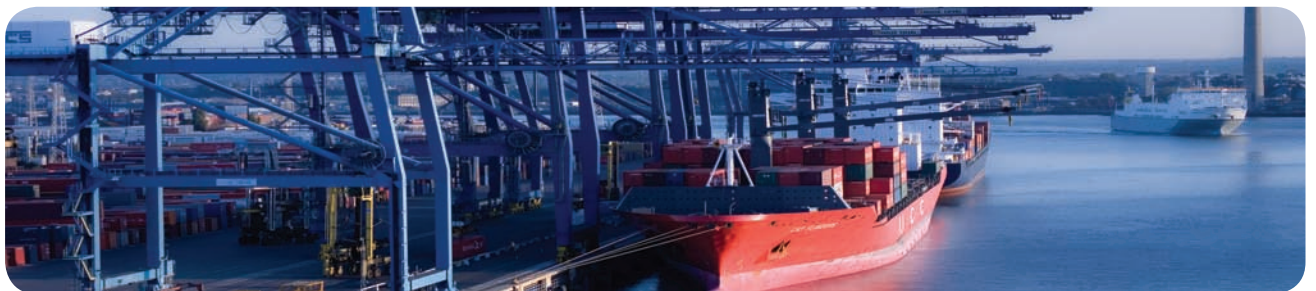
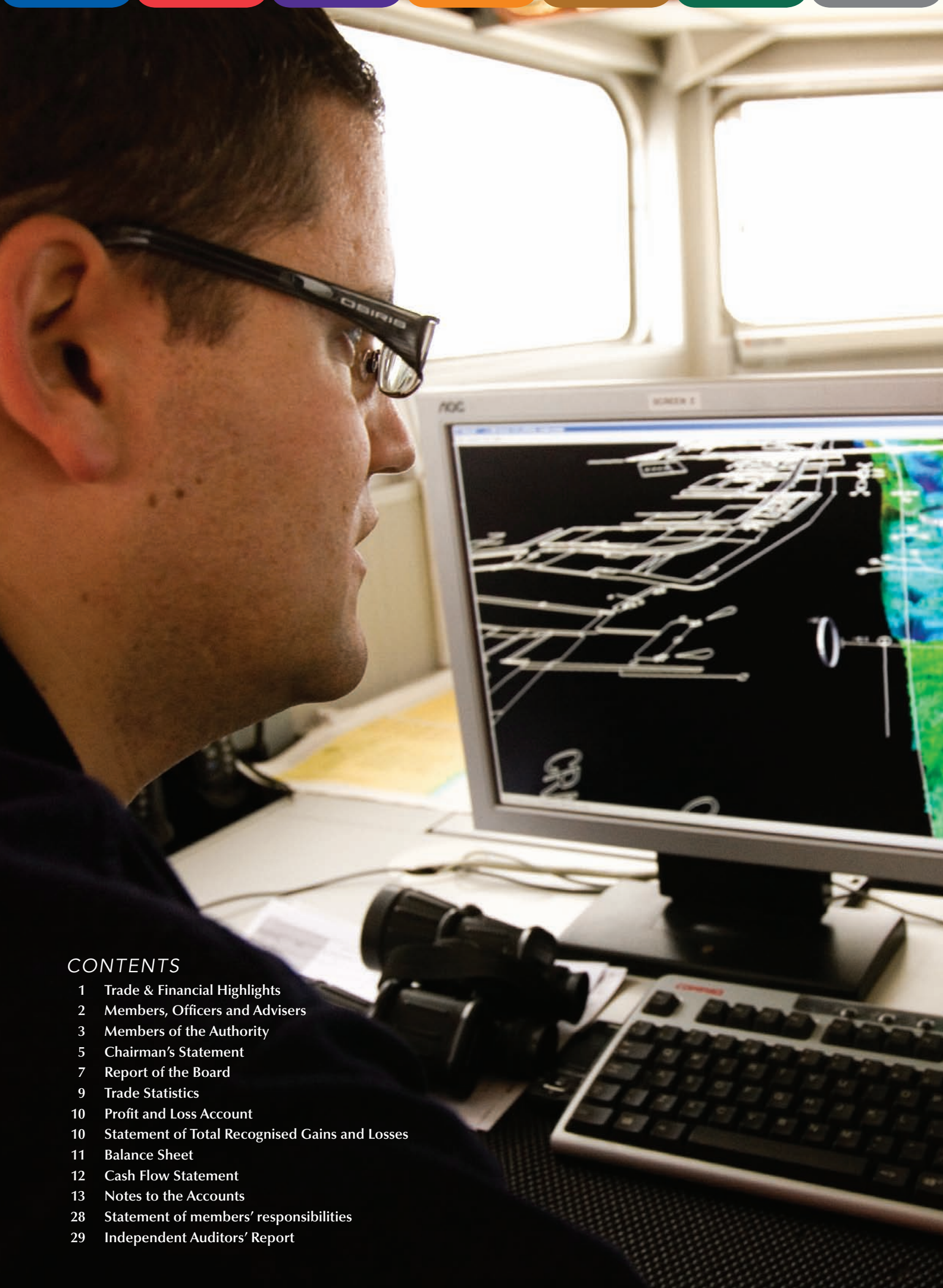


ANNUAL REPORT & ACCOUNTS 2007





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TRADE & FINANCIAL HIGHLIGHTS

TRADE

	2007 million tonnes	2006 million tonnes
Imports	44.3	43.2
Exports	8.4	8.7
Total	52.7	51.9

UNITISED TRAFFIC

(included in above tonneages)

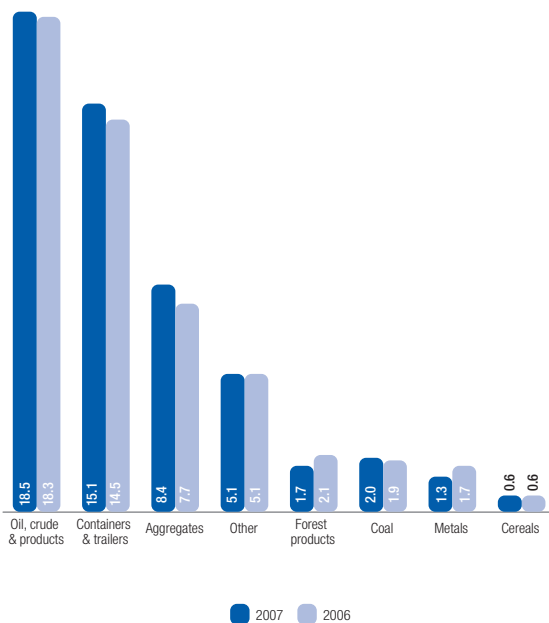
	2007 000 twenty-foot equivalent units	2006 000 twenty-foot equivalent units
Imports	1,066	999
Exports	961	700
Total	2,027	1,699
Number of chargeable vessel arrivals to the Port of London	10,815	11,224

FINANCIAL HIGHLIGHTS

	2007 £m	2006 £m
Turnover	41.3	41.2
Profit before taxation	0.4	2.4
Net cash flow from operating activities	0.8	5.0

TRADE

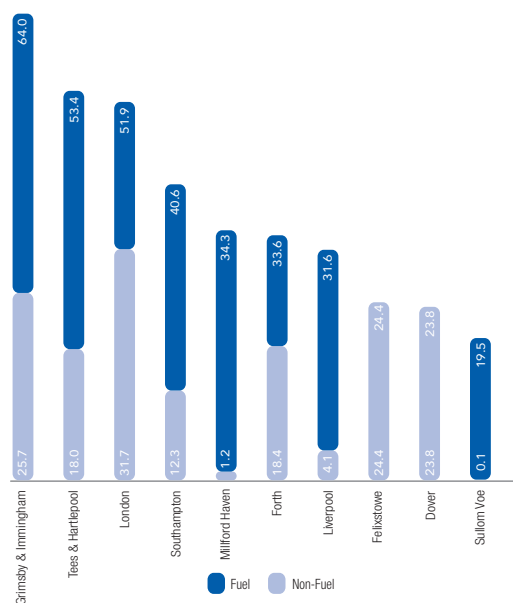
(million tonnes)



UNITED KINGDOM PORT TRAFFIC 2006

(million tonnes)

Source: Department for Transport, Note: 2007 Statistics not yet available



MEMBERS, OFFICERS AND ADVISERS

COMMITTEES OF THE BOARD

(as at 1 January 2008)

Audit Committee

P K Sarwal, Chairman
J W Beech
P J Matthews
S P Sherrard
A A Knight

Licensing Committee

J A G Kennedy, Chairman
J W Beech
R L Everitt
P J Mole
D G Snelson

Remuneration Committee

S P Sherrard, Chairman
J W Beech
J A G Kennedy
A A Knight

Charitable Donations Committee

S P Sherrard, Chairman
R L Everitt
P J Mole

Centenary Committee

S P Sherrard, Chairman
J W Beech
P J Mole
A F Gale

Nominations Committee

S P Sherrard, Chairman
J A G Kennedy
A A Knight

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
First Point
Buckingham Gate
Gatwick
RH6 0PP

MANAGEMENT EXECUTIVE COMMITTEE

(as at 1 January 2008)

Chief Executive

R L Everitt

Chief Financial Officer

B Chapman

Chief Harbour Master

D G Snelson

Secretary

R D Crighton

Director of Corporate Affairs

A F Gale

Director of Human Resources

G W Witham

Director of Engineering and Technical Services

J G K Smith

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

MEMBERS OF THE AUTHORITY

as at 1 January 2008

S P SHERRARD

Simon Sherrard was appointed Chairman of the PLA in January 2001, having first been appointed as a non-executive member in August 2000.

In 1985 he became Managing Director of Bibby Line Group Limited, being appointed Non-Executive Chairman in 2000. He also holds a number of other non-executive positions: Chairman of Johnson Service Group PLC, Chairman of A & P Group Limited, Shiprepairers and Senior Independent Director and Trustee of Lloyd's Register.

Mr Sherrard served as High Sheriff of Cheshire for the 2004/2005 year. He is an Elder Brother of Trinity House, a Member of the Council of the Mission to Seafarers, a Member of the Council of the RNLI, a Member of the Court of the Worshipful Company of Shipwrights and a Freeman of the Company of Watermen and Lightermen.

A A KNIGHT, CBE

Angela Knight was appointed Vice Chairman of the PLA in January 2007, having first been appointed as a non-executive member in September 2002 and re-appointed in September 2005.

In November 2006, she joined the British Bankers' Association and became their Chief Executive in April 2007. She was previously Chief Executive of the Association of Private Client Investment Managers and Stockbrokers. She is a non-executive director on the Boards of Logica CMG, Brewin Dolphin and IFSL. In her earlier career, Angela Knight held managerial positions in a number of industrial companies. She became a Member of Parliament in 1992 and was Economic Secretary in the Treasury from 1995 – 97. She was appointed a Commander of the Order of the British Empire in January 2007.

JW BEECH, CBE, QFSM

Jeremy Beech was appointed a non-executive member of the PLA in March 2003 following a full career in the UK Fire Service latterly serving as the Chief Fire Officer of Kent during which he served on the Anglo-French Channel Tunnel Safety Authority, established to oversee all aspects of safety in relation to the construction and operation of the Channel Tunnel.

Mr Beech now runs his own Consulting Practice and was engaged by the Department for Transport following the events of 11 September 2001, to review UK port vulnerability, contribute to the work of the IMO, and undertake other security related assignments. He continues to provide professional advice on maritime security, and also fire and civil protection. He is a Chartered Marine Engineer, a Fellow of the Institute of Marine Engineering Science and Technology, a Fellow of the Institution of Fire Engineers, a Past Master of the Worshipful Company of Fire-fighters, a Trustee of the Kent Foundation, a Governor of Mid Kent College and a Director of the Queen Victoria Hospital NHS Foundation Trust in West Sussex.

REAR ADMIRAL D G SNELSON, CB, FNI

David Snelson was appointed to the post of Chief Harbour Master in December 2006 after a seagoing career in the Royal Navy, during which he commanded HMS Ark Royal. As the PLA Chief Harbour Master he has responsibility for operational and navigational matters including pilotage, vessel traffic management, hydrography, harbour services and port security. He is a Fellow and Council Member of the Nautical Institute, a member of the Honourable Company of Master Mariners and a Younger Brother of Trinity House. He was appointed a Companion of the Bath in 2003 and is a holder of the United States Legion of Merit. He retains an interest in defence matters as a specialist adviser to the House of Commons Defence Committee.

P SARWAL

Pommy Sarwal was appointed a non-executive member of the PLA in June 2006.

Mr Sarwal qualified as a chartered accountant in 1976, at the start of a successful career in corporate finance. His experience includes advising both private and public sector clients in sectors as diverse as energy, water, ports, airports, public transport, road, rail and defence. He has worked with both UK companies and businesses based in the USA and Europe.

Until 2002, he was a partner in the Specialised Finance Group of Deloitte & Touche. He is a member of the Ports Advisory Group of the DTI Trade and Investment Division and also a non-executive director of Chatham Historic Dockyard, Christie Group plc, British Waterways and Hyde Housing Association. He is chairman of Master Ropemakers Ltd. Mr Sarwal is a Sloan Fellow of the London Business School and a member of the Securities Institute.

P J MATTHEWS, OBE

Peter Matthews was appointed a non-executive member of the PLA in March 2006. Having started his working life in the pharmaceutical industry he enjoyed a long and successful career in the water industry, including over twenty five years at Anglian Water.

In 2000, he was appointed to the Board of the Environment Agency, where his term of office expired during 2006. He is actively engaged in the work of the Chartered Institution of Water and Environmental Management (CIWEM); the European Water Association; and the Society for the Environment and he is a Liveryman in the Worshipful Company of Water Conservators and an Assistant in its Court. He is a Visiting Professor at Anglia Ruskin University and serves on the boards of a number of companies.

Dr Matthews was appointed Chairman of the Northern Ireland Authority for Utility Regulation from 1 April 2006.

MEMBERS OF THE AUTHORITY

continued

B CHAPMAN

Brian Chapman, Chief Financial Officer, was appointed an executive member of the PLA in September 2001 prior to which he spent many years in the food industry. His post prior to joining the PLA was as Finance Director of United Milk plc, and previously he was Regional Finance Director for the consumer products arm of the New Zealand Dairy Board. As Chief Financial Officer he is responsible for the accounting function, pensions, insurance and property. He is a director of Estuary Services Ltd, Port of London Properties Limited, Company Secretary of Thames 21 and an alternate director of UK Major Ports Group (UKMPG) and a trustee of a number of pension funds.

R L EVERITT

Richard Everitt joined the PLA in December 2004 and was appointed Chief Executive from 1 January 2005. After qualifying as a solicitor in 1974, he spent four years in private practice before joining BAA, the airports company, in 1978. Following the privatisation of BAA in 1987, he joined the Board in 1991 as director responsible for strategy and regulatory matters. He resigned from the BAA Board in 2001 to become Chief Executive of National Air Traffic Services on its part privatisation, leaving in 2004. He is a Director of Estuary Services Limited and Port of London Properties Limited, Chairman of the United Kingdom Major Ports Group and a non-executive Director of Air Partner plc.

J A G KENNEDY, OBE

Joanna Kennedy was appointed a non-executive member of the PLA in August 2000. She is a Director of Ove Arup & Partners Ltd, the international consulting firm providing business solutions, engineering design, environmental, planning and project management services in the built environment. She is the leader of Arup Project Management Europe. She is a fellow of the Royal Academy of Engineering and of the Institution of Civil Engineers and was appointed OBE in 1995 for services to consulting engineering. She is a Council Member of the Royal College of Art and a Commissioner of the Royal Commission for the Exhibition of 1851. She is an active sailing enthusiast.

P J MOLE

Peter Mole was appointed a non-executive member of the PLA in January 2003 prior to which he was Director Operations with Global Marine Systems Limited.

Mr Mole started his career at sea with the Peninsula and Oriental Steam Navigation, serving on cargo, container and passenger ships. In 1978 he left P&O for BT (Marine) Limited where he enjoyed a varied career both at sea and ashore and finally was appointed General Manager Installation Services Division. From 1995 to 2000 he worked for Cable & Wireless (Marine) in a variety of roles finally being promoted to Director for Customer Service covering global sales and marketing in 1999. Mr Mole remained with the company following its take-over by Global Crossing in 2000 and was appointed to the Global Marine Board, which he left in 2002. Mr Mole is a liveryman of the Worshipful Company of Shipwrights. A member of the IWA, he is an active narrow boat enthusiast and also Project Director of the Beaulieu Light Railway.

CHAIRMAN'S STATEMENT

The volume of trade through the Port of London in 2007 increased to 52.7 million tonnes (2006 51.9 million). The prospects for the future look promising with a number of major investments in port infrastructure planned.

The 800,000 tonne rise in volumes was due to increases in tonnages of cement, aggregates, coal, unitised cargo and oil. This growth was to some extent off-set by the decline in other trades, notably forest products.

Enabling all users of the river, from heavy commercial craft to light weight rowing boats, to stay safe is our core responsibility. I am pleased to report therefore that there was no major navigational incident during the year.

Financial Results

The profit before tax for 2007 was £0.4 million (2006 £2.4 million). This reduction masks a successful result as 2007 was affected by two major one-off costs together with a reduction in landfill income, a matter beyond our direct control.

The rationalisation of the working arrangements for staff who man our vessels, designed to improve efficiency and generate operational savings in the future, gave rise to a one-off cost of £0.6 million. In order to improve navigational safety we introduced in June a byelaw making it mandatory for certain river craft to carry Automatic Identification System equipment. To ease the financial burden of the implementation for river operators, we offered grants totalling £0.3 million to cover half the equipment cost for each vessel.

The operator of our landfill site decided during the year to make a temporary change to a site not owned by us which resulted in a reduction of £0.8 million in landfill royalties compared to the previous year.

Notwithstanding capital investments during the year of £1.8 million, our cash position reduced only slightly by £102,000 to close at £24.3 million.

The increasing efficiency with which we deliver our services has enabled us to restrict the increase in our charges for 2008 to one per cent below the rate of inflation for the third consecutive year.

Princes Channel

Our project to deepen the Princes Channel in the mouth of the estuary was substantially completed during the first three months of 2008. The Channel will accommodate all but the largest ships approaching the port, offering a shorter, simpler and safer route to and from the berths with the associated time and fuel savings.

Material dredged in an earlier phase of the project had been used in the Rochester Riverside development. Unfortunately, we were unable to find an acceptable purchaser for the balance of the material. Rather than delay the project we felt it important to continue the programme to provide our customers with the increased flexibility and savings arising from the improved access channel at the earliest opportunity.

Port Development

We were particularly pleased to see Dubai Ports World receive the long awaited Government approval for its plans to develop the London Gateway port on the site of the old Shell Haven Refinery. However, certain of the enabling documentation still remains to be signed off. Assuming current plans are not delayed, construction is expected to start during the course of the current year with the first ship berthing in late 2010.

This development, which will be the most significant addition to port capacity for over a century, will bring much needed new container handling capacity to the South East of England, the need for which has been highlighted by a number of events over recent months.

We are at present working on a record number of projects seeking to use the river to move cargo in and out of Central London. This interest reflects the environmental friendliness of moving goods by water as well as the associated financial benefits. It fits well with one of our major objectives, maintaining a working river and bringing disused wharves back into port operation.

Olympics

We see the river as being an important artery for the provision of materials, in particular aggregates, to the Olympic site and the removal in due course of waste and other unwanted materials at the appropriate time.

British Waterways continues to make good progress with the development of Prescott Lock which will allow barges to navigate up to the main Olympic site. We are working with them and other stakeholders to ensure that maximum use can be made of this facility. To this end, we have undertaken to manage the flow of vessels between the river and the Lock using our existing navigational control service and expertise.

London was successful in winning the Olympic Games owing to the legacy opportunities that the project will create. The PLA will be playing its part to ensure that increased use of the river, particularly for cargo handling, is part of that legacy for the benefit, particularly environmental, of the public at large.

CHAIRMAN'S STATEMENT

continued

Tourism

The opening of the O₂ Arena (formerly The Dome) has created major opportunities for increased use of the river by the public. The Anschutz Corporation has invested a substantial sum in increasing the water taxi capacity through their Thames Clippers subsidiary and this will increase the ability of the public to use the river for their journeys. This mode of transport would become even more attractive if Transport for London were to extend its Oyster Card payment method to boats on the river.

After considerable work by our property team, a development is now underway at Greenwich Promenade to create a fitting entrance to this World Heritage site. In conjunction with the joint site owners, Greenwich Hospital, we have made available our land for a project being undertaken by Stonehurst Estates. This will be complete in 2009 and will provide a much more satisfactory environment for passengers boarding and disembarking river vessels and will be of particular benefit to Greenwich in its role as host to the equestrian events of the 2012 London Olympics.

Policy on Ports

In contrast to previous years, none of the ports-related initiatives arising either at a European or national level present a threat to the market-based approach to determining when and where to invest in new port facilities, an approach which has served the UK well and results in the efficient handling of goods and ultimately lower costs to consumers.

The United Kingdom has however been badly served by the inability of Governments to make timely decisions in respect of major infrastructure projects, in our case London Gateway Port referred to earlier. We welcome the fact that this is being addressed by the Planning Bill which is now before Parliament. We exhort our legislators to ensure that the outcome of this Bill results in a much speedier approval process together with a greater degree of certainty for those investing in the UK's essential ports infrastructure and clarity on the levels of contribution to be paid by developers for inland transport links.

In Europe officials decided not to make any further attempt to progress a Port Services Directive. This ill-considered proposal would have created artificial competition in the provision of port services, something we see as unnecessary in the already competitive UK environment. The conclusions of the DfT's interim report on the Ports Policy Review also look to maintain the benefits of the existing highly competitive marketplace.

Staff

Our staff continued to do a remarkable job during 2007. There were many highly commendable acts by employees, including in some cases rescuing members of the public and animals. These acts are too many to list individually, but on behalf of the Board, I would like to thank them for their hard work and enthusiasm.

Outlook

While the economic outlook in the immediate future is uncertain, the Port of London and the tidal Thames are in robust health. We ourselves continue to make investments both to improve the competitiveness of the Port and to enhance the already high level of safety for all river users. In addition, we see investments by terminal operators and increasing use of the river for pleasure and recreation. All of this creates an encouraging background to the year of our Centenary in 2009.



Simon Sherrard
Chairman
March 2008

REPORT OF THE BOARD

Constitution, Business Review and Principal Activities

The Port of London Authority (PLA) is a self-financing public trust constituted under the Port of London Act 1968 (the Act) as subsequently amended by other Acts and Harbour Revision Orders, the latest being in 2005. Under the Act, the Authority is charged with taking such action as is necessary for the improvement and conservancy of the tidal Thames. To discharge this duty the PLA works to facilitate navigational safety through a range of activities including: the operation of a Vessel Traffic Service; undertaking hydrographic surveys; carrying out dredging and providing aids to navigation. The PLA's other responsibilities include the provision of pilotage services, security, managing aspects of the Thames environment and the promotion of the use of the tidal Thames for trade, leisure and pleasure.

As a self-financing public trust, the PLA aims to cover the cost of its operations from the charges levied for the services it provides, including conservancy, pilotage and considerations for river works licences. The results for the PLA for 2007 show an overall profit after tax of £0.2m (2006 £1.8m).

Business Environment

The Port of London benefits from a highly diversified portfolio of trades. Oil (both crude for refining and oil products) remains the largest sector, but the Port also handles significant volumes of unitised traffic, coal, building materials and metals. The diversified nature of the trade is one of the biggest strengths of the Port.

The Port is ideally located, being adjacent to a market of in excess of 23 million people. However, the terminals and wharves that make up the Port are located principally along the lower reaches of the 95 miles of the tidal Thames. The additional steaming time required to access some of the berths adds to the competitive pressures.

For certain types of trade, in particular deep sea containerised traffic, there is a great need for additional capacity to be built nearer to the mouth of the Estuary, capable of handling larger ships. The long awaited decision to proceed with the development of the London Gateway port is therefore very welcome.

Strategy

The PLA's aim is:

'to be the leader in the management of port navigation services and the marine environment of the tidal River Thames, promoting its safe and sustainable use for trade, transport, leisure and events'

To achieve that aim, the PLA's priorities are to ensure that it:

- has a highly effective navigational safety management system
- acts as an enlightened steward of the environment, both of the tidal Thames and of the unique habitats along its banks
- develops good and constructive relations with its many customers and stakeholders
- provides top quality services to customers and users of the river
- works to safeguard and ensure the full utilisation of the port's terminals and supporting infrastructure
- properly establishes its role as a unique interface between river users, the local communities and relevant regional, local and city authorities
- has a well motivated, trained workforce
- has good internal and external communications.

Principal Risks and Uncertainties

The PLA faces a number of risks resulting from its previous role as dock owner and operator. The PLA is actively pursuing the resolution of these liabilities with a view to transferring them or securing additional finance to cover the potential expense involved.

The PLA, in common with other employers offering a defined benefit pension scheme, also faces financial risk from potential deficits through improved pensioner longevity. Steps are being taken however to control the PLA's exposure to this ever increasing liability.

REPORT OF THE BOARD

An additional pension scheme risk arises from the Pilots National Pension Fund (PNPF). Pilotage services were transferred from Trinity House to the relevant ports in 1988. Pilots have been at liberty to join either the PLA's pension scheme or the PNPF since that date and the majority of PLA pilots have opted to join the Authority's fund. There remains however a significant past service deficit in the PNPF. The Trustees of the Fund have adopted an aggressive investment strategy and have also engaged with the employers' association to seek an appropriate method of repairing the deficit entirely.

The PLA has made a payment reflecting the cost of the past service deficit for those pilots who were still active members at the date of the last valuation. It remains unlikely though that the financial position of the Fund will have improved significantly enough to reduce the deficit.

Members

The Port Authority comprises a Chairman and up to 3 non-executive members appointed by the Secretary of State for Transport and up to four non-executive members appointed by the Authority. The Authority may also appoint up to four executive members.

There were 10 meetings of the PLA Board in 2007, Members attended as follows:

S P Sherrard	10
R L Everitt	10
D G Snelson	10
J A G Kennedy	10
B Chapman	10
A A Knight	8
P Mole	9
J W Beech	10
P J Matthews	9
P Sarwal	10

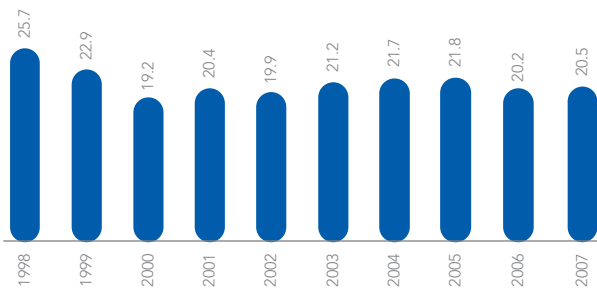
Port of London Properties Limited (POLP)

On 31 December 2007, POLP was continuing to work towards an orderly divestment of its remaining non-property related obligation with a view to becoming dormant in due course.

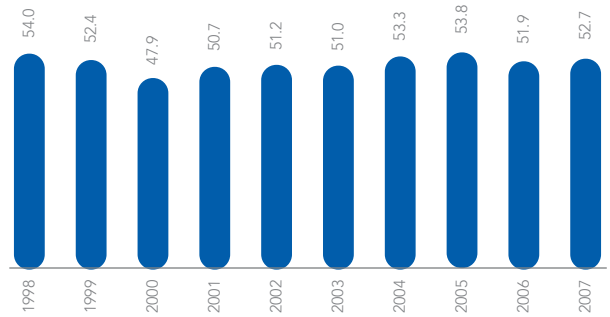
ROBERT D CRIGHTON
Secretary
By Order of the Board
April 2008

TRADE STATISTICS

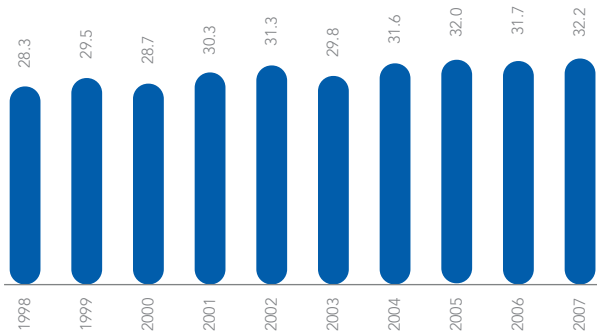
PORT OF LONDON FUEL TRAFFIC
million tonnes



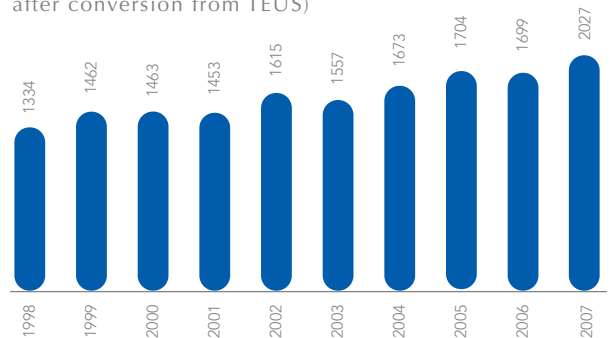
PORT OF LONDON TOTAL TRAFFIC
million tonnes



PORT OF LONDON NON-FUEL TRAFFIC
million tonnes



PORT OF LONDON UNITISED TRAFFIC
thousand teus (TEUS are included in tonnage figures after conversion from TEUS)



	Imports		Exports		Total	
	2007	2006	2007	2006	2007	2006
	million tonnes		million tonnes		million tonnes	
Oil, crude & products	16.1	15.9	2.4	2.4	18.5	18.3
Containers & trailers	11.2	10.5	3.9	4.0	15.1	14.5
Aggregates	8.4	7.7	0.0	0.0	8.4	7.7
Other cargo	4.0	4.1	1.1	1.0	5.1	5.1
Forest products	1.7	2.1	0.0	0.0	1.7	2.1
Coal	2.0	1.9	0.0	0.0	2.0	1.9
Metals & ores	0.5	0.7	0.8	1.0	1.3	1.7
Cereals	0.4	0.3	0.2	0.3	0.6	0.6
TOTAL	44.3	43.2	8.4	8.7	52.7	51.9

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

UNITISED TRAFFIC

(included in the above tonneages)

	Imports		Exports		Total	
	2007	2006	2007	2006	2007	2006
	000 twenty-foot equivalent units					
Ro/Ro terminals (trailers & containers)	638	624	545	332	1,183	956
Container terminals	428	375	416	368	844	743
Unitised Total (TEUS)	1,066	999	961	700	2,027	1,699

PROFIT & LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover including share of joint venture		41,251	41,187
Less: share of joint venture		596	584
PLA turnover		40,655	40,603
PLA operating expenditure		41,798	40,900
PLA operating loss	2	(1,143)	(297)
Share of operating profit of joint venture		83	124
Operating loss including joint venture		(1,060)	(173)
Net interest	7	1,313	1,185
Other financial income	25	175	1,363
Profit on ordinary activities before taxation	4	428	2,375
Taxation	8	(230)	(586)
Profit for the financial year	20	198	1,789

All results are in respect of continuing activities.

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

For the year ended 31 December 2007

		2007 £000	2006 £000
Profit for the financial year		198	1,789
Actuarial gain/(loss) on pension schemes	25	12,180	(7,979)
Movement in deferred tax relating to pension schemes		(3,598)	2,394
		8,780	(3,796)
Share of STRGL of joint venture		193	107
Total recognised gains/(losses) relating to the year		8,973	(3,689)

The PLA also has unrecognised gains of £753,000 for the year ended 31 December 2007 (2006 £1,786,000) in relation to two pension schemes which have irrecoverable surpluses (see note 25).

BALANCE SHEET

At 31 December 2007

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	280	287
Tangible assets	10	25,772	25,482
Joint venture:-	12		
Share of gross assets		750	758
Share of gross liabilities		(189)	(249)
Share of pension deficit		(90)	(296)
		26,523	25,982
Current assets			
Stocks		183	210
Debtors	16	7,629	6,607
Investments		20,164	17,817
Cash and bank balances		4,404	7,400
		32,380	32,034
Current liabilities			
Creditors: amounts falling due within one year	17	7,988	7,632
Net current assets		24,392	24,402
Total assets less current liabilities		50,915	50,384
Creditors: amounts falling due after more than one year			
Other amounts	18	657	859
		657	859
Net assets excluding pension surplus/(deficit)		50,258	49,525
Pension surplus/(deficit)	25	1,678	(6,562)
Net assets including pension surplus/(deficit)		51,936	42,963
Reserves			
Profit and loss account	20	51,936	42,963

These financial statements, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes were approved by the Board of Members on April 2008 and were signed on its behalf by:-

S P SHERRARD
Chairman

R L EVERITT
Chief Executive

B CHAPMAN
Chief Financial Officer

CASH FLOW STATEMENT

At 31 December 2007

	Note	£000	2007 £000	£000	2006 £000
Net cash inflow from operating activities	21		816		5,030
Dividends received from joint venture			0		130
Returns on investment and servicing of finance					
Interest received		1,329		1,270	
Interest paid		(31)		(96)	
Interest paid on finance leases		(8)		(6)	
Net cash inflow from returns on investments and servicing of finance			1,290		1,168
Taxation					
U.K. Corporation tax paid		(420)		(361)	
			(420)		(361)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,768)		(3,798)	
Sale of unsecured loan notes	11	0		25	
Sale of tangible fixed assets		17		84	
Net cash outflow from capital expenditure and financial investment			(1,751)		(3,689)
Net cash (outflow)/inflow before use of liquid resources and financing			(65)		2,278
Management of liquid resources					
Increase in short term investments			(2,347)		(4,815)
Net cash outflow before financing			(2,412)		(2,537)
Financing					
Bank loan principal repayments		0		(2,890)	
Principal repayments under finance leases		(37)		(68)	
Net cash outflow from financing			(37)		(2,958)
Decrease in cash in the year	23		(2,449)		(5,495)

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

1 PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of accounting

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

(b) Basis of preparation

An agreement with the Secretary of State for Transport took effect from 1 January 1993, resulting in severe long term restrictions which have substantially hindered the exercise of the rights of the PLA over the management of, and preclude the PLA from deriving any economic benefit from, Port of London Properties Limited, PLA's only subsidiary undertaking. On these grounds Port of London Properties Limited has been excluded from consolidation which results in PLA not producing Group accounts although Port of London Properties Limited remains in the ownership of the PLA.

(c) Turnover

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

Cargo conservancy charges are recognised as turnover for imported/exported cargo in accordance with the date that the vessel enters the Port limits or departs from a berth. Vessel conservancy charges are recognised as turnover in accordance with the date that the vessel enters or leaves the Port limits. Pilotage income is recognised as turnover on the commencement of a pilotage act. Income from licences granted for riverworks is recognised as turnover over the period covered by the licence. Other income is recognised as turnover on an accruals basis.

(d) Intangible fixed assets

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

(e) Tangible fixed assets

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

(ii) Depreciation is provided on assets other than land on a straight line basis over their estimated useful economic lives; these lives range up to a maximum of 50 years for dredging, river structures and buildings, 30 years for floating craft and between 3 and 50 years for plant and equipment.

(f) Fixed asset investments

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

(g) Stocks

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

(h) Taxation

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

(i) Payments to suppliers

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

(j) Operating leases

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

(k) Foreign currencies

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

(l) Pensions

The Authority operates several defined benefit pension schemes. These funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the authority benefits from the employees' services. Variations from regular cost are spread over the remaining service lives of current employees. Such costs are calculated by reference to actuarial valuations. The Authority provides no other post retirement benefits to its employees.

(m) Current asset investments

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

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

2 OPERATING LOSS

	2007 £000	2006 £000
Turnover		
Conservancy charges on cargo	7,483	7,155
Conservancy charges on vessels	7,116	6,859
	14,599	14,014
Pilotage	12,173	12,199
River works licences and other rents	5,351	5,084
Services provided	2,117	2,039
Moorings	494	427
Landfill royalties	828	1,675
Other revenue	5,093	5,165
	40,655	40,603
Operating expenditure		
Operating payroll	19,952	19,059
Supplies and services	13,923	12,957
Depreciation and amortisation	2,706	2,724
Administration: payroll	2,283	2,182
other	2,934	3,978
	41,798	40,900
Operating loss	(1,143)	(297)

3 PILOTAGE

	2007 £000	2006 £000
The profit and loss account includes the following relating to pilotage:-		
Turnover:-		
providing pilotage services	12,126	12,157
issue of pilotage exemption certificates	47	42
	12,173	12,199
Operating expenditure:-		
providing the services of pilots	11,156	10,779
providing, maintaining and operating pilot boats	607	583
administration and other costs	1,091	968
	12,854	12,330

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £000	2006 £000
Profit on ordinary activities before taxation is stated after accounting for the following:-		
Auditors' remuneration - audit	50	48
- taxation services	22	20
- other services	31	18
Operating lease rentals - land and buildings	368	446
- other	75	75
	443	521
(Profit)/loss on disposal of fixed assets	(7)	22
Depreciation - owned assets	2,673	2,672
- assets held under finance leases and hire purchase contracts	26	45
	2,699	2,717
Amortisation of intangible fixed assets	7	7

5 EMPLOYEES

	2007 £000	2006 £000
Staff costs (including Executive Board Members) during the year were:-		
Wages and salaries	16,585	15,775
Social security costs	1,574	1,518
Pensions costs	3,405	3,729
	21,564	21,022
Staff severance	647	196
	22,211	21,218
	2007 Number	2006 Number
The average monthly number of persons (including Executive Board Members) employed during the year was:-	353	354

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

6 BOARD MEMBERS' REMUNERATION

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

The Committee determines the remuneration and other conditions of service of the executive members of the Board and makes recommendations to the Board in respect of the non-executive members' remuneration.

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

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

	Basic Salary and Fees		Taxable Benefits		Total	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
Executive Members:-						
R L Everitt (highest paid Board member 2007)	169,191*	133,720	2,032	1,969	171,223	135,689
B Chapman	100,100*	96,844	2,032	1,969	102,132	98,813
D Snelson (appointed 09.01.07)	90,219	0	12,290	0	102,509	0
A B Richardson (retired 31.12.06)	11,278*	98,844	0	1,575	11,278	100,419
Non-Executive Members:-						
S P Sherrard (Chairman)	76,860	74,120			76,860	74,120
A A Knight	30,680	23,835			30,680	23,835
R D Clegg (retired 31.12.06)	0	32,875			0	32,875
J A G Kennedy	24,715	23,836			24,715	23,836
P J Mole	21,775	21,000			21,775	21,000
J W Beech	21,775	21,000			21,775	21,000
P J Matthews (appointed 01.03.06)	25,925	17,500			25,925	17,500
P K Sarwal (appointed 01.06.06)	23,980	12,250			23,980	12,250
	596,498	555,824	16,354	5,513	612,852	561,337

Pension entitlement

All executive Board members participate in the Authority's funded defined benefit pension scheme. Under the scheme, members are entitled to a pension based on their service and final pensionable salary subject to Inland Revenue limits. The accrued pension of the highest paid Board member under the funded defined benefit scheme at 31 December 2007 was £5,480 per annum (2006 £3,466).

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

* Includes car allowance:

R L Everitt	£10,000 (2006 £10,000)
B Chapman	£8,844 (2006 £8,844)
A B Richardson	£nil (2006 £8,844)

7 NET INTEREST

	2007 £000	2006 £000
Interest receivable:-		
Other interest receivable	1,334	1,285
Less interest payable:-		
Finance leases	3	(5)
Loans	0	(74)
Other	(26)	(24)
	1,311	1,182
Share of joint venture interest:-		
Receivable	4	8
Payable	(2)	(5)
	1,313	1,185

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £000	2006 £000
a. Analysis of charge for the year:-		
Corporation tax at 30%	269	385
Adjustment in respect of prior years	8	12
Total corporation tax (note 8b)	277	397
Deferred tax	(59)	214
Adjustment in respect of prior years	(8)	(48)
Total deferred tax (note 15)	(67)	(166)
Share of joint venture tax:-		
Corporation tax at 19.75% (2006 19%)	19	23
Deferred tax	1	0
	230	586
b. Factors affecting tax charge for the year:-		
Profit on ordinary activities before taxation	428	2,375
Corporation tax thereon at 30% (2006 30%)	129	712
Effects of:		
Share of profit of joint venture	(25)	(36)
Disallowable expenditure	60	102
Accelerated capital allowances	45	92
Utilisation of prior years losses	0	(304)
Capital proceeds	(13)	(144)
Pension contribution relief in excess of net pension cost charge	142	2
Other timing differences	(69)	(39)
Prior year adjustment	8	12
Corporation tax charge for the year (Note 8a)	277	397

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement that are expected to be enacted in the 2008 Finance Act. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted in the Finance Act 2008 would be to reduce the deferred tax asset provided at 31 December 2007 by £283,000 in 2008. This decrease in the deferred tax asset would reduce profit after tax for the year by £283,000. This decrease in deferred tax is due to the proposed phasing out of industrial buildings allowances over the next four years.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

9 FIXED ASSETS - INTANGIBLE ASSETS

	Licences £000
Cost	
At 1 January 2007	330
Additions	0
At 31 December 2007	330
Amortisation	
At 1 January 2007	43
Charge for year	7
At 31 December 2007	50
Net book value at 31 December 2007	280
Net book value at 31 December 2006	287

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

10 FIXED ASSETS - TANGIBLE ASSETS

	Land and buildings £000	Dredging £000	River structures £000	Floating craft £000	Plant and equipment £000	Total £000
Cost						
At 1 January 2007	11,353	3,807	9,948	7,411	14,528	47,047
Additions	137	1,404	200	589	669	2,999
Disposals	(76)	0	(72)	(9)	(281)	(438)
At 31 December 2007	11,414	5,211	10,076	7,991	14,916	49,608
Depreciation						
At 1 January 2007	3,136	2,699	3,016	4,356	8,358	21,565
Charge for year	339	121	487	425	1,327	2,699
Eliminated on disposals	(76)	0	(64)	(7)	(281)	(428)
At 31 December 2007	3,399	2,820	3,439	4,774	9,404	23,836
Net book value at 31 December 2007	8,015	2,391	6,637	3,217	5,512	25,772
Net book value at 31 December 2006	8,217	1,108	6,932	3,055	6,170	25,482
Net book value of leasehold property held under long leases included above is:-	61					
Net book value of assets held under finance leases and hire purchase contracts included above is:-				248		

11 INVESTMENTS

	2007 £000	2006 £000
Holding at 1 January	0	25
Repaid during year	0	(25)
Holding at 31 December	0	0

On 30 September 2003, in response to a call for funds to finance a new air conditioning unit for the Georgian Hall building of the Company of Watermen and Lighterman of the River Thames, PLA purchased twenty-five unsecured loan notes of £1,000 each, maturing in 2008, issued by Minorities Holdings Limited, a wholly owned subsidiary of the Company. Interest was payable at 1% above the Bank of England repo (base) rate every six months. The loan notes were redeemed in full on 28 February 2006.

12 FIXED ASSETS - JOINT VENTURE INVESTMENT IN ESTUARY SERVICES LIMITED

	Shares £000	Retained Profit £000	Total £000
At 1 January 2007	2	211	213
Share of profit for year		65	65
Actuarial gain on pension scheme		193	193
At 31 December 2007	2	469	471

The PLA owns, as a long term investment, 50% of the ordinary share capital of Estuary Services Limited, a company incorporated in Great Britain, which operates a boarding and landing service for pilots.

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £111,000 (2006 £104,000) and was charged £1,421,000 (2006 £1,432,000) for the boarding and landing service for pilots.

13 CAPITAL COMMITMENTS

	2007 £000	2006 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	871	141

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

14 FINANCIAL COMMITMENTS

	2007			2006		
	Land and Buildings £000	Other £000	Total £000	Land and Buildings £000	Other £000	Total £000
Annual commitments under non-cancellable operating leases expiring:-						
Within one year	264	70	334	262	31	293
In the second to fifth year inclusive	35	83	118	114	51	165
Over five years	15	0	15	15	0	15
	314	153	467	391	82	473

15 DEFERRED TAX

	2007 £000	2006 £000
Balance at 1 January	3,603	1,375
Credited/(charged) in the profit and loss account for the year (Note 8a)	67	(166)
(Charged)/credited to the STRGL	(3,598)	2,394
Balance at 31 December	72	3,603
Deferred tax comprises:		
Accelerated capital allowances	(679)	(776)
Unrelieved trading losses carried forward	1,239	1,323
Other timing differences	165	243
Deferred tax excluding that relating to pensions	725	790
Pension (surplus)/deficit	(653)	2,813
Total deferred tax	72	3,603

Of the total deferred tax asset of £72,000 (2006 £3,603,000), £653,000 (2006 £2,813,000) has been deducted (2006 added) in arriving at the net asset on the balance sheet.

16 CURRENT ASSETS - DEBTORS

	2007 £000	2006 £000
Amounts falling due within one year:-		
Trade debtors	5,345	4,641
Amounts owed by joint venture company	2	0
Deferred tax (note 15)	725	790
Other debtors	557	442
Prepayments and accrued income	1,000	734
	7,629	6,607

17 CURRENT LIABILITIES - CREDITORS

	2007 £000	2006 £000
Amounts falling due within one year:-		
Bank overdraft	282	829
Trade creditors	3,068	2,449
Amounts owed to joint venture company	325	119
Other taxation and social security	796	721
Corporation tax	59	202
Current instalments on finance leases and hire purchase contracts	0	37
Other creditors	2,170	2,511
Accruals and deferred income	1,288	764
	7,988	7,632

18 CREDITORS - OTHER AMOUNTS

	2007 £000	2006 £000
Amounts falling due after more than one year:-		
Obligations under finance leases and hire purchase contracts		
Repayable in years 2 - 5	0	3
Repayable after 5 years	0	5
Deferred income		
Repayable in years 2 - 5	56	56
Repayable after 5 years	241	255
Other creditors	360	540
	657	859

19 GOVERNMENT GRANTS

Government grants were received by the PLA Group under the provisions of the Port of London (Financial Assistance) Act 1980 and the Ports (Financial Assistance) Act 1981. Certain of the grants were non-repayable. An agreement was reached with the Secretary of State for Transport that with effect from 1 January 1993 the net proceeds of the Port of London Properties Limited Group would be used, subject to certain conditions to repay outstanding grants.

Further to that agreement a Notice from the Secretary of State for the Environment, Transport and the Regions dated 20 February 2001, was received requiring the Port of London Properties Limited Group to sell all of its remaining property assets to the British Waterways Board. This sale was completed on 16 March 2001. In due course, a final repayment of grants will be made out of the proceeds of that sale and the PLA will cease to have any further liability.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

20 PROFIT AND LOSS RESERVE

Profit and loss account	2007 £000	2006 £000
At 1 January	42,963	46,652
Profit for the financial year	198	1,789
Actuarial gain/(loss) on pension schemes	12,180	(7,979)
Movement in deferred tax relating to pension schemes	(3,598)	2,394
Share of actuarial gain/(loss) on joint venture defined benefit pension scheme	193	107
At 31 December	51,936	42,963

21 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £000	2006 £000
Operating loss	(1,060)	(173)
Less: Share of operating profit of joint venture	(83)	(124)
PLA operating loss	(1,143)	(297)
Depreciation of tangible fixed assets	2,699	2,717
Amortisation of intangible fixed assets	7	7
(Profit)/Loss on disposal of fixed assets	(7)	22
Decrease in stocks	27	36
(Increase)/decrease in trade debtors	(796)	721
Increase in other debtors	(115)	(25)
(Increase)/decrease in prepayments and accrued income	(255)	99
Increase in amount owed by joint venture company	(2)	0
(Decrease)/increase in trade creditors	(520)	184
Increase in amount owed to joint venture company	206	0
Increase/(decrease) in other taxation and social security creditors	75	(62)
(Decrease)/increase in other creditors	(341)	456
Decrease in creditors due in more than one year	(180)	(179)
Increase/(decrease) in accruals and deferred income	512	(24)
(Decrease)/increase in administration expense reserve	(24)	2
Difference between current service cost and cash contributions	673	1,373
Cash inflow from operating activities	816	5,030

22 RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	2007 £000	2006 £000
Decrease in cash	(2,449)	(5,495)
Cash outflow from net increase in liquid resources	2,347	4,815
Cash outflow from repayment of loans	0	2,890
Cash outflow from decrease in obligations under finance leases and hire purchase contracts	37	68
Change in net funds resulting from cash flows	(65)	2,278
Change in net funds resulting from other changes	8	0
Net funds at 1 January	24,343	22,065
Net funds at 31 December	24,286	24,343

23 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 Jan 2007 £000	Cash flows £000	Other changes £000	At 31 Dec 2007 £000
Cash and bank balances including overdrafts	6,571	(2,449)	0	4,122
Current asset investments - short term deposits	17,817	2,347	0	20,164
Total liquid resources	24,388	(102)	0	24,286
Debt due within 1 year:-				
Obligations under finance leases	(37)	37	0	0
Debt due after 1 year:-				
Obligations under finance leases	(8)	0	8	0
Net funds	24,343	(65)	8	24,286

24 CONTINGENT LIABILITIES

- (a) The PLA continues to have potential liabilities arising from the time that it owned and operated docks. The Authority together with its subsidiary Port of London Properties Limited and other parties, is in discussions to agree a basis for transferring to a third party financial responsibility for maintenance of certain transport infrastructure. It is impracticable to estimate the financial effect of these contingent liabilities. The funding of these liabilities remains under discussion with the Department for Transport. It is the Board's view that currently the PLA has access to sufficient financial resources to meet its obligations.
- (b) The PLA, in common with other Competent Harbour Authorities, has been made aware of a significant deficit in the Pilots National Pension Fund (PNPF). Negotiations over the way this deficit can be repaired are continuing.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

25 PENSIONS

The major scheme in which the PLA participates is the Port of London Authority Pension Fund (PLAPF), a funded defined benefits scheme. It is administered by a Committee of Management which, as at 5 February 2008, comprised:-

CHAIRMAN: P J Matthews

PORT AUTHORITY COMMITTEE PERSONS:-

R L Everitt
B Chapman
J A G Kennedy
P Mole
J W Beech

MEMBERS' COMMITTEE PERSONS:-

D S Bird
R G Brodie
J Freestone
C McQueen
R Quy

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

The pension contributions to PLAPF are assessed in accordance with the advice of an independent, qualified actuary using the projected unit method. The latest actuarial assessment was at 31 March 2006. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the post-retirement rate of return on investments would be 4.8% per annum and the pre-retirement rate of return on investments would be 7.0% per annum (in the context of assumed price inflation of 2.9% per annum), that the rate of growth in payroll costs would be 3.4% per annum and that present and future pensions would increase at the rate of 3.3% per annum.

The tables used for mortality post-retirement were as follows:-

Valuation at 31 March 2006:

PA92, projected by year of birth, medium cohort projections, increased by 30%

Valuation at 31 March 2003:

PMA80 c2005/PFA80 c2003 plus a reduction in the discount rate of 0.25% pa to reflect future improvements in mortality.

At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £284.6 million which represented just over 99% of the value of the benefits that had accrued to members on the basis of the assumptions summarised above. Following discussions with the Committee of Management, the employer increased its contribution from 20.3% to 23.25% of pensionable salaries with effect from 1 April 2007.

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

Scheme**Date of valuation**

Port of London Authority (Upper Division Staff) Widows',
Widowers' and Orphans' Pension Fund (PLAWWOPF)

31 March 2007

Port of London Authority Retirement Benefits Scheme (PLARBS)

31 March 2007

The Authority's joint venture company, Estuary Services Limited, also operates a funded defined benefit scheme, the Estuary Services Limited Pension Scheme (ESLPS) whose latest formal actuarial valuation was performed as at 6 April 2006. The PLA's share of the deficit on this scheme has been incorporated into the financial statements via the gross equity method.

The disclosures required under FRS17 have been based on the most recent actuarial valuation of the pension schemes as detailed above, updated to 31 December 2007. The financial assumptions adopted for assessing the scheme's liabilities as at 31 December 2007 were as follows:-

	2007 % pa	All schemes 2006 % pa	2005 % pa
Price inflation	3.20	3.00	2.80
General payroll cost inflation	3.70	3.50	4.80
Pension increase rate for:-			
pensions subject to a minimum increase of 3% pa	3.60	3.50	3.50
pensions subject to increase in line with RPI	3.20	3.00	2.80
Discount rate	5.90	5.20	4.80

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

	At 31 Dec 2007		At 31 Dec 2006		At 31 Dec 2005	
	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m	Expected rate of return % pa	Value £m
All schemes						
Equities	7.75	57.0	7.8	70.2	7.8	60.6
Corporate bonds	5.9	91.1	5.2	76.1	4.8	224.2
Fixed interest and index linked gilts	4.5/4.3	153.0	4.6/4.4	163.0	4.1	34.1
Cash and other assets	5.5	4.7	4.0	4.7	3.6	0.9
		305.8		314.0		319.8

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

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

	PLAPF £000	PLARBS £000	PLAWWOPF £000	Total £000
At 31 December 2007				
Fair value of scheme assets	271,828	5,215	28,790	305,833
Actuarial value of scheme liabilities	269,168*	5,544	18,662*	293,374
Surplus/(deficit) in the schemes	2,660	(329)	10,128	12,459
Irrecoverable surplus	0	0	10,128	10,128
Pension asset / (liability) recognised in balance sheet before allowance for deferred tax	2,660	(329)	0	2,331
Related deferred tax	(745)	92	0	(653)
Net pension asset	1,915	(237)	0	1,678
At 31 December 2006				
Fair value of scheme assets	278,458	5,884	29,633	313,975
Actuarial value of scheme liabilities	287,467*	6,250	20,258*	313,975
Surplus/(deficit) in the schemes	(9,009)	(366)	9,375	0
Irrecoverable surplus	0	0	9,375	9,375
Pension liability recognised in balance sheet before allowance for deferred tax	(9,009)	(366)	0	(9,375)
Related deferred tax	2,703	110	0	2,813
Net pension liability	(6,306)	(256)	0	(6,562)
At 31 December 2005				
Fair value of scheme assets	284,100	6,500	29,200	319,800
Actuarial value of scheme liabilities	285,490*	6,463	21,648*	313,601
Surplus/(deficit) in the schemes	(1,390)	37	7,552	6,199
Irrecoverable surplus	0	37	7,552	7,589
Pension liability recognised in balance sheet before allowance for deferred tax	(1,390)	0	0	(1,390)
Related deferred tax	417	0	0	417
Net pension liability	(973)	0	0	(973)

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

	2007 £000	2006 £000	2005 £000
PLAPF	1,268	1,292	1,290
PLAWWOPF (unrecognised due to irrecoverable surplus on scheme)	342	349	348
	1,610	1,641	1,638

Analysis of the amounts charged to operating profit in respect of the defined benefit scheme.

	Year ended 31 December 2007				2006
	PLAPF £000	PLARBS £000	PLAWWOPF £000	Total £000	£000
Movement in administration expense reserve	(24)	0	0	(24)	2
Current service cost	3,309	0	92	3,401	3,694
Total service cost	3,285	0	92	3,377	3,696
Analysis of other financial income					
Interest on pension scheme liabilities	14,474	310	1,014	15,798	14,584
Expected return on assets in the pension scheme	14,594	273	1,106*	15,973	15,953
Other financial income attributable to the PLA	120	(37)	92	175	1,369
Share of other financial income/(costs) in joint venture				1	(6)
Total other financial income				176	1,363

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

Analysis of amount recognised in the Statement of Total Recognised Gains and Losses

	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Actual return less expected return on pension scheme assets	(4,901)	(3,917)
Experience (losses)/gains arising on the scheme liabilities	(1,966)	3,129
Utilisation of previous year irrecoverable surplus	0	37
Changes in assumptions underlying the present value of the scheme liabilities	19,047	(7,228)
Actuarial gain/(loss) recognised in STRGL before adjustment for tax	12,180	(7,979)
	2007 £000	2006 £000
Movement in schemes' net surplus during the year		
Combined deficit in schemes at beginning of year	(9,375)	(1,390)
Movements in year to 31 December:-		
Service cost	(3,377)	(3,696)
Employer contributions	2,728	2,321
Other finance income	175	1,369
Actuarial gain/(loss)	12,180	(7,979)
Combined surplus/(deficit) in schemes at end of year	2,331	(9,375)

History of experience gains and losses	31 Dec 2007		Year ended: 31 Dec 2006		31 Dec 2005	
	%	£m	%	£m	%	£m
a. Actual return less expected return on schemes' assets						
Amount		(4.6)		(3.9)		21.2
% of schemes' assets at end of year	1.7		1.2		6.6	
b. Experience gain on scheme liabilities						
Amount		2.1		3.1		1.0
% of the present value of the schemes' liabilities	0.8		1.0		0.3	
c. Total actuarial gain/(loss) recognised in STRGL						
Amount		12.1		(8.0)		4.9
% of the present value of the schemes' liabilities	4.5		2.5		1.6	

STATEMENT OF MEMBERS' RESPONSIBILITIES

In Respect Of The Annual Report And The Financial Statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business, in which case there should be supporting assumptions or qualifications as necessary;

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

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Authority 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 Authority 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 Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each member of the Board in office at the date the members' report is approved:

- (a) so far as the member is aware, there is no relevant audit information of which the Authority's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT

to the Members of Port of London Authority (PLA)

We have audited the financial statements of the Port of London Authority for the year ended 31 December 2007 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of members' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the PLA's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 42 of the United Kingdom Harbours Act, 1964 as amended by the United Kingdom Transport Act, 1981. We also report to you whether in our opinion the information given in the Report of the Board is consistent with the financial statements.

In addition we report to you if, in our opinion, the PLA has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board members' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Board and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members of the PLA in the preparation of the financial statements, and of whether the accounting policies are appropriate to the PLA's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the PLA's affairs as at 31 December 2007 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981; and
- the information given in the Report of the Board and the Chairman's statement is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick
April 2008

ANNUAL REPORT & ACCOUNTS 2007



Printed on Satimat, a paper produced under the guidelines of the Forest Stewardship Council. This ensures more trees are planted than are harvested. Satimat is a carbon neutral paper.

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Copies of the Annual Report and Accounts can be downloaded from our website.

The Port of London is at the centre of one of Europe's most prosperous markets, with over 23 million people living within a three-hour drive of the Port. The Port continues to play a crucial role in the economy and wellbeing of the south east region, as well as regions further afield. Not only is it the UK's third largest port and the biggest in the south by volume, but it is the largest port in the UK for non-fuel cargoes.

The Port of London plays a pivotal role in thousands of supply chains, with a huge variety of cargoes handled by more than 70 independently operated wharves, terminals and port facilities along the tidal River Thames. Research shows the Port of London's economic contribution to the capital and surrounding regions amounts to over 35,000 full-time jobs and £3.4 billion to the economy each year.

The Port of London Authority (PLA) is a Public Trust. Its prime responsibility is for safety of navigation on the Thames from Teddington in west London out to the Sea - a distance of 95 miles - where there are more than 30,000 commercial vessel and 200,000 leisure craft movements a year.

