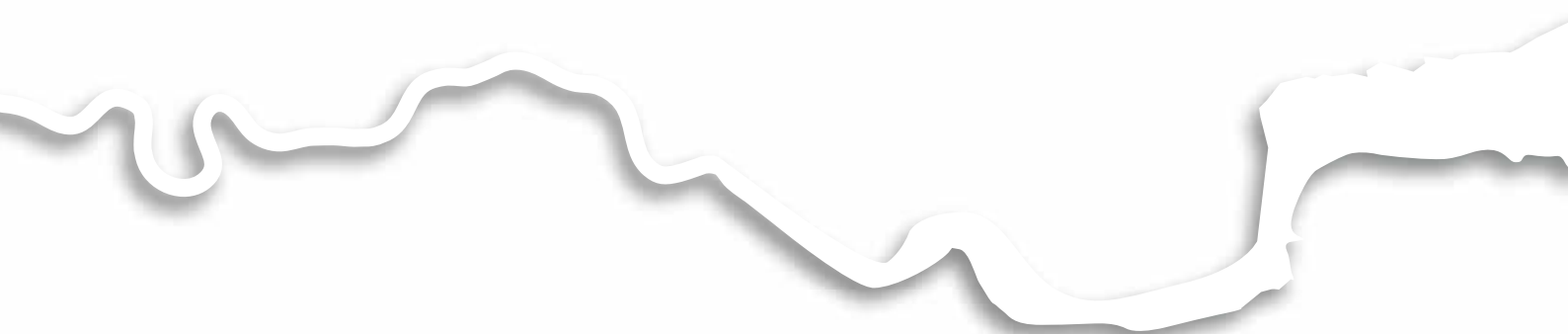
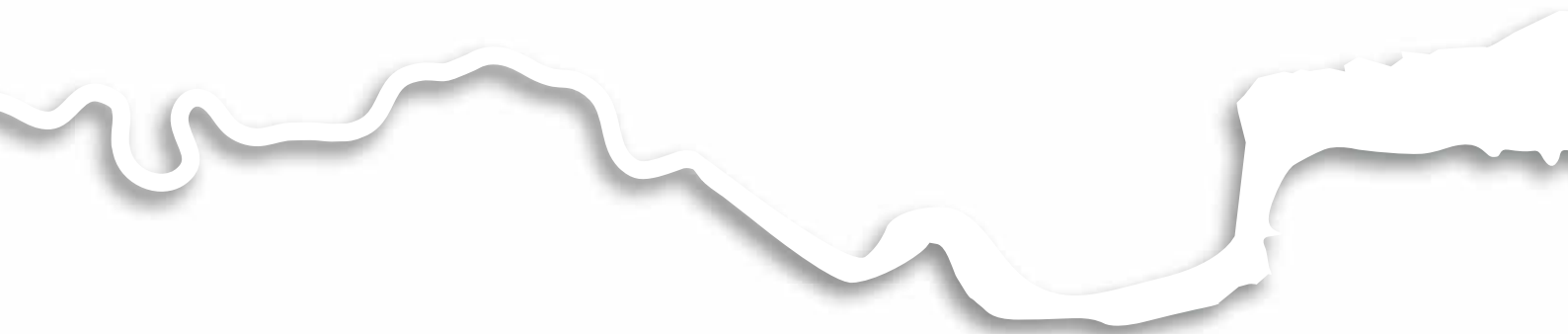


# INVESTING IN THE FUTURE

ANNUAL REPORT & ACCOUNTS 2018



CUSTODIANS OF THE  
TIDAL THAMES



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## ABOUT THE TIDAL THAMES

The tidal Thames is 95 miles of river from Teddington Lock, through central London, out to the North Sea. The river is home to the UK's second biggest and fastest growing major port, the 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 more than 300,000 overwintering 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 generates more than £4 billion in economic value added annually. In addition, there are over 100,000 jobs related to the river as an amenity and economic activity generating a value added of over £2 billion.

## 2018 AT A GLANCE

### RIVER USE

53.2m

Tonnes of goods handled

9.9m

Passenger journeys

2.65m

Tonnes of inland waterways freight

363

Sporting events

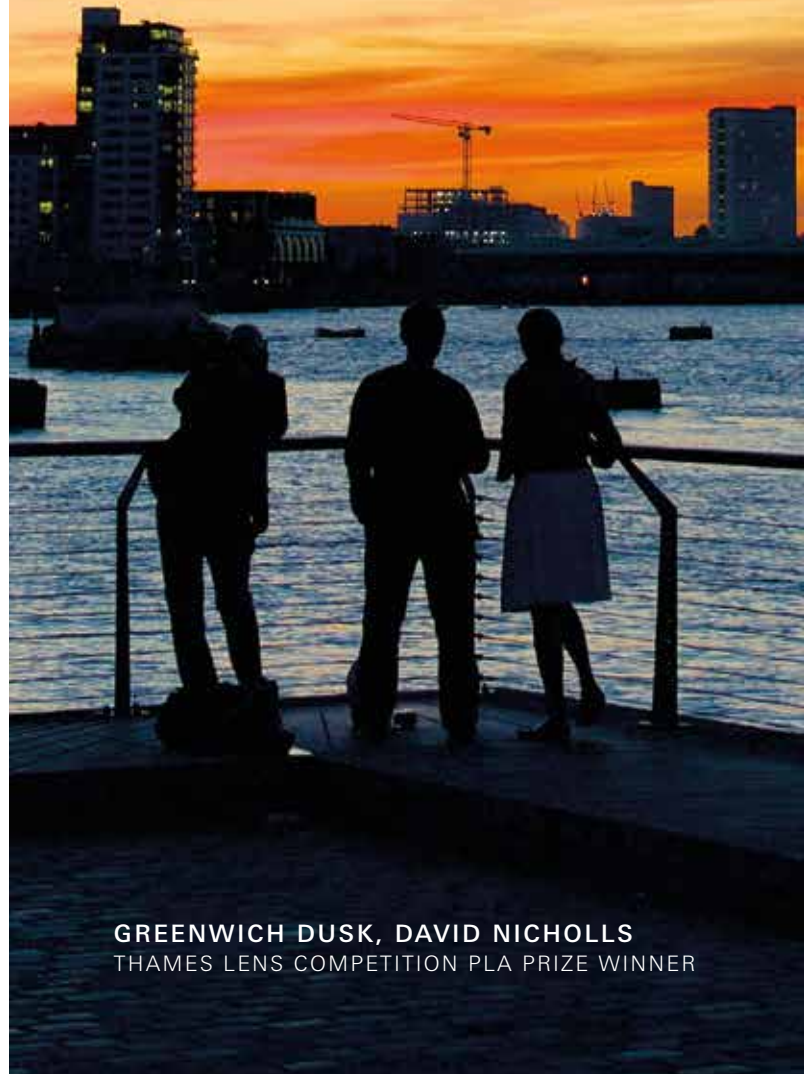
### PLA IN THE COMMUNITY

9

Events attended by riverside code safety trailer

272

People attending public meetings



*We are featuring some of the winning and shortlisted shots from this year's Thames Festival Trust's Thames Lens photography competition in our Annual Report & Accounts. We have supported the competition for over a decade.*

**GREENWICH DUSK, DAVID NICHOLLS**  
THAMES LENS COMPETITION PLA PRIZE WINNER



ENVIRONMENTAL STEWARDSHIP

144

Tonnes of driftwood recovered

2,042

CO<sub>2</sub> emissions (equivalent tonnes)

48,886

Kilowatt hours generated

28

Thames21 clean-ups supported

NAVIGATION & SAFETY

9

Serious navigational incidents

13,372

Pilotage Acts

FINANCE

£36.7m

Stakeholder benefit

£4.3m

Cash invested

£5.8m

Operating surplus

HEALTH & SAFETY

97

Near miss reports

4

Lost Time Accidents



## ABOUT THE PLA

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 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 delivered 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 for the Thames Vision 2035 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.



Find out more  
[www.pla.co.uk/ThamesVision](http://www.pla.co.uk/ThamesVision)

2018 HIGHLIGHTS

**Port trade**



Port trade reached 53.2 million tonnes, a level last seen over a decade ago. Leading growth were unitised cargo operations, particularly at London Gateway, which attracted a number of new services.

**Air Quality Strategy**



Ground-breaking environmental initiatives included the publication of the first Air Quality Strategy for a UK port and the order for the world's first hybrid pilot cutter.

**Sporting and recreation**



Sporting and recreational events on the river reached a peak of 363 as new events, including the Putney to Shadwell Tunnel Cup organised by Tideway, continued to develop alongside iconic events like the Great River Race.

**Safety campaign**



Our latest safety campaign raised awareness of the importance of vessel maintenance after incident analysis showed breakdowns were a leading cause of marine incidents.

**Tilbury2 development**



Investment in the port continued with the second OIKOS jetty opening and Forth Ports receiving consent for its Tilbury2 port expansion project.

**Peruvian Wharf**



Peruvian Wharf in East London is now set to reopen. After site and river enabling works, Brett Group took occupation of the site and began developing their building materials terminal.

**Museum of London Docklands**



Public access to the PLA archive at the Museum of London Docklands was secured through a ten-year extension to our agreement with the Museum.



# STRATEGIC REPORT







THAMES SEAL & THAMES CLIPPER, BILL GREEN  
THAMES LENS COMPETITION OVERALL PRIZE

## CHAIRMAN'S STATEMENT



Chairman

### **Christopher Rodrigues CBE**

At the PLA we have the privilege to be Custodians of the tidal Thames. Throughout the year I was struck by the value of our role, experiencing at first hand people's boundless enthusiasm for the Thames. The annual Great River Race, the throngs of people massed on the river's bank for the New Year's Eve fireworks and a stakeholder session to develop the river's cultural agenda were three highlights of my year.

Our commitment as Custodians ensures our growing city is also a liveable city. So, while we have a critical role in ensuring that trade flows and people stay safe on the water, it is also our job to facilitate the moments of sporting triumph, inspiration, joy and reflection offered by the river. This broad commitment is captured in the Thames Vision 2035.

Our goal is for the PLA to be an efficient organisation, offering competitive port charges and generating sufficient operating surpluses to allow us to invest in improving services and supporting delivery of the Thames Vision. This is essential if we are to attract more river users and ensure a vibrant, attractive Thames. The PLA Investment Plan reflects this commitment to invest in the future, alongside our ongoing capital spend to sustain and develop PLA infrastructure. It aligns with our role as a Trust Port, holding the Thames in trust, operating for the benefit of customers and stakeholders now, and in the future.

The virtuous circle of generating returns to reinvest is at the heart of our five-year plan. This year's annual report, which can be viewed as the first update of five, is framed around our strategy to Protect, Improve and Promote.

In the context of Protect, the river enjoyed a positive year, serious marine safety incidents were down and we made groundbreaking strides with our environmental work. By the end of the year we had the first Air Quality Strategy for a UK port and announced our investment in the first ever hybrid pilot cutter.

The highlight of the year's improvement programme was a major advance in our pilotage service performance. We ended the year with running rate service levels of up to 98%, the first time performance has been at this level since 2015.

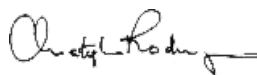
The improvement reflects further investment in the pilotage system and the pilotage roster and came about because of the positive approach the pilots themselves brought to the service improvement discussions. With port trade growing by 7% through the year, it is essential that we continue to invest over the long term to 'future proof' our pilotage operation to allow for further increases in trade.

Our commitment to Promote captures the essence of our convening role in delivering the Thames Vision. We are making positive headway, as set out in the first Thames Vision Progress Report. Port trade is moving ahead and underlying inland waterways freight is already close to our 2035 target. We are working with the Greater London Authority (GLA) transport team and Transport for London (TfL) on the challenges of passenger transport, and the GLA culture team to develop a shared cultural vision for the river which draws more people to the banks of the Thames.

Our river is at the heart of a city and a wider south east region where population and economic growth have proved robust. The Thames has been in the DNA of London for over 2000 years and the outlook is positive, notwithstanding the uncertainties of Brexit.

I am thankful to have a talented Board who support me, and the executive team, in overseeing the PLA's work on the Thames. During the year my vice chair, Tony Quinlan stepped down. Tony had served on the Board for six years and was also audit committee chairman. He leaves with our thanks for his insight and his calm, considered counsel.

I have been lucky enough to spend time with many of the PLA team during major river events in recent months. They are the essence of professionalism and commitment, sharing great pride in both the PLA and the Thames. My thanks to all of them, on behalf of the Board.



**Christopher Rodrigues CBE**

1 April 2019



**CAPTIVATING RIVER**  
NEW YEAR'S EVE FIREWORKS  
AND GREAT RIVER RACE





# CHIEF EXECUTIVE'S STATEMENT



Chief Executive

## Robin Mortimer

At the PLA we are embarked on a long term journey, working with other partner organisations to deliver the Thames Vision. Our efforts are centred on the Vision goals to grow the port and commercial use of the river, increase passenger transport, improve the river environment, support greater recreational activity and cultural engagement with our iconic river.

Delivering the Vision goals falls under three broad strategic headings - Protect, Improve and Promote. This sees us using every tool we have to support delivery, including: our regulatory powers; direct investment, through the launch of our Investment Plan; and convening partners as Custodians of the tidal Thames. These very different roles demand a diverse and engaged PLA team, driving forward change, and is why investing in our people is central to achieving great results.

2018 saw use of the river intensify in the port with trade rising to 53.2 million tonnes (2017: 49.9 million tonnes), inland waterways freight dipped to 2.65 million tonnes, while the number of passenger trips was stable at 10 million.

Investment in river operations remains high, sustaining confidence in the Vision goal of the busiest ever Port of London. DPWorld London Gateway is attracting more services and lays claim to being one of the fastest growing ports in the world. Forth Ports has secured approval for its Tilbury2 project, with P&O announced as the main customer. Other operations seeing investment included Cobelfret at Purfleet, Brett at Peruvian Wharf and a number of fuel terminals including OIKOS and Inter Terminals.

Financially, the performance of the port, alongside increasing income from property and our commercial work enabled us to deliver a healthy financial performance, with an operating surplus of £5.8 million (2017: £7.3 million), on turnover of £60.9 million (2017: £58.3 million). The lower financial surplus was related to increased investment costs, particularly in our pilotage service and one off property income in 2017. These levels of return nonetheless enable us to sustain long term investment in support of greater river use.

## PROTECT

Our Protect agenda spans safety and environmental stewardship. Positive progress was made with marine safety, where the principal target, reducing the number of serious marine incidents by 10% was achieved. The number of incidents fell from 13 in 2017 to nine in 2018.

Our first Health & Safety Week reached out to all employees, particularly those working afloat. Our Health & Safety focus continues into 2019, with the launch of a refreshed Near Miss reporting process. These initiatives are aimed at achieving our target of zero Lost Time Accidents (LTAs); the number of LTAs during 2018 fell to four, from six in 2017.

We are the leading port in the UK in environmental stewardship, supporting the Vision drive to create the cleanest Thames since the Industrial Revolution. In the summer we launched the first evidence based Air Quality Strategy for a UK port at the same time as placing the order for the world's first hybrid pilot cutter.

Alongside these major steps, progress was made across our environmental commitments, with the new Thames Litter Strategy and an exciting habitat improvement programme agreed with the RSPB for sites in Essex. Perhaps most notable though was the unexpected arrival of a Beluga whale on the Thames, which drew hundreds of people to the Gravesend riverbanks.

## IMPROVE

Our essential services are key to a range of customers making the most of the river and we are committed to developing as a customer-centred business. Customer focus is one of the three cultural goals for the organisation that we launched during the year. Insights from our first customer survey are helping us progress in this area.

The year saw a marked improvement in our pilotage service, where performance had suffered as demand for services accelerated in late 2015. At Easter we introduced two major changes – a new working agreement with the pilots which secured more available hours and an automated pilot allocation tool – alongside our ongoing programme of trainee pilot recruitment.

By the end of the year, these changes, and the continued investment required to deliver them, saw us achieve a pilotage service level of 98%, compared to 90% for 2017. There is still work to do and our commitment is to continue to invest in the pilotage service for the long term, continuing pilot recruitment, to ensure we can consistently deliver to the highest level.

Our Investment Plan was launched at our Annual Stakeholder Forum in May. Through the three categories of projects we aim to support river/port use, generate commercial returns and deliver public benefits. Its implementation will also diversify our income streams, as we invest to support growing river use. Work on the first project under the Plan, a new vessel discharge system for CEMEX at Northfleet, is underway.



**NEW JETTY AT OIKOS TERMINAL**  
CANVEY ISLAND

Ongoing investment in the reactivation of Peruvian Wharf – a milestone for the safeguarding of wharves on the Thames – will support the Vision target to move more goods and materials routinely between wharves on the river and take lorries off London’s roads.

### PROMOTE

The Promote strategic heading sees us convening Thames’ stakeholders in support of greater river use. We launched the first Thames Vision Progress Report, at October’s Thames & London Waterways Forum, chaired by the new deputy mayor for transport, Heidi Alexander. The Report highlights the strong progress being made with Vision targets for port trade, inland waterways freight and environment.

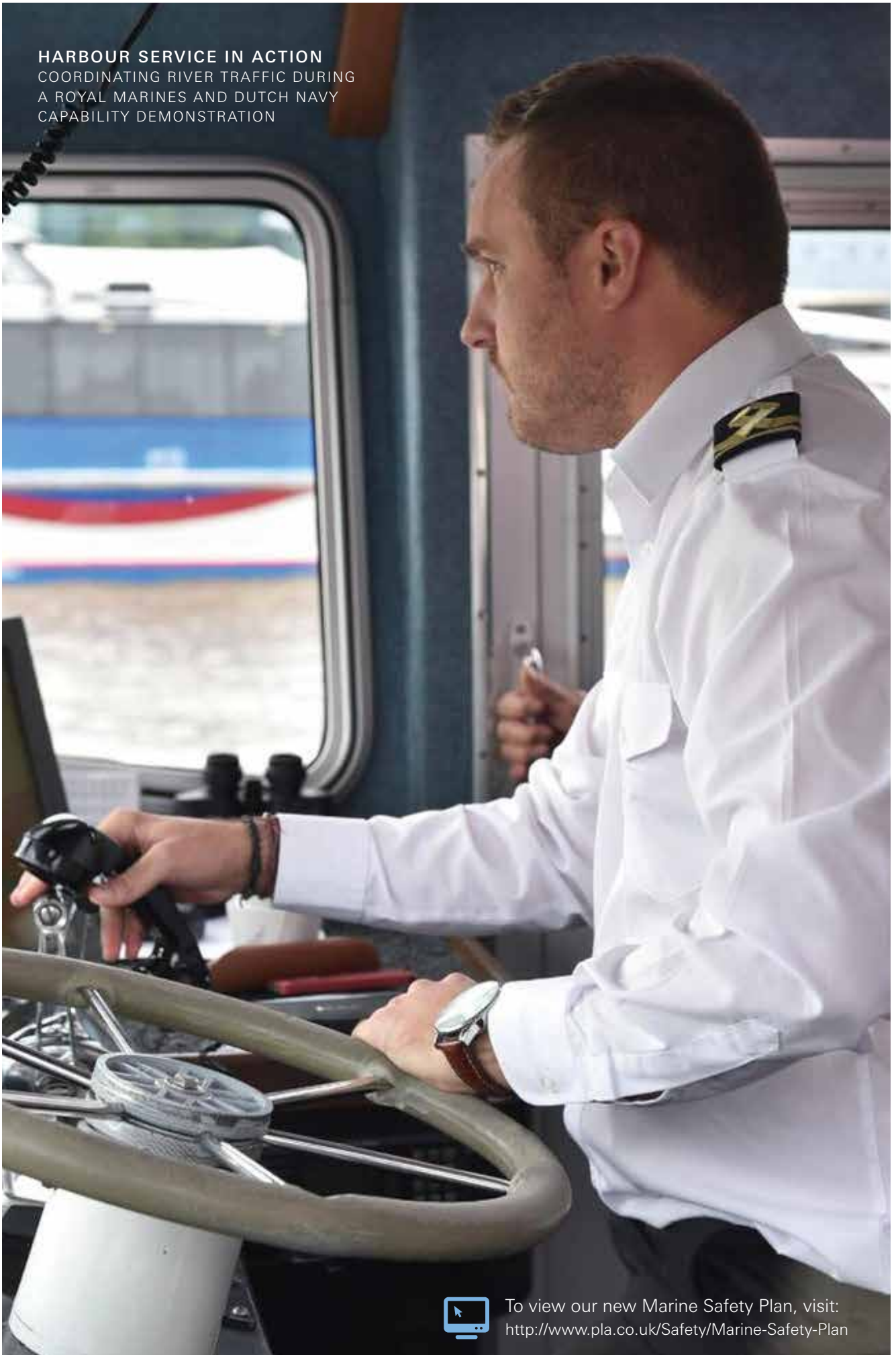
Funding for new piers is identified as a priority in achieving the long-term passenger trip target, particularly ‘pinch points’ where capacity needs to be added. This is something we are discussing with TfL and the GLA. We are also actively engaged with the GLA on an emerging cultural vision for the Thames. The goal of enabling greater participation in sport and recreation on and alongside the water will be a particular focus in 2019.

I hope that this brief review gives a flavour of what has been a busy year of progress for the river and the PLA. Continued investment in our staff ensures that we have in our team the range of talents needed effectively to address our stakeholders’ varying needs. I am very proud of the PLA team and particularly pleased to end the year with a further three apprentices in our ranks.

Looking forward, the PLA team will continue to support river users safely making the most of the river and maintain the focus on driving towards the Thames Vision goals. We will do this while maintaining the flexibility and resilience that navigating Brexit may demand.

**Robin Mortimer**  
1 April 2019

**HARBOUR SERVICE IN ACTION**  
COORDINATING RIVER TRAFFIC DURING  
A ROYAL MARINES AND DUTCH NAVY  
CAPABILITY DEMONSTRATION



To view our new Marine Safety Plan, visit:  
<http://www.pla.co.uk/Safety/Marine-Safety-Plan>



## CHIEF HARBOUR MASTER'S STATEMENT



Chief Harbour Master  
**Bob Baker**

2018 was Year One of our latest Marine Safety Plan (2018-2020). I am pleased to report that the principal target – reducing the number of serious marine incidents by 10% every year – was achieved: there were nine serious incidents in the year, compared to 13 in 2017.

Although serious incidents were down, overall we saw an increase in reports of incidents, near misses and deficiencies which were across all the types of vessel/craft and all the categories of incidents. We are hopeful that the increased number of reports reflects an improving awareness and safety culture, which will be positive for the future.

We aim to make the most of the learnings from incidents by completing incident investigations in a timely manner. In 2018 the number of investigations completed within the target KPI steadily increased, reaching 79% for the last two months of the year.

Our 2018 safety campaign was founded on the drive to learn from incidents. Analysis showed that breakdowns were a statistically significant cause of problems, so the campaign focused on the importance of maintenance to reducing incidents caused by breakdowns.

Our incident trend analysis, together with growing traffic volumes, has increased our risk rating for the upper river through central London. We are developing strategies and working closely with the Maritime & Coastguard Agency, Department for Transport, river operators, Tideway, Watermen's Hall and the Thames Skills Academy 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.

The number of pilotage acts grew again in 2018 to 13,372 (2017: 13,112) as operations on the river continued to expand, particularly London Gateway as they secured new services. Today we are handling over 1,000 pilotage acts more per year than three years ago.

During 2018 we made substantial progress in service delivery, with major changes to our pilot operations at Easter 2018. The improvement in service availability flowed from continued investment across: pilot recruitment, the agreement of new working hours and introduction of a pilot allocation tool. The result was that, by the end of the year, we achieved a service level of 98%, compared to 90% in 2017.

We have recruited around 12 pilots a year for the last three years, to the extent that, after retirements, our sea pilot complement is now 16 higher than at the end of 2015. Recruitment will continue at this level this year in order to sustain the improvement in performance. Last year we saw the first of our newest recruits progress to Class 1 pilot, able to handle the largest ships on the river, with a further pilot expected similarly to progress this Spring.

In this brief summary I have focused on the high level details for the year: more information on our safety work can be found in the River Navigation section of this Annual Report on page 29.

**Bob Baker**  
1 April 2019

#### Serious navigation incidents (No.)

2016	10
2017	13
<b>2018</b>	<b>9</b>

#### Sea Pilot Acts Service Level

2016	94.1%
2017	94.0%
<b>2018</b>	<b>95.4%</b>

#### Pilotage acts (No.)

2016	13,123
2017	13,112
<b>2018</b>	<b>13,372</b>



**NEW RADAR TOWER AT  
NORTHFLEET TAKING SHAPE**  
ONE OF OUR MAJOR INVESTMENTS  
DURING THE YEAR.

## CHIEF FINANCIAL OFFICER'S STATEMENT



Chief Financial Officer  
**Julie Tankard**

2018 was a healthy year for the PLA financially, with trade up 7% by tonnage. We generated an operating surplus of £5.8 million (2017: £7.3 million) on a turnover of £60.9 million (2017: £58.3 million).

The reduction in surplus year-on-year relates to a one off embankment licence income in 2017 and increased costs in 2018, largely investment in our pilotage service and the implementation of new Information Technology systems to improve efficiency and provide greater levels of business information.

In 2018 we were focused on improving the customer's experience and specifically the pilotage service. As a result of ongoing substantial investment in the service, the profit on pilotage operations was down in the year to 2% (6% in 2017). With investment set to continue over the long term and to ensure a sustainable service, we implemented a one-off, above inflation, increase in pilotage charges for 2019 as the full year effect of the changes made in 2018 will flow through the accounts.

Overall capital investment was less than planned, mainly due to the timing of milestone payments, and totalled £4.3 million, split across two main types: the PLA Investment Plan and sustaining/operational capital investment.

The Investment Plan is a major initiative through which, in line with Trust Ports' guidance, we look to support both commercial and public benefit projects that are in line with the strategy. The first major commercial project, agreed with CEMEX at Northfleet, is expected to secure and potentially grow port tonnage in the long term, while producing a return on investment for the PLA. We will start to see the benefit of this in 2019 as work is currently underway.

Around £300,000 was invested in site preparation at Peruvian Wharf, the safeguarded wharf in East London, which is now let to Brett Group, with a second tenant due to move in during 2019. Income from both tenants will start generating returns during the year.

Our investments to sustain our core services were in a replacement radar tower at Northfleet, the new hybrid pilot cutter and an ex-Estuary Services Limited pilot cutter, acquired to add resilience to our Gravesend pilot transfer operations.

Rental income continued to grow to £9.9 million in 2018 (£9.6 million in 2017), a key part of our strategy to diversify income streams. We also provide commercial diving, salvage and hydrographic support services. Income from these activities grew to £4.7 million in 2018, compared to £4.3 million in 2017. Last year we invested in a new hydrographic survey vessel as we continue to go from strength to strength with this service, winning several major new contracts during the year.

Operating costs increased as a result of the payroll being 6% higher than the previous year. This was mainly the result of pilotage costs and some additional headcount to support the growth in the business. Pilot boarding and landing costs increased significantly, but this was offset by increased income. We strengthened our balance sheet to a net cash position of £44.3 million.

Our pension obligations remain a significant commitment; the overall liability to the multiple schemes that we operate or participate in is £76.4 million, which is a £4.5 million increase on last year. We continue to pay into the deficit repair plan for the main PLA Pension Fund amounting to £4 million a year and the deficit repayment is ahead of plan.

Looking to the future, we are continuing to seek commercial investments to make best use of our cash as we support growing river use, making progressive improvements to our financial operations and supporting greater efficiency across the organisation. Over the next 12 months we will focus on a renewed approach to procurement and realising the benefits of the developments in our Information Technology systems and Infrastructure as we look to modernise the PLA systems.

**Julie Tankard**  
1 April 2019

**Operating surplus (£m)**

2016	£12.5m
2017	£7.3m
<b>2018</b>	<b>£5.8m</b>

**Cash invested (£m)**

2016	£4.3m
2017	£5.4m
<b>2018</b>	<b>£4.3m</b>



# OPPORTUNITIES AND CHALLENGES

As an organisation we manage and respond to a range of opportunities and challenges. The full array of factors we address through our risk management process is detailed in the Governance section of this report. This opportunities and challenges section is an assessment of immediate concerns.

## OPPORTUNITIES

The Thames Vision's six goals for increasing river use, ranging from port trade to culture, embody the biggest opportunities for the PLA. The Vision provides the framework for us to support delivery of stakeholders' goals for the Thames.

The scale of port trade growth remains a substantial opportunity for the PLA. The investment by DPWorld at London Gateway over the last decade is paying dividends with the facility attracting increasing numbers of new services. Further potential growth at London Gateway, allied to that which will flow from Forth Ports' Tilbury2 scheme and other investments at terminals along the Thames, is set to underpin port trade growth for the foreseeable future.

We are supporting port trade growth with Thames Vision initiatives such as the PLA-convened Port of London Infrastructure Group. This Group draws together operators, Government and infrastructure providers to provide a platform for dialogue around the infrastructure needed to support the growing port.

Our Investment Plan, launched in May 2018, is a response to unrealised potential on the Thames and a means to assist in achieving the Thames Vision. Through the Plan we are able to support commercial projects which will secure existing, or generate new, tonnage at Thames terminals. The Plan is structured with inbuilt flexibility to address: commercial opportunities; deals with longer term payback which generate wider stakeholder benefit; and projects which improve the river's amenity.

The Thames Tideway Tunnel provides both opportunities and challenges for the PLA. The prime legacies of the scheme are new investment in vessels, tugs and barges, the embedding of higher standards of marine operations on the river, alongside the improved marine environment.

The challenges are around managing operations with 12 construction sites in and alongside the river. As tunnelling operations start in earnest this will mark a shift from the regulatory phase of the project to operations, with increasing numbers of barge movements on the river and a corresponding increase in work for our dedicated Tideway harbour master,

harbour launch crews and navigation control. Work on consenting will continue, with the emphasis moving to the permanent works.

More activity on the Thames, whether related to Tideway, the wider increase in river freight and passenger services is creating a demand for more skilled people. This demand is being met through the training opportunities offered by Thames Skills Academy, the Company of Watermen & Lightermen and Thames operators themselves.

## CHALLENGES

Political, economic and operational uncertainty over arrangements for the UK to leave the European Union is the prime challenge. We are planning for the possible implications and supporting Thames operators as they prepare for the opportunities 'no deal' might provide through new ships calls, while continuing to advocate the benefits of frictionless trading arrangements. More broadly, weakening economic sentiment could presage a slowdown in GDP growth, creating financial uncertainty as port trade related income declines.

The last few years have seen air quality, particularly in London, emerge as an increasingly important issue. We have responded by developing the first Air Quality Strategy of any UK port, which was based on 18 months' work preparing a thorough evidence base. Work is now in hand to deliver the Strategy's Action Plan, working towards challenging targets for reductions in emissions of oxides of nitrogen and particulate matter, alongside continued growth in activity within the Port of London. Steps to support this goal include doubling the discount on port charges for cleaner ships calling on the Thames, a programme of monitoring and the order for the world's first hybrid pilot cutter.

Linked to air quality concerns will be the switch from fossil fuelled transportation to hybrid and electric power. In the long term this is expected to impact on the volumes of fuel passing through the port. Such a change could provide financial challenge, but may also present opportunity if riverside land is released for alternative trades.

Pilotage remains an operational challenge as we aim to meet the 'on demand' service requirements of our customers. Demand can increase with little or no notice. We are addressing this challenge through a programme of ongoing investment in training new pilots, something which is essential given pilot training to unrestricted capability takes four years.



Demand for river space to accommodate crossings and windfarms is a particular challenge we have to address. Within London we recognise and support the need for more river crossings as essential to continued economic development. Our particular concerns with crossings are that they are compatible with an increasingly busy river, not impeding the established rights of navigation in a maritime city.

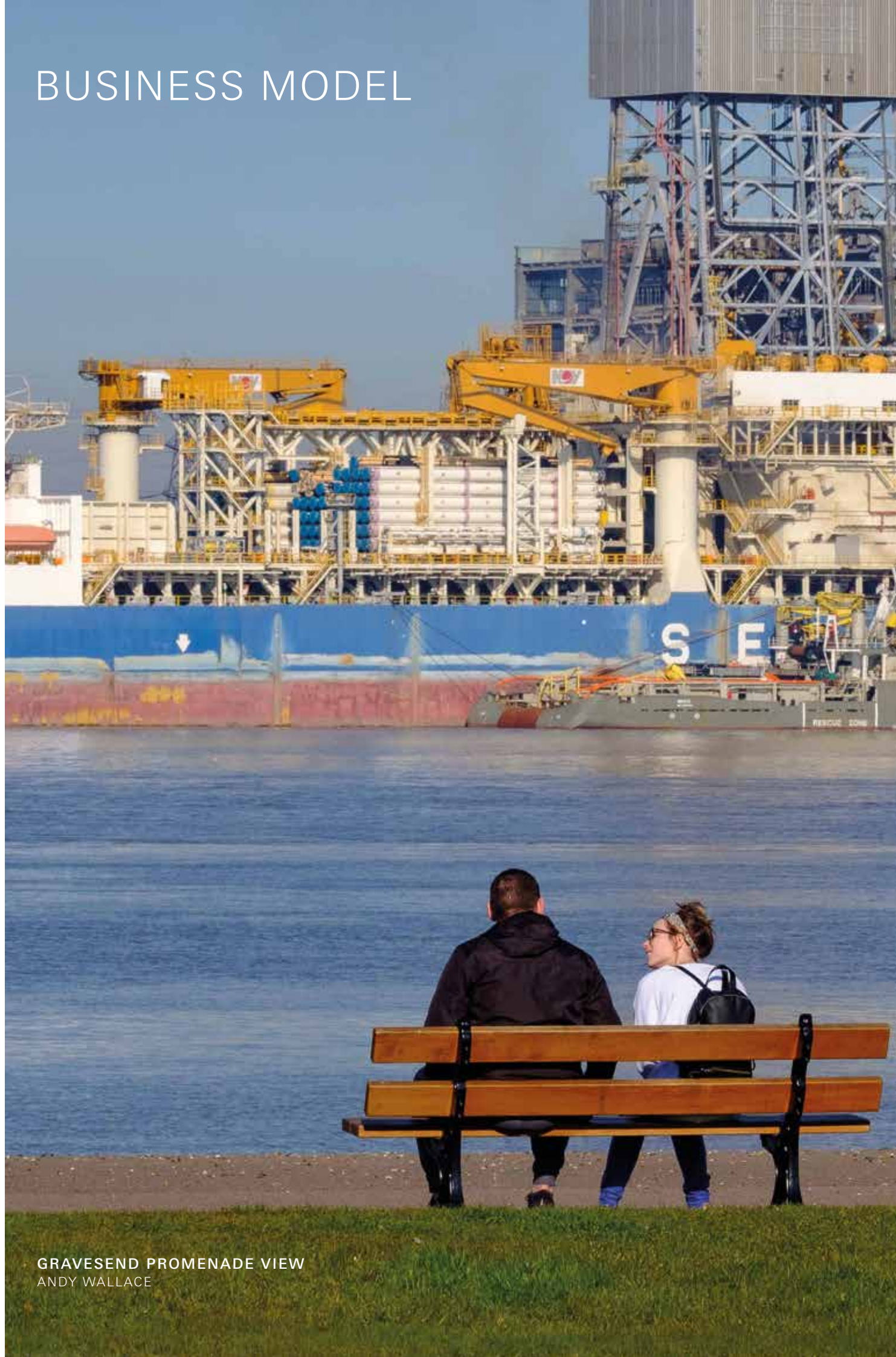
The Thames Estuary already hosts a number of major windfarm developments. Ahead of the introduction of the existing windfarms we were heavily involved, ensuring they did not prejudice safe navigation. We are now engaged in a public inquiry to ensure the same is afforded when windfarm extensions are developed.



**OPPORTUNITIES AND CHALLENGES**  
 START OF TIDWAY TUNNELLING OPERATIONS WILL INCREASE LEVELS OF RIVER TRAFFIC; INVESTMENT IN OUR PILOTAGE SERVICE CONTINUES IN ORDER TO KEEP PACE WITH GROWING PORT TRADE.



# BUSINESS MODEL



GRAVESEND PROMENADE VIEW  
ANDY WALLACE





# 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 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

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.

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.

### PLA STRATEGY VIRTUOUS CIRCLE







**10,315**  
Hectares –  
size of estate  
(marine)



**950**  
Hectares –  
size of estate  
(land)



**41**  
PLA  
vessels



**95**  
Miles of tidal  
river managed



**386**  
No. of  
employees



## 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:

**30%**

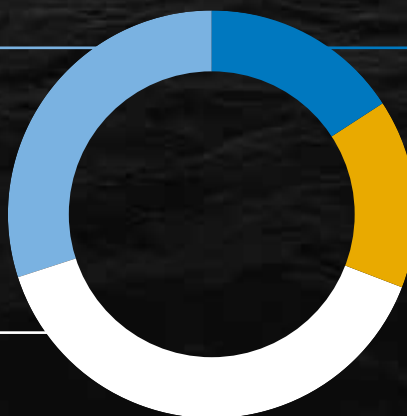
### CONSERVANCY CHARGES

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

**39%**

### PILOTAGE DUES

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



**16%**

### RENTS

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

**15%**

### 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.



## STAKEHOLDER BENEFITS

As a Trust Port we provide stakeholders with a range of benefits, alongside discharging our specific duties. When asked in independent research, stakeholders identified our main contributions being in: river navigation and safety; environmental stewardship; planning consultation and technical expertise; bringing people together and promoting the river.

Over the last four years we have increased our river advocacy through the development with stakeholders of the Thames Vision. The Vision, launched in mid-2016 provides a framework for the river's development over 20 years to 2035.

Our main contributions to stakeholders are, in more detail:

### 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.

### 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 maintain the tow path, revetment wall and have an active tree management programme along a stretch of the Thames up-river of Putney. Promoting the use of the river as a natural, low-carbon transport route is a key activity too.

### PUPILS FROM ST ANGELA'S URSULINE SCHOOL IN NEWHAM AT A MENTORING SESSION AS PART OF LONDON YOUTH ROWING'S BREAKING BARRIERS PROGRAMME



### 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.

### STAKEHOLDER BENEFIT

Set alongside the economic and amenity benefits that our operations underpin, we also generate a substantial benefit to the community, estimated to be £36.7 million in 2018 (2017: £35.2 million). Our major community contributions are 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.

The development of the PLA Investment Plan has made available further funds to support increasing use of the river. During 2018 over £1 million was invested across the Plan's three project categories with a further £2 million already committed for 2019.

More than £35 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 on the next page.

<b>PLA IN THE COMMUNITY</b>	<b>2018 (£)</b>	<b>2017 (£)</b>
Major Charitable Donations		
Thames21	15,000	15,000
Thames Explorers Trust	39,500	12,000
Thames Festival Trust	57,000	0
Tilbury Seafarers Centre	35,900	31,500
Sea Change Sailing Trust	17,920	0
Other Charitable Donations	43,290	56,964
Riverside Code & Community Outreach	31,391	12,516
Museum of London Docklands	30,376	35,400
Thames 21 (administration costs)	80,000	89,000
Gravesham Borough Council (Town Pier)	3,624	3,521
	<b>354,001</b>	<b>255,901</b>
<b>ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT</b>		
Archive at Museum of London Docklands	76,664	70,500
River bank maintenance	150,660	167,749
Richmond Lock and Weir	559,518	589,900
Boat operator training	0	9,000
	<b>786,842</b>	<b>837,149</b>
<b>GOVERNMENT BENEFIT*</b>		
Taxation – Pay As You Earn	8,968,115	8,245,492
National Insurance (employer's and employees elements)	4,512,506	4,071,288
Corporate Taxation and Business Rates	745,584	1,404,566
	<b>14,226,205</b>	<b>13,721,346</b>
<b>BUSINESS COMMUNITY BENEFIT</b>		
Subscriptions to Business Organisations	88,312	99,077
Thames Estuary Partnership	26,975	22,500
Thames Landscape Strategy	0	4,250
Thames Skills Academy	25,000	25,000
	<b>140,287</b>	<b>150,827</b>
<b>EMPLOYEES' BENEFIT</b>		
Employee remuneration, pensions costs and benefits	21,154,942	20,269,418
	<b>21,154,942</b>	<b>20,269,418</b>
<b>TOTAL STAKEHOLDER BENEFIT</b>	<b>36,662,277</b>	<b>35,234,641</b>

*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)

# PERFORMANCE



**MORTLAKE ROWERS, JOHN CLARE**  
THAMES LENS SHORTLISTED ENTRY







**PORT TRADE**

Trade in the Port of London rose in 2018 to 53.2 million tonnes from 49.9 million tonnes in 2017.

Unitised trades grew by 3.5 million tonnes on the prior year to top 20 million tonnes for the first time. This increase reflected rising throughput at London Gateway, enjoying the first full year of both Berth 3 being in operation and the port’s first scheduled East West service. Unitised cargo throughputs also increased at the Port of Tilbury and Cobelfret.

Oil products and gases rose by 500,000 tonnes or 4% to 14.1 million tonnes as new and upgraded facilities came on stream, including the second jetty at OIKOS on Canvey Island. Forest products throughputs were broadly stable at 0.8 million tonnes.

Trades which saw declining throughputs were aggregates and cement, down by 600,000 tonnes to 11.6 million tonnes; steel and other metals fell to 1.4 million, down by 250,000 tonnes.

It is encouraging for long term growth prospects to see that investment in the port by terminal operators remains strong. Forth Ports’ proposals for the Tilbury2 development have obtained consent through the Development Consent Order process.

Redevelopment of Cobelfret’s jetties at Purfleet was completed during the year, as part of the investment which has seen larger vessels deployed on their routes to the Netherlands and Belgium.

OIKOS completed a £65 million investment in the third phase of a major construction and development programme at its bulk liquid storage terminal on Canvey Island. The project includes the construction of an additional 12 storage tanks, a new jetty and new road loading racks.

Investment by building materials operators continued too. Hanson completed the first phase of an upgrade at its Dagenham aggregates depot and wharf in a £4.3 million scheme installing new plant capable of processing 500 tonnes of marine-dredged sand and gravel an hour. Work is also underway at CEMEX Northfleet where the discharge system is being replaced in a PLA Investment Plan funded initiative.

**Cargo handled, million tonnes**

2016	50.4
2017	49.9
<b>2018</b>	<b>53.2</b>



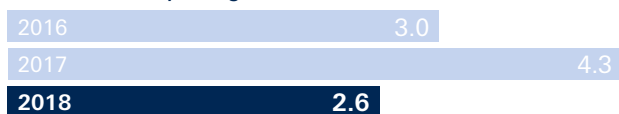


### INLAND WATERWAYS FREIGHT

More than 2.65 million tonnes of freight was moved between terminals on the Thames during 2018, down from 4.28 million tonnes in 2017. The overall tonnage of materials moved fell as the demand for aggregates for construction and spoil from major development schemes using the river slowed. A strong baseload of movements maintained nevertheless and for the second consecutive year, the movement of materials to the waste to energy plant at Belvedere increased. Enabling works for the Thames Tideway Tunnel project continued and, with tunnelling due to start in earnest this year, we expect a particularly busy time for inland freight movements over the next few years.

By the end of 2018, the Brett Group had taken occupation of Peruvian Wharf, the safeguarded wharf that we acquired for reactivation after many years of legal dispute. Longer term, plans are being developed for the reactivation of Orchard Wharf in Tower Hamlets and Hurlingham Wharf in Fulham, which, together with other safeguarded wharves in West London, is currently being used for the Tideway scheme.

#### Inland waterways freight, million tonnes



### SPORT AND RECREATION

A record 363 sporting events were held on the river in 2018, up from 152 in 2017. The increase in events is linked both to more events being held and better reporting of the events to the PLA. They range from the landmark University Boat Race, Head of the River races and the Great River Race to more focused local initiatives by paddling clubs.

Our long term goal in the Thames Vision is to support increasing use of the river for sport and recreation, with a particular focus on East London. During 2018 we advanced this with several meetings of the East London Water Sport Forum, which provides opportunity for clubs to exchange on best practice and shared challenges. This work at a local level is complemented by the links we are building with the GLA and London Sport teams. We are continuing to work with National Governing Bodies, including the Royal Yachting Association and British Canoeing.

#### Major sporting events



### PASSENGER TRAVEL

The number of passenger trips on the river remained broadly flat in 2018 at 9.9 million. The 2018 result was influenced by the suspension of the Woolwich Ferry service as they prepare to switch to new hybrid powered vessels. The river bus and river tour operations both saw underlying growth through the year as the fine summer drew more people to the river.

Prospects for the future are positive, with a further MBNA Thames Clipper just entering service – their largest to date with 228 passenger capacity. In addition, a new pier is expected to open at Royal Wharf in late summer 2019. The pier will be a call on Clippers’ RB1 route which stops at piers between Woolwich and Battersea Power Station.

Transport for London’s Passenger Pier Strategy, due to be published in the first half of 2019 will set out the plans for pier development over the medium term, around a set of eight principles. These include integrating with other forms of transport, environmental sustainability and alignment with TfL’s Vision Zero safety approach.

#### Passenger journeys, million





**NICK FERGUSON, DUTY OFFICER**  
THAMES BARRIER NAVIGATION  
CONTROL CENTRE



## RIVER NAVIGATION AND SAFETY

Our main responsibility is maintaining the Thames river channels and managing navigation along 95 miles of the tidal Thames, downstream of Teddington Lock. We use our Marine Safety Management System to review the hazards and risks to safe navigation and put measures in place to address them. These include navigation lights and buoys, hydrographic services, pilotage and Vessel Traffic Services (VTS) control centres at Woolwich and Gravesend, which oversee safe navigation over 400 square miles.

2018 was the first year of our latest three-year Marine Safety Plan, which features six targets aimed at reducing incidents year on-year. Three of the targets were fully achieved and one partially achieved. The principal target, reducing serious marine incidents by 10% every year, was achieved with just nine recorded in the year (2017:12 incidents).

Our safety campaign for the year called on people taking their boats on the Thames to step up vigilance and avoid the 'side effects' of neglect. Promoted via social media, it focused on four key areas with no-nonsense, simple messages, encouraging boat owners to 'bin it', 'check it', 'cool it', and 'clean it'. The campaign was developed in response to an increasing number of incidents being linked to breakdowns.

Emergency preparedness was a focus for the year, with an increased number of emergency exercises and the creation of a dedicated Marine Operations Centre where the PLA's strategic command group for an incident can be based.

Related to this, during 2018 the PLA led the establishment of the Thames Resilience Panel, in response to a recommendation of the 2016 Lord Harris Report, an independent review of London's preparedness to respond to a major terrorist incident. We led on behalf of the London Resilience Forum, but with coverage extending to include mutual interests from Kent and Essex.

The Resilience Panel covers the Thames from Kingston to the outer Thames Estuary, bringing together all London boroughs, county councils and unitary authorities along the Thames as well as representatives from the blue light services such as the police, fire service, ambulance including the Coastguard and the RNLI. The purpose of the panel is to provide a platform for optimising the working relationships and resources between London, Kent and Essex-based organisations that have a mutual interest in the River Thames, enhancing cross-border working and awareness.

During the latter stages of 2018, a charge was brought by the Maritime & Coastguard Agency against us, after the *Chiefton* sank off Greenwich Pier in 2011, with crew member Darren Lacey tragically losing his life as a result. Hearings on the matter will progress during 2019.

In May we hosted the first joint stakeholder workshop as part of the development of a river suicide prevention strategy. Partners involved included the RNLI, Met Police, Maritime & Coastguard Agency and London Fire Brigade, alongside the Samaritans and City of London Police. Suicide remains the single most frequent cause of drowning in the Thames and the partners are working to publish the Strategy by summer 2019.

Recreational use of the river continues to intensify. We published the latest edition of our Recreational Users' Guide during the year. The guide is the definitive reference for recreational river users along the river's 95 miles and is mailed free of charge to members of our Tidal Thames Navigators' Club.

Our latest rowing safety initiative was developed by a crew who patrol the river between Putney and Teddington. Highlighting the SKILLS message, it is a handy leaflet and poster campaign which provides key safety advice and reminders about must-haves for coaches.

The 2018 Rowing Safety Award, judged against compliance with the Rowing Code, was won by Mortlake Anglian and Alpha Boat Club (MAABC). They received a cash prize of £1,000, while runners up, Twickenham Rowing Club, and most improved, Imperial College Boat Club, received £500 each.



**PLANNING & LICENSING TEAM MEMBERS**  
ALI BULL AND MEL PARR





## PLANNING CONSULTATION & TECHNICAL EXPERTISE

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 remained a major focus for our planning and environment team. The number of applications processed for the scheme rose to 248 in the year (2017: 169), almost double the number of applications processed for all other river operators. All applications were determined within the statutory timescale, with more than 5,600 days cumulatively saved in total. This performance is testament to the dedicated PLA licensing team within Planning and Environment, created to meet the needs of the Tideway project.

The planning team's support of the Thames Vision continued across borough planning policy and development of the Thames Path. As a result of this work, over 90% of riverside boroughs now have policies or references to use of the river for freight transport, securing stronger river-related policies in Local Plans. Liaison continues with Natural England over linking the Thames Path and the National Coastal Path, to provide a continuous path along the Thames from source to sea. We expect to see this vision realised by the early 2020s.

During the year we completed extensive work as part of the London Plan Review, ahead of the examination in public due in early 2019. We also continued to work closely with City Hall on the implementation of river related policies in the Mayor's transport and environment strategies. This included supporting the GLA with the Safeguarded Wharves Review on which limited further consultation is expected early in 2019, prior to submission to Secretary of State.

Looking to the future, Peruvian Wharf, the safeguarded wharf we acquired at the end of 2016, will become operational in 2019. We are working also on the acquisition and reactivation of other wharves and on long term plans for the reactivation of the safeguarded Hurlingham and Orchard wharves. In terms of passenger transport, the next new pier development is expected at Royal Wharf, just upstream of the Thames Barrier.

The planning team was involved during the year in numerous large scale planning applications falling within the Government's definition of National Infrastructure Projects. After a period of intensive consultation and a public inquiry, the Tilbury2 Development Consent Order (DCO) was granted in February 2019. Tilbury2 is Forth Ports' project to develop a new area of port operations on the former site of the Tilbury power station.

A cross-PLA group is working with river operators responding to Vattenfall's proposals for extending its Thanet Offshore Wind Farm in Kent. The proposal, to add up to 34 turbines on the edges of the existing wind farm, causes significant safety, economic and operational concerns which we are raising. Hearings on the proposals are underway and expected to run through until June 2019.

Further major projects involving PLA input include Cory Riverside Energy's DCO application to the Planning Inspectorate for the Belvedere Riverside Energy Park project, with hearings expected to commence in 2019. We are also closely involved with the proposals for the Lower Thames Crossing, where the application is expected to be submitted to the Planning Inspectorate in the latter half of 2019.

Streamlined regulation of development in the Thames remains a target for the PLA and something which stakeholders on the river support. We hope that opportunity will present itself during 2019 to progress the agreement on this matter reached with the Department for Environment, Food & Rural Affairs (Defra), the Department for Transport and the Marine Management Organisation (MMO) in 2016.

### Permanent river works licences (No.)

2016	31
2017	46
<b>2018</b>	<b>125</b>

### Temporary river works licences (No.)

2016	81
2017	150
<b>2018</b>	<b>230</b>



**CONVENING AND DEBATING**  
THE PLA ANNUAL STAKEHOLDER FORUM

## BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

The river is a hub of activity, whether for trade, travel and sports, and as a catalyst for investment. Through the Thames Vision we have created a development framework which crosses administrative boundaries and enables us to advocate so that the river's potential is recognised and embraced. The Vision builds on our role as Custodians of the tidal Thames, uniquely placed to convene the broadest array of Thames stakeholders.

2018 saw us working as advocate and convener, developing new partnerships, bolstering established ones and showcasing the river in its broadest sense. Our presence at the London First Infrastructure Summit was symbolic of the essential role we play: putting the Thames into discussion of smart cities and transport innovation.

Our broadest work last year was with the GLA on a research programme to develop a cultural vision for the Thames. Through consultants, Publica, a series of stakeholder workshops were convened, where participants demonstrated great enthusiasm to see more made of the river's cultural potential. The final report of this work is due to be published in the first quarter of 2019 – a timely contribution, with the first phase of the Illuminated River project set to add to the Thames' cultural offer.

Last year was the first for two new agreements under which we are providing funding to bolster education provision about the Thames. Thames Festival Trust delivered its Rivers of the World programme in East London schools and Thames Explorer Trust started bringing access to Thames linked education across a wider geographic area.

The Port of London Infrastructure Group continues to meet, bridging the gap between the port trade growth forecasts in the Thames Vision and the infrastructure needed to sustain the increased tonnages. Meeting twice a year, with up to 40 delegates a time, the group brings together major terminal operators with politicians, Government officials and the major infrastructure providers. Linked to this we maintained contact with the Thames Estuary Growth Commission 2050, attending and representing port interests at their report launch in the summer.

The Thames & London Waterways Forum is central to the achievement of a range of Thames Vision targets. The Forum's three working groups (passenger transport; freight development; and people and places) advanced extensive workstreams during the year. As the PLA we have representatives on each group, and lead on 'people and places'. The Forum's annual stakeholder meeting in October hosted by London's deputy Mayor for transport, Heidi Alexander, provided stakeholders an opportunity to hear about river developments and explore scope for future development.

To support the goal of increasing participation in sport and recreation on and by the Thames we have two groups – one focused on East London, the other with a broader remit. The East London Watersports Forum is providing a great platform for exchange and sharing of best practice as we explore how we facilitate increased provision of watersports facilities and participation in East London. The wider development group draws together Sport England, London Sport and the National Governing Bodies for rowing and sailing and the Thames Regional Rowing Council. We are deepening our links with London Sport in particular as we realise the opportunities to deliver the collective commitment to doubling sports participation over the next 20 years.

Our annual environment and heritage conference, held at the start of the year is now well established on the Thames calendar. It is a good example of our role to bring people together, exchange and learn around a shared passion for the river.

During the year we hosted a number of Marina and Mooring Operators Meetings to address stakeholder concerns about the difficulties in sourcing moorings when visiting the Capital. Our recreational river users website now features the location of visitor moorings and contact details; we also encourage developers of new piers to provide visitor and charter berths alongside space for commuter services.

### People attending public meetings (No.)





WATCHING FOR THE WHALE  
THAMES RIVERBANK AT  
GRAVESEND, AUTUMN 2018



## ENVIRONMENTAL STEWARDSHIP

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. We are also the lead in tackling air quality on the Thames.

The publication of the first Air Quality Strategy for the tidal Thames was a major highlight of the year. The Strategy sets out challenging targets for reducing emissions of oxides of nitrogen and particulate matter, alongside the continued growth in river use set out in the Thames Vision. The first Air Quality Strategy for any UK port, it features a 19 point action plan. Actions already in hand include air quality monitoring at Greenwich to assess the impact of cruise ships mooring midstream in the Thames.

Allied to the Air Quality Strategy is the 'green' discount for environmentally cleaner ships calling on the Thames. Last year, 209 vessels achieving the required Environmental Ships Index standard to qualify for the discount called on the Thames, up from 150 in 2017. The cleaner vessels visited the port a total of 418 times, up from 338 in the previous 12 months. For 2019 we have doubled the discount on main port charges to 10%.

Environmental Ship Index scores are the basis for vessels qualifying for the discount and we were delighted to host 20 specialists from ports and incentive providers around the world, when the steering group for the Index met in London in December 2018.

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. Under a new agreement with RSPB, we are supporting their work to improve designated sites in South Essex, in line with goals in the Thames Vision.

A further UK port industry first is our work on Natural Capital Accounting. We are working with a consultancy to complete a natural capital account for our jurisdiction and landholdings. This work is at the cutting edge of this developing approach. We have completed initial assessments for our total landholdings and more detailed local assessments for West Thurrock Lagoon and Marshes SSSI. Already the work has informed our work on data gathering, which will continue on farmland we own at Cliffe and Allhallows.

Our environment team retains its focus on plastics in the marine environment. During the year we welcomed explorer and Cleaner Thames campaign figurehead, Paul Rose, back to the Thames to see what progress had been made since the campaign launched. He found an improving story, but much still to do, which we captured in a new Cleaner Thames film.

On World Oceans Day we launched the Thames Litter Strategy, with partners including: foreshore clean up charity, Thames21, Thames Estuary Partnership, Zoological Society of London, King's College London, the British Plastics Federation, Royal Yachting Association, Greater London Authority and many more. Developed by the Thames Litter Forum which the PLA chairs, the Strategy comprises four key components: establishing a 'baseline' picture of the current situation with Thames litter; combating litter pathways into the river; removal of existing litter; and changing behaviours through education and outreach.

Supporting our broader moves in the river community we also announced plans to stop using single-use plastics in the PLA. Our partnership with charity Hubbub also continued as they took their For Fishes Sake (#FFS) behavioural change campaign from central London to the Thames' banks at Putney. This provided positive reach into the local and rowing community.

Partnership working is a key theme for the PLA broadly and the environment team in particular. The marine mammal guidance publication, developed with ZSL, the RNLI and British Divers Marine Life Rescue was launched early in the year. The latest Estuary Edges toolkit, updated through the year with Thames Estuary Partnership and the Environment Agency, will launch shortly.

Our carbon footprint for the year was 2,042 CO<sub>2</sub> equivalent tonnes, marginally down on the 2017 figure of 2,081 CO<sub>2</sub> equivalent tonnes. Progress in carbon reduction has been slower than expected, principally due to an increase in port operations which has increased fuel consumption. We have undertaken an evidence based review of the approach towards reducing the organisation's footprint, while supporting growing activity on the Thames.

Dominating the Thames' news agenda for much of the latter part of the year was the unexpected arrival of a Beluga whale. We worked with fellow regulators and specialists to monitor the unusual visitor's movements and behaviour, to help ensure it remained safe.

### Carbon emissions (CO<sub>2</sub> equivalent tonnes)

2016	2,101
2017	2,081
<b>2018</b>	<b>2,042</b>



SPREADING THE RIVERSIDE  
CODE MESSAGE





## PLA IN THE COMMUNITY

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 well beyond those of our core operations. Activity on the river generates Gross Value Added (GVA) of more than £6 billion annually and supports in excess of 140,000 jobs across port and other operations, tourism and recreation.

Stakeholder benefits generated directly by our operations are through payments including wages, taxes, supplies bought in and charitable donations. For 2018 we calculate that this totalled £36.7 million (2016: £35.6 million). A full breakdown of our stakeholder benefit figures for 2018 can be found on page 23.

Within that total, our discretionary spending on projects and partnerships that directly support charitable and stakeholder goals amounted to more than £1 million. As we grow the PLA's business, one of the benefits is that we are able to sustain and potentially increase this support and outreach.

Through 2018 we consolidated many of our existing partnerships, broadening the benefits for stakeholders and supporting our drive to deliver the Thames Vision.

The Museum of London Docklands hosts the PLA archive, noted as one of the most important in London. We are now working together to develop the concept for a major exhibition centred on the archive in 2021. As a first step we have committed to support an accelerated archiving programme with the aim of unearthing hidden gems which the exhibition can showcase.

2018 was the first year of our enhanced partnership agreement with Thames Festival Trust. We are now one of the main supporters of September's month-long Totally Thames event, alongside the Rivers of the World education programme that the Trust delivers in East London schools. We also deepened our involvement with the Thames Lens photographic competition, holding a well-received first exhibition of winning and shortlisted photos.

Our support for education was further expanded through a new partnership with Thames Explorer Trust, under which they are extending our established schools programme into East London and downriver to Gravesend. The second year of our tie up with London Youth Rowing's 'Breaking Barriers' campaign started late in 2018, with a further 12 students from St Angela's Ursuline School in Newham benefiting from a programme of mentoring and support with a PLA team.

Our links with Tilbury Seafarers Centre similarly deepened as we joined other maritime partners in supporting the development of a basketball court for visiting seafarers to enjoy. Christmas again saw a PLA team supporting the centre by wrapping some of the 1,500-plus parcels they prepare for crew members of ships calling at the Port of London over the festive period.

In line with Thames Vision goals we made two financial contributions to encourage greater sport and recreation on the river. These were financing the construction of a new Thames cutter for the AHOY Centre to use in its outreach work with disadvantaged children; and for Benfleet Yacht Club to add a dedicated pontoon for the club's burgeoning paddlers section. A £40,000 PLA fund for support of sport and recreation development on the Thames has now been launched.

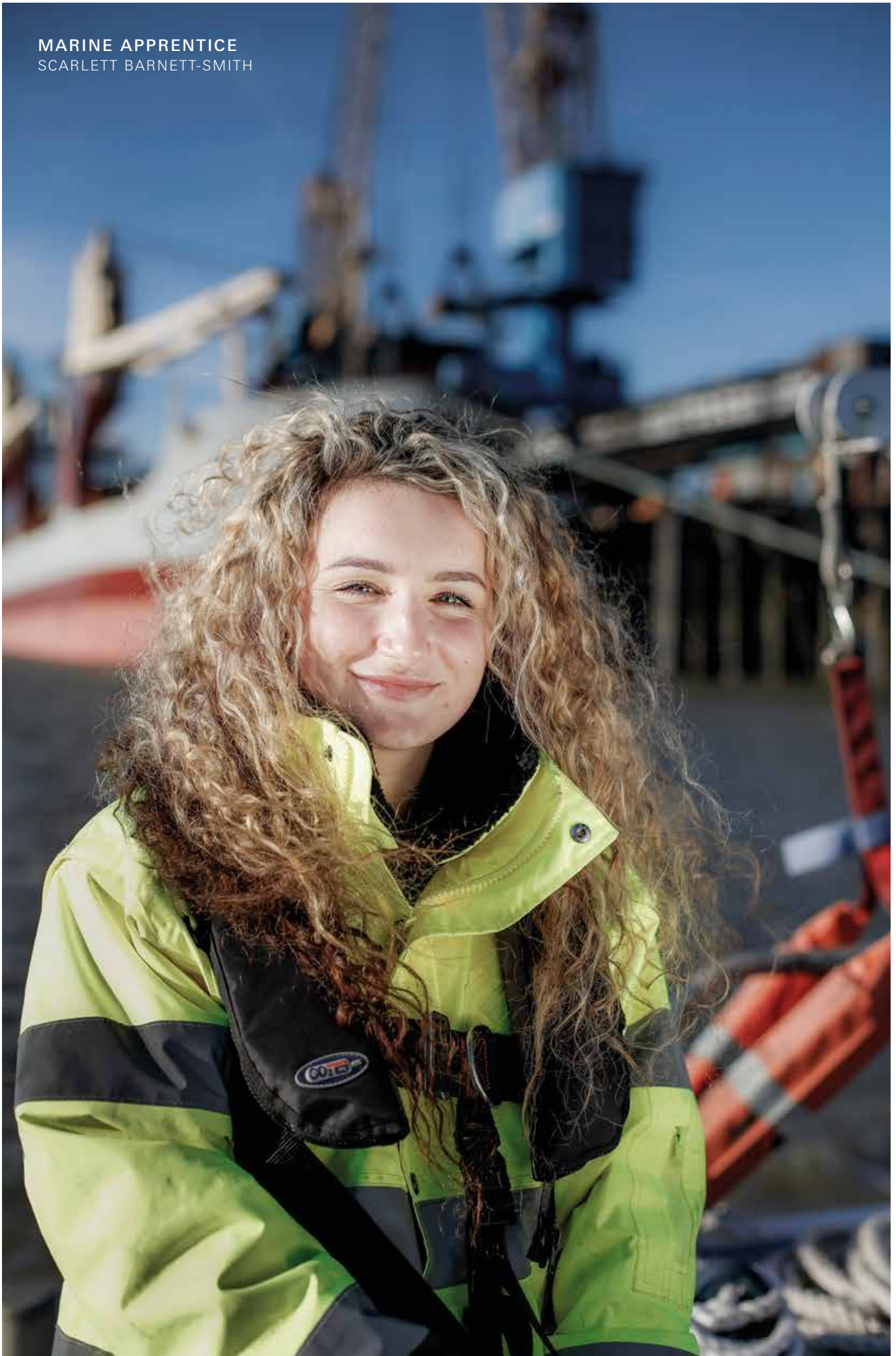
We actively support employees fundraising for charitable causes, and this year bolstered it with some group activities too. In March we held our first Sport Relief row. Over two days we hosted teams of rowers from companies including the Port of Tilbury and MBNA Thames Clippers, competing against the PLA home team. The combined distance covered on the indoor rowing machines was more than 200 miles. Over £1,000 was raised for Sport Relief, which the PLA matched pound for pound, making a £2,000 total for the charity.

We also continue pound for pound match funding of employees' individual efforts, up to a maximum of £250. In 2018 this included matching funds raised by one of our employees who walked the Thames Path from Surbiton to Greenwich, with friends, in support of Special Needs and Parents.

### Stakeholder Benefit (£m)

2016	£32.2m
2017	£35.6m
<b>2018</b>	<b>£36.7m</b>

MARINE APPRENTICE  
SCARLETT BARNETT-SMITH





## PLA PEOPLE

Our 386 employees help millions of people enjoy the UK's busiest tidal river safely every year. We have a team with seafaring and marine expertise, complemented by specialist electrical and marine engineers, planners, civil engineers, hydrographers, environmental and many other experts.

We had a major push on Health & Safety during 2018, running our first Health & Safety Week in March. This provided the platform to launch our refreshed Golden Rules for safety in the PLA: care, challenge and comply. During the year we started a process of sending all our operational staff on the immersive Health & Safety induction training day: EPIC.

In terms of personal Health & Safety performance, there were four Lost Time Accidents (LTAs) in 2018, compared to six in 2017. The total number of days lost following accidents was 99 – a figure we are determined to bring down. The number of near miss reports fell marginally to 97, from last year's record 102. Near miss reporting is recognised as key to a strong safety culture and a video campaign is now being launched, reinforcing the importance of lessons learnt through near miss reporting.

We have a strong focus on employee wellbeing. In 2018 we addressed Mental Health through a dedicated employee session and signing of the Time to Change pledge. We support physical health through the provision of fitness equipment, fresh fruit in our offices and regular health and wellbeing sessions open to all employees.

Our collective culture was launched during the year, highlighting our focus on three areas: being customer focused, personally accountable and open to change. The launch was undertaken with a group briefing to the management team and cascaded to employees with video messages about the meaning of the three values in our organisation. Customer focus was further emphasised as we shared the results of our first customer survey and identified the next steps we would take to improve the quality of our services, through initiatives including customer journey mapping.

Staff engagement at the PLA improved in 2018, with an engagement score in our annual employee survey of 74/100, compared to 68/100 in 2017. The survey shows strong pride in the PLA, with recognition of the good working environment and commitment to Health & Safety. Areas we need to continue working on include change management and communications between teams. Our first change charter was introduced during the year and work is also underway to develop and improve internal communications.

Our reinvigorated apprenticeship programme has been running since 2015. Notable successes during 2018 included a recent apprentice taking over as building tradesman and starting to train his successor as civil engineering apprentice. We also created the new position of training and liaison officer to act as coach and mentor to our apprentices. New additions to the group she oversees included a further marine services apprentice. Our finance team also welcomed an apprentice and we recruited a graduate surveyor to our estates group.

As part of our work to promote apprenticeships and work experience, we produced our first careers film. This gives young people an insight into the paths PLA employees took to their role and the benefits flowing from the work placements we offer every year.

In March 2018 we reported our gender pay gap for the first time, in line with legislative requirements. The gap was 24.1%. The result is driven by the top pay quartile, where only seven out of 91 staff members are women. This quartile mainly comprises marine pilots, of whom currently 97% are men. This is an industry wide issue – in the UK as a whole only 1.5% of marine pilots are women.

Our plan for addressing the gender pay gap, as part of our wider commitment to diversity, includes requiring balanced shortlists for all senior management roles, using funding from the apprenticeship levy to recruit high potential women graduates and having a target of 50% women for our apprenticeship intake. We have made progress in improving the gender balance of our senior management group, with the proportion of women doubling from 14% in 2014 to 29% now.

## Lost time accidents (No.)

2016	5
2017	6
<b>2018</b>	<b>4</b>

## Near miss reports (No.)

2016	58
2017	102
<b>2018</b>	<b>97</b>

# PLA ACTIVITY INDICATORS

AS AT 31 DECEMBER 2018

<b>FINANCIAL HIGHLIGHTS £M</b>	<b>2018</b>	<b>2017</b>	2016
Revenue	60.9	58.4	56.9
Operating surplus	5.8	7.3	12.4
Net increase/decrease in cash or cash equivalents	4.6	-1.7	3.6

<b>RIVER NAVIGATION AND SAFETY</b>	<b>2018</b>	<b>2017</b>	2016
<b>Navigational Safety</b>			
Marine incidents	364	268	201
<b>Pilotage Service</b>			
No. of pilotage acts	13,372	13,112	13,123
No. of pilotage delays	595	952	778
Sea pilot acts service level	95.4	94	94.1
Total no of pilotage exemption certificates	155	160	153
New pilotage exemption certificates issued	15	21	23
<b>Hydrographic Surveys</b>			
Hydrographic surveys completed	250	245	274
<b>Diving Operations</b>			
Diving operations	61	20	44
<b>Sporting events</b>			
No. of sporting events held on river	363	152	99

<b>ENVIRONMENTAL STEWARDSHIP</b>	<b>2018</b>	<b>2017</b>	2016
<b>Water use (litres)</b>			
Rainwater harvesting (Marine House)	211,000	136,000	107,000
<b>PLA carbon footprint (CO<sub>2</sub> equivalent tonnes)</b>			
Carbon emissions	2,042	2,081	2,101
<b>PLA Energy Use (kilowatt hours)</b>			
Electricity consumed	1,475,510	1,440,155	1,506,492
Electricity generated	48,886	49,081	48,946
Gas consumed	589,408	514,202	556,756
<b>PLA waste generation and recycling (tonnes)</b>			
Pre-segregated recyclable	153	83	37
General waste (energy from waste)	114	102	66
Hazardous waste (treatment)	56	30	9
Miscellaneous waste (landfill)	0	0	0
<b>Driftwood recovered (tonnes)</b>			
Tonnage of material recovered from the river	144	175	175
<b>Thames Oil Spill Clearance Association (TOSCA)</b>			
Call-outs	13	13	10
Oil encountered (including sheen)	8	5	9
False alarms (nothing found)	5	8	1
Other call outs (safety of life, etc.,)	7	3	2
Harbour Service Only Call Outs	6	10	8



# PLA ACTIVITY INDICATORS

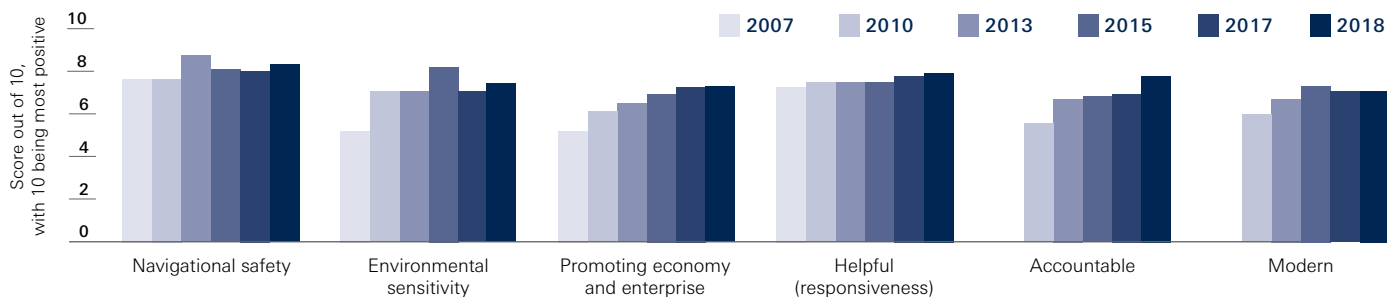
## CONTINUED

	2018	2017	2016
<b>PLANNING AND TECHNICAL EXPERTISE</b>			
<b>River Works Licences</b>			
Permanent River Works	51	38	31
Temporary River Works	65	80	81
Dredging	22	12	16
<b>Thames Tideway Tunnel</b>			
Discharges (water to river)	9	1	-
Permanent River Works	74	22	15
Temporary River Works	185	146	69
Total	248	169	84
<b>Permits</b>			
Foreshore permits (including renewals)	672	648	187
<b>CONVENING STAKEHOLDERS &amp; RIVER ADVOCACY</b>			
<b>Stakeholder Meetings</b>			
No. of public meetings held	3	2	3
No. of people attending public meetings	130	101	91
No. of stakeholder forums	1	1	1
No. of people attending stakeholder forums	142	156	131
<b>PLA IN THE COMMUNITY</b>			
<b>Riverside Code trailer</b>			
No. of events attended by Riverside Code Trailer/Gazebo	9	9	10
No. of children through Riverside Code Trailer	5,500	5,000	5,500
<b>PLA PEOPLE</b>			
<b>Personal Health &amp; Safety Statistics</b>			
Lost Time Accidents	4	6	5*
Near miss reports	97	102	58
<b>Workforce Diversity</b>			
% of workforce that are women	18.4	20.6	18.9
% of workforce who are women in senior positions	27.0	25.6	20.6
% total Black, Minority or Ethnic origin	2.4	3.6	4.7
<b>Customer Feedback</b>			
Positive feedback	66	72	111
Complaints	13	15	19

\* 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 2018

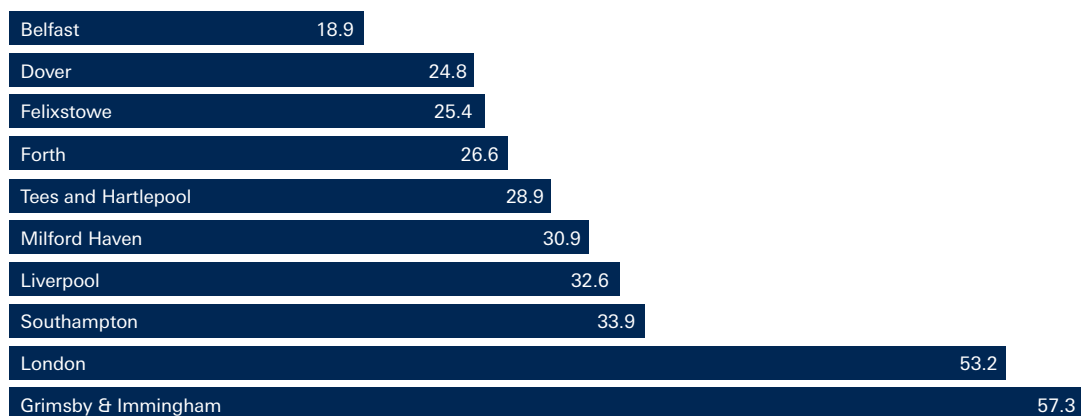
TRADE (million tonnes)	2018	2017
Imports	44.8	42.3
Exports	8.4	7.6
Total	53.2	49.9

UNITISED TRAFFIC '000 twenty-foot equivalent units – (included in above tonnages)	2018	2017
Imports	1,357	1,169
Exports	1,378	1,262
Total	2,735	2,431

NUMBER OF CHARGEABLE VESSEL ARRIVALS TO THE PORT OF LONDON	2018*	2017
Total	10,866	10,730

\* provisional data

## UNITED KINGDOM PORT TRAFFIC 2018\* (MILLION TONNES)



Source: Department for Transport

## PORT OF LONDON TRADE BY TYPE 2018



# PORT TRADE STATISTICS

## CONTINUED

### PORT OF LONDON TOTAL TRAFFIC

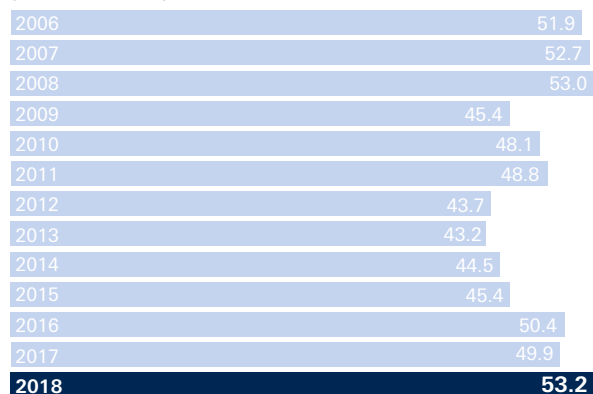
	IMPORTS million tonnes		EXPORTS million tonnes		TOTAL million tonnes	
	2018	2017	2018	2017	2018	2017
Oil, crude & products	14.1	13.6	0.0	0.0	14.1	13.6
Containers & trailers	14.7	12.1	6.3	5.4	21.0	17.5
Aggregates & cement	11.6	11.5	0.0	0.0	11.6	11.5
Other cargo	3.1	3.9	1.2	1.1	4.3	5.0
Forest products	0.8	0.8	0.0	0.0	0.8	0.8
Metals & ores	0.5	0.4	0.9	1.1	1.4	1.5
<b>TOTAL</b>	<b>44.8</b>	<b>42.3</b>	<b>8.4</b>	<b>7.6</b>	<b>53.2</b>	<b>49.9</b>

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

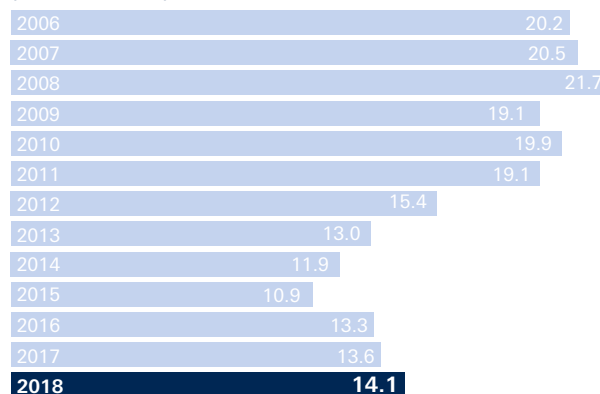
### UNITISED TRAFFIC – (INCLUDED IN ABOVE TONNAGES)

	IMPORTS 000 20-foot equivalent units		EXPORTS 000 20-foot equivalent units		TOTAL 000 20-foot equivalent units	
	2018	2017	2018	2017	2018	2017
Ro/Ro terminals (trailers & containers)	537	528	518	523	1,055	1,051
Container terminals	820	641	860	739	1,680	1,380
<b>Unitised Total (TEUs)</b>	<b>1,357</b>	<b>1,169</b>	<b>1,378</b>	<b>1,262</b>	<b>2,735</b>	<b>2,431</b>

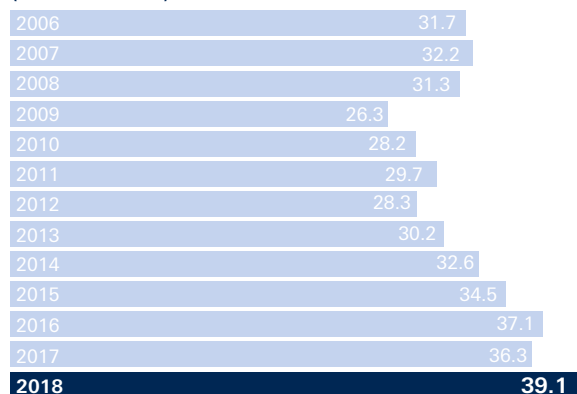
### Port of London Total Traffic (Million tonnes)



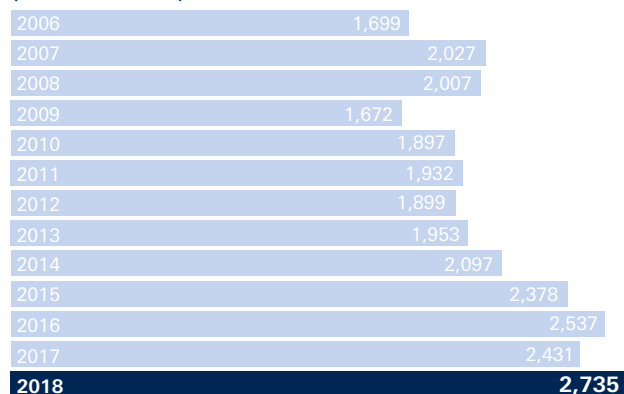
### Port of London Fuel Traffic\* (Million tonnes)



### 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 it 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. The Board reviews the principal risks throughout the year.

## REVIEW OF PRINCIPAL RISKS

### Safety Risk

Numerous mitigating systems are in place on the river, including an effective navigational Safety Management System (SMS), risk assessment/hazard reviews, Vessel Traffic Services (VTS), Pilotage, Hydrography, Passenger Boat Code of Practice, Automatic Identification System (AIS), RNLI and London Coastguard, special signal lights and speed control byelaws. The PLA also hosts safety orientated initiatives such as seminars and works closely with security services post incident.

However, in the context of growing volumes of river traffic, the continued trading of historic passenger boats, with the risk of significant loss of life if one of these vessels was involved in a collision and foundered, is an increasing concern. We therefore strongly endorse the Maritime & Coastguard Agency consultation and support the proposals to amend the technical requirements for older Domestic Passenger Vessels to be more comparable with modern regulations.

Personal Health & Safety is a priority in the business, managed through personal responsibility, Golden Rules – Care, Challenge and Comply – and our safety management system.

### Operational Risk

The most significant operational risk to the PLA would be the closure or partial closure of the port, significantly disrupting or halting operations and trade. There are a number of possible causes including, but not limited, to:

- collision;
- grounding;
- foundering;
- deliberate terrorist / pressure group action; and
- significant cyber security incident.

Mitigations include effective navigational SMS, risk assessment/hazard review, VTS, Pilotage, and Hydrography. Historically the PLA has demonstrated an effective response to clearing passage if engaged to do so with experience highlighting Marine Services and the vessel *London Titan* as key. We also participate in the Thames Security Forum and resilience groups.

### Economic Risk

A fundamental shift in the micro or macro financial environment in which the PLA operates has the greatest potential to impact the Port of London in general and the PLA's finances in particular. This includes anything from changes in trade such as business cessation of a major customer or change in the consumer market, through to national or international economic factors such as a change in global trading patterns or Brexit.

Communication channels are in place with a view to anticipating any such change in sufficient time to react accordingly by making a corresponding shift in our cost base. Debt management protocols are in place and international exposure is minimised as far as is possible. Five-year business plans as well as an annual forecast and budget exercise are undertaken.

### Financial Risk

There is a substantial deficit on an actuarial basis on the PLA Pension Fund which at the balance sheet date stood in the region of £70 million, a materially significant sum 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, including the switch to career average as the basis for benefit calculation and the most recent pay agreement with the unions has meant that for three years we have been able to use CPIH as the reference for increases in pensionable pay. The PLA continues to adhere to the repair plan which is ahead of the target agreed at the last valuation and supports the trustees in pursuit of appropriate investment strategies.



The Pilots National Pension Fund, a multi-employer scheme, also 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.

#### **Risk to Reputation and Influence**

The PLA initiated and drove the Thames Vision project. Although the PLA convened stakeholders to create the Vision, we do not have direct control over the achievement of all the targets. Nevertheless, should the collective actions taken fail to meet expectations, there could be a perceived failure on the part of the PLA to deliver.

A dedicated team, together with resources drawn from across the PLA are focused on delivering the Thames Vision goals and undertaking regular briefings to ensure stakeholder delivery. The team is actively engaged with partners to ensure policy approaches support essential investment in infrastructure and realisation of Vision targets.

#### **LONG TERM VIABILITY STATEMENT**

The Board has assessed the viability of the company over a five-year period to December 2023 taking account of the company's current position and potential impact of the principal risks documented in the corporate risk register. The five-year review period was selected for the following reasons:

- I. A five year financial plan is presented to the Board for approval on an annual basis. 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 does not extend far beyond the triennial valuation process of the PLA Pension Fund and PNPf.

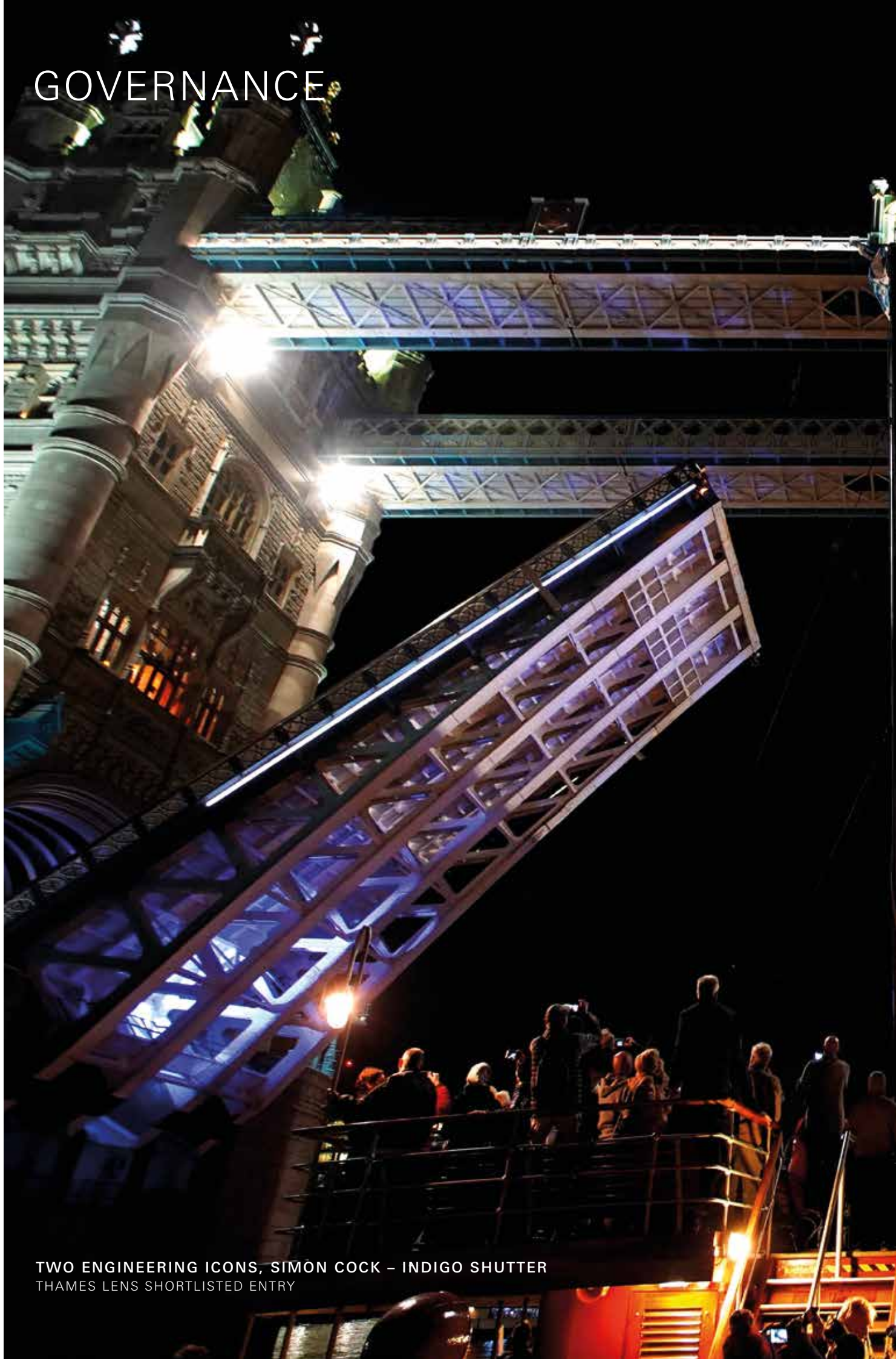
Scenarios considered included the immediate impact of Brexit, a downturn in the business of up to 20%, loss of a significant source of revenue, such as a major terminal on the river, a valuation risk on the pension of a one in 20 year event occurring.

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 2023.

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 realistic 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.

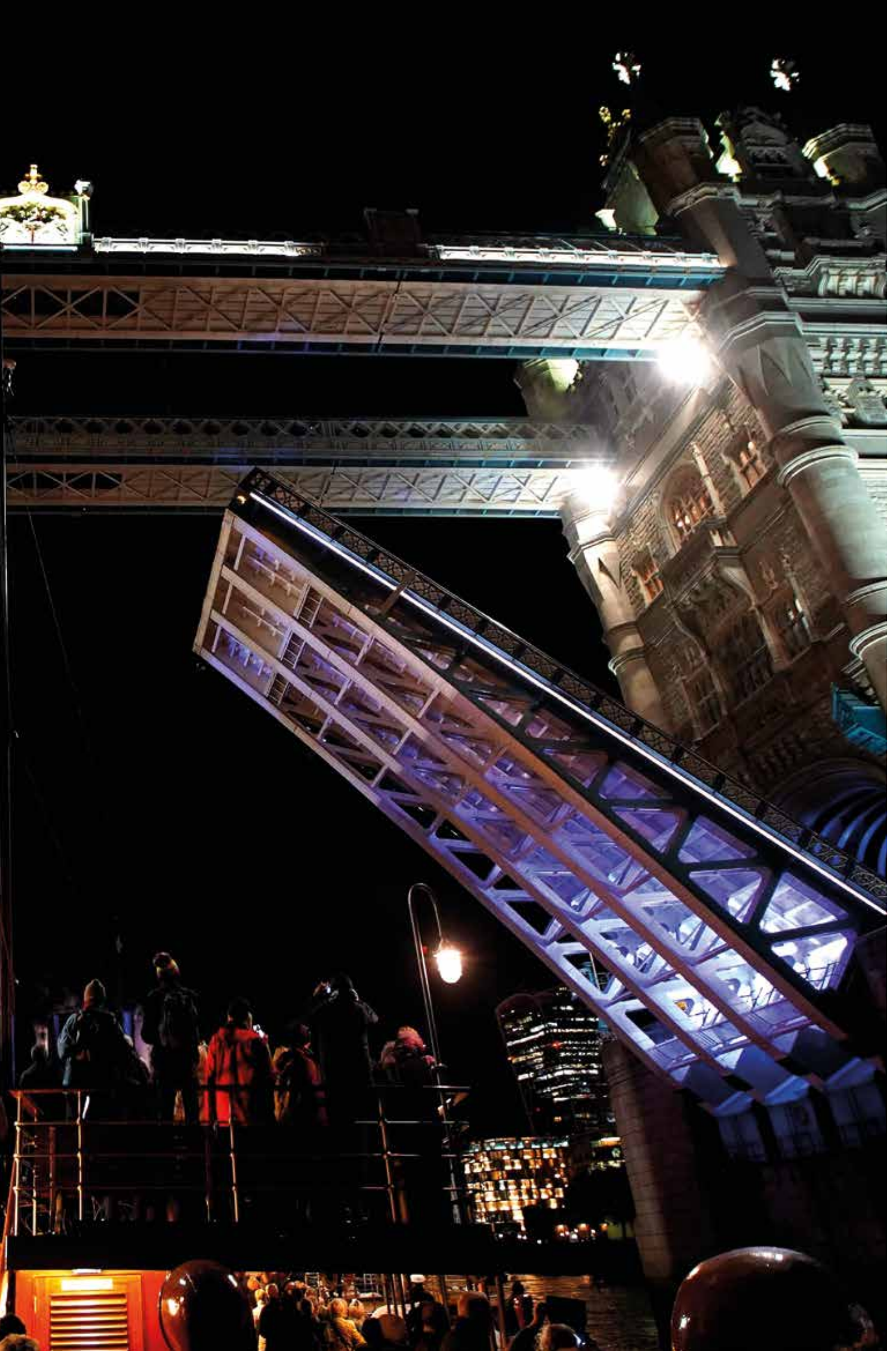


# GOVERNANCE



**TWO ENGINEERING ICONS, SIMON COCK – INDIGO SHUTTER**  
THAMES LENS SHORTLISTED ENTRY





# CORPORATE GOVERNANCE REPORT

## OUR YEAR

During 2018, the Board focused the organisation on the following priority areas: making progress on our long term strategy; continuous improvement in navigational and employee safety; improving pilotage service performance; developing a more commercial, customer focused culture; improving diversity; launching and delivering the PLA Investment Plan; the Air Quality Strategy; and contingency planning for Brexit scenarios.

The Board met seven times, with one of the meetings an 'Away Day' which provided opportunity for looking at items in greater depth.

## 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). Performance is reviewed regularly, with the guidance of our independent designated person, in order to ensure compliance.

The Board's role is to set the strategy for 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 reinvest any surpluses achieved, and are accountable to stakeholders and value their input in shaping the approach and decisions that we take.

We are committed to maintaining the highest standards of corporate governance and follow the Ports Good Governance Guidance and the UK Corporate Governance Code (where appropriate for a statutory organisation). During the year a gap analysis was undertaken of the Ports Good Governance Guidance and the following non-compliance was identified:

- A new section 4A is to be added to the PLA Act at the next available opportunity (Schedule 2, Part 1 Provisions Relating to Members of the Port Authority) in order to further protect the personal liability of Board members.

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.

## RECRUITMENT

Non-executive director, Paula Carter, joined the Board in June bringing with her extensive communications and wider business experience. Online recruitment consultants, Nurole Ltd, were engaged to conduct the search. Nurole Ltd has no other connections with the Authority.

## OUR GOVERNANCE STRUCTURE

In addition to full Board meetings, the six committees of the Board overseeing specific elements of the business met and reported back, as needed during the year. The committees 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 54.

## OUR PEOPLE

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

## OUR STAKEHOLDERS

Open communication with our stakeholder community is at the heart of our operations. Consistent with Ports Good Governance Guidance, we hold an Annual Stakeholders' Forum, where people 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 44.

## BOARD EFFECTIVENESS REVIEW

During December 2018, a full evaluation was undertaken by Flint Global Ltd as part of the Board's three yearly review cycle. The findings and recommendations can be found on page 55. We welcome any feedback you may have on this Annual Report – please email comments to [corporateaffairs@pla.co.uk](mailto:corporateaffairs@pla.co.uk)

**Christopher Rodrigues CBE**  
Chairman

1 April 2019







# BOARD MEMBERS

## AS AT 3 MARCH 2019

### NON-EXECUTIVE MEMBERS



**Christopher Rodrigues CBE**

**Chairman**

**Qualifications:** MA Cambridge, MBA Harvard, D Univ Surrey

**Appointed:** January 2016

**Committee membership:**

**N P** (chair) **R**

Christopher Rodrigues became chairman of the British Council in May 2016, having already become chairman of the Port of London Authority in January 2016, the chairman of Openwork in January 2014 and the chairman of the British Bobsleigh & Skeleton Association in August 2013.

He was chairman of VisitBritain from 2007 to 2017; chairman of International Personal Finance and Windsor Leadership from 2007 – 2015; chairman of The Almeida Theatre from 2008 – 2016, and in July 2016 stepped down as a Council member and trustee of the National Trust. He was on the executive committee of the World Travel and Tourism Council from 2007 – 2016.

Christopher is a graduate of Cambridge University and the Harvard Business School. He rowed for Cambridge in the 1970 and 1971 Boat Races, is a past-Chairman of Leander Club and is a Steward of Henley Royal Regatta.

He was made Visiting Professor at the University of Surrey in 2009 and a Visiting Professor at Cranfield School of Management in 2010. He was awarded an Honorary Degree of Doctor of the University of Surrey (DUniv) in April 2013. In May 2018 he became an Ambassador for the World Travel and Tourism Council.

Christopher was made a Commander of the British Empire in the 2007 New Year Honours list for services to British business interests and charitable works in the UK and USA.



**Alun Griffiths**

**Vice Chairman**

**Qualifications:** BSc(Hons) Applied Economics

**Appointed:** September 2014

**Committee membership:**

**L** (chair) **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 and the Anchor Trust.

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



**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 senior management roles in the shipping industry for more than 20 years, including 11 years as chief executive of 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. She is a trustee of the White Ensign Association and of Leeds Castle Foundation.

Helen joined the PLA as a non-executive director in September 2014 and chairs the Pension Committee.



**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.

## BOARD MEMBERS

### CONTINUED

#### NON-EXECUTIVE MEMBERS



**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** (chair) **P**

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 becoming 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.



**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** (chair) **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 and Norsk Hydro ASA. From 2006 to 2010, she was CEO of Eitzen Maritime Services, an international listed ship supply company.

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



**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:**

**A** (chair) **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), Design: South East and a member of the Governing Body of Canterbury Christchurch University.



**Paula Carter**

Non-Executive Director

**Qualifications:** MA Oxon, JP

**Appointed:** June 2018

**Committee membership:**

**A**

Paula Carter joined the PLA as a non-executive director on 1 June 2018. She worked for 30 years in broadcasting, most recently as director of planning and board secretary at Channel 4 where she was responsible for all corporate planning. Before joining Channel 4 in 2007 she held senior policy and management roles at the BBC and ITV and worked as an advisor to various government departments, regulators and agencies on communications matters, including the joint Parliamentary committee that scrutinised the Communications Bill in 2002.

Before joining the BBC in 1989 she worked in advertising in the UK and New Zealand.

Paula is an elected member of the Wine Society, a non-executive director of the productivity movement "Be the Business", a magistrate on the South East London Bench, Chair of Governors at St Michael's School in Otford and sits on RFU and European Rugby Disciplinary panels.

## BOARD MEMBERS

### CONTINUED

## EXECUTIVE MEMBERS



**Robin Mortimer**

Chief Executive

**Qualifications:** BA(Hons), Modern History, Oxford MA; 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, 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 of 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. Prior to 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 non-executive 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

**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 30 MARCH 2019

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 2019.

Attendance at the seven meetings (including an Away Day) of the PLA Board in 2018 was as follows:

Christopher Rodrigues CBE	7
Anthony Quinlan (Term finished on 30 April 2018)	2
Robin Mortimer	7
Julie Tankard	7
Robert Baker	7
Alun Griffiths	7
Annette Malm Justad	7
Ian Moncrieff CBE DL	7
Helen Deeble CBE	7
Darren James	6
Judith Armit	7
Paula Carter (Joined On 1 June 2018)	4

The following committees of the Board also met during 2018:

Audit	3
Nominations	0
Licensing	5
Pensions Advisory Committee	2
Remuneration	4
Investment	5

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

# COMMITTEES

AS AT 30 MARCH 2019

## A AUDIT COMMITTEE

Met three times

### CURRENT MEMBERSHIP:

Judith Armitt (chair), Helen Deeble, Paula Carter

### COMMENTARY

#### The audit committee's role is to:

- 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

#### The principal items discussed during the year were around:

- insurance claims
- current litigation
- land registration
- external auditors – re-tendering
- VAT
- Ports Good Governance Guidance – gap analysis
- financial reporting
- risk management
- audit results
- audit planning
- Lloyds Register Quality Assurance (LRQA)
- advisory spend
- ERP project
- whistleblowing
- tax

Following a re-tendering process where three accountants were shortlisted, Ernst and Young was re-appointed as external auditor for a further three years.

## L LICENSING COMMITTEE

Met five times

### CURRENT MEMBERSHIP:

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

### COMMENTARY

#### The licensing committee's role is to:

- approve the processes for administration of the licensing of works
- determine any application considered contentious or significant
- determine any proposal that maybe considered contentious or significant to suspend or revoke a licence, take enforcement action or impose a condition
- approve the granting and appropriate terms, excluding financial, of any leases of PLA land
- approve the use of powers under the Town & Country Planning (General Permitted Development) Order

#### The principal items discussed during the year included:

- mediation
- Thames Tideway Tunnel
- various licence applications and proposals
- alleged breaches of licence conditions and subsequent enforcement action

## R REMUNERATION COMMITTEE

Met four times

### CURRENT MEMBERSHIP:

Annette Malm Justad (chair), Alun Griffiths, Christopher Rodrigues

### COMMENTARY

#### The remuneration committee's role is to:

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

#### The principal items discussed during the year were around:

- performance management systems
- pay negotiations for 2018 and 2019
- holiday pay and overtime
- succession planning
- diversity strategy and plan
- leadership development programme

## **P** PENSIONS ADVISORY COMMITTEE

Met twice

### **CURRENT MEMBERSHIP:**

Christopher Rodrigues (chair), Darren James, Annette Malm Justad, Judith Armit, Robin Mortimer

### **COMMENTARY**

**The pensions advisory committee's role is to:**

- 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

**The principal items discussed during the year were:**

- Port of London Authority pension fund
- integrated risk management
- buy in feasibility
- pension increase exchange
- legal update
- outsourcing financial services

## **I** INVESTMENT COMMITTEE

Met five times

### **CURRENT MEMBERSHIP:**

Darren James (chair), Christopher Rodrigues, Judith Armit, Robin Mortimer

### **COMMENTARY**

**The investment committee's role is to:**

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

**The principal items discussed during 2018 were:**

- strategy
- future opportunities
- current investments
- sport and recreation development projects

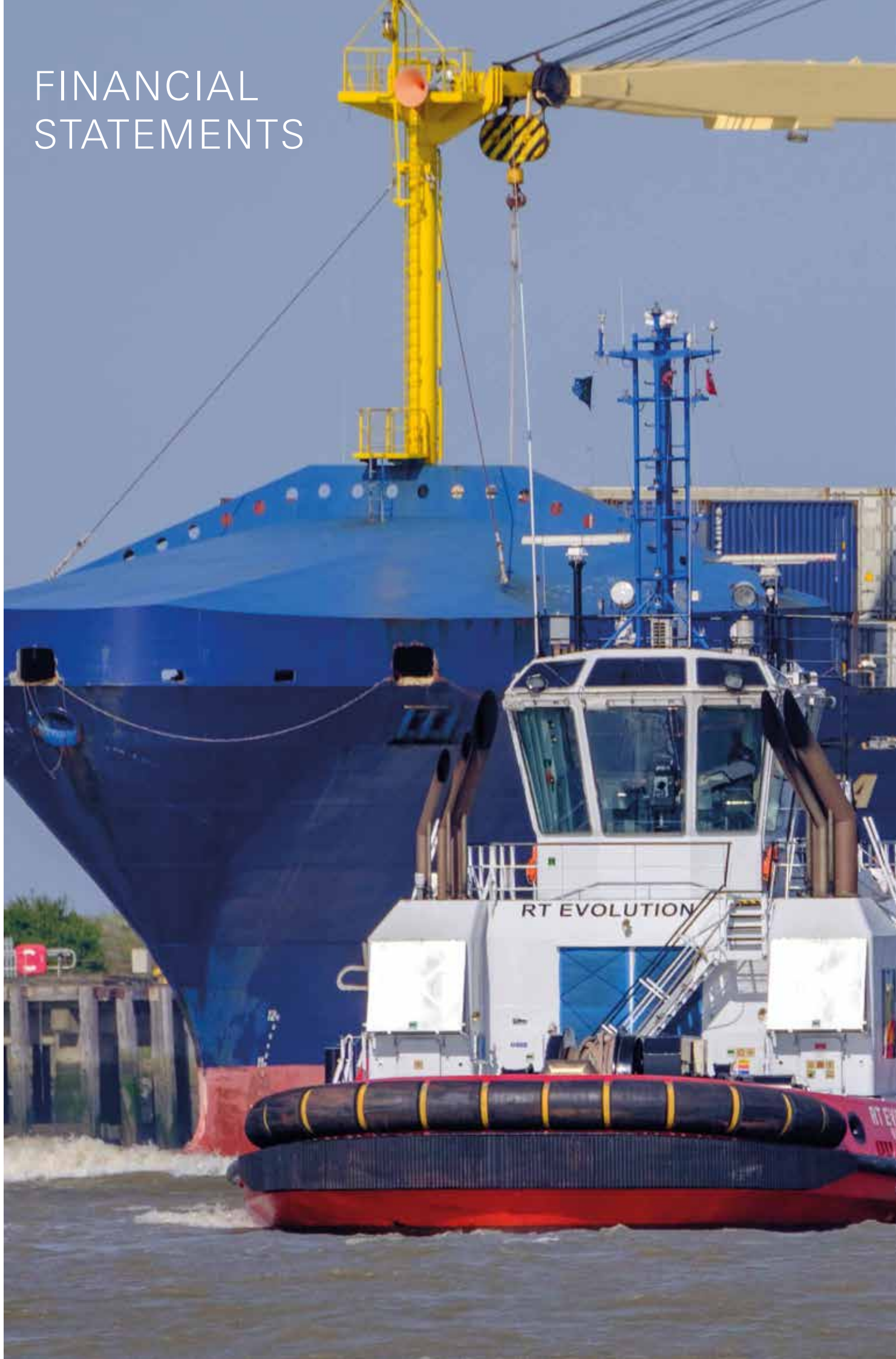
## **BOARD EFFECTIVENESS REVIEW**

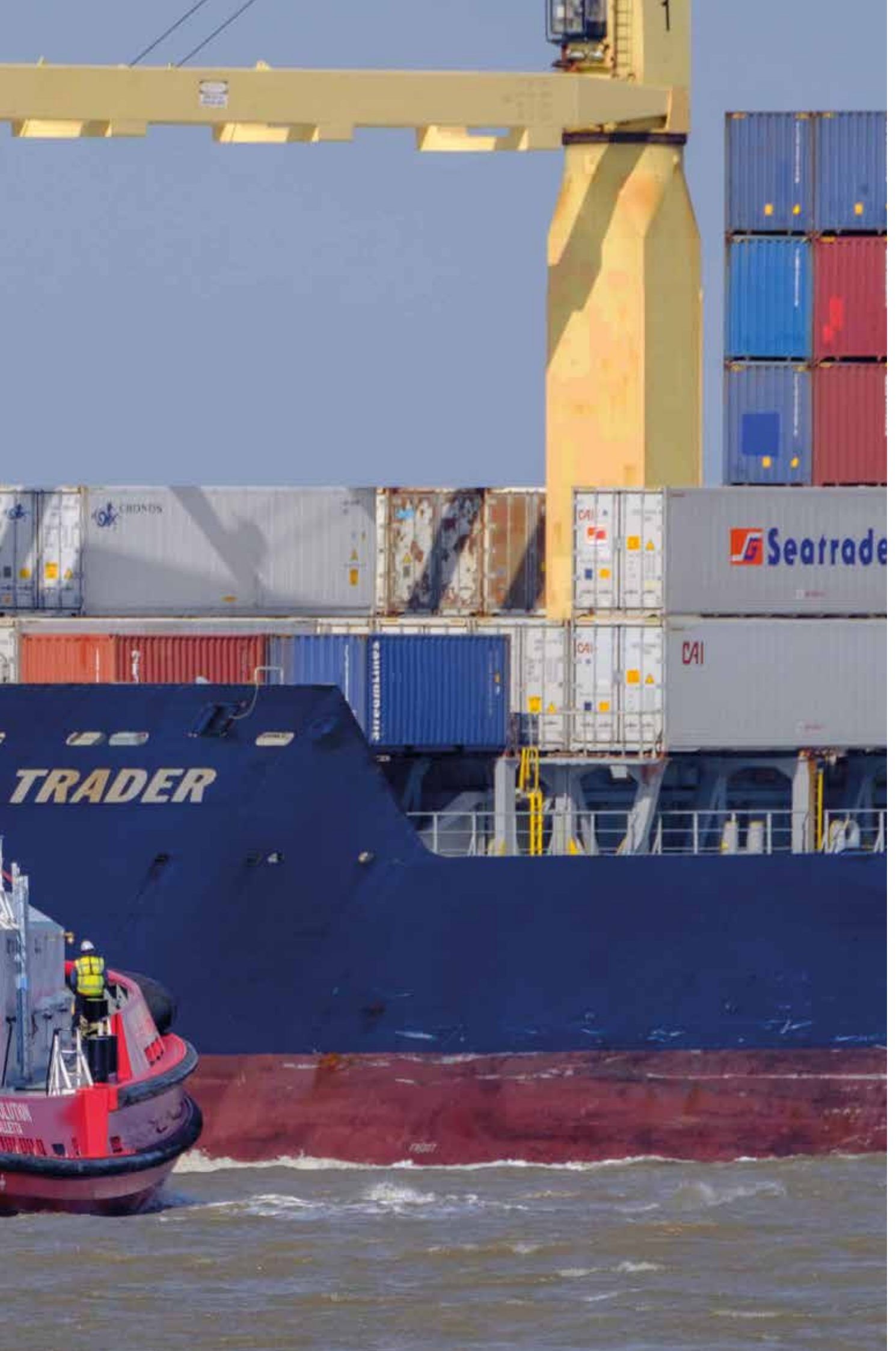
A full external review of our Board was undertaken by Flint Global Ltd in December 2018. Interviews were conducted with all Board members and related executives. December's Board meeting was observed in order to gain further insight into how the PLA conducts its business. The results and subsequent recommendations were discussed at the February 2019 Board meeting.

We consider the review to have been rigorous and transparent. Flint Global Ltd have no other connections with the Authority.



# FINANCIAL STATEMENTS





CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Revenue	3	60,856	58,354
Operating expenditure	3	(55,039)	(51,033)
<b>Operating profit</b>	3, 5	5,817	7,321
Share of profit from joint venture	12	158	285
Finance income	7	328	395
Finance costs	7	(1,733)	(2,561)
<b>Profit before taxation</b>		4,570	5,440
Income tax expense	8	(1,016)	(1,001)
<b>Profit for the financial year</b>		<b>3,554</b>	<b>4,439</b>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

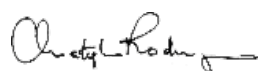
	Note	2018 £000	2017 £000
<b>Profit for the year</b>		3,554	4,439
<b>Other comprehensive income</b>			
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans	20	(5,873)	29,612
Deferred tax	8	(2,106)	(1,492)
Valuation gain on land	11	8,981	0
Share of joint ventures Other Comprehensive Income (net of tax)	12	208	141
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		1,210	28,261
<b>Total comprehensive income for the year, net of tax</b>		<b>4,764</b>	<b>32,700</b>



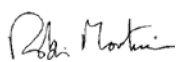
CONSOLIDATED AND COMPANY BALANCE SHEETS  
AS AT 31 DECEMBER 2018

	Note	GROUP		COMPANY	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Non-current assets</b>					
Intangible assets	9	2,089	1,627	2,089	1,627
Property, plant and equipment	10	42,413	47,640	42,413	47,640
Investment property	11	14,790	0	14,790	0
Investment in joint venture	12	849	484	2	2
Deferred tax asset	8c	9,710	10,716	9,705	10,712
Trade and other receivables	14b	0	12,880	0	0
		69,851	73,347	68,999	59,981
<b>Current assets</b>					
Inventories		352	308	352	308
Corporation tax	14a	14	7	0	0
Trade and other receivables	14	21,941	9,025	9,061	9,025
Prepayments and other current assets		1,830	1,704	1,763	1,657
Cash	13	39,329	16,779	38,355	14,007
Short-term cash investments	13	5,000	23,000	5,000	23,000
		68,466	50,823	54,531	47,997
<b>Total assets</b>		<b>138,317</b>	<b>124,170</b>	<b>123,530</b>	<b>107,978</b>
<b>Current liabilities</b>					
Trade and other payables	15	4,996	4,760	4,878	4,734
Corporation tax	15	1,722	306	1,722	306
Deferred revenue	17	2,416	1,373	2,416	1,373
Provisions	18	2,733	1,723	2,733	1,723
		11,867	8,162	11,749	8,136
<b>Non-current liabilities</b>					
Deferred revenue	17	1,831	1,945	1,831	1,945
Provisions	18	9,765	10,072	9,765	10,072
Deferred tax	8c	1,527	0	1,527	0
Net Defined benefit pension liabilities	20	76,370	71,798	76,370	71,798
		89,493	83,815	89,493	83,815
<b>Total liabilities</b>		<b>101,360</b>	<b>91,977</b>	<b>101,242</b>	<b>91,951</b>
<b>Equity</b>					
Profit and loss reserve		36,957	32,193	22,288	16,027
<b>Total liabilities and equity</b>		<b>138,317</b>	<b>124,170</b>	<b>123,530</b>	<b>107,978</b>

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 19 March 2019 and were signed on its behalf on 1 April 2019.



**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 2018

<b>GROUP</b>	Profit and loss reserve £000
At 1 January 2017	(507)
Total comprehensive income/(expense)	32,700
<b>At 31 December 2017</b>	<b>32,193</b>
Total comprehensive income/(expense)	4,764
<b>At 31 December 2018</b>	<b>36,957</b>

<b>COMPANY</b>	Profit and loss reserve £000
At 1 January 2017	(16,617)
Total comprehensive income/(expense)	32,644
<b>At 31 December 2017</b>	<b>16,027</b>
Total comprehensive income/(expense)	6,261
<b>At 31 December 2018</b>	<b>22,288</b>

Profit and loss reserves represent the cumulative total comprehensive income attributable to the Group and Company to the end of the year. The revaluation surplus of £8,981,000 was initially taken to the revaluation reserve then transferred to the profit and loss reserve on the assets reclassification to investment property.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	GROUP		COMPANY	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Operating activities</b>					
Profit before tax		4,570	5,440	4,420	5,113
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment	5	2,884	2,977	2,884	2,977
Amortisation and impairment of intangible assets	5	359	244	359	244
(Gain)/Loss on disposal of intangible assets, property, plant and equipment	5	(228)	1	(228)	1
Finance income	7	(329)	(395)	(318)	(387)
Finance costs	7	1,733	2,561	1,733	2,561
Share of profit from joint venture	12	(158)	(285)	0	0
Movements in provisions	18	(18)	581	(18)	581
Movements in net defined benefit pension liabilities	20	(1,897)	(2,244)	(1,897)	(2,244)
Working capital adjustments:					
(Increase) in prepayments, trade and other receivables		(150)	(607)	(142)	(618)
(Increase) in inventories		(44)	(63)	(44)	(63)
Increase/(Decrease) in deferred revenue, trade and other payables	15/17	2,571	(3,791)	2,489	(3,734)
		9,293	4,419	9,238	4,431
Net interest received		398	339	387	331
Income tax paid		(1,050)	(1,025)	(1,050)	(1,024)
<b>Net cash flows from operating activities</b>		<b>8,641</b>	<b>3,733</b>	<b>8,575</b>	<b>3,738</b>
<b>Investing activities</b>					
Proceeds from sales of intangible assets, property, plant and equipment		228	2	228	2
Purchase of intangible assets, property, plant and equipment		(4,319)	(5,416)	(4,319)	(5,416)
Dividends from subsidiary		0	0	1,864	402
<b>Net cash flows used in investing activities</b>		<b>(4,091)</b>	<b>(5,414)</b>	<b>(2,227)</b>	<b>(5,012)</b>
Net increase/(decrease) in cash and cash short term investments	13	4,550	(1,681)	6,348	(1,274)
Cash and cash short term investments at 1 January		39,779	41,460	37,007	38,281
<b>Cash and cash short term investments at 31 December</b>	<b>13</b>	<b>44,329</b>	<b>39,779</b>	<b>43,355</b>	<b>37,007</b>



## 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 2018 were authorised for issue in accordance with a resolution of the Board of members on 26 March 2019. 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 22.

The consolidated financial statements of the Group include:

Name	% equity interest	
	2018	2017
<b>PORT OF LONDON AUTHORITY (PLA)</b>	100	100

**Country of incorporation:** United Kingdom

**Registered Office:** London River House, Royal Pier Road, Gravesend, Kent, DA122BG

#### Principal activities

- Providing Pilotage services;
- Operating a Vessel Traffic Service;
- River works licenses, Rentals;
- Moorings;
- Hydrographic surveying;
- Dredging; and
- Providing aids to navigation.

<b>PORT OF LONDON PROPERTIES LIMITED (POLP)</b>	100	100
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**Country of incorporation:** United Kingdom

**Registered Office:** London River House, Royal Pier Road, Gravesend, Kent, DA122BG

#### Principal activities

- Management of property interests.

The Group holds a 50% interest in Estuary Services Limited (ESL) (2017 50%) and accounts for this interest in accordance with the equity method as further described below and in Note 12.

### 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 are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

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 £5,259,000 (2017 £4,523,000).

### GOING CONCERN BASIS OF PREPARATION

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 commitments 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.

### 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 2018.

### NEW STANDARDS APPLIED

IFRS15 Revenue from contracts with customers was effective from 1 January 2018 with restated 2017 statements required if necessary. The group examined in detail the revenue streams and significant contracts. For all services PLA satisfies its performance obligation over-time as the services are rendered with contracts short term in nature, occurring over a year or less and payment is fixed. Most are billed within 31 days with payment due immediately upon receipt of an invoice in accordance with PLA's standard payment terms. The exceptions are river works licences and other moorings customers who are billed on a quarterly basis. With regard to London Gateway the inner estuary charge is yearly in arrears in line with the legal agreement. It was concluded that no change in current revenue recognition practices is needed. The 2017 financial statements therefore did not need to be restated.

IFRS 9 Financial Instruments was effective from 1 January 2018. The standard includes requirements for recognition and measurement, impairment, derecognition and hedge accounting. There has been no material impact of the application of the standard on the groups accounts.

### 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. 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.

#### (B) 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.

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

#### **Sale of property**

Revenue from the sale of property is recognised when control has 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, typically upon completion of a contract.

#### **Lease income**

Operating lease income is recognised on a straight line basis over the period covered by the lease or licence. Contingent rents are recognised as revenue in the period in which they are earned.

#### **Rendering of services and recognition of royalties**

Conservancy charges on vessels 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. Services provides such as diving, salvage, hydrographic is recognised as revenue as the service is provided. Landfill royalties are recognised as revenue in accordance with the date the material is deposited. All other income is recognised as the service is provided.

### **(C) 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.

#### **Deferred tax**

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

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.

### **(D) 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 all assets except land. Depreciation is on a straight line basis over their estimated useful economic lives. Buildings, dredging and river structures have a life up to a maximum of 50 years while floating craft and plant and equipment have a life up to 30 years. Depreciation commences when the assets are completed and available for their intended use.

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.

### **(E) INVESTMENT PROPERTY**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

### **(F) OPERATING LEASE – AS A LESSEE**

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

### **(G) 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. 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.

### **(H) FINANCIAL INSTRUMENTS**

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*

All financial assets are recognised initially at fair value.

##### *Loans and receivables*

Loans are subsequently measured at amortised cost using the effective interest rate (EIR) method.

##### *Trade Receivables*

IFRS9 Financial Instruments which came into force on 1 January 2018, requires recognition of impairment losses on trade receivables. The PLA has continued to have a specific debt provision for debts that are over a year due or deemed unlikely to be repaid but are still being chased. This also includes debts related to companies that are in administration. In addition there is a small general debt provision which was calculated using the provision matrix to calculate expected loss.

#### **Financial liabilities**

##### *Initial recognition*

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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2018

### CONTINUED

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.

#### (I) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Inventory consists of spare parts and consumable items.

#### (J) CASH AND CASH INVESTMENTS

Cash includes short term investments which mature in less than 3 months. Cash investments are for between three and twelve months and are available immediately but with penalty.

#### (K) PROVISIONS

Provisions are recognised when there is 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.

#### (L) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

##### Defined Benefit Schemes

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.

##### Defined Contribution Schemes

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

#### (M) FAIR VALUE

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.

#### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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 significant judgements and estimates.

##### (a) Defined benefit plans (pension benefits) – estimates

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. See note 20 for principal assumptions.

##### (b) Claims related to time operating docks Provision – estimates

The provision 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 estimate of the time value of money and the risks specific to the liability. Management have used 1.22% (2017 1.22%). It is expected that the provision will be utilised over a period of around 32 years. See note 18.

##### (c) Deferred tax assets – estimates

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.

##### (d) Investment Property

The method and judgements in respect of the investment property valuation is set out in note 11.



## 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 16	Leases	01/01/2019
IFRS 17	Insurance Contracts	01/01/2021
IFRIC Interpretation 23	Uncertainty over Income Tax Treatment	01/01/2019
AIP IFRS 3 Business Combinations	Previously held Interests in a joint operation	01/01/2019
AIP IFRS 11 Joint Arrangements	Previously held Interests in a joint operation	01/01/2019
AIP IAS 12 Income Taxes	Income tax consequences of payments on financial instruments classified as equity	01/01/2019
Prepayment Features with Negative Compensation	Amendments to IFRS 9	01/01/2019
AIP IAS 23 Borrowing Costs	Borrowing costs eligible for capitalisation	
Long-term Interests in Associates and Joint Ventures	Amendments to IAS 28	01/01/2019
Plan Amendment, Curtailment or Settlement	Amendments to IAS 19	01/01/2019
Conceptual Framework for Financial Reporting		01/01/2020

IFRS16 accounting for leases comes into force from 1 January 2019. The company has property leases and equipment leased. To meet the requirements of IFRS16, under the modified approach, the value of these leases will be included on the company's balance sheet from 1 January 2019. In line with this modified approach the previous year does not need to be restated. It is estimated that the value of these leases measured using a discount rate of 3.5%, is approximately £1,800,000. The others standards have no material impact on the group or company.

## 3. REVENUE AND OPERATING EXPENDITURE

	Note	2018 £000	2017 £000
<b>Revenue from services</b>			
Conservancy charges on cargo		7,925	7,583
Conservancy charges on vessels		10,428	9,470
		18,353	17,053
Pilotage	4	23,909	21,809
River works licences and other rents		9,942	9,637
Services provided (e.g. diving, salvage, Hydrographic)		4,747	4,266
Landfill royalties		707	1,090
Other revenue		1,960	2,008
Moorings		1,141	926
Property sales		97	1,565
		60,856	58,354
<b>Operating expenditure</b>			
Operating payroll		(28,402)	(26,718)
Supplies and services		(14,768)	(13,302)
Depreciation and amortisation		(3,244)	(3,221)
Administration:			
– Payroll		(4,613)	(4,370)
– Other		(4,012)	(3,422)
		(55,039)	(51,033)
<b>Operating profit</b>		<b>5,817</b>	<b>7,321</b>

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:

	2018 £000	2017 £000
<b>Revenue from services</b>		
Providing Pilotage services	22,492	20,497
Issue of Pilotage exemption certificates	40	47
	22,532	20,544
<b>Operating expenditure</b>		
Providing the services of Pilots	(18,310)	(16,433)
Providing, maintaining and operating Pilot boats	(868)	(608)
Administration and other costs	(2,805)	(2,361)
	(21,983)	(19,402)
<b>Operating profit relating to Pilotage</b>	<b>549</b>	<b>1,142</b>

The operating profit shown above excludes £1,375,000 (2017 £1,265,000) income from a levy charged to fund deficit repairs to the PNF. In addition net interest costs in the PNF of £263,000 (2017 £333,000) are also excluded from the amounts shown above. See note 20.

#### 5. OPERATING PROFIT

Operating profit is stated after charging:

		2018 £000	2017 £000
Auditors' remuneration	– audit of the financial statements	83	102
	– audit of the Group pension schemes	35	33
	– statutory audit for subsidiary Company	5	5
	– taxation services *	33	53
	– all other services **	15	93
		171	286
Operating lease rentals	– land and buildings	264	254
	– other	30	37
		294	291
Loss/(gain) on disposal of intangible assets, property, plant and equipment	– owned assets	(228)	1
Depreciation and impairment of property, plant and equipment	– owned assets	2,884	2,977
Amortisation and impairment of intangible assets	– owned assets	359	244

\* Included in taxation services is £25,000 (2017 £49,000) relating to the PLA.

\*\* Included in other services is £15,000 (2017 £93,000) relating to the PLA.

## 6. EMPLOYEE BENEFITS EXPENSE

	2018 £000	2017 £000
Staff costs incurred in operating expenditure (including executive Board members) during the year were:		
Wages and salaries	23,976	21,835
Social security costs	2,857	2,550
Pensions costs	5,971	6,245
	32,804	30,630
Staff severance	118	423
	32,922	31,053

	Number	Number
The average monthly number of persons (including executive Board members) employed during the year was:		
Operations	306	295
Administration	71	61
	377	356

## PAY RATIO REPORTING

From 2020 all listed companies will be required to disclose the pay ratio between the CEO and the median pay of other employees. Although we are not a listed company, in line with best practice, and ahead of the legislative requirement, we are this year publishing the ratio of CEO pay, using the single figure for total CEO remuneration. The ratios of CEO pay, compared to the total remuneration of full-time equivalent employees are: 5:1 for the 25th percentile; 4:1 for the median; and 3:1 for the 75th percentile. By comparison, the CEO to median pay ratio for FTSE100 companies in 2017 was reported as 145:1.\*

We have a generic "spot salary" system applying to all staff, under which either one-off or consolidated payments can be awarded, up to 10% based on performance, job weight and skills and that this extends to senior managers. Under the senior managers group bonus system it is possible to receive a bonus of up to 10% of salary, for exceptional performance, over and above meeting their objectives for the year. All senior manager bonuses are subject to a formal appraisal process measured against smart objectives which are reviewed and assessed by the Executive Team and approved by the Remuneration Committee.

\*CIPD report: Executive pay 2018: review of FTSE 100 executive pay packages

## 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.



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**6. EMPLOYEE BENEFITS EXPENSE CONTINUED**

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

	SALARY AND FEES		BONUSES		TAXABLE BENEFITS		TOTAL	
	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £
<b>Executive members:</b>								
R J D Mortimer	220,000	196,161	11,390	1,000	2,997	2,870	234,387	200,031
B Chapman (retired 30/10/2017)	0	127,363	0	1,000	0	2,296	0	130,659
J Tankard (appointed 3/10/17)	153,637	36,655	148	0	2,997	708	156,782	37,363
R Baker	141,877	121,510	890	667	2,397	2,296	145,164	124,473
<b>Non-executive members:</b>								
C J Rodrigues (Chairman)	94,000	88,750	0	0	0	0	94,000	88,750
A H Griffiths (Vice Chairman)	34,667	29,300	0	0	0	0	34,667	29,300
A J Quinlan (retired 30/4/18)	12,200	34,575	0	0	0	0	12,200	34,575
H Deeble	30,800	29,300	0	0	0	0	30,800	29,300
I Moncrieff	30,800	29,300	0	0	0	0	30,800	29,300
A Malm Justad	30,800	29,300	0	0	0	0	30,800	29,300
J J Armitt	29,467	25,300	0	0	0	0	29,467	25,300
D G James	30,800	26,300	0	0	0	0	30,800	26,300
P Carter (Appointed 1/6/18)	15,633	0	0	0	0	0	15,633	0
	824,681	776,481	12,428	2,667	8,391	8,170	845,500	784,651

**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 2018 was £11,353 per annum (2017 £9,891).

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**

<b>FINANCE INCOME</b>	<b>2018 £000</b>	2017 £000
Interest income on short-term deposits	328	395
<b>Total finance income</b>	<b>328</b>	<b>395</b>
	<b>2018 £000</b>	2017 £000
Interest on loans and borrowings	(6)	(11)
Net interest on defined benefit pension schemes (see note 20)	(1,596)	(2,427)
<b>Total interest expense</b>	<b>(1,602)</b>	<b>(2,438)</b>
Unwinding of discount and effect of changes in discount rate on provisions (see note 18)	(131)	(123)
<b>Total finance expense</b>	<b>(1,733)</b>	<b>(2,561)</b>

## 8. INCOME TAX

	2018 £000	2017 £000
<b>(A) TAX ON PROFIT</b>		
<b>Current income tax:</b>		
Current income tax charge on profit for the year	605	728
Current tax prior year adjustment	(16)	512
<b>Total current tax</b>	<b>589</b>	<b>1,240</b>
<b>Deferred tax:</b>		
Current year deferred tax	477	191
Deferred tax prior year adjustment	(50)	(430)
<b>Total deferred tax</b>	<b>427</b>	<b>(239)</b>
<b>Income tax expense reported in the Consolidated Income Statement</b>	<b>1,016</b>	<b>1,001</b>
Current tax related to items recognised in Other Comprehensive Income during the year	0	0
Deferred tax related to items recognised in Other Comprehensive Income during the year	2,106	1,492
<b>Income tax charged/(credited) to the Consolidated Statement of Other Comprehensive Income</b>	<b>2,106</b>	<b>1,492</b>

### (B) RECONCILIATION OF TAX EXPENSE:

The tax expense in the Income Statement for the year is lower (2017 lower) than the standard rate of corporation tax in the UK of 20% (2017 20%). The differences are explained below:

	2018 £000	2017 £000
<b>Profit before income tax</b>	<b>4,570</b>	<b>5,440</b>
At the UK's statutory corporate income tax rate of 19% (2017 19.25%)	868	1,047
Adjustments in respect of current income tax of previous years	(16)	82
Effects of:		
Share of profit of joint venture	(50)	(55)
Non-deductible expenses for tax purposes	284	325
Income exempt from taxes	(20)	(303)
Other	(50)	(95)
<b>Income tax expense reported in the Consolidated Income Statement for the year</b>	<b>1,016</b>	<b>1,001</b>

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8. INCOME TAX CONTINUED

(C) DEFERRED TAX

	BALANCE SHEET	
	2018 £000	2017 £000
Deferred tax assets relating to net defined benefit pension liabilities	11,039	11,840
Accelerated depreciation for tax purposes	(1,355)	(1,219)
Revaluation of land	(1,527)	0
Other temporary differences	26	95
<b>Deferred tax</b>	<b>8,183</b>	<b>10,716</b>
<b>Net deferred tax assets</b>		
Reflected in the Balance Sheet as follows:		
Deferred tax assets	9,710	10,716
Deferred tax liabilities	(1,527)	0
<b>Net deferred tax assets</b>	<b>8,183</b>	<b>10,716</b>
<b>RECONCILIATION OF NET DEFERRED TAX ASSETS</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
At 1 January	10,716	11,969
Tax expense during the year recognised in the Consolidated Income Statement	(427)	(239)
Recognised in Other Comprehensive Income	(2,106)	(1,492)
<b>At 31 December</b>	<b>8,183</b>	<b>10,716</b>

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 £11,060,000 (2017 £12,230,000) based on forecasted profits for the next 10 years. There is an unrecognised deferred tax asset of £1,943,773 (2017 £757,907).

The Group has capital losses carried forward of £1,029,000 (2017 £1,100,000) 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.



9. INTANGIBLE ASSETS

GROUP AND COMPANY	Software £000	Licences £000	Total £000
<b>Cost</b>			
At 1 January 2017	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
Reclassifications	0	0	0
Additions	716	105	821
Disposals	0	0	0
At 31 December 2018	4,449	508	4,957
<b>Amortisation</b>			
<b>At 1 January 2017</b>	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
Charge for year	348	11	359
Eliminated on disposals	0	0	0
At 31 December 2018	2,741	127	2,868
<b>Net book value at 31 December 2018</b>	<b>1,708</b>	<b>381</b>	<b>2,089</b>
Net book value at 31 December 2017	1,340	287	1,627

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 £358,000 (2017 £831,000).

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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
<b>Cost</b>						
At 1 January 2017	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
Revaluation	8,981	0	0	0	0	8,981
Reclassifications to investment property	(14,790)	0	0	0	0	(14,790)
Additions	915	0	1,001	724	826	3,466
Disposals	0	0	0	(968)	(91)	(1,059)
At 31 December 2018	16,016	20,912	12,169	15,422	19,761	84,280
<b>Depreciation</b>						
At 1 January 2017	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
Charge for year	477	377	409	508	1,113	2,884
Eliminated on disposals	0	0	0	(968)	(91)	(1,059)
At 31 December 2018	7,514	5,280	7,756	6,198	15,119	41,867
<b>Net book value at 31 December 2018</b>	<b>8,502</b>	<b>15,632</b>	<b>4,413</b>	<b>9,224</b>	<b>4,642</b>	<b>42,413</b>
Net book value at 31 December 2017	13,873	16,009	3,821	9,008	4,929	47,640

The net book value of leasehold property held under long leases included in land and buildings above is £54,510 (2017 £55,070). Assets under construction not yet being depreciated amounted to £4,374,000 (2017 £5,094,000). Assets under construction include buildings of £1.4 million, river structures £1.3 million, floating crafts £0.6 million and plant & equipment £1 million.

11. INVESTMENT PROPERTY

GROUP AND COMPANY	£000
<b>Cost</b>	
At 31 December 2017	0
Reclassifications	14,790
At 31 December 2018	14,790

During 2018, upon signing of leases, Peruvian Wharf was reclassified as investment property. Immediately prior to reclassification, the property was revalued from its previous book value of £5.8 million to a fair value of £14.8 million. The valuation was still considered appropriate at 31 December 2018. The valuation was determined by management using the local market price per acre and the assumption of equivalent yield of 4.5%.

## 12. 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, with a reconciliation to the carrying amount of the investment in the consolidated financial statements is set out below:

	2018 £000	2017 £000
<b>SUMMARISED BALANCE SHEET OF ESTUARY SERVICES LIMITED</b>		
Non-current assets	2,775	2,743
Current assets:		
Cash and cash equivalents	1,245	1,219
Prepayments	28	36
Trade and other receivables	427	359
	1,700	1,614
Current liabilities	(430)	(392)
Non-current liabilities, including deferred tax liabilities £nil (2017 £nil) and long-term borrowing £nil (2017 £nil).	(2,347)	(2,998)
Equity	1,698	967
Proportion of the Group's ownership	50%	50%
<b>Carrying amount of the investment</b>	<b>849</b>	<b>484</b>

	2018 £000	2017 £000
<b>SUMMARISED INCOME STATEMENT OF ESTUARY SERVICES LIMITED</b>		
Revenue	3,667	3,540
Cost of sales	(3,070)	(2,921)
Finance income	0	9
Finance costs, including interest expense £87,000 (2016 £82,000)	(72)	(87)
Profit on ordinary activities before taxation	525	541
Income tax expense	(210)	29
Profit for the year	315	570
<b>Group's share of profit for the year</b>	<b>158</b>	<b>285</b>

	2018 £000	2017 £000
<b>SUMMARISED STATEMENT OF OTHER COMPREHENSIVE (EXPENSE)/INCOME OF ESTUARY SERVICES LIMITED</b>		
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		
Remeasurement of defined benefit scheme	502	339
Income tax effect of remeasurement of defined benefit scheme	0	21
Movement in deferred tax relating to defined benefit pension scheme	(85)	(78)
Total other comprehensive income	417	282
<b>Group's share of Other Comprehensive (expense)/Income</b>	<b>208</b>	<b>141</b>



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**12. INTEREST IN JOINT VENTURE CONTINUED**

At 31 December 2018, the Group's share of capital commitments of the joint venture was £45,000 (2017 £244,000). Estuary Services Limited cannot distribute its profits until it obtains the consent from the two joint venture partners.

<b>COMPANY ONLY – SUBSIDIARY AND JOINT VENTURE</b>	Subsidiary £000	Joint venture £000
At 1 January 2017	0	2
Additions	0	0
Disposals	0	0
At 31 December 2017 and 1 January 2018	0	2
Additions	0	0
Disposals	0	0
<b>At 31 December 2018</b>	<b>0</b>	<b>2</b>

**13. CASH AND CASH SHORT-TERM INVESTMENTS**

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

<b>GROUP</b>	<b>2018 £000</b>	2017 £000
Cash	39,329	16,779
Cash short-term investments	5,000	23,000
	<b>44,329</b>	<b>39,779</b>

<b>COMPANY</b>	<b>2018 £000</b>	2017 £000
Cash	38,355	14,007
Cash short-term investments	5,000	23,000
	<b>43,355</b>	<b>37,007</b>

Cash sort-term investments are with various banks for varying periods between three and twelve months. As these short-term investments are available immediately without penalty they have been included as cash and cash equivalents in the cash flow statement.

## 14. TRADE RECEIVABLES

### (A) TRADE RECEIVABLES (CURRENT)

<b>GROUP</b>	<b>2018 £000</b>	<b>2017 £000</b>
Corporation tax	14	7
Trade receivables	9,061	9,025
Other receivables	12,880	0
	<b>21,955</b>	<b>9,032</b>

<b>COMPANY</b>	<b>2018 £000</b>	<b>2017 £000</b>
Trade receivables	8,959	9,016
Receivables from subsidiary	102	9
	<b>9,061</b>	<b>9,025</b>

For terms and conditions relating to related party receivables, refer to Note 22.

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

As at 31 December 2018, trade receivables of £735,000 (2017 £396,000) were provided for. See below for the movements in the provision for impairment of receivables.

<b>GROUP AND COMPANY</b>	<b>Individually impaired £000</b>	<b>Collectively impaired £000</b>	<b>Total £000</b>
At 1 January 2017	656	150	806
Utilised	(360)	(50)	(410)
At 31 December 2017 and 1 January 2018	296	100	396
Arising/(Utilised)	375	0	375
Unused amounts reversed	0	(36)	(36)
<b>At 31 December 2018</b>	<b>671</b>	<b>64</b>	<b>735</b>

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

	Total £000	Neither past due nor impaired £000	<b>PAST DUE BUT NOT IMPAIRED</b>				
			<30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
<b>Group</b>							
2018	9,061	2,689	3,968	1,606	227	90	481
2017	9,025	3,261	2,751	1,507	390	283	833
<b>Company</b>							
2018	9,061	2,689	3,968	1,606	227	90	481
2017	9,025	3,261	2,751	1,507	390	283	833

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 past due nor impaired.

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14. TRADE RECEIVABLES CONTINUED

(B) RECEIVABLES (NON-CURRENT) – GROUP

In 2014 POLP loaned the Canal and River Trust £12,880,000. Interest on this loan was at 1% above the Bank of England base rate. In 2017 this is included in the balance sheet as a non current asset (trade and other receivables). The loan was due and repaid on 31 January 2019 therefore in 2018 it is included in the balance sheet as a current asset (other receivables).

15. TRADE AND OTHER PAYABLES

GROUP	Note	2018 £000	2017 £000
Trade payables		1,250	75
Amounts owed to joint venture company	21	189	185
Corporation tax		1,722	306
Other taxation and social security		243	1,097
Other creditors		1,348	1,174
Accruals		1,966	2,230
<b>Total</b>		<b>6,718</b>	<b>5,067</b>

COMPANY	Note	2018 £000	2017 £000
Trade payables		1,250	75
Amounts owed to joint venture company	21	189	185
Corporation tax		1,722	306
Other taxation and social security		243	1,097
Other creditors		1,247	1,148
Accruals		1,949	2,230
<b>Total</b>		<b>6,600</b>	<b>5,041</b>

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

16. 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 PLA Board receives 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 15). 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.



16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

CATEGORIES OF FINANCIAL INSTRUMENTS:

GROUP	FAIR VALUE		BOOK VALUE	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Financial Assets</b>				
<i>Loans and receivables:</i>				
Trade and other receivables	21,941	21,905	21,941	21,905
<i>At fair value through profit and loss:</i>				
Cash and short-term deposits	44,329	39,779	44,329	39,779
<b>Total</b>	<b>66,270</b>	<b>61,684</b>	<b>66,270</b>	<b>61,684</b>
<b>Financial Liabilities</b>				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	(6,401)	(3,664)	(6,401)	(3,664)
<b>Total</b>	<b>59,869</b>	<b>58,020</b>	<b>59,869</b>	<b>58,020</b>
COMPANY	FAIR VALUE		BOOK VALUE	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Financial Assets</b>				
<i>Loans and receivables:</i>				
Trade and other receivables	9,061	9,025	9,061	9,025
<i>At fair value through profit and loss:</i>				
Cash and short-term deposits	43,355	37,007	43,355	37,007
<b>Total</b>	<b>52,416</b>	<b>46,032</b>	<b>52,416</b>	<b>46,032</b>
<b>Financial Liabilities</b>				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	(4,635)	(3,638)	(4,635)	(3,638)
<b>Total</b>	<b>47,781</b>	<b>42,394</b>	<b>47,781</b>	<b>42,394</b>

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**16. 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
2018	+/- 1%	443
2017	+/- 1%	398

**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 2018, the Group and Company had 17 customers (2017 17 customers) that owed the Group and Company more than £100,000 each and accounted for approximately 32% (2017 32%) of all the receivables outstanding. There were 0 customers (2017 0 customers) with balances greater than £1 million.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in Note 16. 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 financial liabilities based on contractual undiscounted payments.

<b>GROUP</b>	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
<b>Year ended 31 December 2018</b>						
Trade and other payables	0	4,753	0	0	0	4,753
<b>Year ended 31 December 2017</b>						
Trade and other payables	0	3,664	0	0	0	3,664
<b>COMPANY</b>						
<b>Year ended 31 December 2018</b>						
Trade and other payables	0	4,635	0	0	0	4,635
<b>Year ended 31 December 2017</b>						
Trade and other payables	0	3,638	0	0	0	3,638

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17. DEFERRED REVENUE

GROUP AND COMPANY	2018 £000	2017 £000
<b>At 1 January</b>	3,318	3,695
Amortisation released to the consolidated income statement	(107)	(107)
Movement in other deferred revenue during the year	1,036	(270)
<b>At 31 December</b>	<b>4,247</b>	<b>3,318</b>
Current	2,416	1,373
Non-current	1,831	1,945
	<b>4,247</b>	<b>3,318</b>

Deferred revenue includes lump sum payments received in relation to the London Array windfarm and Royal Terrace Pier which are being recognised over the contract term.

18. PROVISIONS

TOTAL PROVISIONS

GROUP AND COMPANY	2018 £000	2017 £000
<b>At 1 January</b>	11,795	11,091
Utilised during the year	(1,177)	(524)
Unwinding of discount	131	123
Arising/(released) during the year	1,749	1,105
<b>At 31 December</b>	<b>12,498</b>	<b>11,795</b>
Payable:		
Within one year	2,733	1,723
In the second to fifth year inclusive	4,069	3,856
After five years	5,696	6,216
	<b>12,498</b>	<b>11,795</b>

CLAIMS RELATED TO TIME OPERATING DOCKS

GROUP AND COMPANY	2018 £000	2017 £000
<b>At 1 January</b>	10,721	10,045
Utilised during the year	(977)	(524)
Unwinding of discount	131	123
Arising/(released) during the year	471	1,077
<b>At 31 December</b>	<b>10,346</b>	<b>10,721</b>
Payable:		
Within one year	1,231	1,117
In the second to fifth year inclusive	3,419	3,388
After five years	5,696	6,216
	<b>10,346</b>	<b>10,721</b>

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**18. PROVISIONS CONTINUED**

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 2018 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 discount rate of 1.22% (2017 1.22%). It is expected that the provision will be utilised over a period of around 32 years.

A quantitative summary analysis for significant assumptions at 31 December 2018 is shown below:

ASSUMPTIONS	£000
Total provision basis:	
Undiscounted	11,547
Discounted @ risk free rate - 2% *	11,547
Discounted @ risk free rate	10,346
Discounted @ risk free rate + 2%	9,067

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

OTHER PROVISIONS	PROPERTY RELATED PROVISION GROUP AND COMPANY		RESTRUCTURING PROVISION GROUP AND COMPANY	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>At 1 January</b>	468	1,046	406	0
Utilised during the year	0	0	0	0
Arising/(released) during the year	182	(578)	(406)	406
<b>At 31 December</b>	<b>650</b>	<b>468</b>	<b>0</b>	<b>406</b>
Payable:				
Within one year	0	0	0	406
In the second to fifth year inclusive	650	468	0	0
After five years	0	0	0	0
	<b>650</b>	<b>468</b>	<b>0</b>	<b>406</b>

OTHER PROVISIONS	LEGAL PROVISION GROUP AND COMPANY		LEAVE PROVISION GROUP AND COMPANY	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>At 1 January</b>	200	0	0	0
Utilised during the year	(200)	0	0	0
Arising/(released) during the year	912	200	590	0
<b>At 31 December</b>	<b>912</b>	<b>200</b>	<b>590</b>	<b>0</b>
Payable:				
Within one year	912	200	590	0
In the second to fifth year inclusive	0	0	0	0
After five years	0	0	0	0
	<b>912</b>	<b>200</b>	<b>590</b>	<b>0</b>



## 18. PROVISIONS CONTINUED

The property related provision is based on external advice regarding the next rates review.

Following the negotiations in early 2018, all the pilots agreed to new working arrangements and the restructuring provision was released.

The legal provision is to covers the management's best estimate of settlement costs in current cases made against the PLA.

The leave provision relates to negotiations at the year end that were taking place with the Unions regarding payment of leave taking into account overtime. This has subsequently been agreed by all but one Union.

## 19. COMMITMENTS AND CONTINGENCIES

### OPERATING LEASE COMMITMENTS – GROUP AND COMPANY AS LESSEE

The Group and Company have entered into commercial leases for land & buildings and vehicles. The land & building leases have an average life of 6 years and the other leases have an average life of 2 years. The minimum future lease rentals payable under non-cancellable operating leases as at 31 December 2018 and 2017 are as follows:

	2018			2017		
	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	269	20	289	309	30	339
In the second to fifth year inclusive	199	30	229	288	50	338
Over five years	1,303	0	1,303	1,350	0	1,350
	<b>1,771</b>	<b>50</b>	<b>1,821</b>	<b>1,947</b>	<b>80</b>	<b>2,027</b>

### 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 2018 and 2017 are as follows:

	2018			2017		
	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	4,601	0	4,601	4,229	0	4,229
In the second to fifth year inclusive	2,469	0	2,469	2,383	0	2,383
Over five years	21,953	0	21,953	22,429	0	22,429
	<b>29,023</b>	<b>0</b>	<b>29,023</b>	<b>29,041</b>	<b>0</b>	<b>29,041</b>

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**19. COMMITMENTS AND CONTINGENCIES CONTINUED**

**CAPITAL COMMITMENTS**

	<b>2018</b>	2017
	<b>£000</b>	£000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	<b>2,646</b>	2,298

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

Further to that agreement a Notice from the Secretary of State for the Environment, Transport and the Regions dated 20 February 2001, was received requiring the Port of London Properties Limited Group to sell all of its remaining property assets to the British Waterways Board. This sale was completed on 16 March 2001. POLP's remaining asset is a loan to The Canal River Trust of £12.8 million and the contingent liability at 31 December 2017 related to the possibility that this amount could be repayable to the against previous government grant. The Canal River Trust loan was repaid to POLP on 31 January 2019. The Secretary of State for Transport has agreed that PLA can retain this money to settle liabilities related to claims when the PLA operated the docks and therefore there is no contingent liability at 31 December 2018.

There were no other contingent liabilities at 31 December 2018 (2017 £nil).

**20. PENSIONS**

**GROUP AND COMPANY**

The PLA participates in the following funded defined benefits schemes:

Scheme	Date of latest triannual 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 2016

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.

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.

**PLAPF**

The principal scheme in which the PLA participates is the PLAPF.

The latest triannual 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 £12,076,896 due between 2019 and 2028.

## 20. PENSIONS CONTINUED

### ALL SCHEMES

The results of the latest formal actuarial valuations have been updated to 31 December 2018 by a qualified independent actuary. The principal assumptions used in determining pension benefit obligations for these plans are shown below:

<b>PLA SCHEMES – PRINCIPAL ASSUMPTIONS</b>	<b>2018 %</b>	<b>2017 %</b>
Discount rate	2.8	2.5
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%)	3.6	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	86.9	86.7
Female	88.3	88.6

<b>PNPF – PRINCIPAL ASSUMPTIONS</b>	<b>2018 %</b>	<b>2017 %</b>
Discount rate	2.9	2.4
RPI price inflation	3.2	3.1
CPI price inflation	2.2	2.1
Future salary increases	3.2	3.1
Future pension increases (RPI, min 0%, max 5%)	3.1	3.6
Future pension increases (RPI, min 3%, max 5%)	3.6	3.0
	Years	Years
Life expectation for pensioners at the age of 65 retiring today:		
Male	86.6	86.7
Female	88.5	88.6

<b>PLAPF – CONTRIBUTION RATES</b>	<b>2018 %</b>	<b>2017 %</b>
For members who have entered into a salary sacrifice agreement with the PLA:		
Higher rate members	22.70	22.70
Lower rate members	17.03	17.03
For members who have not entered into a salary sacrifice agreement with the PLA:		
Higher rate members	15.13	15.13
Lower rate members	11.35	11.35

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

	<b>2018 £m</b>	<b>2017 £m</b>
In respect of the shortfall in funding:		
Amount payable per annum until 31 August 2026 as agreed recovery plan	4.0	4.0
<b>Total deficit repairs during the year</b>	<b>4.0</b>	<b>4.0</b>

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20. PENSIONS CONTINUED

ALL SCHEMES

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

At 31 December 2018	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Multi assets credit	121.7	0.0	0.0	0.0	121.7
Equities	63.4	0.0	0.0	3.4	66.8
Hedge funds	22.4	0.0	0.0	3.6	26.0
Liability driven investments	34.9	0.0	0.0	0.0	34.9
Corporate bonds	0.0	5.7	0.8	6.6	13.1
Gilts	0.0	6.7	1.5	2.7	10.9
Diversified growth funds	46.9	6.7	0.0	2.1	55.7
Insurance policies	0.0	6.2	0.0	0.0	6.2
Infrastructure	36.5	0.0	0.0	0.0	36.5
Cash	2.7	0.0	0.0	1.5	4.2
Other	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>328.5</b>	<b>25.3</b>	<b>2.3</b>	<b>19.9</b>	<b>376.0</b>

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
<b>Total</b>	<b>354.1</b>	<b>26.7</b>	<b>2.4</b>	<b>21.6</b>	<b>404.8</b>

AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET

At 31 December 2018	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	328,435	25,280	2,260	19,870	375,845
Present value of scheme liabilities	(399,634)	(19,813)	(2,551)	(30,217)	(452,215)
Defined benefit pension scheme (deficit)/surplus	<b>(71,199)</b>	<b>5,467</b>	<b>(291)</b>	<b>(10,347)</b>	<b>(76,370)</b>
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	<b>(65,608)</b>	<b>5,683</b>	<b>(386)</b>	<b>(11,487)</b>	<b>(71,798)</b>



20. PENSIONS CONTINUED

AMOUNTS TO BE RECOGNISED IN THE INCOME STATEMENT

Year ended 31 December 2018	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(6,057)	0	0	0	(6,057)
Past service cost	0	0	0	(48)	(48)
Administrative expenses	225	15	18	(124)	134
Recognised in arriving at the operating profit	(5,832)	15	18	(172)	(5,971)
Expected return on scheme assets	8,690	653	60	504	9,907
Interest cost on scheme liabilities	(10,178)	(495)	(63)	(767)	(11,503)
Finance (costs)/income	(1,488)	158	(3)	(263)	(1,596)
Total recognised in the Income Statement	<b>(7,320)</b>	<b>173</b>	<b>15</b>	<b>(435)</b>	<b>(7,567)</b>

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	<b>(8,207)</b>	<b>22</b>	<b>(38)</b>	<b>(449)</b>	<b>(8,672)</b>

AMOUNTS TO BE RECOGNISED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets below that is recognised net interest	(21,288)	(884)	(150)	(932)	(23,254)
Other actuarial gains	15,364	495	15	1,507	17,381
Actuarial losses recognised in the Statement of Other Comprehensive Income	<b>(5,924)</b>	<b>(389)</b>	<b>(135)</b>	<b>575</b>	<b>(5,873)</b>

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 gains recognised in the Statement of Other Comprehensive Income	<b>27,068</b>	<b>85</b>	<b>257</b>	<b>1,812</b>	<b>29,222</b>

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20. 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
<b>At 1 January 2017</b>	(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 gains on scheme liabilities	10,059	266	211	713	11,249
Benefits paid	20,321	1,148	385	2,071	23,925
<b>At 31 December 2017 and 1 January 2018</b>	(419,737)	(21,055)	(2,870)	(33,038)	(476,700)
Movement in the administrative reserve balance	225	64	18	0	307
Current service cost	(6,057)	0	0	0	(6,057)
Past service cost	0	0	0	(48)	(48)
Interest expense on defined benefits obligations	(10,178)	(495)	(63)	(767)	(11,503)
Member's contributions	(150)	0	0	0	(150)
Actuarial losses on scheme liabilities	15,364	495	15	1,507	17,381
Benefits paid	20,899	1,178	349	2,129	24,555
<b>At 31 December 2018</b>	<b>(399,634)</b>	<b>(19,813)</b>	<b>(2,551)</b>	<b>(30,217)</b>	<b>(452,215)</b>

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
<b>At 1 January 2017</b>	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 gain/losses 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)
<b>At 31 December 2017 and 1 January 2018</b>	354,129	26,738	2,484	21,551	404,902
Administration expenses	0	(49)	0	(124)	(173)
Interest income on scheme assets	8,690	653	60	504	9,907
Actuarial losses on scheme assets	(21,288)	(884)	(150)	(932)	(23,254)
Company contributions	7,653	0	215	1,000	8,868
Member's contributions	150	0	0	0	150
Benefits paid	(20,899)	(1,178)	(349)	(2,129)	(24,555)
<b>At 31 December 2018</b>	<b>328,435</b>	<b>25,280</b>	<b>2,260</b>	<b>19,870</b>	<b>375,845</b>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
CONTINUED

## 20. PENSIONS CONTINUED

A quantitative summary analysis for significant assumptions at 31 December 2018 is shown below:

ASSUMPTIONS SENSITIVITY LEVEL	Discount rate		RPI inflation		Mortality	
	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	15,988	(15,988)	(3,353)	3,353	(3,859)	3,859
PLAWWOPF	345	(345)	(140)	140	(96)	96
PLARBS	37	(37)	(19)	19	(10)	10
	<b>16,370</b>	<b>(16,370)</b>	<b>(3,512)</b>	<b>3,512</b>	<b>(3,965)</b>	<b>3,965</b>

Impact on share of defined benefit obligation:

ASSUMPTIONS SENSITIVITY LEVEL	Discount rate		RPI inflation		Mortality	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	1 year decrease	1 year increase
PNPF	2,100	(2,100)	(600)	600	1,400	(1,400)

A 1% increase in PLA's share of the PNPF would increase the deficit by £1,587,000 (2017 £1,762,000).

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	1,034	5,249
Between 2 and 5 years	16,000	0	484	4,501	20,985
Between 6 and 10 years	10,667	0	0	6,541	17,208
Beyond 10 years	0	0	0	0	0
<b>Total expected payments</b>	<b>30,667</b>	<b>0</b>	<b>699</b>	<b>12,076</b>	<b>43,442</b>

## HISTORICAL PENSION INFORMATION

	All Schemes				
	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Fair value of scheme assets	375,845	404,902	392,400	345,731	356,988
Present value of scheme liabilities	(452,215)	(476,700)	(493,273)	(425,602)	(449,888)
Defined benefit pension scheme deficit	<b>(76,370)</b>	<b>(71,798)</b>	<b>(100,873)</b>	<b>(79,871)</b>	<b>(92,900)</b>

## 21. 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 for commercial, leisure and passenger use. The Company has a significant liability relating to the PLA pension fund with an agreed long-term programme to reduce the pension deficit, and is now in the process of being evaluated as part of the triennial valuation process. 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 capital. 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 £36,957,000 (2017 net assets of £32,192,000). 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 2018  
CONTINUED

## 22. 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
<b>Subsidiary</b>					
2018	0	0	0	102	102
2017	0	0	0	0	0
<b>Joint venture</b>					
2018	(171)	2,453	0	0	227
2017	(171)	2,401	0	0	222
<b>Key management personnel of the Group</b>					
2018	0	0	846	0	0
2017	0	0	785	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
<b>Subsidiary</b>					
2018	0	0	0	102	102
2017	0	0	0	0	0
<b>Joint venture</b>					
2018	(171)	2,453	0	0	227
2017	(169)	2,401	0	0	222
<b>Key management personnel of the Group</b>					
2018	0	0	846	0	0
2017	0	0	785	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 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017 £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 £105,000 (2017 £102,000).

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £170,600 (2017 £169,000) and was charged £2,453,000 (2017 £2,401,000) for boarding and landing services. At 31 December 2018 the PLA owed £227,000 (2017 £222,000) 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 53.



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

The board 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 2018

## OPINION

We have audited the financial statements of Port of London Authority and its subsidiaries (the 'group') for the year ended 31 December 2018 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 22, 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 2018 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.

## 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 group's or the Port of London Authority'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 89, 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 group's and the Port of London Authority'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 group or the Port of London Authority's 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.

## 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 company 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.



Ernst & Young LLP,  
Statutory Auditor  
London

2 April 2019

### 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.

## NOTES





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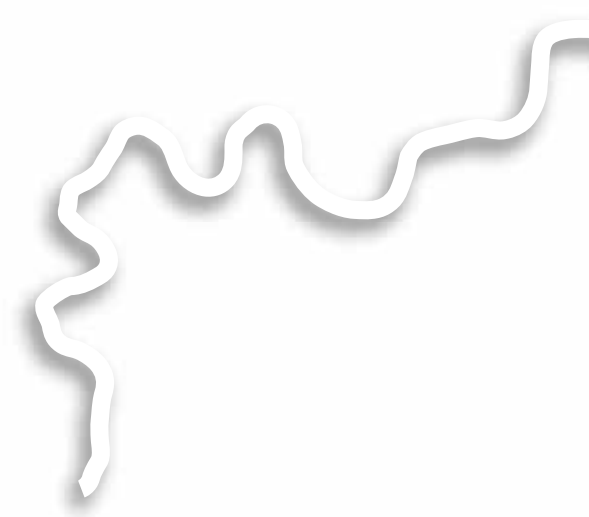
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