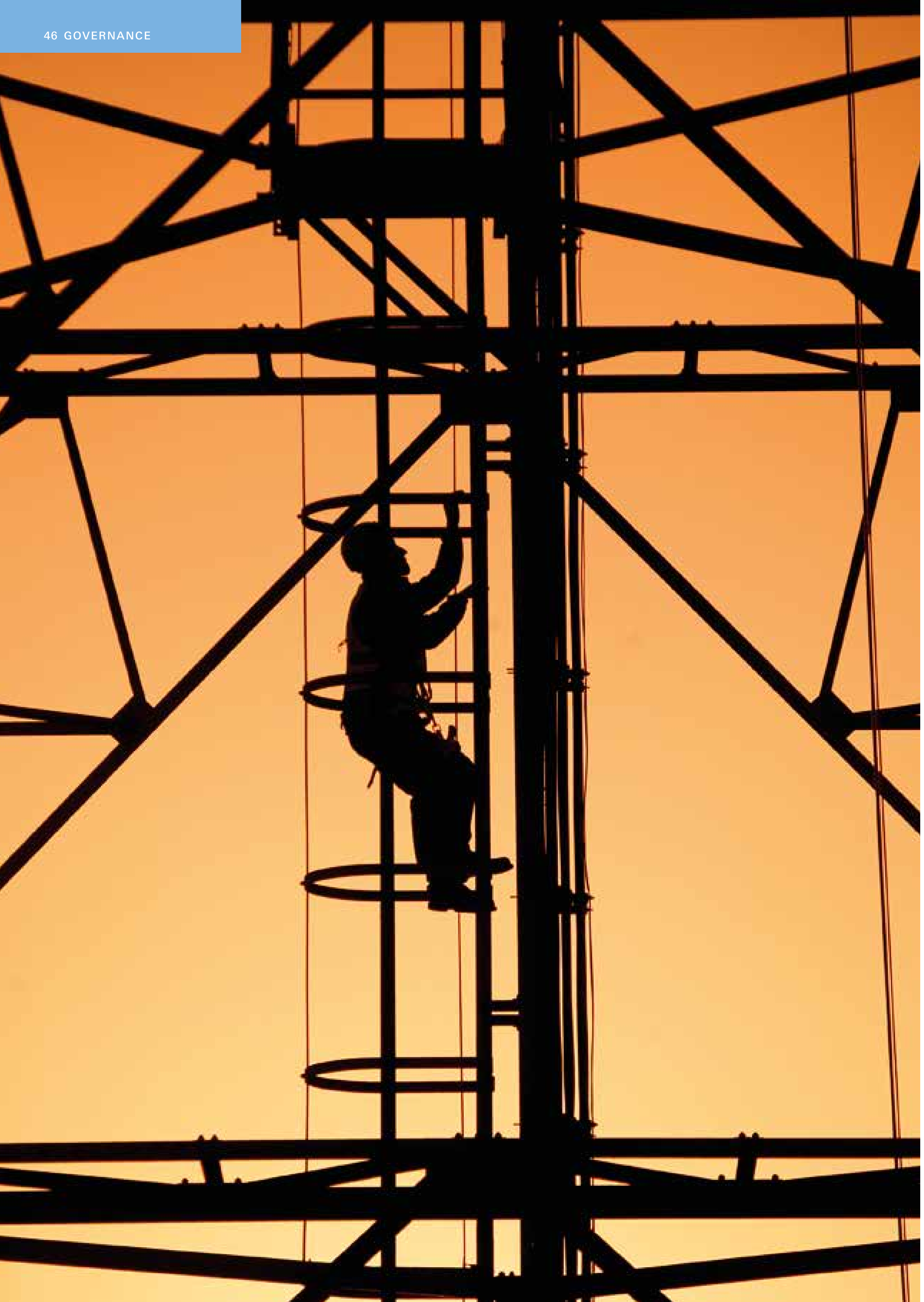
The Board has assessed the viability of the company over a three-year period to December 2020, taking account of the company's current position and potential impact of the principal risks documented in the corporate risk register. The three-year review period was selected for the following reasons:

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

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

Based on the results of this analysis, the Board has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2020.

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



CORPORATE GOVERNANCE REPORT

OUR YEAR

During 2017, the Board focussed the organisation on the following priority areas: the PLA's overall strategy, investment plan, operational improvements, air quality strategy, Thames Vision, drugs and alcohol policy, risk management, three year business plan and 2018 budget, PLA pension fund, asset management project, estuary maintenance dredge and purchase of a hydrographic vessel.

The board met seven times, with one of the meetings an 'away day' which provided opportunity for looking at items in greater depth.

The substantive items we addressed together at the Board included:

- The approval of the five year business plan and 2018 budget.
- Updating the drugs and alcohol policy in line with new guidance.
- The development of the air quality strategy.
- Future investment plans.

OUR APPROACH

The PLA Board is the duty holder on Health & Safety and the accountable body for navigational safety under the Port Marine Safety Code (PMSC). Safety is top of the Board agenda at every meeting.

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

We are committed to maintaining the highest standards of corporate governance.

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

As the Board, we regularly receive detailed financial and operational information to allow us to monitor the key areas of the business. Senior managers regularly brief us on various aspects of the PLA's work.

OUR GOVERNANCE STRUCTURE

Seven scheduled board meetings (including an Away Day) were held during the year. In addition, the six committees of the Board overseeing specific elements of the business met and reported back, as needed. The committee are:

- **A** AUDIT COMMITTEE
- **L** LICENSING COMMITTEE
- **N** NOMINATIONS COMMITTEE
- **R** REMUNERATION COMMITTEE
- **P** PENSIONS ADVISORY COMMITTEE
- **I** INVESTMENT COMMITTEE

A series of short reports on each of the committees starts on page 53.

OUR PEOPLE

The board is made up of a chairman together with seven non-executive and three executive members.

CORPORATE GOVERNANCE REPORT

OUR STAKEHOLDERS

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

OUR APPROACH TO RISK

We adopt a prudent approach to the management of risk in the business. This is consistent with our prime role, providing an essential safety service to our customers. We are also a commercial organisation and accept some level of risk as a normal consequence of doing business. More details of our approach to risk identification and management can be found on page 42.

BOARD EFFECTIVENESS REVIEW

During December 2017, an online review questionnaire was completed by members using Thinking Board. The findings were broadly positive, the recommendations discussed and adopted at the February 2018 Board meeting.

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

Christopher Rodrigues CBE
Chairman
26 March 2018

BOARD MEMBERS

NON-EXECUTIVE MEMBERS

CHRISTOPHER RODRIGUES CBE

CHAIRMAN

Qualifications: MA Cambridge, MBA Harvard, D Univ Surrey

Appointed: January 2016

Committee membership:
N P (chairman) R

Christopher Rodrigues was appointed chairman of the PLA with effect from 1 January 2016.

Christopher has strong Thames links. He was a member of two winning Cambridge Boat Race Crews and subsequently chairman of the Leander Club; he is a craft owning freeman of the Waterman's Company. Following a career in the financial and tourism sectors, Christopher is also chairman of the British Council, Openwork LLP and the British Bobsleigh & Skeleton Association.

TONY QUINLAN

VICE CHAIRMAN

Qualifications: BSc(Hons) Chemistry, Chartered Accountant

Appointed: March 2012

Committee membership:
A (chairman) P

Tony was appointed as a non-executive member of the Port of London Authority board in March 2012, where he is deputy chairman and chair of the Audit Committee.

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, the UK listed electricity business, as group finance director, also responsible for communications. Tony left Drax in 2015 and joined Laird plc, the UK listed technology group, as chief financial officer. Tony was appointed the chief executive officer of Laird plc in September 2016, a position he currently holds.

HELEN DEEBLE CBE

NON-EXECUTIVE DIRECTOR

Qualifications: Chartered Accountant (ICAEW)

Appointed: September 2014

Committee membership:
A

A chartered accountant with a background in retail, travel and logistics, Helen has worked in the shipping industry for more than 20 years, including the last eleven as CEO of the P&O Ferries Division, stepping down in December 2017.

Helen is a board member of Carnival Corporation & plc, the world's largest travel leisure company. She is also a board member of the UK Chamber of Shipping and was vice–president and president from 2011 to 2013.

Helen joined the PLA as a non-executive director in September 2014 and chairs the company's pensions funds.

ALUN GRIFFITHS

NON-EXECUTIVE DIRECTOR

Qualifications: BSc(Hons) Applied Economics

Appointed: September 2014

Committee membership:
L (chairman) R

Alun Griffiths joined the PLA on 1 September 2014. He worked at WS Atkins plc for over 25 years in a variety of management consulting, business and corporate roles before becoming Group HR Director, joining the board in 2007. Alun is a fellow of the Chartered Institute of Personnel and Development.

Having retired from Atkins in 2014, Alun has a number of non executive director roles with Severfield plc, The Ramboll Group A/S, Anchor Trust and The McLean Group.

He has worked extensively across the science and engineering sectors to improve gender diversity at all levels up to and including the boardroom.

BOARD MEMBERS
CONTINUED

NON-EXECUTIVE MEMBERS

IAN MONCRIEFF CBE DL
NON-EXECUTIVE DIRECTOR

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

Appointed: January 2015

Committee membership:
L

Ian joined the PLA board as non-executive director and Marine Member on 1 January 2015. He was formerly 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 in 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 on the NERC Operational and Safety advice Panel for the British Antarctic Survey, Deputy Lieutenant for the county of Somerset, a trustee of the Falklands Conservation charity and a Governor of Taunton School. He is also a younger brother of Trinity House and member of the Honourable Company of Master Mariners.

ANNETTE MALM JUSTAD
NON-EXECUTIVE DIRECTOR

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

Appointed: June 2014

Committee membership:
R (chairman) A P

Annette Malm Justad joined the PLA as a non-executive director on 1 June 2014. Annette has over 30 years' experience in industry and shipping, working for companies including Yara International, Norgas Carriers/IM, Skaugen ASA and Norsk Hydro ASA. From 2006 to 2010, she was CEO of Eitzen Maritime Services, an international ship supply company.

Annette is currently partner at Recore, a specialist restructuring management firm, chairman of Norwegian listed American Shipping Company ASA and Store Norske Kulkompani AS. She is also a member of the boards of Awilco LNG ASA and Småkraft AS.

DARREN JAMES
NON-EXECUTIVE DIRECTOR

Qualifications: B Eng(Hons) Civil Engineering; C Eng Chartered Engineer, Member of the Engineering Council, Fellow of the Institution of Civil Engineers, Fellow of the Chartered Institution of Highways and Transportation, Fellow of the Institute of Directors

Appointed: December 2016

Committee membership:
L I (chairman)

Darren was appointed a non executive member of the Port of London Authority board on 1 December 2016.

A chartered civil engineer, Darren graduated with honours from the University of Surrey in 1990. He has spent his career at Costain coming through the graduate programme as a civil engineer, through project management roles on some of the UK's largest infrastructure programmes to become the managing director of their Infrastructure Division. Darren is a member of the executive board of Costain Group PLC and responsible for their activities across the highways, rail and nuclear sectors. He sits on the Prince's Trust Leadership Group championing the entry of young people into the industry.

JUDITH ARMITT
NON-EXECUTIVE DIRECTOR

Qualifications: MA Philosophy, Politics and Economics, Chartered Institute of Public Finance and Accountancy (CCAB qualified)

Appointed: December 2016

Committee membership:
P I

Judith was appointed a non executive member of the Port of London Authority board on 1 December 2016.

She retired as chief executive of Local Partnerships LLP in April 2016. Prior to this she worked in the Cabinet Office, was managing director of Ashford's Future Company, Thames Gateway chief executive and chief executive of Medway Council.

Judith is chair, trustee and director of the Rochester Diocesan Board of Finance; a trustee of the Centre for Engineering and Manufacturing Excellence (CEME), and of Design: South East. She is a non-executive director of the Housing and Finance Institute and a member of the Governing Body of Canterbury Christchurch University.

BOARD MEMBERS
CONTINUED

EXECUTIVE MEMBERS

ROBIN MORTIMER
CHIEF EXECUTIVE

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

Appointed: March 2014

Committee membership:
L P I

Robin joined the PLA as chief executive officer on 31 March 2014.

Prior to joining the PLA, Robin had 20 years' experience in the UK Government civil service working on transport, environment, infrastructure and overseas development. He was private secretary to the deputy prime minister from 1997-1998 and later to the secretary of state for transport from 2001-2003. In 2007, he became a director in Defra where he led the Government's Adapting to Climate Change programme and oversaw the creation of the Canal & River Trust and directed policy on farming and the environment.

Robin is a Member of the CBI's London Council and, since 2012, a Trustee of the United Nations Environment Programme World Conservation Monitoring Centre, a Cambridge based charity. He is a trustee of Thames 21 and a director of Estuary Services Ltd.

JULIE TANKARD
CHIEF FINANCIAL OFFICER

Qualifications: FCMA (Fellow Chartered Institute of Management Accountants), GCMA (Global Chartered Management Accountant)

Appointed: October 2017

Committee membership:

Julie Tankard, chief financial officer was appointed in October 2017. Julie is a Fellow of the Chartered Institute of Management Accountants and has over 25 years' experience in finance, primarily in IT and telecommunications.

Prior to joining the PLA, Julie was a vice president at BT plc and her last role was responsible for group contract & commercial management. Before joining BT, Julie was the finance director for Racal Datacom and prior to that was finance director for the networking division of Unisys UK & EMEA. Julie has also been a nonexecutive director of a mental health trust in Leeds and York.

ROBERT BAKER
CHIEF HARBOUR MASTER

Qualifications: MBA and Master Mariner

Appointed: May 2016

Committee membership:
L

Bob Baker became PLA chief harbour master in May 2016. He is responsible for all operational and navigational matters including vessel traffic management, pilotage, harbour services and port security. Bob joined the PLA from Forth Ports, where he was chief harbour master and a director of Forth Estuary Towage from 2001. Bob's seagoing career lasted from 1975 to 1991, before he came ashore to work at the Port of Tilbury, latterly as general manager, conventional operations and harbour master.

Bob chairs the UKMPG/BPA Marine Pilot Working Group, is the UK's representative on the Marine Affairs Committee of the European Sea Ports organisation (ESPO) and is a past president of the UK Harbour Masters Association. He holds an MBA from Henley Management College.

MANAGEMENT EXECUTIVE COMMITTEE

CHIEF EXECUTIVE
ROBIN MORTIMER

CHIEF FINANCIAL OFFICER
JULIE TANKARD

CHIEF HARBOUR MASTER
ROBERT BAKER

DIRECTOR OF CORPORATE AFFAIRS & STRATEGY
ALISTAIR GALE

DIRECTOR OF MARINE OPERATIONS
PETER STEEN

DIRECTOR OF PLANNING AND ENVIRONMENT
JAMES TRIMMER

DIRECTOR OF HUMAN RESOURCES
GLENN WITHAM

SUMMARY STATISTICS
AS AT 26 MARCH 2018

The board is made up of a chairman together with seven non-executive and three executive members. There were 11 members of the PLA Board as at 30 March 2018.

Attendance at the seven meetings (including an Away Day) of the PLA Board in 2017 was as follows:

CHRISTOPHER RODRIGUES, CBE	7
TONY QUINLAN	7
ROBIN MORTIMER	7
BRIAN CHAPMAN (RETIRED 30 OCTOBER 2017)	5
JULIE TANKARD (JOINED 1 OCTOBER 2017)	2
ROBERT BAKER	7
ALUN GRIFFITHS	7
ANNETTE MALM JUSTAD	6
IAN MONCRIEFF, CBE DL	7
HELEN DEEBLE, CBE	7
DARREN JAMES	6
JUDITH ARMITT	7

The following committees of the Board also met during 2017:

AUDIT	3
NOMINATIONS	1
LICENSING	8
PENSIONS ADVISORY COMMITTEE	1
REMUNERATION	5

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

COMMITTEES
AS AT 26 MARCH 2018

A AUDIT COMMITTEE

Current Membership

Tony Quinlan (chairman)
Helen Deeble
Annette Malm Justad

Committee's role

- advise on the appointment/re-appointment/removal of auditors, their terms of engagement and their level of remuneration
- review the scope and the results of the annual audit and report to the Board on the effectiveness of the audit process
- review the annual financial statements, including reporting to the Board on the significant issues considered by the committee in relation to the financial statements and how these were addressed
- review the effectiveness of the risk management system

Principal items discussed

- insurance claims
- financial reporting
- risk management
- audit results
- audit planning
- compliance and internal audit
- advisory spend
- ERP project
- treasury policy
- whistleblowing
- tax
- modern slavery statement and policy

L LICENSING COMMITTEE

Current Membership

Alun Griffiths (chairman)
Robin Mortimer
Robert Baker
Ian Moncrieff
Darren James

Committee's role

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

Principal items discussed

- Thames Tideway Tunnel
- various licence applications
- alleged breeches of licence conditions and subsequent action

N NOMINATION COMMITTEE

Current Membership

Christopher Rodrigues (chairman)
Tony Quinlan
non-executive member/s (as required)

Committee's role

- lead the process for Board appointments and make recommendations to the Board

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

Principal items discussed

- review of board skills matrix
- appointment of vice chairman
- recruitment of a non-executive board member (being managed by search firm, Nurole Ltd)

R REMUNERATION COMMITTEE

Current Membership

Annette Malm Justad (chairman)
Alun Griffiths
Christopher Rodrigues

Committee's role

- consider and recommend to the Board the remuneration terms for the organisation, including executive and non executive directors
- succession planning of directors and the senior management team

Principal items discussed

- pay prospects
- gender pay gap
- succession planning

P PENSIONS ADVISORY COMMITTEE

Current Membership

Christopher Rodrigues (chairman)
Anthony Quinlan
Annette Malm Justad
Judith Armitt
Robin Mortimer

Committee's role

- formalise the board response to pension fund decisions
- monitor pension developments and policy in the wider employment market
- negotiate any payment plans with pension scheme trustees

Principal items discussed

- integrated risk management
- bulk annuities
- legal issues
- liability management

I INVESTMENT COMMITTEE

Current Membership

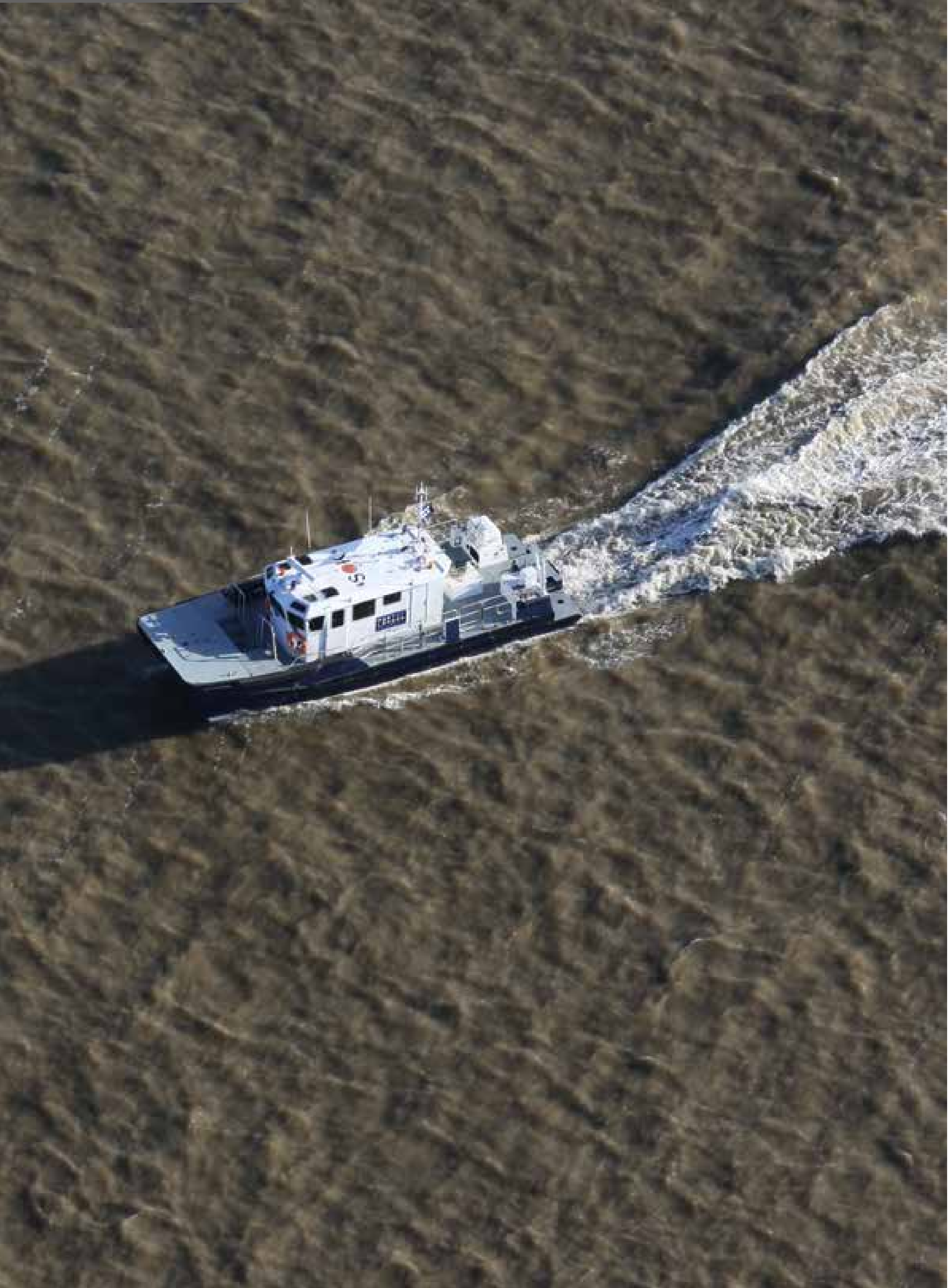
Darren James (chairman)
Judith Armitt
Robin Mortimer

Committee's role

- review investment proposals and make recommendations to the board
- monitor the PLA's investment strategy
- carry out post implementation reviews

Principal items discussed

- strategy
- first investment proposal
- future opportunities



CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 £000**	2016 £000
Revenue	3	58,354	56,939
Operating expenditure	3	(51,033)	(44,465)
Operating profit	3,5	7,321	12,474
Share of profit from joint venture	11	285	339
Finance income	7	395	395
Finance costs	7	(2,561)	(2,819)
Profit on ordinary activities before taxation		5,440	10,389
Income tax expense	8	(1,001)	(1,829)
Profit for the financial year		**4,439**	**8,560**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 £000**	2016 £000
Profit for the year		4,439	8,560
Other comprehensive income			
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans	19	29,612	(21,942)
Movement in deferred tax	8	(1,492)	2,205
Share of joint venture's Other Comprehensive Income/(expense) (net of tax)	11	141	(508)
Net other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		28,261	(20,245)
Total comprehensive income/(expense) for the year, net of tax		**32,700**	**(11,685)**

CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2017

	Note	GROUP 2017 £000	GROUP 2016 £000	COMPANY 2017 £000	COMPANY 2016 £000
Non-current assets					
Intangible assets	9	1,627	1,011	1,627	1,011
Property, plant and equipment	10	47,640	45,916	47,640	45,916
Investments	11	484	58	2	2
Deferred tax asset	8c	10,716	11,969	10,712	11,969
Trade and other receivables	13b	12,880	12,880	0	0
		73,347	71,834	59,981	58,898
Current assets					
Inventories		308	245	308	245
Corporation tax	13a	7	0	0	0
Trade receivables	13a	9,025	8,989	9,025	8,989
Prepayments and other current assets		1,704	1,458	1,657	1,380
Cash and short-term deposits	12	39,779	41,460	37,007	38,281
		50,823	52,152	47,997	48,895
Total assets		**124,170**	**123,986**	**107,978**	**107,793**
Current liabilities					
Trade and other payables	14	4,760	8,377	4,734	8,294
Corporation tax	14	306	103	306	103
Deferred revenue	16	1,373	1,636	1,373	1,636
Provisions	17	1,723	1,253	1,723	1,253
		8,162	11,369	8,136	11,286
Non-current liabilities					
Deferred revenue	16	1,945	2,059	1,945	2,059
Provisions	17	10,072	9,838	10,072	9,838
Net Defined benefit pension liabilities		71,798	101,227	71,798	101,227
		83,815	113,124	83,815	113,124
Total liabilities		**91,977**	**124,493**	**91,951**	**124,410**
Equity					
Profit and loss reserve		32,193	(507)	16,027	(16,617)
Total liabilities and equity		**124,170**	**123,986**	**107,978**	**107,793**

These financial statements, which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes were approved by the Board of members on 13 March 2018 and were signed on its behalf on 26 March 2018.

C J RODRIGUES
CHAIRMAN

R J D MORTIMER
CHIEF EXECUTIVE

J TANKARD
CHIEF FINANCIAL OFFICER

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP	Profit and loss reserve £000
At 1 January 2016	11,178
Total comprehensive income/(expense)	(11,685)
At 31 December 2016	(507)
Total comprehensive income/(expense)	32,700
At 31 December 2017	**32,193**

COMPANY	Profit and loss reserve £000
At 1 January 2016	(5,538)
Total comprehensive income/(expense)	(11,079)
At 31 December 2016	**(16,617)**
Total comprehensive income/(expense)	32,644
At 31 December 2017	**16,027**

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

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	GROUP 2017 £000	GROUP 2016 £000	COMPANY 2017 £000	COMPANY 2016 £000
Operating activities					
Profit before tax		5,440	10,389	5,113	10,117
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment	5	2,977	2,697	2,977	2,697
Amortisation and impairment of intangible assets	5	244	203	244	203
Loss/(gain) on disposal of intangible assets, property, plant and equipment	5	1	(275)	1	(275)
Finance income	7	(395)	(395)	(387)	(381)
Finance costs	7	2,561	2,819	2,561	2,819
Share of profit from joint venture	11	(285)	(339)	0	0
Movements in provisions	17	581	(1,097)	581	(1,097)
Movements in net defined benefit pension liabilities	19	(2,244)	(3,613)	(2,244)	(3,613)
Working capital adjustments:					
(Increase)/decrease in prepayments, trade and other receivables		(607)	(2,214)	(618)	(2,158)
(Increase)/decrease in inventories		(63)	14	(63)	14
(Decrease)/increase in deferred revenue, trade and other payables	14/16	(3,791)	116	(3,734)	57
		4,419	8,305	4,431	8,383
Net interest received		339	370	331	355
Income tax paid		(1,025)	(1,115)	(1,024)	(1,100)
Net cash flows from operating activities		3,733	7,560	3,738	7,638
Investing activities					
Proceeds from sales of intangible assets, property, plant and equipment		2	325	2	325
Purchase of intangible assets, property, plant and equipment		(5,416)	(4,251)	(5,416)	(4,251)
Dividends from subsidiary		0	0	402	384
Net cash flows used in investing activities		(5,414)	(3,926)	(5,012)	(3,542)
Net (decrease)/increase in cash and cash equivalents		(1,681)	3,634	(1,274)	4,096
Cash and cash equivalents at 1 January		41,460	37,826	38,281	34,185
Cash and cash equivalents at 31 December	**12**	**39,779**	**41,460**	**37,007**	**38,281**

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial statements of the Port of London Authority (PLA), its subsidiary and its joint venture (collectively, the Group) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of members on 21 March 2018. PLA (the Company and the parent) is constituted under the Port of London Act 1968 as subsequently amended by other Acts and Harbour Revision Orders. It is controlled by a Board of members domiciled in the United Kingdom including a Chairman who is appointed by the Secretary of State for Transport. The main trading address of the PLA is located at London River House, Royal Pier Road, Gravesend in Kent.

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

The consolidated financial statements of the Group include:

Name	% equity interest 2017	% equity interest 2016
PORT OF LONDON AUTHORITY (PLA)	100	100
Country of incorporation: United Kingdom		
Principal activities		
– Providing Pilotage services; – Operating a Vessel Traffic Service; – River works licenses, Rentals; – Moorings; – Hydrographic surveying; – Dredging; and – Providing aids to navigation.		
PORT OF LONDON PROPERTIES LIMITED (POLP)	100	100
Country of incorporation: United Kingdom		
Principal activities		
– Management of property interests.		

The Group holds a 50% interest in Estuary Services Limited (ESL) (2016 50%) and accounts for this interest in accordance with the equity method as further described below and in Note 11.

BASIS OF PREPARATION

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

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

The Group and Company financial statements provide comparative information in respect of the previous period. In addition, the Group and Company present additional consolidated and Company Balance Sheets at the beginning of the earliest period presented when there is a retrospective application of an accounting policy. The company has taken advantage of Section 408 of the Companies Act 2006 exemption from presenting its own Income Statement and Statement of Other Comprehensive Income. The Company profit for the year amounted to £4,523,000 (2016 £8,658,000).

BASIS OF CONSOLIDATION

The Group financial statements comprise the financial statements of the Company, its wholly owned subsidiary and its joint venture interest as at 31 December 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) INVESTMENT IN JOINT VENTURE

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

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

The aggregate of the Group's share of income or expense of a joint venture is shown on the face of the Consolidated Income Statement below operating profit. The financial statements of the joint venture are prepared on the same basis and for the same reporting period as the Group.

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

(B) CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
CONTINUED

A liability is current when:

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

All other liabilities are classified as non-current.

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

(C) REVENUE RECOGNITION

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

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

Sale of goods

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

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

River works licences

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

Rendering of services and recognition of royalities

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

(D) TAXES

Current income tax

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

Deferred tax relating to items recognised outside of the Income Statement is also considered outside of the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in Changes in Equity.

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

(E) FOREIGN CURRENCIES

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

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the Balance Sheet date and any resulting exchange differences are dealt with in the Income Statement. Exchange differences arising on transactions during the year, which are translated at the exchange rate ruling at the date of transaction, are also dealt with in the Income Statement.

(F) PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
CONTINUED

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

(G) LEASES

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

Operating lease – Group and Company as a Lessee

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

(H) INTANGIBLE ASSETS

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

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

Amortisation is provided on assets on a straight line basis over their estimated useful economic lives. These lives range up to a maximum of 10 years for software and 50 years for a licence to deposit dredging materials. Amortisation commences when the assets are completed and available for their intended use.

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

(I) FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

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

Financial Assets

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

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

- financial assets at fair value through profit and loss / at the reporting date there are no such assets; and
- loans and receivables.

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

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

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

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

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

Financial liabilities

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

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

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
CONTINUED

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

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

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

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

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

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

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(J) INVENTORIES

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

(K) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Income Statement in expense categories consistent with the function of the impaired asset.

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

(L) CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of twelve months or less and accessible but with penalty. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(M) PROVISIONS – GENERAL

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

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(N) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

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

The Group recognises the following changes in the net defined obligation under 'operating expenditure' in the Consolidated Income Statement:

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

The defined benefit pension asset or liability in the Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. Some pension assets do not have quoted values. The PLAPF has an investment in an infrastructure fund with the net asset value being provided by the fund managers. The WWOPF has an annuity policy where the asset value is set equal to the corresponding liability. The value of a net pension benefit asset may be limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the Consolidated Income Statement in the period in which they become payable.

(O) PAYMENTS TO SUPPLIERS

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

(a) Joint venture classification – Estuary Services Limited – judgement

The group holds a 50% voting and equity interest in Estuary Services Limited (ESL). The Group has determined that it holds joint control over ESL with the Port of Sheerness Limited as neither party can pass a resolution without the consent of the other party. Upon establishing joint control, the Group has further determined that this joint arrangement is a joint venture rather than a joint operation. The Group determined this as it does not have rights to any specific assets or liabilities of ESL, but rather to the net assets of the company nor does it have an implicit obligation to fund the liabilities of ESL through an obligation to purchase all of the output of ESL. As a joint venture, the Group accounts for its interest in ESL under the equity method.

(b) Defined benefit plans (pension benefits) – estimates & judgement

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

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

(c) Cargo handling provision – estimates and judgement

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

The discount rate used is the weighted average risk free rate based on the Bank of England's government liability curve spot rate at 31 December 2017 of 1.22% (2016 1.5%). It is expected that the provision will be utilised over a period of around 34 years. See note 17.

(d) Deferred tax assets – estimates and judgement

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax is recognised on pension liabilities capped at management's best estimate of available future taxable profits.

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2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

		Effective for accounting periods beginning on or after
IFRS 1	First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	01/01/2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions	01/01/2018
IFRS 9	Financial instruments	01/01/2018
IFRS10 and IAS28 amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01/01/2018
IFRS 15	Revenue from contracts with customers	01/01/2018
IFRS 16	Leases	01/01/2019
IFRS 17	Insurance Contracts	01/01/2021
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	01/01/2018
IFRIC Interpretation 23	Uncertainty over Income Tax Treatment	01/01/2019

The group has considered the effects of IFRS15 on the way revenue is recognised. Following a detailed examination of the revenue streams and significant contracts it was concluded that no change in revenue recognition practices currently in place will be needed and the 2017 financial statements will not need to be restated on adoption. However, additional disclosures will be required on adopted to comply with the requirements of the new standard.

The Group and Company are currently considering the impact of the IFRS16 standard. The others standards have no material impact on the group or Company.

3. REVENUE AND OPERATING EXPENDITURE

		Note	**2017 £000**	2016 £000
Revenue from services				
Conservancy charges on cargo			7,583	7,577
Conservancy charges on vessels			9,470	9,898
			17,053	17,475
Pilotage		4	21,809	19,711
River works licences and other rents			9,637	9,573
Services provided (e.g. diving, salvage, Hydrographic)			4,266	4,526
Landfill royalties			1,090	2,846
Other revenue			2,008	1,940
Moorings			926	793
Embankment licences			1,565	75
			58,354	56,939
Operating expenditure				
Operating payroll			(26,718)	(24,138)
Supplies and services			(13,302)	(13,475)
Depreciation and amortisation			(3,221)	(2,900)
Administration:	payroll		(4,370)	(3,548)
	other		(3,422)	(404)
			(51,033)	(44,465)
Operating profit			**7,321**	**12,474**

All revenue relates to activities within the United Kingdom.

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4. PILOTAGE – OPERATING PROFIT

The Consolidated Income Statement includes the following relating to Pilotage:

	2017 £000	2016 £000
Revenue from services		
Providing Pilotage services	20,497	18,542
Issue of Pilotage exemption certificates	47	63
	20,544	18,605
Operating expenditure		
Providing the services of Pilots	(16,433)	(15,006)
Providing, maintaining and operating Pilot boats	(608)	(602)
Administration and other costs	(2,360)	(1,747)
Legal fees in relation to the Pilots' National Pension Fund (PNPF)	(1)	(20)
	(19,402)	(17,375)
Operating profit relating to Pilotage	**1,142**	**1,230**

The operating profit shown above excludes £1,265,000 (2016 £1,106,000) income from a levy charged to fund deficit repairs to the PNPF. In addition net interest costs in the PNPF of £333,000 (2016 £400,000) are also excluded from the amounts shown above. See note 19.

5. OPERATING PROFIT

Operating profit is stated after charging:

		2017 £000	2016 £000
Auditors' remuneration	– audit of the financial statements	102	97
	– audit of the Group pension schemes	33	36
	– statutory audit for subsidiary Company	5	5
	– taxation services*	53	25
	– all other services**	93	20
		286	183
Operating lease rentals	– land and buildings	254	396
	– other	37	34
		291	430
Loss/(gain) on disposal of intangible assets, property, plant and equipment	– owned assets	1	(275)
Depreciation and impairment of property, plant and equipment	– owned assets	2,977	2,697
Amortisation and impairment of intangible assets	– owned assets	244	203

* Included in taxation services is £49,000 (2016 £22,000) relating to the PLA.
** Included in other services is £93,000 (2016 £20,000) relating to the PLA.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
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6. EMPLOYEE BENEFITS EXPENSE

	2017 £000	2016 £000
Staff costs incurred in operating expenditure (including executive Board members) during the year were:		
Wages and salaries	21,835	20,872
Social security costs	2,550	2,388
Pensions costs	6,245	4,283
	30,630	27,543
Staff severance	423	85
	31,053	27,628

	Number	Number
The average monthly number of persons (including executive Board members) employed during the year was:		
Operations	295	286
Administration	61	59
	356	345

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. The remuneration Committee decide the remuneration.

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

	TOTAL SALARY AND FEES		TAXABLE BENEFITS		TOTAL	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Executive members:						
R J D Mortimer	197,161	191,710	2,870	2,506	200,031	194,216
B Chapman (retired 30/10/2017)	128,363	124,883	2,296	2,258	130,659	127,141
J Tankard (appointed 3/10/17)	36,655	0	708	0	37,363	0
D G Phillips (retired 15/04/16)	0	29,899	0	16,139	0	46,038
R Baker (appointed 01/05/16)	122,177	73,333	2,296	1,517	124,473	74,850
Non-executive members:						
C J Rodrigues (Chairman) (appointed 01/01/16)	88,750	88,750	0	0	88,750	88,750
A J Quinlan (Vice Chairman)	34,575	34,575	0	0	34,575	34,575
H Deeble	29,300	29,300	0	0	29,300	29,300
A H Griffiths	29,300	29,300	0	0	29,300	29,300
I Moncrieff	29,300	29,300	0	0	29,300	29,300
A Malm Justad	29,300	29,300	0	0	29,300	29,300
J J Armitt (appointed 01/12/16)	25,300	2,108	0	0	25,300	2,108
D G James (appointed 01/12/16)	26,300	2,108	0	0	26,300	2,108
	776,481	664,566	8,170	22,420	784,651	686,986

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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6. EMPLOYEE BENEFITS EXPENSE CONTINUED

PENSION ENTITLEMENT

All executive Board members participate in the PLA's funded defined benefit pension scheme. Under the scheme, members are entitled to a pension based on their service and final pensionable salary subject to HMRC limits. The accrued pension of the highest paid Board member under the funded defined benefit scheme at 31 December 2017 was £9,891 per annum (2016 £7,095).

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

7. FINANCE INCOME AND EXPENSE

FINANCE INCOME	2017 £000	2016 £000
Interest income on short-term deposits	395	395
Total finance income	**395**	**395**

	2017 £000	2016 £000
Interest on loans and borrowings	(11)	(2)
Net interest on defined benefit pension schemes (see note 19)	(2,427)	(2,637)
Total interest expense	(2,438)	(2,639)
Unwinding of discount and effect of changes in discount rate on provisions (see note 17)	(123)	(180)
Total finance expense	**(2,561)**	**(2,819)**

8. INCOME TAX

(A) TAX ON PROFIT ON ORDINARY ACTIVITIES	2017 £000	2016 £000
Current income tax:		
Current income tax charge on profit for the year	728	1,628
Current tax prior year adjustment	512	(21)
Total current tax	**1,240**	**1,607**
Deferred tax:		
Current year deferred tax	191	128
Deferred tax prior year adjustment	(430)	94
Total deferred tax	(239)	222
Income tax expense reported in the Consolidated Income Statement	**1,001**	**1,829**
Current tax related to items recognised in Other Comprehensive Income during the year	0	195
Deferred tax related to items recognised in Other Comprehensive Income during the year	1,492	(2,400)
Income tax charged/(credited) to the Consolidated Statement of Other Comprehensive Income	**1,492**	**(2,205)**

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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8. INCOME TAX CONTINUED

(B) RECONCILIATION OF TAX EXPENSE:

The tax expense in the Income Statement for the year is lower (2016 lower) than the standard rate of corporation tax in the UK of 20% (2016 20%). The differences are explained below:

	2017 £000	2016 £000
Profit before income tax	**5,440**	**10,389**
At the UK's statutory corporate income tax rate of 19.25% (2016 20%)	1,047	2,078
Adjustments in respect of current income tax of previous years	82	(21)
Effects of:		
Share of profit of joint venture	(55)	(68)
Non-deductible expenses for tax purposes	325	205
Income exempt from taxes	(303)	13
Other	(95)	(378)
Income tax expense reported in the Consolidated Income Statement for the year	**1,001**	**1,829**

(C) DEFERRED TAX

	BALANCE SHEET	
	2017 £000	2016 £000
Deferred tax assets relating to net defined benefit pension liabilities	11,840	13,300
Accelerated depreciation for tax purposes	(1,219)	(1,366)
Other temporary differences	95	35
Deferred tax income/(expense)	**10,716**	**11,969**
Net deferred tax assets		
Reflected in the Balance Sheet as follows:		
Deferred tax assets	11,840	13,300
Deferred tax liabilities	(1,124)	(1,331)
Net deferred tax assets	**10,716**	**11,969**

RECONCILIATION OF NET DEFERRED TAX ASSETS	2017 £000	2016 £000
At 1 January	11,969	9,791
Tax expense during the year recognised in the Consolidated Income Statement	(239)	(222)
Tax income during the year recognised in Other Comprehensive Income	(1,492)	2,400
At 31 December	**10,716**	**11,969**

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

The Finance Act 2016, enacted on 15 September 2016 replaces the 18% rate with a 17% rate to be applied from 1 April 2020. The Group has calculated the deferred tax assets at a blended rate of 17.3% in accordance with when it anticipates temporary differences will unwind.

The deferred tax asset related to pension fund deficit has been limited to £11,840,000 (2016 £13,300,000) based on forecasted profits for the next 10 years. There is an unrecognised tax asset of £757,907 (2016 £1,494,704).

The Group has capital losses carried forward of £1,100,000 (2016 £2,230,000) 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.

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

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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CONTINUED

9. INTANGIBLE ASSETS

GROUP AND COMPANY	Software £000	Licences £000	**Total £000**
Cost			
At 1 January 2016	2,631	330	2,961
Additions	307	39	346
Disposals	(31)	0	(31)
At 31 December 2016	2,907	369	3,276
Reclassifications	13	0	13
Additions	813	34	847
Disposals	0	0	0
At 31 December 2017	3,733	403	4,136
Amortisation			
At 1 January 2016	1,991	102	2,093
Charge for year	196	7	203
Eliminated on disposals	(31)	0	(31)
At 31 December 2016	2,156	109	2,265
Charge for year	237	7	244
Eliminated on disposals	0	0	0
At 31 December 2017	2,393	116	2,509
Net book value at 31 December 2017	**1,340**	**287**	**1,627**
Net book value at 31 December 2016	751	260	1,011

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

Assets under development not yet being amortised amounted to £831,000 (2016 £252,000).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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10. PROPERTY, PLANT AND EQUIPMENT

GROUP AND COMPANY	Land and buildings £000	Dredging £000	River structures £000	Floating craft £000	Plant and equipment £000	**Total £000**
Cost						
At 1 January 2016	14,504	20,912	10,896	16,155	17,648	80,115
Reclassifications	(70)	0	0	(545)	615	0
Additions	3,091	0	118	20	737	3,966
Disposals	0	0	0	(558)	(372)	(930)
At 31 December 2016	17,525	20,912	11,014	15,072	18,628	83,151
Reclassifications	0	0	0	0	(13)	(13)
Additions	3,385	0	154	697	480	4,716
Disposals	0	0	0	(103)	(69)	(172)
At 31 December 2017	20,910	20,912	11,168	15,666	19,026	87,682
Depreciation						
At 1 January 2016	6,201	3,807	6,530	6,270	12,610	35,418
Charge for year	421	398	408	495	975	2,697
Eliminated on disposals	0	0	0	(522)	(358)	(880)
At 31 December 2016	6,622	4,205	6,938	6,243	13,227	37,235
Charge for year	415	698	409	515	940	2,977
Eliminated on disposals	0	0	0	(100)	(70)	(170)
At 31 December 2017	7,037	4,903	7,347	6,658	14,097	40,042
Net book value at 31 December 2017	**13,873**	**16,009**	**3,821**	**9,008**	**4,929**	**47,640**
Net book value at 31 December 2016	10,903	16,707	4,076	8,829	5,401	45,916

The net book value of leasehold property held under long leases included in land and buildings above is £55,000 (2016 £56,000). Assets under construction not yet being depreciated amounted to £5,094,000 (2016 £1,478,000).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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11. INTEREST IN JOINT VENTURE

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

SUMMARISED BALANCE SHEET OF ESTUARY SERVICES LIMITED	**2017 £000**	2016 £000
Non-current assets	2,743	2,389
Current assets:		
Cash and cash equivalents	1,219	1,293
Prepayments	36	41
Trade and other receivables	359	394
	1,614	1,728
Current liabilities	(392)	(543)
Non-current liabilities, including deferred tax liabilities £nil (2016 £nil) and long-term borrowing £nil (2016 £nil)	(2,998)	(3,459)
Equity	967	115
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	**484**	**58**

SUMMARISED INCOME STATEMENT OF ESTUARY SERVICES LIMITED	**2017 £000**	2016 £000
Revenue	3,540	3,654
Cost of sales	(2,921)	(2,821)
Finance income	9	6
Finance costs, including interest expense £87,000 (2016 £82,000)	(87)	(82)
Profit on ordinary activities before taxation	541	757
Income tax expense	29	(79)
Profit for the year	570	678
Group's share of profit for the year	**285**	**339**

SUMMARISED STATEMENT OF OTHER COMPREHENSIVE (EXPENSE)/INCOME OF ESTUARY SERVICES LIMITED	**2017 £000**	2016 £000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit scheme	339	(1,252)
Income tax effect of remeasurement of defined benefit scheme	21	40
Movement in deferred tax relating to defined benefit pension scheme	(78)	197
Total other comprehensive income	282	(1,015)
Group's share of Other Comprehensive (expense)/Income	**141**	**(508)**

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11. INTEREST IN JOINT VENTURE CONTINUED

The joint venture had a contingent liability at 31 December 2017 and 2016 relating to its share of possible future deficits in the New Section of the Merchant Navy Officers Pension Fund in which it has previously participated. The Board of members do not consider this to be material to the Group. At 31 December 2017, the Group's share of capital commitments of the joint venture was £244,000 (2016 £372,000). Estuary Services Limited cannot distribute its profits until it obtains the consent from the two joint venture partners.

COMPANY ONLY – SUBSIDIARY AND JOINT VENTURE	Subsidiary £000	Joint venture £000
At 1 January 2016	0	2
Additions	0	0
Disposals	0	0
At 31 December 2016 and 1 January 2017	0	2
Additions	0	0
Disposals	0	0
At 31 December 2017	0	2

12. CASH AND SHORT-TERM DEPOSITS

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

GROUP	**2017 £000**	2016 £000
Cash at banks and on hand	1,779	1,460
Short-term deposits	38,000	40,000
	39,779	**41,460**

COMPANY	**2017 £000**	2016 £000
Cash at banks and on hand	1,779	1,460
Short-term deposits	35,228	36,821
	37,007	**38,281**

Cash at banks earns interest at rates based on daily bank deposit rates. Short-term deposits are made for varying periods of up to twelve months and are available immediately but with penalty if required depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

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13. TRADE RECEIVABLES

(A) TRADE RECEIVABLES (CURRENT)

GROUP	**2017 £000**	2016 £000
Corporation tax	7	0
Trade receivables	9,025	8,989
	9,032	**8,989**

COMPANY	**2017 £000**	2016 £000
Trade receivables	9,016	8,989
Receivables from subsidiary	9	0
	9,025	**8,989**

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

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

As at 31 December 2017, trade receivables of an initial value of £396,000 (2016 £806,000) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

GROUP AND COMPANY	Individually impaired £000	Collectively impaired £000	**Total £000**
At 1 January 2016	718	150	868
Utilised	(13)	0	(13)
Unused amounts reversed	(49)	0	(49)
At 31 December 2016 and 1 January 2017	656	150	806
Arising/(Utilised)	(360)	(50)	(410)
At 31 December 2017	**296**	**100**	**396**

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

			PAST DUE BUT NOT IMPAIRED				
	Total £000	Neither past due nor impaired £000	<30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
Group							
2017	9,025	3,261	2,751	1,507	390	283	833
2016	8,989	2,322	3,413	1,432	642	401	779
Company							
2017	9,025	3,261	2,751	1,507	390	283	833
2016	8,989	2,322	3,413	1,432	642	401	779

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

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13. TRADE RECEIVABLES CONTINUED

(B) TRADE AND OTHER RECEIVABLES (NON-CURRENT) – GROUP

At the instructions of the UK Government, during 2001 POLP's remaining properties were sold to the British Waterways Board (BWB). BWB was a public corporation responsible to the UK Government. Proceeds from this sale of £12,880,000 remain unsettled and are included in non-current assets. BWB transferred its canals and rivers to the ownership of the Canal & River Trust in 2014. The loan to the Canal and River Trust is presented as due after one year and mutually agreeable collateral has been agreed for this. Interest has been agreed on this loan at the rate of 1% above Bank of England base rate until 2019.

14. TRADE AND OTHER PAYABLES

GROUP	Note	2017 £000	2016 £000
Trade payables		75	762
Amounts owed to joint venture company	21	185	179
Corporation tax		306	103
Other taxation and social security		1,097	1,027
Other creditors		1,174	1,409
Accruals		2,230	5,000
Total		**5,067**	**8,480**

COMPANY	Note	2017 £000	2016 £000
Trade payables		75	762
Amounts owed to joint venture company	21	185	179
Corporation tax		306	103
Other taxation and social security		1,097	1,027
Other creditors		1,148	1,326
Accruals		2,230	5,000
Total		**5,041**	**8,397**

Group and Company trade payables are non-interest bearing and are normally settled within 30-day terms.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

CATEGORIES OF FINANCIAL INSTRUMENTS:

	FAIR VALUE		BOOK VALUE	
GROUP	2017 £000	2016 £000	2017 £000	2016 £000
Financial Assets				
Loans and receivables:				
Trade and other receivables	21,905	21,869	21,905	21,869
At fair value through profit and loss:				
Cash and short-term deposits	39,779	41,460	39,779	41,460
Total	**61,684**	**63,329**	**61,684**	**63,329**
Financial Liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	(3,664)	(7,453)	(3,664)	(7,453)
Total	**58,020**	**55,876**	**58,020**	**55,876**

	FAIR VALUE		BOOK VALUE	
COMPANY	2017 £000	2016 £000	2017 £000	2016 £000
Financial Assets				
Loans and receivables:				
Trade and other receivables	9,025	8,989	9,025	8,989
At fair value through profit and loss:				
Cash and short-term deposits	37,007	38,281	37,007	38,281
Total	**46,032**	**47,270**	**46,032**	**47,270**
Financial Liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	(3,638)	(7,370)	(3,638)	(7,370)
Total	**42,394**	**39,900**	**42,394**	**39,900**

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15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

INTEREST RATE RISK

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

	Increase/ decrease in basis points	Effect on profit before tax £000
2017	+/- 1%	398
2016	+/- 1%	415

CREDIT RISK

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

TRADE RECEIVABLES (CURRENT)

Outstanding customer receivables are regularly monitored. At 31 December 2017, the Group and Company had 17 customers (2016 17 customers) that owed the Group and Company more than £100,000 each and accounted for approximately 32% (2016 38%) of all the receivables outstanding. There were 0 customers (2016 0 customers) with balances greater than £1 million accounting for 0% (2016 0%) of the total amounts receivable.

All receivables are reviewed for impairment at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in Note 14. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Customers are continually monitored to ensure invoices are settled within terms.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and financial institutions is managed by the Group's senior management. Investments of surplus funds are made only with approved counterparties with a minimum short term rating published by Standard and Poor's of A2 and by Moody's of P2 and with a maximum of no more than £10m with any single institution. Management does not seek to invest surplus funds for greater than a year and only invests in highly liquid investments (money-market deposits).

LIQUIDITY RISK

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

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

GROUP	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2017						
Trade and other payables	0	3,664	0	0	0	3,664
Year ended 31 December 2016						
Trade and other payables	0	7,350	0	0	0	7,350

COMPANY	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2017						
Trade and other payables	0	3,638	0	0	0	3,638
Year ended 31 December 2016						
Trade and other payables	0	7,267	0	0	0	7,267

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16. DEFERRED REVENUE

GROUP AND COMPANY	**2017 £000**	2016 £000
At 1 January	3,695	3,605
Amortisation released to the consolidated income statement	(107)	(107)
Movement in other deferred revenue during the year	(270)	197
At 31 December	**3,318**	**3,695**
Current	1,373	1,636
Non-current	1,945	2,059
	3,318	**3,695**

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

17. PROVISIONS

CLAIMS RELATED TO TIME OPERATING DOCKS

GROUP AND COMPANY	**2017 £000**	2016 £000
At 1 January	10,045	12,008
Utilised during the year	(524)	(267)
Increase in provision due to unwinding of discount at 1.22% (2016 1.5%)	123	180
Arising/(released) during the year	1,077	(1,876)
At 31 December	**10,721**	**10,045**
Payable:		
Within one year	1,117	498
In the second to fifth year inclusive	3,388	2,803
After five years	6,216	6,744
	10,721	**10,045**

The Group continues to receive claims which relate to the time during which it operated docks and was involved in cargo handling. An actuarial estimate as at 31 December 2017 of the duration, number and value of these claims has been made and provided for in the financial statements on the basis of a discounted value using a weighted average risk free rate based on the Bank of England's government liability yield curve spot rate at 31 December 2017 of 1.22% (2016 1.5%). It is expected that the provision will be utilised over a period of around 33 years.

A quantitative summary analysis for significant assumptions at 31 December 2017 is shown below:

	RANGE OF UNPAID CLAIMS		
ASSUMPTIONS SENSITIVITY LEVEL	Low £000	Best £000	High £000
Total provision basis:			
Undiscounted	8,114	11,557	15,522
Discounted @ risk free rate - 2% *	8,114	11,557	15,522
Discounted @ risk free rate	7,056	10,721	13,455
Discounted @ risk free rate + 2%	5,971	8,487	11,331

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

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17. PROVISIONS CONTINUED

OTHER PROVISIONS

	PROPERTY RELATED PROVISION GROUP AND COMPANY		RESTRUCTURING PROVISION GROUP AND COMPANY		LEGAL FEES PROVISION GROUP AND COMPANY	
	2017 £000	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
At 1 January	1,046	0	0	0	0	0
Arising/(released) during the year	(578)	1,046	406	0	200	0
At 31 December	**468**	**1,046**	**406**	**0**	**200**	**0**
Payable:						
Within one year	0	755	406	0	200	0
In the second to fifth year inclusive	468	291	0	0	0	0
	468	**1,046**	**406**	**0**	**200**	**0**

A property related liability of £1,046k was calculated in 2016 following advice. Given the uncertainty of the liability a provision has been provided, in previous years the liability was included in general accruals.

Negotiations are in process regarding revised working arrangements of pilots (restructuring provision).

Following a legal case which PLA lost, legal costs were awarded against the PLA. The PLA are appealing and this provision is to cover PLA's likely liability post the appeal.

TOTAL PROVISIONS

GROUP AND COMPANY	**2017 £000**	2016 £000
At 1 January	11,091	12,008
Utilised during the year	(524)	(267)
Increase in provision due to unwinding of discount at 1.22% (2016 1.5%)	123	180
Arising/(released) during the year	1,105	(830)
At 31 December	**11,795**	**11,091**
Payable:		
Within one year	1,723	1,253
In the second to fifth year inclusive	3,856	3,094
After five years	6,216	6,744
	11,795	**11,091**

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18. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS – GROUP AND COMPANY AS LESSEE

The Group and Company have entered into commercial leases for land & buildings and machinery & equipment. The land & building leases have an average life of 6 years and the machinery & equipment leases have an average life of 2 years. The minimum future lease rentals payable under non-cancellable operating leases as at 31 December 2017 and 2016 are as follows:

	2017			**2016**		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Total commitments under non-cancellable operating leases expiring:-						
Within one year	309	30	339	253	29	282
In the second to fifth year inclusive	288	50	338	402	37	439
Over five years	1,350	0	1,350	1,192	0	1,192
	1,947	**80**	**2,027**	**1,847**	**66**	**1,913**

OPERATING LEASE COMMITMENTS – GROUP AND COMPANY AS LESSOR

The Group and Company act as lessors for certain areas of land. The majority are licences which have an average life of 3 to 6 months. The minimum future lease rentals receivable under non-cancellable operating leases as at 31 December 2017 and 2016 are as follows:

	2017			**2016**		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Total commitments under non-cancellable operating leases expiring:-						
Within one year	4,229	0	4,229	3,437	0	3,437
In the second to fifth year inclusive	2,383	0	2,383	2,356	0	2,356
Over five years	22,429	0	22,429	22,949	0	22,949
	29,041	**0**	**29,041**	**28,742**	**0**	**28,742**

CAPITAL COMMITMENTS

	2017 £000	2016 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	**2,298**	2,850

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 (POLP) to sell all of its remaining property assets to the British Waterways Board. This sale was completed on 16 March 2001. In due course, a final repayment of grants will be made out of the proceeds of that sale which have not yet been collected and the PLA will cease to have any further liability. POLP does not provide for the difference between the asset (loan) and liability because as a 30 year liability, the actuarial assumptions means the liability is likely to go up and down over the years.

There were no other contingent liabilities at 31 December 2017 (2016 £nil).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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19. PENSIONS

GROUP AND COMPANY

The PLA participates in the following funded defined benefits schemes:

Scheme	Date of latest formal actuarial valuation
Port of London Authority Pension Fund (PLAPF)	31 March 2015
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2016
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2016
The Pilots' National Pension Fund (PNPF)	31 December 2013

The pension contributions are assessed in accordance with the advice of an independent, qualified actuary using the projected unit method and based on the assumptions summarised below.

PLAPF

The major scheme in which the PLA participates is the PLAPF. It is administered by a Committee of Management which, as at 13 March 2018, comprised:

Chairman: H Deeble

PORT AUTHORITY COMMITTEE PERSONS:	MEMBERS' COMMITTEE PERSONS:
I Moncrieff	L S Steggles
A H Griffiths	A L M Jeffrey
J Tankard	C McArthur
R Baker	D Bird

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

The latest actuarial assessment was at 31 March 2015. At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £317,800,000 which represented 81% of the value of the benefits that had accrued to members on the basis of the assumptions summarised below. Following discussions with the Committee of Management, it was agreed that the PLA would fund the deficit at the rate of £4,000,000 per annum payable monthly until 31 August 2026 and pay contributions at the rates shown in the table set out later in this note.

PLAWWOPF

The PLAWWOPF has a surplus which is recognised in accordance with IFRS.

PLARBS

The PLA has agreed to fund the deficit of the PLARBS at £215,000 per annum payable monthly until 31 March 2022.

PNPF

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement. The PNPF is administered by a separate Trustee Company which is legally separate from the PLA. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the PNPF's investment policy and day-to-day administration. The 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 PLA has agreed to fund the deficit of the PNPF with a total payment of £13,076,000 due between 2018 and 2028.

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19. PENSIONS CONTINUED

ALL SCHEMES

The results of the latest formal actuarial valuations have been updated to 31 December 2017 by a qualified independent actuary. The principal assumptions used in determining pension benefit obligations for these plans are shown below:

PLA SCHEMES – PRINCIPAL ASSUMPTIONS	**2017 %**	2016 %
Discount rate	2.5	2.6
RPI price inflation	3.4	3.4
CPI price inflation	2.4	2.4
Future salary increases	3.9	3.9
Future pension increases (RPI, min 3%, max 5%)	3.7	3.7
Future pension increases (RPI, max 5%)	3.3	3.3
Future pension increases (CPI, max 2.5%)	1.9	1.9
	Years	Years
Life expectation for pensioners at the age of 65 retiring today:		
Male	86.7	87.0
Female	88.6	89.1

PNPF – PRINCIPAL ASSUMPTIONS	**2017 %**	2016 %
Discount rate	2.4	2.5
RPI price inflation	3.1	3.3
CPI price inflation	2.1	2.3
Future salary increases	3.1	3.8
Future pension increases (RPI, min 3%, max 5%)	3.6	3.7
Future pension increases (RPI, max 5%)	3.0	3.2
	Years	Years
Life expectation for pensioners at the age of 65 retiring today:		
Male	86.7	87.2
Female	88.6	89.2

PLAPF – CONTRIBUTION RATES	**From 1 July 2017 %**	To 30 June 2016 %
For members who have entered into a salary sacrifice agreement with the PLA:		
Higher rate members	22.70	20.10
Lower rate members	17.03	15.08
For members who have not entered into a salary sacrifice agreement with the PLA:		
Higher rate members	15.13	13.40
Lower rate members	11.35	10.05

The company does not disclose contribution rate for other pension schemes as there are no active members, only deferred members and pensioners.

	2017 £m	2016 £m
In respect of the shortfall in funding:		
Amount payable per annum in monthly instalments until 31 August 2026 as agreed recovery plan	4.0	4.0
Additional voluntary amounts paid by the PLA over and above the agreed recovery plan	0.0	0.0
Total deficit repairs during the year	**4.0**	**4.0**

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19. PENSIONS CONTINUED

ALL SCHEMES

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

At 31 December 2017	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Multi assets credit	143.0	0.0	0.0	0.0	143.0
Equities	81.0	0.0	0.0	3.8	84.8
Hedge funds	69.4	0.0	0.0	3.6	73.0
Liability driven investments	45.5	0.0	0.0	0.0	45.5
Corporate bonds	0.0	5.9	1.8	6.8	14.5
Gilts	0.0	7.2	0.0	3.6	10.8
Diversified growth funds	0.0	6.8	0.0	3.5	10.3
Insurance policies	0.0	6.8	0.0	0.0	6.8
Infrastructure	12.7	0.0	0.0	0.0	12.7
Cash	2.5	0.0	0.2	0.3	3.0
Other	0.0	0.0	0.4	0.0	0.4
Total	**354.1**	**26.7**	**2.4**	**21.6**	**404.8**

At 31 December 2016	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Multi assets credit	139.1	0.0	0.0	0.0	139.1
Equities	74.4	0.0	0.0	3.6	78.0
Hedge funds	67.5	0.0	0.0	3.2	70.7
Liability driven investments	39.8	0.0	0.0	0.0	39.8
Corporate bonds	0.0	6.3	0.9	7.0	14.2
Gilts	0.0	7.5	1.6	3.5	12.6
Diversified growth funds	0.0	5.9	0.0	3.4	9.3
Insurance policies	0.0	7.7	0.0	0.0	7.7
Infrastructure	11.9	0.0	0.0	0.0	11.9
Cash	8.6	0.0	0.0	0.5	9.1
Total	**341.3**	**27.4**	**2.5**	**21.2**	**392.4**

AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET

At 31 December 2017	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	354,129	26,738	2,484	21,551	404,902
Present value of scheme liabilities	(419,737)	(21,055)	(2,870)	(33,038)	(476,700)
Defined benefit pension scheme (deficit)/surplus	**(65,608)**	**5,683**	**(386)**	**(11,487)**	**(71,798)**

At 31 December 2016	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	341,274	27,425	2,544	21,157	392,400
Present value of scheme liabilities	(433,050)	(21,849)	(3,364)	(34,974)	(493,237)
Defined benefit pension scheme (deficit)/surplus	**(91,776)**	**5,576**	**(820)**	**(13,817)**	**(100,837)**

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19. PENSIONS CONTINUED

AMOUNTS TO BE RECOGNISED IN THE INCOME STATEMENT

Year ended 31 December 2017	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(5,679)	0	0	0	(5,679)
Past service cost	0	0	0	0	0
Administrative expenses	(289)	(137)	(24)	(116)	(566)
Recognised in arriving at the operating profit	(5,968)	(137)	(24)	(116)	(6,245)
Expected return on scheme assets	8,707	697	64	515	9,983
Interest cost on scheme liabilities	(10,946)	(538)	(78)	(848)	(12,410)
Finance (costs)/income	(2,239)	159	(14)	(333)	(2,427)
Total recognised in the Income Statement	**(8,207)**	**22**	**(38)**	**(449)**	**(8,672)**

Year ended 31 December 2016	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(3,838)	0	0	0	(3,838)
Past service cost	0	0	0	13	13
Administrative expenses	(238)	(135)	(19)	(66)	(458)
Recognised in arriving at the operating profit	(4,076)	(135)	(19)	(53)	(4,283)
Expected return on scheme assets	10,478	912	87	663	12,140
Interest cost on scheme liabilities	(12,896)	(705)	(113)	(1,063)	(14,777)
Finance (costs)/income	(2,418)	207	(26)	(400)	(2,637)
Total recognised in the Income Statement	**(6,494)**	**72**	**(45)**	**(453)**	**(6,920)**

AMOUNTS TO BE RECOGNISED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets below that is recognised net interest	17,009	(181)	46	1,099	17,973
Other actuarial gains	10,059	266	211	713	11,249
Actuarial losses recognised in the Statement of Other Comprehensive Income	**27,068**	**85**	**257**	**1,812**	**29,222**

Year ended 31 December 2016	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets below that is recognised net interest	46,539	1,794	137	2,209	50,679
Other actuarial gains	(66,265)	(1,581)	(158)	(4,617)	(72,621)
Actuarial gains recognised in the Statement of Other Comprehensive Income	**(19,726)**	**213**	**(21)**	**(2,408)**	**(21,942)**

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19. PENSIONS CONTINUED

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2016	(370,038)	(20,672)	(3,474)	(31,418)	(425,602)
Movement in the administrative reserve balance	(238)	(68)	(19)	0	(325)
Current service cost	(3,838)	0	0	0	(3,838)
Past service cost	0	0	0	13	13
Interest expense on defined benefits obligations	(12,896)	(705)	(113)	(1,063)	(14,777)
Member's contributions	(433)	0	0	0	(433)
Actuarial gains on scheme liabilities	(66,265)	(1,581)	(158)	(4,617)	(72,621)
Benefits paid	20,658	1,177	400	2,111	24,346
At 31 December 2016 and 1 January 2017	(433,050)	(21,849)	(3,364)	(34,974)	(493,237)
Movement in the administrative reserve balance	(289)	(82)	(24)	0	(395)
Current service cost	(5,679)	0	0	0	(5,679)
Past service cost	0	0	0	0	0
Interest expense on defined benefits obligations	(10,946)	(538)	(78)	(848)	(12,410)
Member's contributions	(153)	0	0	0	(153)
Actuarial losses on scheme liabilities	10,059	266	211	713	11,249
Benefits paid	20,321	1,148	385	2,071	23,925
At 31 December 2017	**(419,737)**	**(21,055)**	**(2,870)**	**(33,038)**	**(476,700)**

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2016	297,737	25,963	2,505	19,526	345,731
Administration expenses	0	(67)	0	(66)	(133)
Interest income on scheme assets	10,478	912	87	663	12,140
Actuarial losses on scheme assets	46,539	1,794	137	2,209	50,679
Company contributions	6,745	0	215	936	7,896
Member's contributions	433	0	0	0	433
Benefits paid	(20,658)	(1,177)	(400)	(2,111)	(24,346)
At 31 December 2016 and 1 January 2017	341,274	27,425	2,544	21,157	392,400
Administration expenses	0	(55)	0	(116)	(171)
Interest income on scheme assets	8,707	697	64	515	9,983
Actuarial gains on scheme assets	17,009	(181)	46	1,099	17,973
Company contributions	7,307	0	215	967	8,489
Member's contributions	153	0	0	0	153
Benefits paid	(20,321)	(1,148)	(385)	(2,071)	(23,925)
At 31 December 2017	**354,129**	**26,738**	**2,484**	**21,551**	**404,902**

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
CONTINUED

19. PENSIONS CONTINUED

A quantitative summary analysis for significant assumptions at 31 December 2017 is shown below:

	Discount rate		RPI inflation		Mortality	
ASSUMPTIONS SENSITIVITY LEVEL	0.25% increase £000	0.25% decrease £000	0.25% increase £000	0.25% decrease £000	1.5% improvement £000	1.5% worsening £000
Impact on defined benefit obligation:						
PLAPF	16,727	(16,727)	(8,349)	8,349	3,735	(3,735)
PLAWWOPF	424	(424)	(172)	172	110	(110)
PLARBS	45	(45)	(23)	23	12	(12)
	17,196	**(17,196)**	**(8,544)**	**8,544**	**3,857**	**(3,857)**

Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	1 year decrease	1 year increase
PNPF	2,300	(2,300)	(700)	700	1,500	(1,500)

A 1% increase in PLA's share of the PNPF would increase the deficit by £1,762,000 (2016 £2,120,000).

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

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Within the next 12 months (next annual reporting period)	4,000	0	215	1,000	5,215
Between 2 and 5 years	16,000	0	699	4,353	21,052
Between 6 and 10 years	14,667	0	0	6,326	20,993
Beyond 10 years	0	0	0	1,397	1,397
Total expected payments	**34,667**	**0**	**914**	**13,076**	**48,657**

HISTORICAL PENSION INFORMATION

	All Schemes				
	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Fair value of scheme assets	404,902	392,400	345,731	356,988	327,441
Present value of scheme liabilities	(476,700)	(493,273)	(425,602)	(449,888)	(403,468)
Defined benefit pension scheme deficit	**(71,798)**	**(100,873)**	**(79,871)**	**(92,900)**	**(76,027)**

20. CAPITAL MANAGEMENT

For the purpose of the Group and Company's capital management, capital includes the net assets of the Group and Company. The primary objective of the Group and Company's capital management is to effectively use its capital to fulfil its charter in ensuring 1) safe navigation on the river, 2) conserving the environment of the river, 3) supporting the development of the use of the river and 4) forming a partnership with river users and accountability to stakeholders. The Company has had a significant liability relating to the PLA pension fund. The Company has an agreed long-term programme to reduce the pension deficit, this agreed by pension trustees and the pension regulator. Cashflow forecasts show we can accommodate the capital commitments to maintain the business, maintain adequate working capital and make the deficit repayments.

In order to meet its overall objectives the Group and Company's capital management is risk adverse and aims to protect its cash as much as possible. This means that PLA keeps its cash to self fund its projects, initiatives and long term liabilities. In doing so the Group and Company aim to have as little debt as possible. The Group currently has net assets of £32,192,000 (2016 net liabilites of £507,000). The Group and Company do not have any financial covenants that they are required to comply with.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
CONTINUED

21. RELATED PARTY TRANSACTIONS

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

GROUP	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiary					
2017	0	0	0	9	9
2016	0	0	0	0	0
Joint venture					
2017	(171)	2,401	0	0	222
2016	158	2,523	0	0	215
Key management personnel of the Group					
2017	0	0	785	0	0
2016	0	0	687	0	0

COMPANY	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiary					
2017	0	0	0	9	9
2016	0	0	0	0	0
Joint venture					
2017	(171)	2,401	0	0	222
2016	158	2,523	0	0	215
Key management personnel of the Group					
2017	0	0	785	0	0
2016	0	0	687	0	0

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016 £Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

During the year the PLA provided administration and management services to Port of London Properties Limited for which it charged £102,000 (2016 £102,000).

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £169,100 (2016 £158,000) and was charged £2,401,000 (2016 £2,523,000) for boarding and landing services. At 31 December 2017 the PLA owed £222,000 (2016 £215,000) to Estuary Services Limited for unpaid boarding and landing services received.

Members of the PLA Board are the key management personnel of the Group. See page 43.

STATEMENT OF MEMBERS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT OF LONDON AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2017

OPINION

We have audited the financial statements of Port of London Authority and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise consolidated income statement, consolidated statement of other comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated and company statements of cash flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the group's and of the Port of London Authority's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

USE OF OUR REPORT

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Port of London Authority or the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Port of London Authorities and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Port of London Authority and the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP,

Statutory Auditor
London

3 April 2018

Notes:

1. The maintenance and integrity of the Port of London Authority web site is the responsibility of the directors; 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.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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PORT OF LONDON AUTHORITY

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