

CUSTODIANS OF THE TIDAL THAMES
PROTECT / IMPROVE / PROMOTE

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Coronavirus – COVID-19

This Annual Report & Accounts has been prepared in the early months of 2020, which has seen an unprecedented global response to the outbreak of the coronavirus, COVID-19. At the time of writing it is difficult to predict the long-term impact this will have on society, the economy and the river community that we serve. However, we are financially resilient. We have prepared a sensitivity analysis of our business and analysed our cashflow. Having assessed the potential for bad debts we believe that our business will survive this pandemic, if necessary through borrowing and using government financial assistance as a last resort.

This document consequently focuses on reporting the outcome of 2019, and the position of the company at the time of signing, with some commentary on the coronavirus in outlook and risk sections.



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 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.

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.

BOB WALSH
THAMES LENS COMPETITION
OVERALL PRIZE



2019 AT A GLANCE

RIVER USE

54m ↑

Tonnes of goods handled

9.9m =

Passenger journeys

4.79m ↑

Tonnes of inland waterways freight

430 ↑

Sporting events

ENVIRONMENTAL STEWARDSHIP

219 ↑

Tonnes of driftwood recovered

1,916 ↓

CO₂ emissions (equivalent tonnes)

50,003 ↑

Kilowatt hours generated

39 ↑

Thames21 clean-ups supported

NAVIGATION & SAFETY

6 ↓

Serious navigational incidents

14,238 ↑

Pilotage Acts

*estimated

PLA IN THE COMMUNITY

5 ↓

Events attended by riverside code safety trailer

261 ↓

People attending public meetings*

FINANCE

£41m ↑

Stakeholder benefit

£19.5m ↑

Cash invested

£7.3m ↑

Operating surplus

HEALTH & SAFETY

172 ↑

Near miss reports

2 ↓

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

2019 HIGHLIGHTS

Port trade



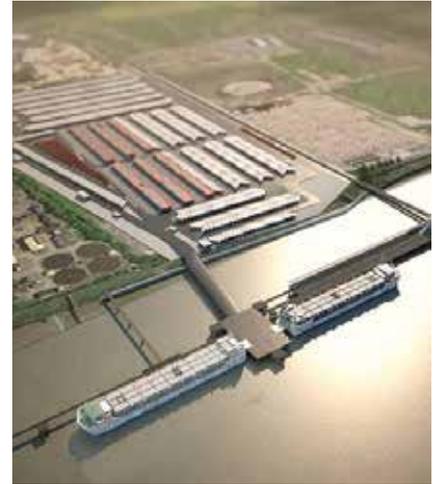
Port trade increased to 54 million tonnes, maintaining the high level seen in 2018. Unitised cargo operations continued as the principal source of trade growth, as London Gateway secured further new services.

Safety campaign



May saw HRH The Duke of Cambridge give his backing to the first Thames Drowning Prevention Strategy. Suicide remains the single most frequent cause of drowning in the Thames. Partners including the RNLI, Met Police, Maritime & Coastguard Agency and London Fire Brigade came together to launch the strategy which included a call for the public's help in preventing accidents and self-harm incidents.

Investment



Forth Ports started construction of its new £200 million Tilbury2 riverside port extension and confirmed P&O Ferries and building materials company, Tarmac as tenants; operations are due to commence in the first half of 2020.

Customer service



A record 14,238 pilotage acts were completed, with improving levels of customer service, as recruitment and training of new pilots continued.

Sustainability



Training with *Leader*, the UK's first hybrid pilot cutter, began at Gravesend in December.

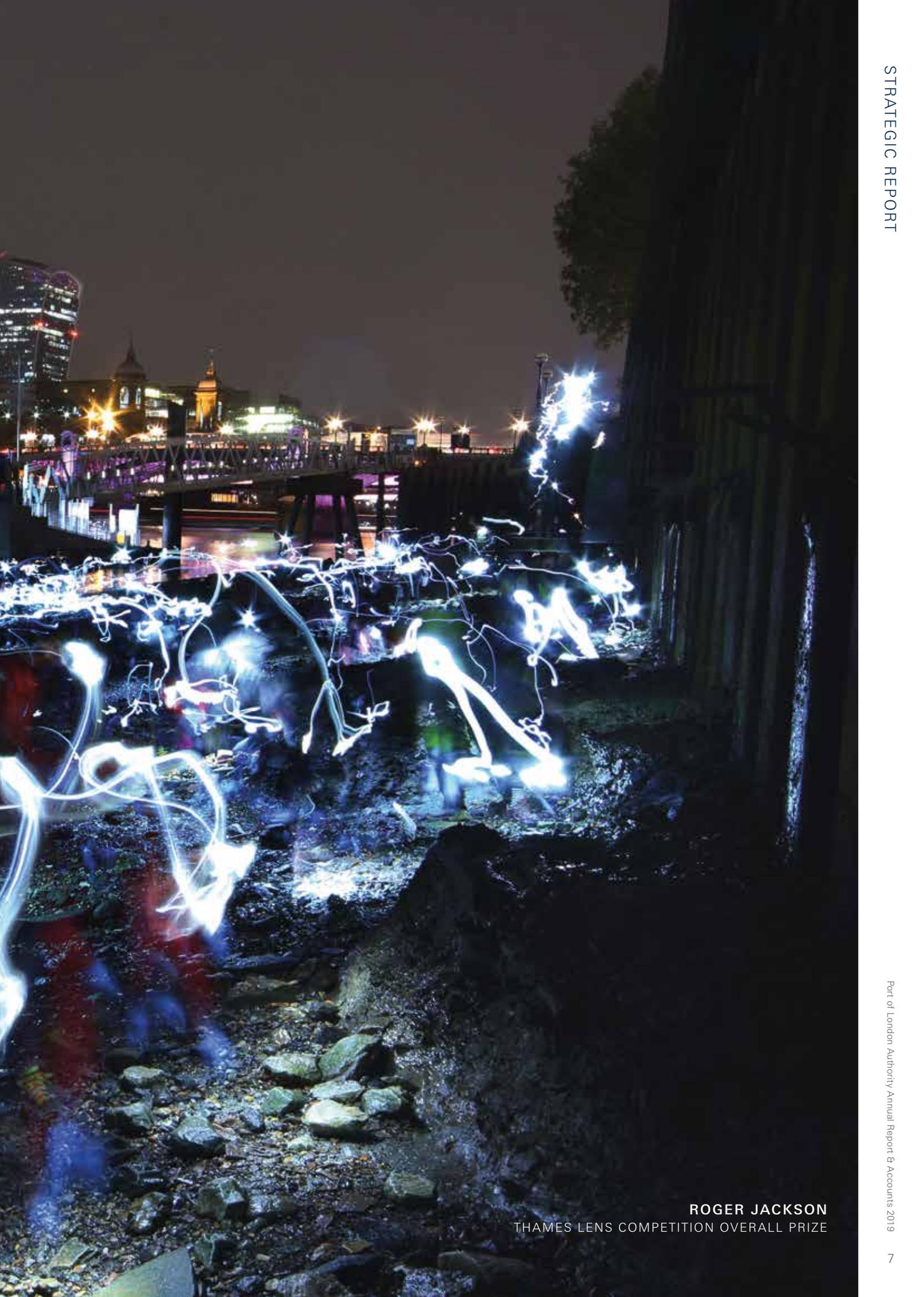
Inland freight



London's deputy mayor for planning and regeneration, Jules Pipe CBE, officially reopened Peruvian Wharf in East London, over 20 years after it handled its last cargo.

STRATEGIC REPORT





ROGER JACKSON
THAMES LENS COMPETITION OVERALL PRIZE

CHAIRMAN'S STATEMENT



Chairman

Christopher Rodrigues CBE

In 2019 we marked 110 years since the Port of London Authority (PLA) was created. That period has seen the river and country we serve evolve and respond to challenges many times over. This includes the two World Wars, during which the London docks played a crucial part and our former colleagues were on the frontline in keeping the nation fed and supplied. In 2020, we face a new and pressing global challenge, unprecedented in peacetime, as we manage our response to the coronavirus.

The breadth of the difficulties we face in dealing with the spread of the coronavirus has become increasingly clear since the turn of the year. Our teams play an essential role in the supply chains serving people across London, the south east and more widely; we are rising to the challenge of sustaining these critical links. Steps are in place to help keep our people healthy and safe, protect and support our core operations, and sustain the financial health of the organisation.

The challenges ahead of us are likely to be broad in scope, with operations and finance foremost. They are challenges we are prepared to face, with a well-trained and dedicated workforce and a balance sheet rebuilt over the last five years. While the momentum we had been building through that time has been impaired, as we work through the implications in the coming months our core strategic intent will remain to Protect, Improve and Promote.

We are advancing long-term projects centred on renewal so that we are fit for the new future. These include a Harbour Revision Order to modernise the provisions of the Port of London Act.

Responding to climate change is very firmly on our long-term agenda too. This is also set to prompt economic and environmental transformation as we move towards Net Zero emissions. We are determined to be in the vanguard of this change and last year convened London's first Greening Inland Shipping conference and exhibition to help the debate on the Thames. Five years on from asserting custodianship of the tidal Thames, convening the event showed us well embarked on delivering on all that custodianship means.

Our short-term focus is responding to the coronavirus crisis, maintaining and enhancing the capabilities needed to protect our essential role in supply chains. For the longer term, the outcome of the virus and response to it remains unclear. We are ready to absorb and respond to the changes that may result, both in society and the economy.

My thanks on behalf of the Board to everyone in the PLA team, coming together as it always does, to make an essential difference at a time of great challenge for the nation.

A handwritten signature in black ink, appearing to read 'Christopher Rodrigues', written in a cursive style.

Christopher Rodrigues CBE

15 April 2020



PLA STAFF GATHERED AT LONDON RIVER HOUSE
TO MARK 110 YEARS SINCE THE CREATION OF THE PLA



**YOUNG THAMES
TRAINEES ONBOARD
SAILING BARGE,
BLUE MERMAID**

CHIEF EXECUTIVE'S STATEMENT



Chief Executive

Robin Mortimer

Our 2019 review is written in early spring 2020, as teams across the PLA come together to address the significant operational and financial challenges posed by the spread of the coronavirus. We have measures in place to protect our core operational teams including pilotage, port control, marine services and Richmond Lock and Weir and provide the support services they need. We are also making contingency plans in order to continue to provide our key services, which maintain supplies of food, fuel and other necessities, that we all rely on.

The remainder of my statement relates, as appropriate in an Annual Report, back to 2019 when it was “business as usual” across the Port. We achieved a strong safety, commercial and financial performance in 2019 as we continued investing in the river and the PLA, working to deliver the long-term goals of the Thames Vision. A healthy financial position is an essential foundation and underpins our response to the current coronavirus outbreak and its long-term economic impact.

GROWING PORT

Port trade rose to 54 million tonnes in 2019, consolidating the rapid gain made the prior year, when trade increased to 53.2 million tonnes, and fully consolidating our position as one of the UK's top two ports. Inland waterways freight was 4.79 million tonnes, an 82% increase on the 2.63 million tonnes moved by river in 2018, as three of the four principal Thames Tideway Tunnel tunnelling drives were active.

Continued investment at terminals on the Thames underpins the long-term forecast growth in trade volumes. DPWorld London Gateway continued to attract new trades, with six new services starting, providing links to destinations in the Baltic, Caribbean, Chile, East India and West Indies. A multi-million-pound contract tender exercise was completed in 2019 for the design and construction of Berth 4, which, once developed, has the potential to further increase London Gateway's capacity.

Forth Ports made exceptional progress with its new Tilbury2 project, starting construction within days of being granted the Development Consent Order. The new facility is fully let to blue chip customers, P&O Ferries and Tarmac. Operations on the site are due to start this spring and this is expected to strengthen Tilbury's resilience in the current coronavirus emergency.

In other trades, Oikos completed the second phase of its £64 million Project Aeris, which provided a new jetty and 12 new storage tanks at their Canvey Island site. Building material operators have continued to invest in their Thames operations. CEMEX has a new dredger close to completion and a new discharge facility at Northfleet – see PLA Investment Plan below – while Hanson followed improvements at its Dagenham depot with a major upgrade of its Victoria Deep Water Terminal under way.

CRO Ports continued investment at their Purfleet base, having upgraded jetties in 2018 to handle parent company, CLdN's largest vessels. Two more new vessels entered service in 2019. CRO Ports' multimillion-pound car deck development will be completed this spring, adding another 8,800 car parking spaces for their car handling business. Investment in systems and resources enabled them to secure full AEO (Authorised Economic Operator) Compliance and Safety & Security accreditation as part of ongoing European Union exit preparations.

For the river more broadly, the giant machines digging the main tunnel for the Tideway project reached the halfway point: 12.5 km of the 25 km total length. This is a major feat of engineering, not just tunnelling under the river, but building new pieces of land in the Thames to work in and digging giant shafts up to 50 m deep below London. Once complete, we will be able to enjoy a cleaner river, seven new areas of public space created along the Thames and the potential to bring wharves currently being used for the project back into long-term river use.

The number of passenger trips on the Thames remained stable at ten million. Among developments which will underpin future services, the new £5.7 million Royal Wharf Pier opened, and Thames Clippers added the biggest-ever boat to their fleet. Transport for London published their Pier Strategy and, early in 2020, announced plans for a ferry between Rotherhithe and Canary Wharf. We also commissioned ARUP to study the scope for continued growth in passenger travel on the river, the findings of which will be published later this year.



INVESTMENT IN TRAINING PILOTS UNDERPINNED A PROGRESSIVE IMPROVEMENT IN CUSTOMER SERVICE LEVELS

CUSTOMER SERVICE

The year saw improving levels of service in our pilotage operation, the result of consistent, focused investment and innovation over the last four years. 2019 was the first full year of a range of changes introduced in 2018, which included a new working agreement for pilots and an automated pilot allocation tool, alongside the ongoing programme of recruitment and training. Consequently, the service kept pace with continually growing demand, handling over 14,000 pilotage acts – 10% up on previous year – with a service level above 98%.

In other areas of service provision, our licensing team processed virtually all license applications within the statutory service time, with a service level of over 99%. In our annual assessment of customer service, we achieved a Net Promoter Score of 13, up from seven the previous year.

FINANCIAL PERFORMANCE

We delivered a healthy financial performance in 2019, with an operating surplus of £7.3 million (2018: £5.8 million) on a turnover of £67.4 million (2018: £60.8 million). The increased operating surplus principally flowed from increased port trade income and a revaluation of investment property. This positive performance helps sustain our long-term Investment Plan and wider programme of support for greater river use.

INVESTMENT

Major progress was made with the PLA Investment Plan, which we launched in 2018. A new vessel discharge system was completed for CEMEX at Northfleet, Peruvian Wharf officially reopened and the adjacent Royal Primrose Wharf was acquired.

Together, these two wharves give us a strategic landholding in East London comprising just over five hectares of riverside land. The Brett Group are operating a new concrete batching facility from Peruvian, taking lorries off the road in bringing marine dredged aggregate into London. Operators have also been selected for the development of Royal Primrose, following a competitive tender process.

The financial returns from projects such as these enable us to fund schemes which generate wider stakeholder benefit, such as the RSPB habitat improvement programme in South Essex and North Kent.

We also continued to invest in our operational assets. The principal investment was starting the work to refurbish and modernise our main Gravesend headquarters. Some 30 years since the building was opened, the programme will see life expired services (including air conditioning and electrical wiring) renewed and space reconfigured for modern working. Additionally, Richmond Lock & Weir was repainted as it marked 125 years of operation and a new radar tower built and operational at Northfleet.

SAFETY

Marine safety on the river improved further, with the number of serious marine incidents down from nine in 2018 to six in 2019. This was ahead of the 10% a year improvement target in our Marine Safety Plan.

On personal health and safety for PLA staff, there were two Lost Time Accidents in 2019, down from four in 2018. Staff also provided a record 172 hazard observation, or near miss, reports, after a concerted communications campaign at the start of the year. We are determined to make further progress towards our goal of zero harm for all PLA staff and contractors working on our sites. Any Lost Time Accident is one too many and it is my strong and ongoing commitment to continue a relentless focus on this across the organisation.

SUSTAINABILITY

As the port with the first Air Quality Strategy in the UK, we have invested in an extensive network of monitoring stations to assess the potential impact of cruise ships mooring at Greenwich Ship Tier. We also welcomed the arrival of the first hybrid pilot cutter, *Leader*, just as the year closed. This investment in innovation is a practical demonstration of the commitment we made in convening London's first Greening Inland Shipping conference and exhibition in the late summer. This brought together river operators, technology providers and researchers in a unique forum which raised the collective understanding of the opportunities, challenges and next steps to be taken.

Our operational carbon footprint declined marginally to 1,916 CO₂ equivalent tonnes in 2019 from 2,042 CO₂ equivalent tonnes in 2018. Our focus this year is to develop a long-term plan to bring the PLA to Net Zero, in line with Government targets.

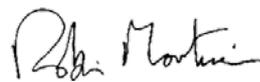
LOOK AHEAD

Our immediate focus is on addressing the challenges posed by the coronavirus outbreak and the global response to it. These include sustaining our essential services while ensuring our employees are kept safe and close financial management in the face of a radically transformed economy. We expect to delay a number of non-safety critical capital investment projects until the position is clearer. We are also keeping in close touch with our customers as they manage the economic impacts on their businesses.

In the long term, the challenge of ensuring that growth, when it returns, is sustainable will be key after the UK became the first country in the world to set itself a legally binding target to reach Net Zero greenhouse gas emissions by 2050. This will be a major focus of our work going forwards and we will be scoping what a Net Zero PLA and Port of London looks like and how we deliver it.

CORONAVIRUS

It is my privilege to lead a dedicated team at the PLA, never more so than now as together we continue operating as part of global supply chains, ensuring that families across London and the south east receive essential supplies through this very challenging time for all of us. Thank you to all PLA colleagues, customers and wider stakeholders as we pull together as a port and river community.



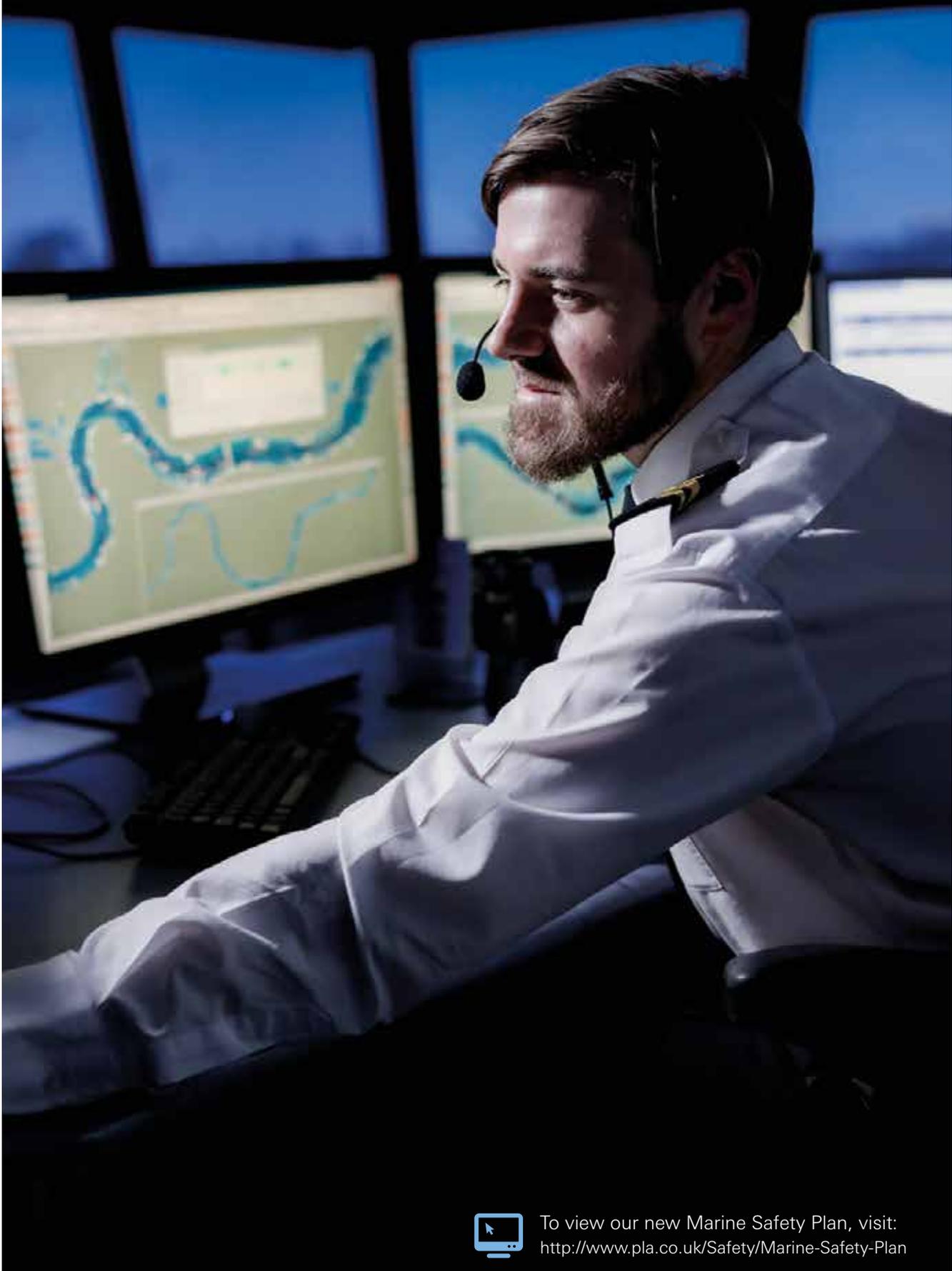
Robin Mortimer

15 April 2020



PORT THROUGHPUT OF 54 MILLION TONNES
MAKES LONDON ONE OF THE UK'S TWO MAJOR PORTS

PORT CONTROL
AT THE HEART OF OUR MARINE
SAFETY SYSTEMS



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

There were six serious marine incidents on the tidal Thames in 2019, down from nine in 2018. This performance is well ahead of the target in our Marine Safety Plan (2018-2020) to reduce the number of incidents by 10% every year.

This progressive reduction in incidents is testament to the rigours of our safety management system, efforts of all our staff and river users. We are far from complacent though, as the river will become more demanding as it gets busier. That is why we are working with the Company of Watermen on developing the first continuous professional development scheme for boatmasters on the Thames. This is one of the ways in which we are responding to incident statistical analysis leading us to focus our attention on the area with higher risk, identified as the upper river through central London.

Learning from incidents is essential and we aim to complete incident investigations in a timely manner. In 2019 the number of investigations completed within the target four-week period increased to 86%, up from 62% in 2018. This is an area on which we continue closely to focus.

Incident analysis drove our 2019 safety campaign which promoted the importance of maintenance to reduce incidents caused by breakdowns. We retained the focus on breakdowns for our social media posts during Maritime Safety Week as it remains an area of concern.

2019 saw a record 14,238 pilotage acts (2018: 13,372). This reflected continued growth in trade, particularly again at London Gateway as they secured new services.

We are now completing around 2,500 more pilotage acts every year than we were in 2015. The reliability of the pilotage service is markedly better than at the start of that period as continued investment in new pilots, management systems and the efforts of all in the pilotage department have borne fruit. The 2019 pilotage service level was in excess of 98%.

Investment in pilotage continues, with a further 12 pilots set to join us this year and a steady number now reaching Class 1, able to handle the largest ships. Alongside investment in people, our essential safety infrastructure continues to be improved too, with the new Northfleet radar entering service in 2019, providing better visibility across one of the busiest reaches on the river.

In the autumn of 2019, hearings were held into the charge brought against us, and a number of other defendants, by the Maritime & Coastguard Agency related to the sinking of the tug, *Chiefton* off Greenwich Pier in 2011 in which crew member, Darren Lacey tragically lost his life. The case concluded with the PLA found not guilty on all counts.

More detailed information on our safety work can be found in the River Navigation section of this Annual Report on page 31.

Bob Baker
15 April 2020

Serious navigation incidents (No.)

2017	13
2018	9
2019	6

Sea Pilot Acts Service Level

2017	94.0%
2018	95.4%
2019	98.0%

Pilotage acts (No.)

2017	13,112
2018	13,372
2019	14,248

CHIEF FINANCIAL OFFICER'S STATEMENT



Chief Financial Officer
Julie Tankard

2019 was a healthy year for the PLA financially with trade up 1.6% by tonnage. We generated an operating surplus of £7.3 million (2018: £5.8 million) on a turnover of £67.4 million (2018: £60.8 million). Overall profit after tax was £10.3 million (2018: £3.5 million). This solid outcome is positive as we work to respond to the challenges posed by the coronavirus outbreak in early 2020.

The increase in year-on-year operating surplus was mainly related to increased port trade income. A revaluation of investment property added a further £4.1 million to the surplus and we also benefited from a tax rebate relating to property-related insurance claims.

We continue to hold sufficient cash and adequate reserves to service our long-term goals and reflective of our long-term liabilities. In the immediate future our focus will be on protecting this position as we work to maintain our core services and start to deal with the economic impacts of the coronavirus outbreak which is likely to involve bad debt provisions.

In 2019 we continued the focus on improving the customers' experience, specifically in the pilotage service. We have made substantial and ongoing investment in pilotage over recent years, responding to the growth in ship calls, particularly at London Gateway. To reflect these increased costs, and to ensure the service did not become loss making, we took the one-off measure of increasing 2019 pilotage charges by 1% more than the increase applied to other charges.

Pilotage income for the year was £25 million (2018: £22.5 million); after costs, pilotage made a small, £0.02 million contribution to the year's overall operating surplus. For 2020, we have made a further change to charges for larger vessels (365 metres and above) to reflect the higher costs of servicing these vessels, which require two pilots.

Rental income continued to grow to £11.7 million in 2019, (2018: £9.9 million), this is a key part of our strategy to diversify income. It reflects both market-related river works licence income rises and rent from investment land where safeguarded wharves are returned to use. Income from the diving, salvage and hydrographic support service we provide grew to £6.2 million in 2019 (£5.9 million in 2018), largely due to successful completion of hydrographic contracts.

Operating costs were higher as a result of the operating payroll being 9% higher than the previous year, as we added more pilots to support growth in business and undertake more activity to serve customers. Increases in third party supplies and services related to the boarding and landing of pilots, and the contractor costs involved in the delivery of hydrographic contracts.

We continued to strengthen the balance sheet, growing the assets and reducing the liabilities. An additional investment property was acquired in 2019 which is a continuation of the Investment Plan launched in 2018.

The Investment Plan is a major initiative through which, in line with Trust Ports' guidance, we support both commercial and public benefit projects. The first major commercial project, with CEMEX at Northfleet, was delivered in 2019 and is already generating income. Brett Group started operations at Peruvian Wharf during 2019, which is now also contributing increased rental income. Royal Primrose Wharf, adjacent to Peruvian, is in the process of being made operational, with some income already being generated.

Our main operational capital investments were in the purchase of a new hybrid pilot cutter for the Gravesend pilot transfer operations, as we started to focus on reducing the carbon intensity of our operations.

Operating surplus (£m)

2017	£7.3m
2018	£5.8m
2019	£7.3m

Cash invested (£m)

2017	£5.4m
2018	£4.3m
2019	£19.5m

THE CEMEX JETTY AT NORTHFLEET
THE FIRST MAJOR INVESTMENT PLAN
PROJECT COMPLETED



The principal building services for our Gravesend offices had reached the end of their operational life and substantial costs were set to be incurred in their replacement. We took advantage of this situation to re-scope the project, undertaking a major upgrade and refurbishment of the building which will provide an environment better suited to more flexible, cross team working, alongside the required new services. Improvements include reduced carbon intensity through the adoption of solar power generation and lower energy facilities.

Our pension obligations remain a significant commitment; the overall deficit to the multiple schemes that we operate or participate in is £62 million, an improved position on last year. We continue to pay into the deficit repair plan for the main PLA Pension Fund and are ahead of the deficit repayment plan. After the Triennial valuation of the scheme, we agreed to maintain the existing deficit repair plan. During the year we added a further £4 million into the pension fund to offset any impact of the Guaranteed Minimum Pension (GMP equalisation) issue. Looking ahead, our approach is likely to be more conservative, considering the economic and financial impact of the coronavirus.

Managing the impact of the coronavirus is our immediate focus. Longer term, as the impacts of these exceptional times become clear, we will review our options to continue strengthening the business and diversifying our income through our Investment Plan.

Julie Tankard

15 April 2020

OPPORTUNITIES AND CHALLENGES

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 section sets out our headline view of key opportunities and challenges.

OPPORTUNITIES

Increasing all aspects of river use through the six goals in the Thames Vision is the biggest opportunity for the PLA. The Vision provides the framework for us to work with stakeholders to achieve our shared goals for the Thames. Four years on from its launch, we are set to embark on the first review of the Vision to ensure that it is in line with changes in stakeholder expectations, and developments in the economy and society that we serve.

In line with Vision forecasts, port trade growth is a major opportunity for the PLA. Investment by operators including DPWorld at London Gateway and Forth Ports at Tilbury has underpinned substantial and ongoing growth in trade. That investment looks set to continue as terminals and operators respond to opportunities that emerge from serving the UK's largest consumer market.

The PLA-convened Port of London Infrastructure Group supports port trade growth, drawing together operators, Government and infrastructure providers in a forum for dialogue around the infrastructure needed to support the growing port.

In the longer term, the Government's proposals for freeports represents a potential major opportunity. We are supporting operators of terminals on the river to develop a Thames Freeport proposal.

Our Investment Plan is supporting growing river use through commercial projects which will secure existing, or generate new, tonnage at Thames terminals. The holistic Plan embraces commercial opportunities; deals with longer term payback projects which generate wider stakeholder benefit; and schemes which improve the river's amenity.

The Thames Tideway Tunnel provides both opportunities and challenges. The principal long-term benefit of the scheme is a substantially improved marine environment. Already the project's use of the river in its construction phase has prompted investment in vessels, tugs and barges and the embedding of higher standards of marine operations on the river, a legacy for the future.

Increased use of the river for river freight and passenger services means more skilled people are needed to work on the river – and that the skills of existing workers are maintained and improved. We have helped meet this demand through the training opportunities offered by the Thames Skills Academy, the Company of Watermen & Lightermen and Thames operators themselves. This is now to be supplemented by a new continuous professional development scheme we are developing with the Company of Watermen & Lightermen.

CHALLENGES

The most immediate and very substantial challenge in the early months of 2020 is the potential impact of the coronavirus, both operationally and economically. We have taken immediate steps to better protect our key operational staff from exposure to the virus, in order that our essential port control and pilotage services can be maintained. It is too soon to understand the likely economic impact of the virus and global response to it; it is a situation we are monitoring and will respond to as it becomes clearer.

Political, economic and operational uncertainty over arrangements for the UK to leave the European Union remains a key challenge. We continue to plan for the possible implications, follow developments closely and support Thames operators as they prepare for the opportunities that may arise.

After several years in which air quality emerged as an increasingly important issue climate change is now very much centre stage. The Government's commitment to achieve Net Zero emissions by 2050 sets a clear framework. We have a major project underway to scope the likely changes, challenges and opportunities that flow from the legally binding target and it was the focus of our best-attended annual Environment Conference at the start of 2020.

A particular challenge for the port is the likely switch from fossil fuels for transport, which is expected to impact on the volumes of fuel passing through the port. Such a change and transition to new cargoes could provide marked financial challenge.

We are delivering the Action Plan commitments made in our Air Quality Strategy, which will be subject to its first annual review in 2020.

DPWORLD LONDON GATEWAY
WINNING NEW SERVICES AND
LOOKING AT FUTURE GROWTH



Demand for our pilotage services continues to grow. This means that consistently providing for the 'on demand' requirements of our customers can be challenging, particularly peak demand, which can be more than double average demand on the busiest days of the year. We manage this through ongoing investment in training new pilots. This is a long-term endeavour as pilot training to unrestricted level takes four years.

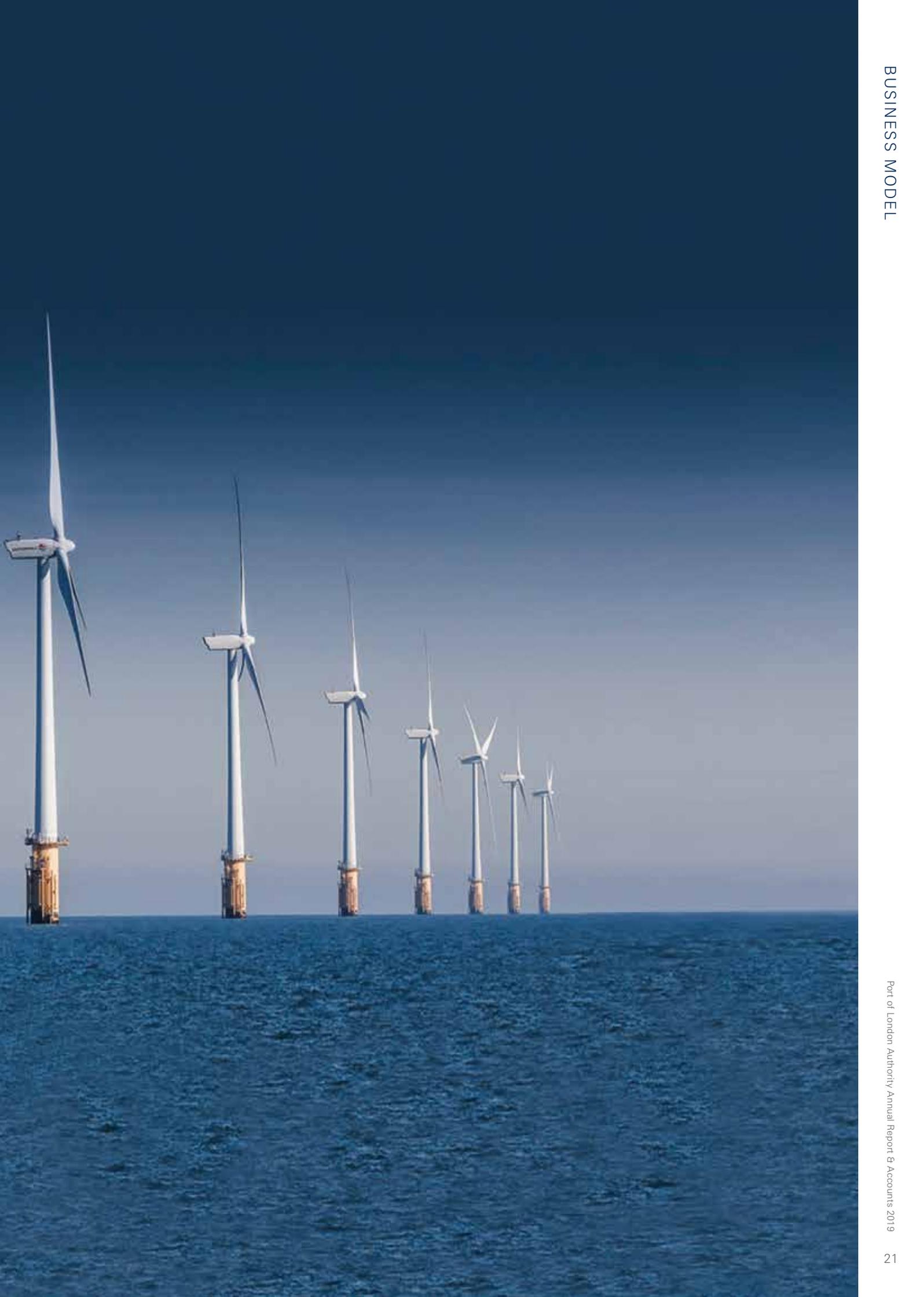
One of the main challenges we have managed linked to the Tideway scheme is the operation of 12 construction sites in and alongside the river. The increase in barge movements has been overseen by our dedicated Tideway harbour master, harbour launch crews and navigation control. We structured our licensing team to manage the high level of consenting demands for the project.

Calls for river space to accommodate new crossings and new or expanded windfarms remains a challenge. We support the need for more river crossings in London as essential to continued economic development and engage in debate around specific proposals. Our priority is to ensure that proposals are compatible with an increasingly busy river and that the established rights of navigation are not impeded in a maritime city.

The drive to achieve Net Zero is expected to create a further drive to expand existing windfarms in the Thames Estuary, or develop new ones. With the Estuary a complex space, serving one of the UK's busiest ports, such developments need careful consideration to ensure that they do not prejudice safe navigation. We engage actively on these proposals with both the developers, the shipping lines and terminal operators who would be affected.

BUSINESS MODEL





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.

The 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

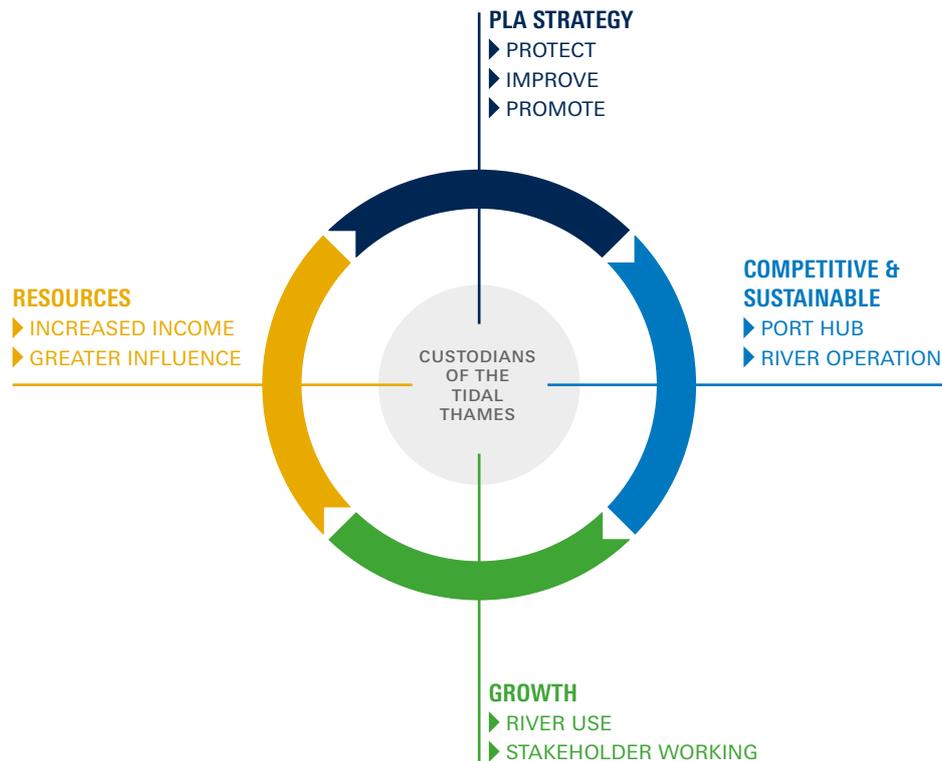
PROMOTE

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 the '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





10,316

Hectares –
size of estate
(marine)



950

Hectares –
size of estate
(land)



41

PLA
vessels



95

Miles of tidal
river managed



401

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:



39% ● **PILOTAGE DUES** charged for providing a pilot who guides a ship into and out of the ports (includes Pilots National Pension Fund Levy).

29% ● **CONSERVANCY CHARGES** on ships and their cargoes entering and leaving the port for the maintenance of the channel and facilitating safe navigational access.

17% ● **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 five 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. We will be working with stakeholders through 2020 to review and update the Vision for an extended time period out to 2050, in line with the Government's Net Zero commitment.

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. Over the last four years we have been working increasingly closely with stakeholders on improving air quality on the tidal Thames. 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.

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.

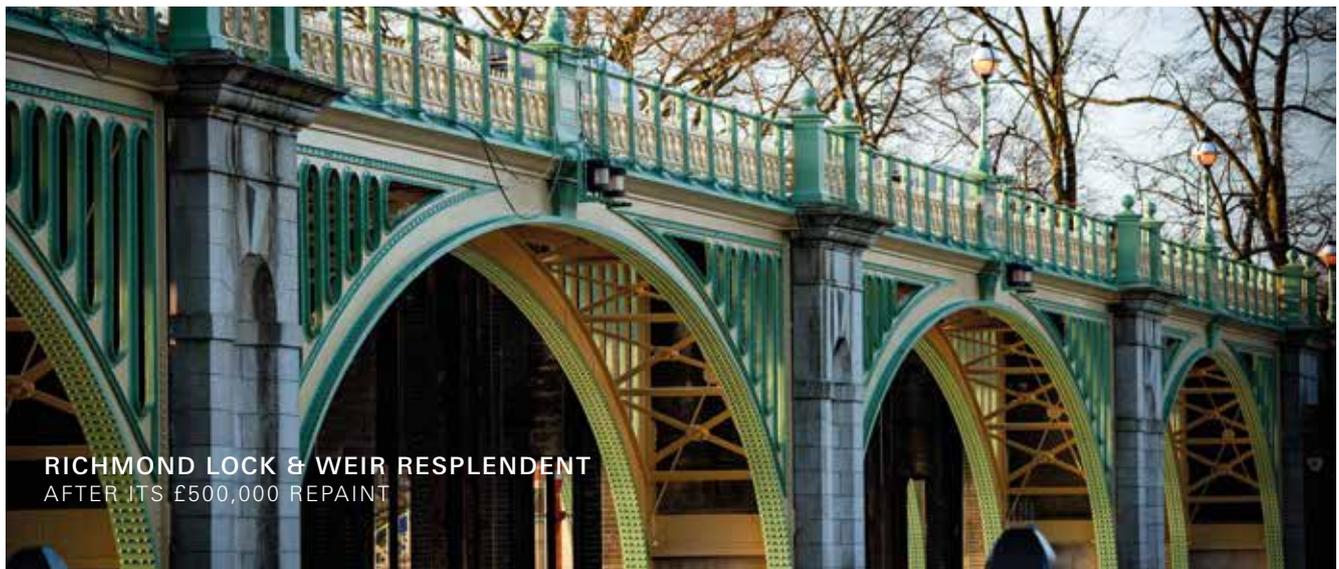
BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

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 £41 million in 2019 (2018: £36.7 million). Our major direct 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. In 2019, £15 million was spent across the three categories of the Investment Plan, most of which related to the acquisition of Royal Primrose Wharf which we acquired to safeguard for river use. More than £39 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.



RICHMOND LOCK & WEIR RESPLENDENT
AFTER ITS £500,000 REPAINT

PLA IN THE COMMUNITY	2019 (£)	2018 (£)
Major charitable donations		
Thames21	35,000	15,000
Thames Explorers Trust	35,000	39,500
Thames Festival Trust	60,300	57,000
Tilbury Seafarers Centre	31,500	35,900
Other charitable donations	37,115	43,290
Riverside Code & Community Outreach	8,663	31,391
Museum of London Docklands - membership	28,610	30,376
Museum of London Docklands - 2021 exhibition	160,000	0
Support for community activity on the river (AHOY Centre, etc.,)	31,000	17,920
RSPB	58,855	0
Thames 21 (administration costs)	70,000	80,000
Gravesham Borough Council (Town Pier)	3,743	3,624
	354,001	354,001
ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT		
Archive at Museum of London Docklands	82,688	76,664
River bank maintenance	46,622	150,660
Richmond Lock and Weir	1,090,128	559,518
	1,219,438	786,842
GOVERNMENT BENEFIT*		
Taxation – Pay As You Earn	9,528,703	8,968,115
National Insurance (employer's and employees elements)	5,040,922	4,512,506
Corporate taxation and business rates	454,589	745,584
	15,024,214	14,226,205
BUSINESS COMMUNITY BENEFIT		
Subscriptions to business organisations	104,888	88,312
Thames Estuary Partnership	18,750	26,975
Thames Skills Academy	25,000	25,000
	148,638	140,287
EMPLOYEES' BENEFIT		
Employee remuneration, pensions costs and benefits	24,069,905	21,154,942
	24,069,905	21,154,942
TOTAL STAKEHOLDER BENEFIT	41,021,982	36,662,278

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







PORT TRADE

Trade in the Port of London rose in 2019 to 54 million tonnes from 53.2 million tonnes in 2018. This meant we virtually tied with Grimsby & Immingham as the UK’s leading port in terms of tonnage of goods handled.

Unitised trades grew by 1.1 million tonnes on the prior year as throughput at London Gateway continued to rise. Oil products and gases fell 800,000 tonnes or 6% to 13.3 million tonnes. Tonnages of building materials (11.6 million tonnes), metals (1.4 million tonnes) and forest products (0.8 million tonnes) were stable compared to previous years. Further detail on port trade is in the chief executive’s statement on page 10.

Cargo handled, million tonnes

2017	49.9
2018	53.2
2019	54.0

INLAND WATERWAYS FREIGHT

2019 saw 4.79 million tonnes of freight moved between terminals on the Thames, up from 2.63 million tonnes in 2018. The overall tonnage of materials moved increased 82%, as river use by major infrastructure schemes, particularly the Thames Tideway Tunnel, accelerated.

As the Tideway project reached the half-way point, its river use was at a peak, with the movement of a mix of cargoes: tunnelling spoil, tunnel lining segments, steel reinforcement and sand/ gravel. The river also continued to enjoy the traditional strong baseload of movements of building materials, alongside waste to the energy from waste plant at Belvedere, with the resultant ash being transported downstream to the Port of Tilbury by barge for recycling into building materials.

The Brett Group and Keltbray established their respective operations at Peruvian Wharf, the safeguarded wharf in East London, during the year. The site is expected to handle up to 600,000 tonnes of materials annually, keeping more than 30,000 lorries off London’s congested roads. Work continues on longer term plans for the reactivation of a number of safeguarded wharves in the capital, including those in West London currently being used for the Tideway scheme.

Inland waterways freight, million tonnes

2017	4.3
2018	2.6
2019	4.8



PASSENGER TRAVEL

The number of passenger trips on the river remained flat in 2019 at 9.9 million. River tour operations enjoyed some underlying growth, while operational issues affected the Woolwich Ferry service as two new hybrid powered vessels came into service.

Transport for London (TfL) published their Passenger Pier Strategy, setting out plans for pier development over the medium term, around a set of eight principles, integrating with other forms of transport, environmental sustainability and safety targets. We also worked with TfL commissioning ARUP to undertake a passenger transport study to identify opportunities for growth and potential obstacles to progress. The findings will be released in 2020.

Investment continues in infrastructure and vessels. Royal Pier Wharf, the longest pier on the Thames, was opened at Silvertown, making river transport an option for new riverfront communities. Thames Clippers, who will call at the new pier, have added the largest vessel to date to their fleet.

Longer term, TfL are taking forward a ferry crossing project between Rotherhithe and Canary Wharf to improve connectivity. They are targeting environmentally friendly vessels and piers which will set new emissions benchmarks for the Thames and UK ports more widely.

Passenger journeys, million

2017	10.0m
2018	9.9m
2019	9.9m

SPORT AND RECREATION

The number of sporting events held on the river rose again in 2019 to 430, up from 363 in 2018. The increasing number of events reflects growing river use – a key target of the Thames Vision – alongside established marquee events such as the University Boat Races, Head of the River races and the Great River Race.

Thames Regatta, set to be a major new event on the Thames in 2019, was sadly cancelled due to extreme weather conditions. The event was developed through substantial investment from Tideway and we hope to see its inaugural running soon.

During 2019 we worked hard with London Sport to develop a concept which will support the long-term Thames Vision goal of greater sport and recreational on the river. Active Thames is the result, a programme which will address three key areas which can drive increased participation. Through 2020 we will be focused on securing the funding needed to deliver the programme.

Major sporting events

2017	152
2018	363
2019	430

LAUNCH OF THE TIDEWAY CODE
A COMBINED GUIDE FOR ROWERS AND PADDLERS



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 control centres at Woolwich and Gravesend, which oversee safe navigation over 400 square miles.

2019 was the second year of our latest three-year Marine Safety Plan. The Plan features six targets aimed at reducing incidents year-on-year. Four of the targets were fully achieved, one partially achieved, and one not achieved. The principal target, reducing serious marine incidents by 10% every year, was achieved with just six recorded in the year (2018: nine incidents).

The progressive reduction in serious incidents on the Thames is the result of a continued focus on incident analysis and learning of lessons about what prompted them. This is essential as the river continues to get busier. To ensure improvement is sustained, we started work with the Company of Watermen & Lightermen to develop a new programme of continuous professional development for all those working afloat on the river, mirroring similar initiatives in the aviation, rail and construction sectors.

May saw HRH The Duke of Cambridge give his backing to the first Thames Drowning Prevention Strategy. Suicide remains the single most frequent cause of drowning in the Thames. Partners including the RNLI, Met Police, Maritime & Coastguard Agency and London Fire Brigade came together to develop the strategy which included a call for the public's help in preventing accidents and self-harm incidents.

Our emergency preparedness work continued to ramp up through the year. This included a number of exercises, including one with live deployment of assets to tackle an oil spill situation. To increase the realism and effectiveness of the training, this exercise included mock TV interviews and social media injects.

Recreational use of the river continues to intensify. In response to this – and to make access to essential safety information easier – we combined two previously separate sets of guidelines for recreational users of the river to create: The Tideway Code – a Code of Practice for Rowing and Paddling on the Tidal Thames. It was produced with the support of the Thames Regional Rowing Council, British Canoeing and water sports clubs and organisations from along the 95-mile course of the tidal river.

Allied to provision of improved safety information we also prosecute to ensure there is a deterrent to unsafe behaviour. In line with this in April a jet skier who navigated at speed along the Thames towards central London in summer 2018 was prosecuted at Westminster Magistrates Court, fined £2,750 and ordered to pay costs totalling over £3,500 for ignoring the ban on jet skiing on the river in London.

Among the essential safety services we provide is the hydrographic surveying of the bed of the river. 2019 was our most productive year in terms of estuary survey coverage in over a decade, with the full safety of navigation survey programme completed. We are progressively extending our Electronic Navigation Chart coverage to the Thames Barrier and this coverage will extend further upstream to Greenwich and potentially the Lower Pool in 2020.

SHARING EXPERTISE ON
A THAMES RIVER TRIP



PLANNING CONSULTATION & TECHNICAL EXPERTISE

Our planning and technical expertise is at the heart of our work 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.

As the Thames Tideway Tunnel project reached the halfway point, it continued to rely on the support of our planning and environment team for a timely and efficient licensing service. The total number of Tideway applications processed in the year was 173 (2018: 248), essentially matching the total number of applications processed for all other river operators.

A similarly focused licensing support approach was provided to Forth Ports' Tilbury2 project. Their fast-track construction programme commenced within days of the Development Consent Order (DCO) being granted and a robust applications process, that kept pace with their programme, was put in place.

Integrating the river into major infrastructure schemes remained a major focus for the group, with substantial work completed around proposals for the Lower Thames Crossing, ahead of submission to the Planning Inspectorate. We remain particularly concerned that, in spite of forecast long-term growth in port trade, the scheme currently does not include links to key port facilities.

Extensive work was also involved in relation to the Silvertown Crossing. Discussions are now well underway with the RiverLinX consortium which has been appointed to deliver the Silvertown tunnel project.

In July the first phase of bridges in the Illuminated River project were lit (London Bridge, Cannon Street Bridge, Southwark Bridge and the Millennium Footbridge). The PLA was one of myriad authorities licensing activities to enable the project safely to go ahead. We are now discussing the five bridges involved in phase two and expect river works licence applications shortly.

We have been in consultation with Natural England as they investigated how to improve coastal access along a 48-mile stretch of the Kent coast and Thames Estuary between Grain and Woolwich. The proposals were subject to public consultation during 2019 and early in 2020 the Secretary of State at the Department for Environment, Food and Rural Affairs approved those that were not subject to any objections. We will continue to support Natural England as they work to complete the coastal route.

During the year the examination in public of the London Plan Review was completed and a decision on the Mayor's "Intention to Publish" is expected imminently. The Safeguarded Wharves Review has now been submitted to the Secretary of State, at the Ministry of Housing, Communities & Local Government.

With Royal Wharf Pier now operational, we expect future growth in pier capacity to come as residential development continues to the east of London. At the same time, intensification in river use is likely to result from plans for the new Intercontinental Pier close to the O2 and the proposed Rotherhithe to Canary Wharf electric ferry.

The planning team was involved during the year in numerous other large-scale planning applications falling within the Government's definition of National Infrastructure Projects. Vattenfall's proposals for extending its Thanet Offshore Wind Farm in Kent was one such scheme. We convened a cross-PLA group to work with river operators in responding to the proposal to add up to 34 turbines on the edges of the existing wind farm. Together we made the case at the public inquiry that the proposed extension presented significant safety, economic and operational concerns. The outcome of the inquiry is awaited.

We also joined the hearings into Cory Riverside Energy's DCO application to the Planning Inspectorate to develop its Belvedere Riverside Energy Park project, which would feature technologies including waste energy recovery, anaerobic digestion (of food and green waste), solar panels and battery storage.

Permanent river works licences (No.)

2017	46
2018	125
2019	208

Temporary river works licences (No.)

2017	150
2018	230
2019	100



THAMES & LONDON WATERWAYS FORUM
FREIGHT PANEL IN SESSION

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

The river is a hub of activity, whether for trade, travel and sports, and a catalyst for investment. At the PLA we are uniquely placed to be river advocate and convener for those interested in its use and development. This sees us continually developing new partnerships, bolstering established ones and showcasing the river in its broadest sense.

The Thames Vision is a key part of our work in this area. It is a development framework for the river which crosses administrative boundaries and enables us to advocate so that the Thames' full potential is recognised and embraced.

The Vision was launched in July 2016, after 18 months of development with stakeholders. With substantial changes since then across the city region, increased environmental focus, evolution in river use and logistics, the Vision needs to be reviewed and updated. We have therefore strengthened the team ready to embark on a fresh stakeholder consultation through 2020.

In December we were amongst the first to meet the new Thames Estuary Envoy and have subsequently joined the Thames Estuary Growth Board, ensuring that the river is truly at the heart of the development programme.

The Thames & London Waterways Forum is key to achieving a range of Thames Vision targets, through working groups on passenger transport, freight development and people and places. We convened the Forum's annual stakeholder meeting in October hosted by London's deputy Mayor for transport, Heidi Alexander. The new, discussion style format enabled stakeholders to hear about the latest river developments and engage in debate across freight, travel and skills development.

The Port of London Infrastructure Group proves to be a continually useful forum, bringing together major terminal operators with politicians, Government officials and the major infrastructure providers. Together they share the challenges in bridging the gap between the port trade growth forecasts in the Thames Vision and the infrastructure needed to sustain the increased tonnages.

Two years after the launch of the Vision, it had become obvious that we needed to bolster resources to achieve the goal of increasing participation in sport and recreation. We consequently appointed a sports participation and community outreach manager, who is now leading our engagement with clubs along the river, Sport England, London Sport, the National Governing Bodies for canoeing, rowing and sailing, Thames Regional Rowing Council and others. She leads on our two sports promotion groups and is working particularly closely with London Sport on a new initiative, Active Thames.

September 2019 saw the culmination of a great deal of work by us, in partnership with the Greater London Authority (GLA) and other stakeholders, when The Case for a Cultural Vision for the Thames was published. The publication sets out how clear direction and collaboration can make the most of the river's cultural attractions, for the benefit of Londoners and visitors alike. It aligns with GLA's priorities for promoting the city on the world stage and the Thames Vision.

People attending public meetings (No.)

2017	257
2018	272
2019	261



The Thames in London's future

- Great cities depend on sustainable rivers.
- What is good for the city is good for business
- A green Thames needs leadership from all sides.
- Leadership requires recognising change is coming, building confidence, knowing your DNA, taking innovations.

**GREENING
INLAND
SHIPPING
2019**

PORT OF
LONDON
AUTHORITY

THE GREENING INLAND SHIPPING CONFERENCE AND EXHIBITION
A MAJOR AIR QUALITY STRATEGY MILESTONE

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. Increasingly we are known for our industry-leading work in improving air quality on the Thames.

The environment agenda being addressed by our team has broadened progressively over recent years to embrace air quality, carbon emissions, habitats and water quality. In response, the team working on environmental stewardship has been expanded, to include technical advisors in areas such as water quality, biodiversity and environmental protection. This bolstered resource will support achievement of the environmental goals in the Thames Vision.

We started work in 2019 to develop our approach to the Net Zero agenda. This will be a major focus for us through 2020 and into 2021, as we assess Net Zero and how to achieve it, for both the PLA and the port as a whole.

Late in 2019 we took delivery of the new hybrid pilot cutter, *Leader*, which will return a marked reduction in our carbon footprint for the year. Our 2019 performance does not reflect the benefits of *Leader's* introduction: our carbon generation was 1,916 CO₂ equivalent tonnes, down on the 2018 figure of 2,042 CO₂ equivalent tonnes.

2019 saw a continued focus on delivery of the actions in the Air Quality Strategy for the tidal Thames. Key amongst these was the 'Greening Inland Shipping Conference' which we convened during London International Shipping Week. The event took an in-depth look at the new fuels and technologies which are reducing emissions from inland vessels and addressed how they might be adopted on the Thames.

Further Air Quality Strategy work includes air quality monitoring at Greenwich to assess the impact of cruise ships mooring midstream in the Thames and commissioning of a 'road map exercise' to assess the practicalities of employing different propulsion and fuel solutions on the river. A revision currently being created which aligns with the Government's Clean Air Strategy actions, for which a PLA secondee helped to develop Guidance for Ports.

Effective delivery of the Strategy will rely on partnership working across industry, local authorities and Government. The Mayor's Air Quality Fund provided £500,000 for the grant scheme, Clean Air Thames, which launched at Greening Inland Shipping. This supports the adoption of cleaner vessel technology and is a

welcome catalyst for progress. Administered by the Cross River Partnership, with the PLA on its board, it will support the retrofit up to eleven river vessels, with the aim of cutting their emissions by up to 90%.

Our work to drive improvements in air quality is supported by the 'green' discount for environmentally cleaner ships calling on the Thames. Launched in 2017, this incentive has been progressively enhanced, with a doubling of the discount on main port charges to 10% in 2019. In 2020 this has been further enhanced, with tiered incentives: 20% discount for vessels with an Environmental Ship Index score of 50 and above, and the 10% discount remaining for vessels scoring 30-plus. More than £200,000 worth of discounts have been made since the scheme started.

Last year, 241 vessels achieving the required Environmental Ships Index standard to qualify for the discount called on the Thames, up from 209 in 2018. The cleaner vessels visited the port a total of 925 times, up from 418 in the previous 12 months.

The Thames Estuary contains significant and protected wetland habitats, supporting a wide range of flora and fauna, including many species that are in decline or under threat. During the year we started work with the RSPB to improve designated sites in South Essex, in line with goals in the Thames Vision. Species set to benefit from the £150,000 plus investment include the rare shrill carder bee, and important birds like the lapwing and redshank.

In total the partnership will protect and improve the condition of 386 hectares of priority habitat and 10 km of enhanced wetland ditches to support water voles and dragonflies. It will also provide new connections between areas of habitat allowing species to access them. PLA staff helped with the habitat work in four days volunteering on the sites to clear habitats ready for the birds and bees.

Partnership working remains key and continued throughout 2019. With the Environment Agency and Thames Estuary Partnership, we delivered a new Estuary Edges website, providing updated guidance for planners and developers on enhancing riverside public open space along the Thames, for people and wildlife.

The Thames Litter Forum, which the PLA chairs, continues to work on delivery of the Thames Litter Strategy. Launched in 2018, the Strategy is now subject to its first review working out the best way to measure and deal with litter in the river and on the foreshore. The recovery by one of our driftwood teams of 70 shopping trollies from a single Thames-side site in one day underlines the continuing importance of this work.

Carbon emissions (CO₂ equivalent tonnes)

2017	2,081
2018	2,042
2019	1,916



GRADUATION FOR PUPILS FROM ST ANGELA'S URSULINE SCHOOL
WHO WE WORKED WITH AS PART OF THE LONDON YOUTH ROWING BREAKING
BARRIERS PROGRAMME

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 of more than £6 billion annually and supports in excess of 140,000 jobs across port and other operations, tourism and recreation.

Through payments including wages, taxes, supplies bought in and charitable donations our operations generate substantial stakeholder benefits. We calculate this totalled £41 million in 2019 (2018: £36.7 million). A full breakdown of our stakeholder benefit figures for 2019 can be found on page 25.

Our discretionary spend on projects and partnerships that directly support charitable and stakeholder goals in the year amounted to more than £1 million. Through our Investment Plan, our goal is to invest for return and growth so that we are able to sustain and potentially increase this support and outreach in the future.

Our biggest single community investment in 2019 was the £500,000 project to repaint Richmond Lock & Weir as we marked 125 years since it opened. The project involved extensive scaffolding to enable the application of 3,500 litres of paint, carefully sourced to meet English Heritage specifications.

We continue to develop our existing partnerships as we work to deliver the goals of the Thames Vision.

Our support for Tilbury Seafarers Centre continues, both through our long term annual grant to the centre and in kind support. In a now established tradition, the run up to Christmas saw PLA employees visit the Centre to wrap gifts of essentials for seafarers who call on the Thames through the festive period.

During 2019 we confirmed our intent to work with the Museum of London Docklands on a six-month exhibition in 2021, showcasing unique artefacts drawn from our archive which is held at the Museum. Additional archivists were recruited during the year for a programme of accelerated archiving to identify materials for the exhibition.

We are now established as a major supporter of the Thames Festival Trust's Totally Thames event, held every September. Complementing this is our long-term involvement with the Trust's Thames Lens photographic competition, which produces exceptional images of the river; some of this year's leading entries appear in this report.

In education we have a mixed programme across Thames Festival Trust's Rivers of the World education programme in East London schools, London Youth Rowing's 'Breaking Barriers' campaign and Thames Explorer Trust's delivery of lessons in schools along the river.

One of the Thames Vision goals is to encourage greater sport and recreation on the river. In line with this we made the first Sports Participation Fund grants in 2019. Beneficiaries included: Dartford Cambria Sea Scouts, with funding for new sailing dinghies; Gravesend Regatta Society, a safety boat and new lifejackets; Alexandra Yacht Club in Southend-on-Sea; the AHOY Centre in Deptford; Twickenham Yacht Club; and the Third Osterley Sea Scouts.

Among our ad hoc community support was a joint initiative with Canal & River Trust which enabled Dutch Sea Cadet Corps ship *Rigel* to visit the Dockland Scout Project at West India Dock, where *Rigel*'s sister ship *Lord Amory* is based. The Cadets were only able to make the trip after the PLA and the Trust waived pilotage, mooring and berthing fees.

Our match funding for employees' fund-raising efforts continued in 2019. These included donations to Gravesend Rowing Club and Gravesend Fixed Seat Rowing Club matching money raised in a Biathlon race staged by employees, and for Anne Cromie who ran the Brighton Marathon for Cancer Research UK.

Stakeholder Benefit (£m)

2017	£35.6m
2018	£36.7m
2019	£41.0m



**OUR ANNUAL EMPLOYEE SURVEY
SHOWED IMPROVED LEVELS OF
STAFF ENGAGEMENT**

PLA PEOPLE

Our 401 employees keep the UK's supply chains flowing and enable millions of people to enjoy the UK's busiest tidal river safely every year. The team's seafaring and marine expertise is complemented by specialist electrical and marine engineers, planners, civil engineers, hydrographers, environmental and many other experts.

In response to the evolving demands on the PLA and changing uses of the river, we undertook a thorough review of our operations in 2019 and developed a new People Strategy. The Strategy, which is now being implemented, features adding resource in areas of growing and greater demand, principally our pilotage, environment and Thames Vision teams.

The People Strategy features a strong commitment to diversity. We are striving to deliver diverse shortlists for vacancies, to ensure that, over the long term, our workforce better represents the communities we serve. We have also joined the organisation Inclusive Employers who support organisations looking to build inclusive workplaces. In early 2020 they have delivered workshops Making Inclusion an Everyday Reality, reaching all employees.

Progressive reviews and restructuring of teams continued across the business, enhancing skills and capabilities, and moves to improve cross-team working. Supporting this is the refurbishment of our main Gravesend office to provide more modern, flexible working space.

The health, safety and wellbeing of our workforce was a key focus once again. A major push on Near Miss reporting early in 2019 resulted in a record 172 reports, up from 97 in 2018. The total number of incidents in the year was 29 (down from 41 in 2018). Of these, two were reportable Lost Time Accidents (2018: 4).

The appointment of a new head of health, safety and wellbeing saw a revised Health, Safety & Wellbeing Strategy adopted. This included a Health and Wellbeing Week featuring mindfulness, pilates and comedy sessions, to illustrate mental health issues, and throw line training. A new behavioural training intervention is being developed as a core part of new staff induction, as well as being rolled out to existing staff members.

As part of our work to support greater diversity in the workplace, we have contracted with a safety/workwear supplier who provide Personal Protective Equipment specifically designed for women.

We track staff engagement in the business through an annual employee survey. The 2019 score of 77/100, improved from 74/100 in 2018. The survey results continue to show strong pride working for the PLA, with recognition of the good working environment and commitment to Health & Safety. Communications between teams remains an issue and we have committed to improving internal communications and providing more opportunities for feedback, with regular Team Talks and plans for a weekly email to promptly share key information more effectively.

We participated in the annual Thames Sail Barge race, sailing in the Sea Change Trust's *Blue Mermaid*, the construction of which the PLA partially funded.

Lost time accidents (No.)

2017	6
2018	4
2019	2

Near miss reports (No.)

2017	102
2018	97
2019	172

PLA ACTIVITY INDICATORS

AS AT 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS £M	2019	2018	2017
Revenue	67.4	60.9	58.4
Operating surplus	7.3	5.8	7.3
Profit before tax	10.1	4.6	-1.7

RIVER NAVIGATION AND SAFETY	2019	2018	2017
Navigational Safety			
Marine incidents	391	364	268
Pilotage Service			
No. of pilotage acts	14,238	13,372	13,112
No. of pilotage delays	224	595	952
Sea pilot acts service level	98	95.4	94.1
Total no. of pilotage exemption certificates	137	155	160
New pilotage exemption certificates issued	17	16	21
Hydrographic Surveys			
Hydrographic surveys completed	304	250	245
Diving Operations			
Diving operations	48	61	20
Sporting events			
No. of sporting events held on river	430	363	152

ENVIRONMENTAL STEWARDSHIP	2019	2018	2017
Water use (litres)			
Rainwater harvesting (Marine House)	179,000	211,000	136,000
PLA carbon footprint (CO2 equivalent tonnes)			
Carbon emissions	1,916	2,044	2,081
PLA Energy Use (kilowatt hours)			
Electricity consumed	1,427,120	1,475,510	1,440,155
Electricity generated	50,003	48,886	49,081
Gas consumed	494,130	589,408	514,202
PLA waste generation and recycling (tonnes)			
Pre-segregated recyclable	83	212	83
General waste (energy from waste)	59	114	102
Hazardous waste (treatment)	96	101	30
Miscellaneous waste (landfill)	0	0	0
Driftwood recovered (tonnes)			
Tonnage of material recovered from the river	219	144	175
Thames Oil Spill Clearance Association (TOSCA)			
Call outs	18	13	9
Oil encountered (including sheen)	16	8	5
False alarms (nothing found)	2	5	4
Other call outs (safety of life, etc.,)	4	7	0
Harbour Service only call outs	14	8	10

PLA ACTIVITY INDICATORS

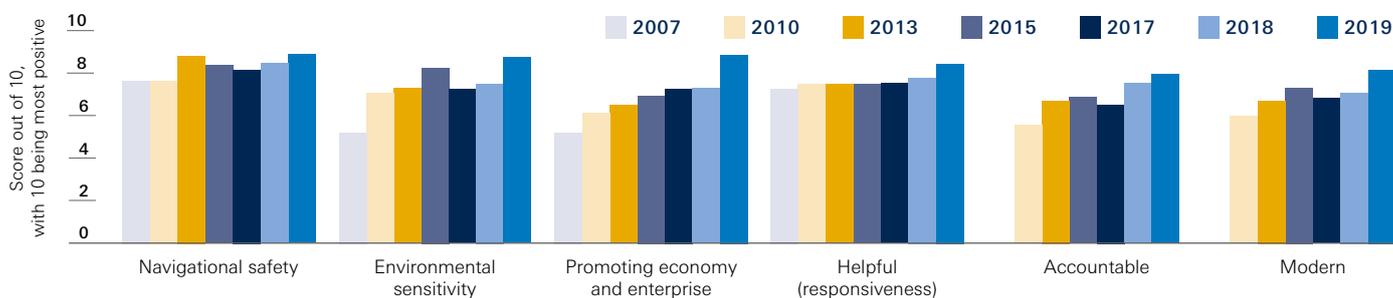
CONTINUED

	2019	2018	2017
PLANNING AND TECHNICAL EXPERTISE			
River Works Licences			
Permanent River Works	66	51	38
Temporary River Works	90	65	80
Dredging	18	22	12
Total	174	138	130
Major Projects			
Thames Tideway Tunnel			
Discharges (water to river)	21	9	1
Tidal Works	152	259	168
Tilbury2	23	–	–
London Gateway Berth 4	1	–	–
Total	197	268	169
Permits			
Foreshore permits (including renewals)	1,000	672	648
CONVENING STAKEHOLDERS & RIVER ADVOCACY			
Stakeholder Meetings			
No. of public meetings held	4	3	2
No. of people attending public meetings	124*	130	101
No. of stakeholder forums	1	1	1
No. of people attending stakeholder forums	137*	142	156
PLA IN THE COMMUNITY			
Riverside Code trailer			
No. of events attended by Riverside Code Trailer / Gazebo	5	9	9
No. of children through Riverside Code Trailer	3,000*	5,500	5,000
PLA PEOPLE			
Personal Health & Safety Statistics			
Lost Time Accidents	2	4	6
Near miss reports	172	97	102
Workforce Diversity			
% of workforce that are women	20.0%	18.4	20.6
% of workforce who are women in senior positions	33.3	27.0	25.6
% total Black, Minority or Ethnic origin	2.6	2.4	3.6
Customer Feedback			
Positive feedback	42	66	72
Complaints	10	13	15

*estimated

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)	2019	2018
Imports	44.5	44.8
Exports	9.5	8.4
Total	54.0	53.2

UNITISED TRAFFIC '000 twenty-foot equivalent units – (included in above tonnages)	2019	2018
Imports	1,321	1,357
Exports	1,469	1,378
Total	2,790	2,735

NUMBER OF CHARGEABLE VESSEL ARRIVALS TO THE PORT OF LONDON	2019*	2018
Total	11,104	10,866

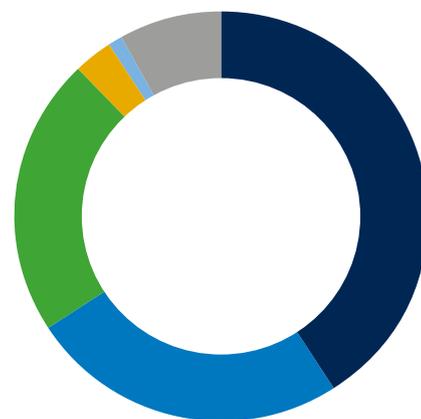
* provisional data

UNITED KINGDOM PORT TRAFFIC 2019* (MILLION TONNES)

Belfast	18.52
Felixstowe	23.06
Dover	23.43
Forth	25.22
Tees and Hartlepool	28.16
Southampton	33.15
Liverpool	34.31
Milford Haven	34.95
London	54.03
Grimsby & Immingham	54.16

Source: Department for Transport

PORT OF LONDON TRADE BY TYPE 2019



CONTAINERS/TRAILERS	41%
OIL	25%
AGGREGATES & CEMENT	22%
METALS	3%
FOREST PRODUCTS	1%
OTHER	8%

PORT TRADE STATISTICS

CONTINUED

PORT OF LONDON TOTAL TRAFFIC

	IMPORTS million tonnes		EXPORTS million tonnes		TOTAL million tonnes	
	2019	2018	2019	2018	2019	2018
Oil, crude & products	13.3	14.1	0.0	0.0	13.3	14.1
Containers & trailers	14.7	14.7	7.4	6.3	22.1	21.0
Aggregates & cement	12.0	11.6	0.0	0.0	12.0	11.6
Other cargo	3.2	3.1	1.2	1.2	4.4	4.3
Forest products	0.8	0.8	0.0	0.0	0.8	0.8
Metals & ores	0.5	0.5	0.9	0.9	1.4	1.4
TOTAL	44.5	44.8	9.5	8.4	54.0	53.2

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	
	2019	2018	2019	2018	2019	2018
Ro/Ro terminals (trailers & containers)	515	537	511	518	1,026	1,055
Container terminals	806	820	958	860	1,764	1,680
Unitised Total (TEUs)	1,321	1,357	1,469	1,378	2,790	2,735

Port of London Total Traffic (Million tonnes)

2006	51.9
2007	52.7
2008	53.0
2009	45.4
2010	48.1
2011	48.8
2012	43.7
2013	43.2
2014	44.5
2015	45.4
2016	50.4
2017	49.9
2018	53.2
2019	54.0

Port of London Fuel Traffic* (Million tonnes)

2006	20.2
2007	20.5
2008	21.7
2009	19.1
2010	19.9
2011	19.1
2012	15.4
2013	13.0
2014	11.9
2015	10.9
2016	13.3
2017	13.6
2018	14.1
2019	13.3

Port of London Non-fuel Traffic (Million tonnes)

2006	31.7
2007	32.2
2008	31.3
2009	26.3
2010	28.2
2011	29.7
2012	28.3
2013	30.2
2014	32.6
2015	34.5
2016	37.1
2017	36.3
2018	39.1
2019	40.7

Port of London Unitised Traffic (Thousand TEUs)

2006	1,699
2007	2,027
2008	2,007
2009	1,672
2010	1,897
2011	1,932
2012	1,899
2013	1,953
2014	2,097
2015	2,378
2016	2,537
2017	2,431
2018	2,735
2019	2,790

* 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.

REVIEW OF PRINCIPAL RISKS

This statement captures the collective view of the Board and Executive Committee of the principal risks that the PLA works to manage. The key risks have a broad spread across safety, operational, economic aspects; new additions to the catalogue are around coronavirus, cyber security and climate change. Reputational risk is not given a separate listing; it is inherent in failing adequately to deal with the key risks identified here.

CORONAVIRUS (NEW ADDITION)

The outbreak of the coronavirus, and the unprecedented steps being taken around the world in response, is a major new risk for the PLA. The potential impact runs across the business, from personal health & safety to operational resilience, and, as economic activity largely goes on hold for an indeterminate period, the viability of some of our customers and the long-term health of our finances. Mitigating steps include early adoption of social distancing to help prevent the spread of the disease, curtailing and delaying non-essential expenditure and continued close customer liaison as part of horizon scanning.

We have looked at the financial resilience of our business and have put in place measures to monitor and mitigate the risks as they are developing.

SAFETY

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.

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 strongly endorsed the Maritime & Coastguard Agency consultation and support 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, our Golden Rules – Care, Challenge and Comply – and our safety management system.

OPERATIONAL

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 navigational channels if engaged to do so, with experience highlighting the Marine Services team and the vessel *London Titan* as key to this capability. We also participate in the Thames Security Forum and resilience groups.

ECONOMIC

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 changes resulting from 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

Post 2019, the coronavirus has presented a challenge to all businesses; we have prepared detailed sensitivity analysis and financial scenarios looking at the potential impact on our cashflow, extending out to the next 12 months. We have put in place a bad debt review process. As a mitigation, we have assessed the government business interruption financial assistance packages and job retention schemes and we do have sufficient assets we can borrow against, if needed.

Following the latest triennial valuation there continues to be a substantial deficit on an actuarial basis on the PLA Pension Fund of £64.4 million. Whilst this is a significant sum, an agreed deficit repair plan is in place with the trustees.

For the short and medium term, changes have been implemented to the pension scheme benefits structure, including the switch to career average as the basis for benefit calculation, longer term the PLA are investigating the launch of a new defined contribution scheme for new starters from January 2022.

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.

SIGNIFICANT CYBER SECURITY INCIDENT (NEW ADDITION)

All businesses face the possibility of a successful cyber security breach. Threats can vary in their complexity and sophistication and can potentially negatively impact organisations of all sizes. We deploy a range of industry-standard security products, both internally and on our network perimeters. Formal security and IT conditions of use policies are established, which define security standards and acceptable use. Office-based staff receive security awareness training and guidance on detecting ‘phishing’ and other malicious emails and we continue to enhance data governance processes including formalised data retention and classification policies.

CLIMATE CHANGE (NEW ADDITION)

Climate change is a subject with which we have been engaged for a number of years, but it is now viewed as one of the principal risks to which the PLA has to respond.

As a port handling more than 10 million tonnes of cargo, we completed a risk assessment and submitted our first climate change adaptation report to Defra under the Climate Change Act in 2011. The risk assessment was updated, and a second adaptation report submitted in 2015. It will be updated again – in the light of subsequent experience – for the third report, which we will be preparing for submission in 2020.

In responding to climate change, the UK Government has made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. This will result in wholesale change across the economy and the ports that serve it. For the PLA major changes that are likely, or potentially likely, to result include: the long term reduction in tonnages of oil related cargos (currently representing around a quarter of port trade and a major source of income); development of new “green” cargoes; existing vessels’ propulsion systems becoming obsolete; need to adopt new technologies; dealing with unforeseen legislative changes; and managing the impact of extreme weather on the business.

In managing this risk, the PLA has established a major project to develop plans for a Net Zero PLA and a Net Zero Port, which will run through 2020 and 2021.

LONG TERM VIABILITY STATEMENT

The Board has assessed the viability of the company over a five-year period to December 2024, 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 include the impact of Brexit, but more immediate is the impact of coronavirus. We have assessed a 30% downturn in our business over the next 12 months, the levels of bad debt which may result and the ability of the organisation to utilise the Government’s financial assistance schemes, as well as the impact on the pension suffering such a major downturn in the global economy.

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 2024.

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





CORPORATE GOVERNANCE REPORT

OUR YEAR

During 2019, the Board focussed the organisation on the following priority areas: the environment, Harbour Revision Order, investment, pricing, health, safety and wellbeing, pensions, people, Gravesend accommodation and significant risk. The board met seven times, with two of the meetings taking place offsite, which provided an opportunity for looking at items in greater depth.

The substantive items we addressed together at the Board included:

- Thames Vision
- Investment opportunities
- People plan
- Pensions strategy
- Environment priorities
- Five-year plan and 2020 objectives
- River logistics strategy

OUR APPROACH

The PLA Board is the duty holder on health and 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 Code recommends the appointment of a designated person to provide independent assurance directly to the Board as duty holder.

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

We are committed to maintaining the highest standards of corporate governance and follow the Ports Good Governance Guidance and the UK Corporate Governance Code (where appropriate for a statutory organisation).

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

OUR GOVERNANCE STRUCTURE

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

- A** Audit Committee
- L** Licensing Committee
- N** Nominations Committee
- R** Remuneration Committee
- P** Pensions Advisory Committee
- I** Investment Committee
- T** Thames Vision Committee

A series of short reports on each of the committees starts on page 56.

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 stakeholders have an opportunity to meet, hear from and challenge the Executive and Board. A number of open Public Meetings and River User 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 46.

BOARD EFFECTIVENESS REVIEW

During December 2019, an internal Board evaluation was undertaken as part of the board's review cycle.

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

Christopher Rodrigues CBE
Chairman

15 April 2020



BOARD MEMBERS

AS AT 30 MARCH 2020

NON-EXECUTIVE MEMBERS



Christopher Rodrigues CBE (DfT)

Chairman

Qualifications: MA Cambridge, MBA Harvard, D Univ Surrey

Appointed: January 2016

Committee membership:

N P (chair) **R T**

Christopher Rodrigues became chairman of Openwork in January 2014 and chairman of the Port of London Authority in January 2016 and, as of January 2020, chairman of the Royal Ballet School. In May 2018 he became an ambassador for the World Travel and Tourism Council (WTTC), and in January 2019 chairman of the Development Committee at University College School, Hampstead.

Christopher was chairman of the British Council from 2016 – 2019; chairman of the British Bobsleigh and Skeleton Association from 2013 – 2019; chairman of VisitBritain from 2007 – 2017; chairman of International Personal Finance and Windsor Leadership from 2007 – 2015; chairman of The Almeida Theatre from 2008 – 2016. Christopher was a Council member of the National Trust from 1997 – 2004, and again from 2010 – 2012, and a Trustee from 2012 – 2016. He was on the Executive Committee of WTTC from 2007 – 2016.

Christopher is a graduate of Cambridge University (MA) and the Harvard Business School (MBA, Baker Scholar). He was awarded an Honorary Degree of Doctor of the University of Surrey (DUniv) in April 2013. 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.

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 (PLA)

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 Hanover Group.

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 (DfT)

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 eleven 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 the Leeds Castle Foundation.

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



Ian Moncrieff CBE DL (DfT)

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 Antarctic Club.

BOARD MEMBERS

CONTINUED

NON-EXECUTIVE MEMBERS



Darren James
(PLA)

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 James joined the PLA Board in December 2016.

A chartered civil engineer, Darren graduated with honours from the University of Surrey in 1990. He was appointed chief executive officer at Keltbray in early 2020, having spent the majority of his career at Costain. He came through the graduate programme at Costain as a civil engineer, project management on some of the UK's largest infrastructure programmes to become managing director of their Infrastructure Division. Darren sits on the Prince's Trust Leadership Group, championing the entry of young people into the industry and is a director of the Rail Industry Association.



Annette Malm Justad
(PLA)

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
(DfT)

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** **T**

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 a trustee of the Centre for Engineering and Manufacturing Excellence (CEME), Design: South East, deputy pro-chancellor of Canterbury Christ Church University and chairs their Finance and Resources Committee.



Paula Carter
(PLA)

Non-Executive Director

Qualifications: MA Oxon, JP

Appointed: June 2018

Committee membership:

T (chair) **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 Ofcom's Advisory Committee for England and a Council Member of the RFU. She sits on the Disciplinary Panel for the Lawn Tennis Association.

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' 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, sits on the Department for Transport's steering group for the Port Marine Safety Code, is the UK's representative on the Marine Affairs Committee of the European Sea Ports organisation (ESPO) and is a past president of the UK Harbour Masters Association. He holds an MBA from Henley Management College.

MANAGEMENT EXECUTIVE COMMITTEE

CHIEF EXECUTIVE

ROBIN MORTIMER

CHIEF FINANCIAL OFFICER

JULIE TANKARD

CHIEF HARBOUR MASTER

ROBERT BAKER

DIRECTOR OF CORPORATE AFFAIRS & STRATEGY

ALISTAIR GALE

DIRECTOR OF MARINE OPERATIONS

PETER STEEN

DIRECTOR OF PLANNING AND ENVIRONMENT

JAMES TRIMMER

DIRECTOR OF HUMAN RESOURCES

GLENN WITHAM

SUMMARY STATISTICS

AS AT 30 MARCH 2020

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 2020.

Attendance at the seven meetings (including two offsite meetings) of the PLA Board in 2019 was as follows:

CHRISTOPHER RODRIGUES CBE	7
ROBIN MORTIMER	7
JULIE TANKARD	7
ROBERT BAKER	7
ALUN GRIFFITHS	7
ANNETTE MALM JUSTAD	7
IAN MONCRIEFF CBE DL	7
HELEN DEEBLE CBE	6
DARREN JAMES	7
JUDITH ARMITT	7
PAULA CARTER	6

The following committees of the Board also met during 2019:

Audit	3
Nominations	2
Licensing	4
Pensions Advisory Committee	1
Remuneration	4
Investment	3
Thames Vision	5

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

COMMITTEES

AS AT 30 MARCH 2020

BOARD EFFECTIVENESS REVIEW

An internal Board evaluation was undertaken during December 2019. The results and subsequent recommendations were discussed at the February 2020 Board meeting.

A AUDIT COMMITTEE

Met three times

CURRENT MEMBERSHIP

Judith Armit (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 and recommend the annual report and accounts to the Board
- monitor the internal and external audit programme and consider the conclusions of audits undertaken
- review the effectiveness of the risk management system

The principal items discussed during the year were around:

- annual report and accounts
- treasury policy
- major project evaluation
- purchasing review
- whistleblowing
- dredging
- pensions
- bad debts
- IT and cyber security
- legal cases
- audit of HR and payroll
- risk process
- Lloyds Register audit
- three-year audit schedule

L LICENSING COMMITTEE

Met four 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 to suspend or revoke a licence, take enforcement action or impose a condition contentious or significant
- 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
- enforcement
- modernisation of the licensing process
- Harbour Revision Order
- Thames Tideway Tunnel, Tilbury2 consenting works and London Gateway
- various licence applications
- alleged breaches of licence conditions and subsequent action

N NOMINATIONS COMMITTEE

Met twice

CURRENT MEMBERSHIP

Christopher Rodrigues (chair); Alun Griffiths, additional non-executive director, if required

COMMENTARY

The nominations committee's role is to:

- recommend to the Board the appointment and reappointment of non-executive directors
- advise on the expertise required when a vacancy arises
- recommend to the Board the appointment of a deputy chair

The principal items discussed during 2019 were:

- the current board skills matrix
- non-executive director terms
- reappointment
- upcoming appointments
- job descriptions
- succession

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 and non-executive directors
- succession planning of directors and the senior management team

The principal items discussed during the year were around:

- performance incentive payment scheme
- executive director performance
- review of senior grades
- PLA pay and pensions strategy
- succession planning
- people strategy

P PENSIONS ADVISORY COMMITTEE

Met once

CURRENT MEMBERSHIP

Christopher Rodrigues (chair), Darren James, Annette Malm Justad, Judith Armitt, 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:

- actuarial valuation
- pensions strategy

I INVESTMENT COMMITTEE

Met three times

CURRENT MEMBERSHIP

Darren James (chair), Christopher Rodrigues, Judith Armitt, 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 2019 were:

- investment proposals
- future opportunities
- current investments

T THAMES VISION COMMITTEE

Met five times

CURRENT MEMBERSHIP

Paula Carter (chair), Christopher Rodrigues, Judith Armitt, Robin Mortimer

COMMENTARY

The Thames Vision committee's role is to:

- review the strategic approach for delivering and measuring progress on the Thames Vision
- consider priority actions to deliver the Thames Vision linking to the PLA's business plan
- review progress and action on Vision goals

The principal items discussed during 2019 were:

- priority actions
- progress and planning
- sports development
- resourcing
- Great River Cities of the World Symposium
- passenger transport
- environment vision
- Thames visitor website
- investments
- Thames Vision refresh

FINANCIAL STATEMENTS





CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Revenue	3	67,362	60,856
Operating expenditure	3	(60,097)	(55,039)
Operating profit	3, 5	7,265	5,817
Share of profit from joint venture	14	335	158
Gain from investment property revaluation	7	4,064	0
Finance income	8	436	328
Finance costs	8	(230)	(131)
Interest on defined benefits pension scheme	8	(1,757)	(1,602)
Profit before taxation		10,113	4,570
Income tax credit / (expense)	9	170	(1,016)
Profit for the financial year		10,283	3,554

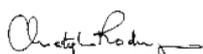
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Profit for the year		10,283	3,544
Other comprehensive income			
Other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans	24	9,629	(5,873)
Deferred tax	9	347	(2,106)
Valuation gain on land in 2018	13	0	8,981
Share of joint venture's other comprehensive income (net of tax)	14	42	208
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		10,018	1,210
Total comprehensive income for the year, net of tax		20,301	4,764

CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2019

	Note	GROUP		COMPANY	
		2019 £000	2018 £000	2019 £000	2018 £000
Non-current assets					
Intangible assets	11	1,802	2,089	1,802	2,089
Leased assets	10	2,101	0	2,101	0
Property, plant and equipment	12	44,265	42,413	44,265	42,413
Investment property	13	33,654	14,790	33,654	14,790
Investment in joint venture	14	1,226	849	2	2
Deferred tax asset	9c	9,146	9,710	9,146	9,705
		92,194	69,851	90,970	68,999
Current assets					
Inventories		403	352	403	352
Corporation tax	9	862	14	860	0
Trade and other receivables	17	9,214	21,941	9,214	9,061
Prepayments and other current assets		1,469	1,830	1,469	1,763
Cash	15	3,056	39,329	3,056	38,355
Short-term cash investments	15	24,000	5,000	24,000	5,000
Pooled investments	16	13,049	0	13,049	0
		52,053	68,466	52,051	54,531
Total assets		144,247	138,317	143,021	123,530
Current liabilities					
Trade and other payables	18	5,574	4,996	5,574	4,878
Corporation tax	18	0	1,722	0	1,722
Deferred revenue	20	3,166	2,416	3,166	2,416
Leased Liabilities	21	155	0	155	0
Provisions	22	1,986	2,733	1,986	2,733
		10,881	11,867	10,881	11,749
Non-current liabilities					
Deferred revenue	20	1,731	1,831	1,731	1,831
Leased Liabilities	21	1,999	0	1,999	0
Provisions	22	8,412	9,765	8,412	9,765
Deferred tax	9c	2,049	1,527	2,049	1,527
Net defined benefit pension liabilities	24	61,917	76,370	61,917	76,370
		76,108	89,493	76,108	89,493
Total liabilities		86,989	101,360	86,989	101,242
Equity					
Profit and loss reserve		57,258	36,957	56,032	22,288
Total liabilities and equity		144,247	138,317	143,021	123,530

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 31 March 2020 and were signed on its behalf on 15 April 2020.


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 2019

GROUP	Profit and loss reserve £000
At 1 January 2018	32,193
Total comprehensive income	4,764
At 31 December 2018	36,957
Total comprehensive income	20,301
At 31 December 2019	57,258

COMPANY	Profit and loss reserve £000
At 1 January 2018	16,027
Total comprehensive income	6,261
At 31 December 2018	22,288
Total comprehensive income	33,744
At 31 December 2019	56,032

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

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	GROUP		COMPANY	
		2019 £000	2018 £000	2019 £000	2018 £000
Operating activities					
Profit before tax		10,113	4,570	9,770	4,420
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant & equipment and leased assets	5	2,801	2,884	2,801	2,884
Amortisation and impairment of intangible assets	5	414	359	414	359
(Gain) on disposal of intangible assets, property, plant and equipment	5	0	(228)	0	(228)
(Gain) on investment property	7	(4,064)	0	(4,064)	0
Finance income	8	(436)	(329)	(433)	(318)
Finance costs	8	1,987	1,733	1,987	1,733
Share of profit from joint venture	14	(335)	(158)	0	0
Movements in provisions	22	(1,442)	(18)	(1,442)	(18)
Movements in net defined benefit pension liabilities	24	(6,461)	(1,897)	(6,461)	(1,897)
Working capital adjustments:					
(Increase) / decrease in prepayments, trade and other receivables		12,389	(150)	(566)	(142)
(Increase) in inventories		(51)	(44)	(51)	(44)
Increase in deferred revenue, trade and other payables	18 / 20	1,232	2,571	1,346	2,489
		16,147	9,293	3,301	9,238
Net interest received		414	398	411	387
Income tax paid		(1,087)	(1,050)	(1,087)	(1,050)
Net cash flows from operating activities		15,474	8,641	2,625	8,575
Investing activities					
Proceeds from sales of intangible assets, property, plant and equipment		20	228	20	228
Purchase of intangible assets, property, plant and equipment		(4,695)	(4,319)	(4,695)	(4,319)
Purchase of pooled investments	16	(13,000)	0	(13,000)	0
Purchase of investment property	13	(14,800)	0	(14,800)	0
Dividends from subsidiary		0	0	13,823	1,864
Net cash flows used in investing activities		(32,475)	(4,091)	(18,652)	(2,227)
Financing activities					
Principal payments for the leases	21	(203)	0	(203)	0
Lease interest payments		(69)	0	(69)	0
		(272)	0	(272)	0
Net increase / (decrease) in cash and cash short term investments	15	(17,273)	4,550	(16,299)	6,348
Cash and cash short term investments at 1 January		44,329	39,779	43,355	37,007
Cash and cash short term investments at 31 December	15	27,056	44,329	27,056	43,355

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 2019 were authorised for issue in accordance with a resolution of the Board of members on 31 March 2020. 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 25.

The consolidated financial statements of the Group include:

Name	% equity interest	
	2019	2018
PORT OF LONDON AUTHORITY (PLA)	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.

PORT OF LONDON PROPERTIES LIMITED (POLP)	100	100
-------------------------------------------------	-----	-----

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) (2018 50%) and accounts for this interest in accordance with the equity method as further described below and in Note 14.

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 £23,769,000 (2018 £5,259,000).

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. In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events and in particular the impact of coronavirus on the business. We have assessed the level of business disruption and the sensitivity of our trading numbers as well as having prepared a cashflow analysis over the next 12 months. We have put in place considerable operational measures to ensure that the Port can be operational and maintain service as best we can with the impact of social distancing measures and Government restrictions on movement of people. We have also assessed the Government business support schemes which are available as well as put strict cash control measures in place to mitigate further risk.

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 2019.

NEW STANDARDS APPLIED

IFRS16 LEASES:

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group applied the available practical expedients at the date of transition for operating leases:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
CONTINUED

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effects of adoption IFRS16 as at 1 January 2019 is as follows:

	£000
Assets	
Property Leases	1,925
Plant & Equipment	47
	<u>1,972</u>
Liability	
Current	135
Non current	1,837
	<u>1,972</u>

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows. The increase in the value of the liability is a result of lease break periods that are unlikely to be used which were not included in the minimum lease commitments under IAS17.

	£000
Commitments under non-cancellable leases & licences at 31 December 2018 (2018 accounts)	1,821
Excluding commitments at 31 December 2018	(83)
Lease payments related to renewal periods not included operating lease disclosure under IAS17	897
Impact of discounting at 3.5%	(663)
Present value of lease payments using discount rate of 3.5% at 1 January 2019	<u>1,972</u>

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.

1. ACCOUNTING POLICIES CONTINUED

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) LEASES

The group has a number of lease contracts for property and vehicles. Before the adoption of IFRS16 these were classified as operating leases. Costs in respect of operating leases were charged to the Income Statement on a straight line basis. The minimum future lease rentals payable under non-cancellable operating leases was included in the commitments disclosures. From 1st January 2019 the Group adopted IFRS 16 using the modified retrospective method of adoption.

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any incentives receivable. Depreciation and the interest for these leases are charges to the Income Statement and the asset and liability included on the balance sheet.

(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.

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, CASH INVESTMENTS AND POOLED 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. Pooled investments are recognised at fair value and can be sold without notice and 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.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 CONTINUED

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 24 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% (2018 1.22%). It is expected that the provision will be utilised over a period of around 34 years. See note 22.

(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 13.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

		Effective for accounting periods beginning on or after
Amendment to IFRS3	Business Combinations – new definition of Business	01/01/2020
Amendment to IAS1 and IAS8	New definition of material information	01/01/2020
Conceptual Framework for Financial Reporting		01/01/2020
IFRS 17	Insurance Contracts	01/01/2021

The Group and Company are currently considering the impact of the amendment to IFRS3, IAS1 and IAS8. IFRS 17 will have no material impact on the group or company.

3. REVENUE AND OPERATING EXPENDITURE

	Note	2019 £000	2018 £000
Revenue from services			
Conservancy charges on cargo		8,022	7,925
Conservancy charges on vessels		11,492	10,428
		19,514	18,353
Pilotage	4	26,453	23,909
River works licences, rents & investment income		11,690	9,942
Services provided (e.g. diving, salvage, moorings, Hydrographic)		6,213	5,888
Landfill royalties		1,002	707
Other revenue		2,440	1,960
Property sales		50	97
		67,362	60,856
Operating expenditure			
Operating payroll		(31,041)	(28,402)
Supplies and services		(16,377)	(14,768)
Depreciation and amortisation		(3,021)	(3,244)
Administration: – Payroll		(5,754)	(4,613)
– Other		(3,904)	(4,012)
		(60,097)	(55,039)
Operating profit		7,265	5,817

All revenue relates to activities within the United Kingdom.

4. PILOTAGE – OPERATING PROFIT

The Consolidated Income Statement includes the following relating to Pilotage:

	2019 £000	2018 £000
Revenue from services		
Providing Pilotage services	25,008	22,492
Issue of Pilotage exemption certificates	16	40
	25,024	22,532
Operating expenditure		
Providing the services of Pilots	(21,218)	(18,310)
Providing, maintaining and operating Pilot boats	(831)	(868)
Administration and other costs	(2,952)	(2,805)
	(25,001)	(21,983)
Operating profit relating to Pilotage	23	549

The operating profit shown above excludes £1,401,000 (2018 £1,375,000) income from a levy charged to fund deficit repairs to the PNPf. In addition net interest costs in the PNPf of £285,000 (2018 £263,000) are also excluded from the amounts shown above. See note 24. In 2019 there was also a £4 million pension deficit payment in addition to the usual annual deficit payment, this has not been included in the pilots operating expenditure.

5. OPERATING PROFIT

Operating profit is stated after charging:

		2019 £000	2018 £000
Auditors' remuneration	– audit of the financial statements	100	83
	– audit of the Group pension schemes	39	35
	– statutory audit for subsidiary Company*	0	5
	– taxation services	56	33
	– all other services	2	15
		197	171
Loss / (gain) on disposal of intangible assets, property, plant and equipment	– owned assets	0	(228)
Amortisation and impairment of leased assets	– leased assets	194	0
Depreciation and impairment of property, plant and equipment	– owned assets	2,607	2,884
Amortisation and impairment of intangible assets	– owned assets	414	359

*The subsidiary company stopped trading during the year. PLA paid all audit and taxation services for POLP in 2019.

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6. EMPLOYEE BENEFITS EXPENSE

	2019 £000	2018 £000
Staff costs incurred in operating expenditure (including executive Board members) during the year were:		
Wages and salaries	28,883	23,976
Social security costs	3,175	2,857
Pensions costs	6,856	5,971
	38,914	32,804
Staff severance	159	118
	39,073	32,922

	Number	Number
The average monthly number of persons (including executive Board members) employed during the year was:		
Operations	314	306
Administration	69	71
	383	377

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 2018 was reported as 144:1.*

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. Executive team performance and pay is approved by the Remuneration Committee which is a sub committee of the Board.

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

6. EMPLOYEE BENEFITS EXPENSE CONTINUED

BOARD MEMBERS' REMUNERATION

There is a Remuneration Committee of the Board which operates within agreed terms of reference. It is comprised entirely of Non-Executive Board members. The Committee determines the remuneration and other conditions of service of the executive members of the Board. From time to time it also considers proposals regarding senior management remuneration which may be referred to the Committee by the Chairman. The Committee may, and on occasion does, seek advice from independent consultants. The executive members of the Board make recommendations to the Board in respect of the non-executive members' remuneration. The remuneration Committee decide the remuneration.

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

	SALARY AND FEES		BONUSES		TAXABLE BENEFITS		TOTAL	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Executive members:								
R J D Mortimer	227,350	220,000	17,316	11,390	2,997	2,997	247,663	234,387
J Tankard	158,704	153,637	15,997	148	2,997	2,997	177,698	156,782
R Baker	146,532	141,877	11,339	890	2,398	2,397	160,269	145,164
Non-executive members:								
C J Rodrigues (Chairman)	94,000	94,000	0	0	0	0	94,000	94,000
A H Griffiths (Vice Chairman)	36,600	34,667	0	0	0	0	36,600	34,667
A J Quinlan (retired 30/4/18)	0	12,200	0	0	0	0	0	12,200
H Deeble	30,800	30,800	0	0	0	0	30,800	30,800
I Moncrieff	30,800	30,800	0	0	0	0	30,800	30,800
A Malm Justad	30,800	30,800	0	0	0	0	30,800	30,800
J J Armitt	30,800	29,467	0	0	0	0	30,800	29,467
D G James	30,800	30,800	0	0	0	0	30,800	30,800
P Carter (Appointed 1/6/18)	30,133	15,633	0	0	0	0	30,133	15,633
	847,319	824,681	44,652	12,428	8,392	8,391	900,363	845,500

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 2019 was £14,013 per annum (2018 £11,353).

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

7. INVESTMENT PROPERTY REVALUATION

	Note	2019 £000	2018 £000
Increase on fair value of investment properties	13	4,064	0
Gain from investment property revaluation		4,064	0

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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8. FINANCE INCOME AND EXPENSE

	2019 £000	2018 £000
FINANCE INCOME		
Interest income on short-term deposits	306	328
Interest on pooled investments	48	0
Pooled investments gains	82	0
Total finance income	436	328
FINANCE EXPENSE		
Interest on loans and borrowings	(2)	(6)
Lease liability interest	(69)	0
Net interest on defined benefit pension schemes (see note 24)	(1,757)	(1,596)
Total interest expense	(1,828)	(1,602)
Unwinding of discount and effect of changes in discount rate on provisions (see note 22)	(126)	(131)
Pooled investments losses	(33)	0
Total finance expense	(1,987)	(1,733)

9. INCOME TAX

	2019 £000	2018 £000
(A) TAX ON PROFIT		
Current income tax:		
Current income tax charge on profit for the year	319	605
Current tax prior year adjustment	(1,801)	(16)
Total current tax	(1,482)	589
Deferred tax:		
Current year deferred tax	1,659	477
Deferred tax prior year adjustment	(172)	(50)
Effect of changes in tax rates	(175)	0
Total deferred tax	1,312	427
Income tax (credit) / expense reported in the Consolidated Income Statement	(170)	1,016
Current tax related to items recognised in Other Comprehensive Income during the year	(120)	0
Deferred tax related to items recognised in Other Comprehensive Income during the year	(227)	2,106
Income tax (credit) / expense charged to the Consolidated Statement of Other Comprehensive Income	(347)	2,106

9. INCOME TAX CONTINUED

(B) RECONCILIATION OF TAX EXPENSE:

	2019 £000	2018 £000
Profit before income tax	10,148	4,570
At the UK's statutory corporate income tax rate of 19%	1,928	868
Adjustments in respect of current income tax of previous years	(1,973)	(16)
Effects of:		
Share of profit of joint venture	(70)	(50)
Non-deductible expenses for tax purposes	294	284
Income exempt from taxes	0	(20)
Other	(349)	(50)
Income tax (credit) / expense reported in the Consolidated Income Statement for the year	(170)	1,016

(C) DEFERRED TAX

	BALANCE SHEET	
	2019 £000	2018 £000
Deferred tax assets relating to net defined benefit pension liabilities	10,546	11,039
Accelerated depreciation for tax purposes	(1,580)	(1,355)
Revaluation of Land	(2,049)	(1,527)
Other temporary differences	180	26
Deferred tax	7,097	8,183
Net deferred tax assets		
Reflected in the Balance Sheet as follows:		
Deferred tax assets	9,146	9,710
Deferred tax liabilities	(2,049)	(1,527)
Net deferred tax assets	7,097	8,183

	2019 £000	2018 £000
RECONCILIATION OF NET DEFERRED TAX ASSETS		
At 1 January	8,183	10,716
Tax expense during the year recognised in the:		
Consolidated Income Statement	(1,312)	(427)
Recognised in Other Comprehensive Income	227	(2,106)
At 31 December	7,097	8,183

The Group has calculated the deferred tax assets at a rate of 17% in accordance with when it anticipated temporary differences will unwind. However, on 17 March 2020, UK Budget resolutions were passed setting the corporation tax rate at 19% for the next two years. The company estimates the total impact of the future rate change on deferred tax is an increase to the net deferred tax asset of £835,000.

The deferred tax asset has not been limited based on forecasted profits for the next 10 years. There is an unrecognised deferred tax asset of £nil (2018 £1,944,000).

The Group has capital losses carried forward of £992,000 (2018 £1,029,000) that may be available for offset against future capital gains that arise in the Group. A deferred tax asset has not been recognised in respect of these losses.

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

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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10. LEASED ASSETS

GROUP AND COMPANY	Property £000	Equipment £000	Total £000
Cost			
At 1 January 2019	1,925	47	1,972
Additions	305	23	328
Disposals	0	(12)	(12)
At 31 December 2019	2,230	58	2,288
Amortisation			
At 1 January 2019	0	0	0
Charge for year	171	23	194
Additional on disposals	0	(7)	(7)
At 31 December 2019	171	16	187
Net book value at 31 December 2019	2,059	42	2,101
Net book value at 1 January 2019	1,925	47	1,972

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 was included on the company's balance sheet from 1 January 2019. In line with this modified approach the previous year has not need to be restated. The value of these leases was measured using a discount rate of 3.5%.

11. INTANGIBLE ASSETS

GROUP AND COMPANY	Software £000	Licences £000	Total £000
Cost			
At 1 January 2018	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
Reclassifications	0	0	0
Additions	140	0	140
Disposals	(231)	0	(231)
At 31 December 2019	4,358	508	4,866
Amortisation			
At 1 January 2018	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
Charge for year	399	15	414
Eliminated on disposals	(218)	0	(218)
At 31 December 2019	2,922	142	3,064
Net book value at 31 December 2019	1,436	366	1,802
Net book value at 31 December 2018	1,708	381	2,089

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 £134,000 (2018 £358,000).

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

GROUP AND COMPANY	Land and buildings £000	Dredging £000	River structures £000	Floating craft £000	Plant and equipment £000	Total £000
Cost						
At 1 January 2018	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
Additions	859	43	1,869	510	1,184	4,465
Disposals	(58)	(344)	0	(8)	(485)	(895)
At 31 December 2019	16,817	20,611	14,038	15,924	20,460	87,850
Depreciation						
At 1 January 2018	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
Charge for year	485	362	501	522	737	2,607
Eliminated on disposals	(56)	(344)	0	(8)	(481)	(889)
At 31 December 2019	7,943	5,298	8,257	6,712	15,375	43,585
Net book value at 31 December 2019	8,874	15,313	5,781	9,212	5,085	44,265
Net book value at 31 December 2018	8,502	15,632	4,413	9,224	4,642	42,413

The net book value of leasehold property held under long leases included in land and buildings above is £53,951 (2018 £54,510). Assets under construction not yet being depreciated amounted to £2,254,000 (2018 £4,374,000). Assets under construction include buildings of £0.9 million, floating crafts £0.2 million and plant & equipment / river structures of £1.1 million.

13. INVESTMENT PROPERTY

GROUP AND COMPANY	£000
Cost	
At 1 January 2018	0
Reclassifications	14,790
At 31 December 2018	14,790
Additions	14,800
Fair value movement to income statement	4,064
At 31 December 2019	33,654

The valuation of Peruvian/Plaiستow Wharf for 31st Dec 2019 was determined by management using the local market price per acre and the assumption of equivalent yield of 4.5%. 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. Primrose Wharf was purchased in 2019 and fair value is considered to be equal to cost because there is a 12 month buy back option for the vendor at the price of purchase, depending on agreed circumstances. If the option is exercised the vendor has a further 3 months to complete the transaction.

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14. 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:

SUMMARISED BALANCE SHEET OF ESTUARY SERVICES LIMITED	2019 £000	2018 £000
Non-current assets	3,252	2,775
Current assets:		
Cash and cash equivalents	1,315	1,245
Prepayments	23	28
Trade and other receivables	542	427
	1,880	1,700
Current liabilities	(537)	(430)
Non-current liabilities, including deferred tax liabilities £179 (2018 £227) and long-term borrowing £nil (2018 £nil).	(2,143)	(2,347)
Equity	2,452	1,689
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	1,226	849

SUMMARISED INCOME STATEMENT OF ESTUARY SERVICES LIMITED	2019 £000	2018 £000
Revenue	3,924	3,667
Cost of sales	(3,124)	(3,070)
Finance costs	(66)	(72)
Profit on ordinary activities before taxation	734	525
Income tax expense	(64)	(210)
Profit for the year	670	315
Group's share of profit for the year	335	158

SUMMARISED STATEMENT OF OTHER COMPREHENSIVE INCOME OF ESTUARY SERVICES LIMITED	2019 £000	2018 £000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit scheme	149	502
Movement in deferred tax relating to defined benefit pension scheme	(65)	(85)
Total other comprehensive income	84	417
Group's share of Other Comprehensive Income	42	208

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14. INTEREST IN JOINT VENTURE CONTINUED

At 31 December 2019, the Group's share of capital commitments of the joint venture was £274,000 (2018 £45,000). Estuary Services Limited cannot distribute its profits until it obtains the consent from the two joint venture partners.

COMPANY ONLY - SUBSIDIARY AND JOINT VENTURE	Subsidiary £000	Joint venture £000
At 1 January 2018	0	2
Additions	0	0
Disposals	0	0
At 31 December 2018 and 1 January 2019	0	2
Additions	0	0
Disposals	0	0
At 31 December 2019	0	2

15. CASH

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

GROUP	2019 £000	2018 £000
Cash	3,056	39,329
Cash short-term investments	24,000	5,000
	27,056	44,329

COMPANY	2019 £000	2018 £000
Cash	3,056	38,355
Cash short-term investments	24,000	5,000
	27,056	43,355

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

16. POOLED INVESTMENTS

The group and company have the following pooled investments. These are valued at fair value as at 31 December 2019. Any gain or loss in the year on these investments is recognised in the profit and loss, see note 8.

GROUP	2019 £000	2018 £000
Gilts with Insight Investments	1,917	0
Equities with Invesco	1,302	0
Multi-asset credit funds with M&G and PIMCO	9,830	0
	13,049	0

COMPANY	2019 £000	2018 £000
Gilts with Insight Investments	1,917	0
Equities with Invesco	1,302	0
Multi-asset credit funds with M&G and PIMCO	9,830	0
	13,049	0

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17. TRADE RECEIVABLES

(A) RECEIVABLES (CURRENT)

GROUP	2019 £000	2018 £000
Corporation tax	862	14
Trade receivables	9,214	9,061
Other receivables	0	12,880
	10,076	21,955

COMPANY	2019 £000	2018 £000
Corporation tax	860	0
Trade receivables	9,214	8,959
Receivables from subsidiary	0	102
	10,074	9,061

For terms and conditions relating to related party receivables, refer to Note 26.

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

As at 31 December 2019, trade receivables of £863,000 (2018 £735,000) were provided for. See below for the movements in the provision for impairment of receivables.

GROUP AND COMPANY	Individually impaired £000	Collectively impaired £000	Total £000
At 1 January 2018	296	100	396
Arising	375	0	375
Unused amounts reversed	0	(36)	(36)
At 31 December 2018 and 1 January 2019	671	64	735
Arising	128	0	128
Unused amounts reversed	0	0	0
At 31 December 2019	799	64	863

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

	Total £000	Neither past due nor impaired £000	PAST DUE BUT NOT IMPAIRED				
			<30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
GROUP							
2019	9,214	2,767	4,027	1,929	253	81	157
2018	9,061	2,689	3,968	1,606	227	90	481
COMPANY							
2019	9,214	2,767	4,027	1,929	253	81	157
2018	9,061	2,689	3,968	1,606	227	90	481

See Note 19 on the credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither part due nor impaired.

17. TRADE RECEIVABLES CONTINUED

(B) OTHER RECEIVABLES – GROUP

There are no other receivables in 2019. The other receivables in 2018 of £12,880,000 was the loan from POLP to Canal and River Trust which was repaid on 31 January 2019.

18. TRADE AND OTHER PAYABLES

GROUP	Note	2019 £000	2018 £000
Trade payables		1,502	1,250
Amounts owed to joint venture company	26	208	189
Corporation tax		0	1,722
Other taxation and social security		51	243
Other creditors		1,182	1,348
Accruals		2,631	1,966
Total		5,574	6,718

COMPANY	Note	2019 £000	2018 £000
Trade payables		1,502	1,250
Amounts owed to joint venture company	26	208	189
Corporation tax		0	1,722
Other taxation and social security		51	243
Other creditors		1,182	1,247
Accruals		2,631	1,949
Total		5,574	6,600

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

19. 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 from 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 18). The main purpose of these financial liabilities is to support the Group's operations and objectives. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

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19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

CATEGORIES OF FINANCIAL INSTRUMENTS:

GROUP	FAIR VALUE		BOOK VALUE	
	2019 £000	2018 £000	2019 £000	2018 £000
Financial Assets				
<i>Loans and receivables:</i>				
Trade and other receivables	9,214	21,941	9,214	21,941
<i>At fair value through profit and loss:</i>				
Cash and short-term deposits	27,056	44,329	27,056	44,329
Pooled Investments	13,049	0	13,049	0
Total	49,319	66,270	49,319	66,270
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	(5,523)	(6,401)	(5,523)	(6,401)
Leases	(2,154)	0	(2,154)	0
Total	43,796	59,869	43,796	59,869
COMPANY	FAIR VALUE		BOOK VALUE	
	2019 £000	2018 £000	2019 £000	2018 £000
Financial Assets				
<i>Loans and receivables:</i>				
Trade and other receivables	9,214	9,061	9,214	9,061
<i>At fair value through profit and loss:</i>				
Cash and short-term deposits	27,056	43,355	27,056	43,355
Pooled Investments	13,049	0	13,049	0
Total	49,319	52,416	49,319	52,416
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	(5,523)	(4,635)	(5,523)	(4,635)
Leases	(2,154)	0	(2,154)	0
Total	41,642	47,781	41,642	47,781

19. 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
2019	+/- 1%	271
2018	+/- 1%	443

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 2019, the Group and Company had 16 customers (2018 17 customers) that owed the Group and Company more than £100,000 each and accounted for approximately 48% (2018 32%) of all the receivables outstanding. There were 0 customers (2018 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 19. 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.

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 A1 and by Moody's of P1 and with a maximum of no more than £5m with any single institution. Management does not seek to invest surplus funds for greater than a year and only invests in highly liquid investments (money-market deposits).

POOLED INVESTMENTS

The Company has invested in a mixture of pooled investment funds which were approved by the Board. They are reasonably liquid, requiring a maximum of 6 months notice and targeting a 4% return. The Company has utilised the existing governance from the pension advisory committee who have oversight and scrutiny of the funds.

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.

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19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

The tables below summarise the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments.

GROUP	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2019						
Lease payments	0	60	237	1,113	1,365	2,775
Trade and other payables	0	5,523	0	0	0	5,523
	0	5,583	237	1,113	1,365	8,298
Year ended 31 December 2018						
Lease payments	0	0	0	0	0	0
Trade and other payables	0	4,753	0	0	0	3,664
	0	4,753	0	0	0	3,664
COMPANY						
Year ended 31 December 2019						
Lease payments	0	60	237	1,113	1,365	2,775
Trade and other payables	0	5,523	0	0	0	5,523
	0	5,583	237	1,113	1,365	8,298
Year ended 31 December 2018						
Lease payments	0	0	0	0	0	0
Trade and other payables	0	4,635	0	0	0	3,638
	0	4,635	0	0	0	3,638

20. DEFERRED REVENUE

GROUP AND COMPANY	2019 £000	2018 £000
At 1 January	4,247	3,318
Amortisation released to the consolidated income statement	(107)	(107)
Movement in other deferred revenue during the year	757	1,036
At 31 December	4,897	4,247
Current	3,166	2,416
Non-current	1,731	1,831
	4,897	4,247

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.

21. LEASED LIABILITIES

GROUP AND COMPANY	2019 £000	2018 £000
At 1 January	1,972	0
Additions during year	329	0
Disposals during year	(13)	0
Undiscounted Lease payments	(203)	0
Interest	69	0
	2,154	0
Payable:		
Within one year	155	0
In the second to fifth year inclusive	821	0
After five years	1,178	0
	2,154	0

22. PROVISIONS

TOTAL PROVISIONS

GROUP AND COMPANY	2019 £000	2018 £000
At 1 January	12,498	11,795
Utilised during the year	(2,108)	(1,177)
Unwinding of discount	126	131
Arising / (released) during the year	(118)	1,749
At 31 December	10,398	12,498
Payable:		
Within one year	1,986	2,733
In the second to fifth year inclusive	2,850	4,069
After five years	5,562	5,696
	10,398	12,498

CLAIMS RELATED TO TIME OPERATING DOCKS

GROUP AND COMPANY	2019 £000	2018 £000
At 1 January	10,346	10,721
Utilised during the year	(1,267)	(977)
Unwinding of discount	126	131
Arising / (released) during the year	190	471
At 31 December	9,395	10,346
Payable:		
Within one year	983	1,231
In the second to fifth year inclusive	2,850	3,419
After five years	5,562	5,696
	9,395	10,346

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22. 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 2019 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% (2018 1.22%). It is expected that the provision will be utilised over a period of around 31 years.

A quantitative summary analysis for significant assumptions at 31 December 2019 is shown below:

ASSUMPTIONS	£000
Total provision basis:	
Undiscounted	10,275
Discounted @ risk free rate - 2%*	10,275
Discounted @ risk free rate	9,396
Discounted @ risk free rate + 2%	8,052

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

OTHER PROVISIONS	PROPERTY RELATED PROVISION GROUP AND COMPANY		RESTRUCTURING PROVISION GROUP AND COMPANY		HMRC PROVISION GROUP AND COMPANY	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
At 1 January	650	468	0	406	0	0
Utilised during the year	0	0	0	0	0	0
Arising / (released) during the year	(147)	182	0	(406)	500	0
At 31 December	503	650	0	0	500	0
Payable:						
Within one year	503	0	0	0	500	0
In the second to fifth year inclusive	0	650	0	0	0	0
After five years	0	0	0	0	0	0
	503	650	0	0	500	0

OTHER PROVISIONS	LEGAL PROVISION GROUP AND COMPANY		LEAVE PROVISION GROUP AND COMPANY	
	2019 £000	2018 £000	2019 £000	2018 £000
At 1 January	912	200	590	0
Utilised during the year	(540)	(200)	(301)	0
Arising / (released) during the year	(372)	912	(289)	590
At 31 December	0	912	0	590
Payable:				
Within one year	0	912	0	590
In the second to fifth year inclusive	0	0	0	0
After five years	0	0	0	0
	0	912	0	590

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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22. PROVISIONS CONTINUED

The property related provision is based on external advice regarding the next business rates review and rental agreement negotiations.

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

The HMRC provision relates to an ongoing HMRC investigation.

The leave provision relates to negotiations at the year end in 2018 that were taking place with the Unions regarding payment of leave taking into account overtime. This was resolved during 2019.

The legal provision in the prior year was to cover the management's best estimate of settlement costs in current cases made against the PLA.

23. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE AND LICENCE COMMITMENTS – GROUP AND COMPANY AS LESSOR

The Group and Company act as lessors for certain areas of land and equipment. The majority are licences which have an average life of 1 to 6 months. The minimum future lease rentals receivable under non-cancellable operating leases as at 31 December 2019 and 2018 are as follows:

	2019			2018		
	Land and buildings £000	Equipment £000	Total £000	Land and buildings £000	Equipment £000	Total £000
Total commitments under non-cancellable operating leases expiring:-						
Within one year	3,231	600	3,831	4,601	0	4,601
In the second to fifth year inclusive	2,904	450	3,354	2,469	0	2,469
Over five years	21,428	0	21,428	21,953	0	21,953
	27,563	1,050	28,613	29,023	0	29,023

CAPITAL COMMITMENTS

	2019 £000	2018 £000
Capital expenditure which has been contracted for but which has not been provided for in the accounts	3,716	2,646

CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2019 (2018 £nil).

CONTINGENT ASSETS

There is a contingent asset at 31 December 2019 of £1.5 million (2018 £nil) which relates to the London Gateway dredge agreement.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
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24. 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 2018
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2019
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2019
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 2018. At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £347.7 million which represented 86% 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 pay £8 million to the Pension scheme in 2019 and thereafter fund the deficit at the rate of £4,000,000 per annum 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 28 February 2021.

PNPF

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement. The PNPF is administered by a separate Trustee Company which is legally separate from the PLA. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the PNPF's investment policy and day-to-day administration. The 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 £11,042,676 due between 2020 and 2028.

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24. PENSIONS CONTINUED

ALL SCHEMES

The results of the latest formal actuarial valuations have been updated to 31 December 2019 by a qualified independent actuary. The principal assumptions used in determining pension benefit obligations for these plans are shown below:

PLA SCHEMES – PRINCIPAL ASSUMPTIONS	2019 %	2018 %
Discount rate	2.0	2.8
RPI price inflation	3.1	3.4
CPI price inflation	2.1	2.4
Future salary increases	3.6	3.9
Future pension increases (RPI, min 3%, max 5%)	3.5	3.6
Future pension increases (RPI, max 5%)	3.0	3.3
Future pension increases (CPI, max 2.5%)	1.7	1.9
	Years	Years
Life expectation for pensioners at the age of 65 retiring today:		
Male	86.5	86.9
Female	88.4	88.3

PNPF – PRINCIPAL ASSUMPTIONS	2019 %	2018 %
Discount rate	2.0	2.9
RPI price inflation	3.0	3.2
CPI price inflation	2.0	2.2
Future salary increases	3.0	3.2
Future pension increases (RPI, min 0%, max 5%)	2.7	3.1
Future pension increases (RPI, min 3%, max 5%)	3.4	3.6
	Years	Years
Life expectation for pensioners at the age of 65 retiring today:		
Male	86.2	86.6
Female	88.1	88.5

PLAPF – CONTRIBUTION RATES	2019 %	2018 %
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 rates for other pension schemes as there are no active members, only deferred members and pensioners.

	2019 £m	2018 £m
In respect of the shortfall in funding:		
Amount payable per annum until 31 August 2026 as agreed recovery plan	4.0	4.0
Additional agreed amount paid by the PLA in 2019	4.0	0.0
Total deficit repairs during the year	8.0	4.0

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24. PENSIONS CONTINUED

ALL SCHEMES

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

At 31 December 2019	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
Multi assets credit	129.7	0.0	0.0	0.0	129.7
Equities	70.8	0.0	0.0	0.0	70.8
Hedge funds	21.9	0.0	0.0	3.9	25.8
Liability driven investments	45.0	0.0	0.0	0.0	45.0
Corporate bonds	0.0	6.6	1.7	2.1	10.4
Gilts	0.0	6.3	0.4	2.7	9.4
Diversified growth funds	50.9	7.2	0.0	7.8	65.9
Insurance policies	0.0	5.7	0.0	0.0	5.7
Infrastructure	38.6	0.0	0.0	0.0	38.6
Cash	12.1	0.3	0.2	0.6	13.2
Liquidity fund	0.0	0.0	0.0	3.8	3.8
Total	369.0	26.1	2.3	20.9	418.3

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
Liquidity fund	0.0	0.0	0.0	0.0	0.0
Total	328.5	25.3	2.3	19.9	376.0

AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET

At 31 December 2019	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Fair value of scheme assets	369,021	26,094	2,335	20,885	418,335
Present value of scheme liabilities	(427,034)	(19,945)	(2,321)	(31,072)	(480,372)
Defined benefit pension scheme (deficit) / surplus	(58,013)	6,149	14	(10,187)	(62,037)
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	(71,199)	5,467	(291)	(10,347)	(76,370)

24. PENSIONS CONTINUED

AMOUNTS TO BE RECOGNISED IN THE INCOME STATEMENT

Year ended 31 December 2019	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Current service cost	(6,275)	0	0	0	(6,275)
Past service cost	0	0	0	0	0
Administrative expenses	(306)	(132)	(25)	(118)	(581)
Recognised in arriving at the operating profit	(6,581)	(132)	(25)	(118)	(6,856)
Expected return on scheme assets	9,216	690	62	558	10,526
Interest cost on scheme liabilities	(10,857)	(521)	(62)	(843)	(12,283)
Finance (costs) / income	(1,641)	169	0	(285)	(1,757)
Total recognised in the Income Statement	(8,222)	37	(25)	(403)	(8,613)

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	(7,320)	173	15	(435)	(7,567)

AMOUNTS TO BE RECOGNISED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Return on scheme assets below that is recognised net interest	38,887	1,377	127	1,824	42,215
Other actuarial losses	(29,547)	(732)	(12)	(2,295)	(32,586)
Actuarial gain recognised in the Statement of Other Comprehensive Income	9,340	645	115	(471)	9,629

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 losses	15,364	495	15	1,507	17,381
Actuarial gains recognised in the Statement of Other Comprehensive Income	(5,924)	(389)	(135)	575	(5,873)

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24. PENSIONS CONTINUED

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2018	(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 gains on scheme liabilities	15,364	495	15	1,507	17,381
Benefits paid	20,899	1,178	349	2,129	24,555
At 31 December 2018 and 1 January 2019	(399,634)	(19,813)	(2,551)	(30,217)	(452,215)
Movement in the administrative reserve balance	(306)	(87)	(25)	0	(418)
Current service cost	(6,275)	0	0	0	(6,275)
Past service cost	0	0	0	0	0
Interest expense on defined benefits obligations	(10,857)	(521)	(62)	(843)	(12,283)
Member's contributions	(143)	0	0	0	(143)
Actuarial losses on scheme liabilities	(29,547)	(732)	(12)	(2,295)	(32,586)
Benefits paid	19,728	1,208	329	2,283	23,548
At 31 December 2019	(427,034)	(19,945)	(2,321)	(31,072)	(480,372)

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

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2018	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)
At 31 December 2018 and 1 January 2019	328,435	25,280	2,260	19,870	375,845
Administration expenses	0	(45)	0	(118)	(163)
Interest income on scheme assets	9,216	690	62	558	10,526
Actuarial gains on scheme assets	38,887	1,377	127	1,824	42,215
Company contributions	12,068	0	215	1,034	13,317
Member's contributions	143	0	0	0	143
Benefits paid	(19,728)	(1,208)	(329)	(2,283)	(23,548)
At 31 December 2019	369,021	26,094	2,335	20,885	418,335

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24. PENSIONS CONTINUED

A quantitative summary analysis for significant assumptions at 31 December 2019 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	18,240	(18,240)	(3,742)	3,742	(4,565)	4,565
PLAWWOPF	390	(390)	(147)	147	(108)	108
PLARBS	33	(33)	(17)	17	(9)	9
	18,663	(18,663)	(3,906)	3,906	(4,682)	4,682

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	2,200	(2,200)	(600)	600	1,400	(1,400)

A 1% increase in PLA's share of the PNPF would increase the deficit by £1,558,000 (2018 £1,587,000).

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	1,070	5,285
Between 2 and 5 years	16,000	0	36	4,653	20,689
Between 6 and 10 years	10,667	0	0	5,319	15,986
Total expected payments	30,667	0	251	11,042	41,960

HISTORICAL PENSION INFORMATION

	All Schemes				
	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Fair value of scheme assets	418,335	375,845	404,902	392,400	345,731
Present value of scheme liabilities	(480,372)	(452,215)	(476,700)	(493,273)	(425,602)
Defined benefit pension scheme deficit	(62,037)	(76,370)	(71,798)	(100,873)	(79,871)

25. 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 £57,258,000 (2018 net assets of £36,957,000). 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 2019
CONTINUED

26. RELATED PARTY TRANSACTIONS

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

GROUP	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiary					
2019	0	0	0	0	0
2018	0	0	0	0	0
Joint venture					
2019	(178)	2,703	0	0	249
2018	(171)	2,453	0	0	227
Key management personnel of the Group					
2019	0	0	900	0	0
2018	0	0	846	0	0

COMPANY	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiary					
2019	0	0	0	0	0
2018	0	0	0	0	0
Joint venture					
2019	(178)	2,703	0	0	249
2018	(172)	2,453	0	0	227
Key management personnel of the Group					
2019	0	0	900	0	0
2018	0	0	846	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 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018 £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 £0 (2018 £105,000).

During the year the PLA provided administration and management services to Estuary Services Limited for which it charged £176,650 (2018 £170,600) and was charged £2,703,000 (2018 £2,453,000) for boarding and landing services. At 31 December 2019 the PLA owed £249,000 (2018 £227,000) to Estuary Services Limited for unpaid boarding and landing services received.

Executive members of the PLA Board are the key management personnel of the Group. See page 55.

27. SUBSEQUENT EVENTS

Since the preparation of the accounts there has been a global pandemic and coronavirus, or Covid-19, has had a dramatic impact on the way business is being conducted. We believe that the impact of this will be felt in the second quarter of our business. Trading activity up to March 2020 has been consistent with last year and in fact March was a busy month, so we have not seen any downturn in business as yet and have put measures in place to ensure the Port is fully operational. However, we do expect demand for oil to reduce as the airports have reduced activity and also the car fuel requirements in the south east are lower due to the social distancing measures put in place. We also expect aggregates to reduce as building work has slowed. The biggest proportion of our income comes from containers and, whilst we believe this will reduce, we think it is more likely that ships will continue to come into the Port but won't be full to capacity and therefore the impact on income won't be as significant. We are expecting increased bad debt risk and some deferral of payments from smaller property customers. Despite these reductions in income, we have analysed our cashflow and we are confident that the cash reserves we have can withstand this fall in income over the next 12 months. We have put actions in place to reduce costs and delay capital projects to conserve cash and we are actively working with customers to ensure that our information is as up to date as possible such that we can respond accordingly. In parallel we are looking at the Government support options for business in the event that we need to take advantage of these.

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 which is audited information. 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 2019

OPINION

We have audited the financial statements of Port of London Authority and its subsidiaries (the 'group') for the year ended 31 December 2019 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 27, 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 2019 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 OF 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.

EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to Note 1 and 27 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand and personnel available for work or being able to access offices. Our opinion is not modified in respect of this matter.

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 THE DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 94, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT OF LONDON AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2019

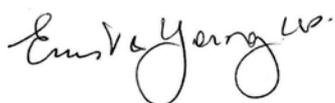
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

15 April 2020

Notes:

1. The maintenance and integrity of the Port of London Authority web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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