

MILFORD HAVEN PORT AUTHORITY

Annual Report and Consolidated Financial Statements

31 December 2013

MILFORD HAVEN PORT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

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MILFORD HAVEN PORT AUTHORITY

OFFICERS AND PROFESSIONAL ADVISERS

CHAIRMAN

P Jones (appointed – 1 August 2013)
D G Benson (resigned – 31 July 2013)

VICE CHAIRMAN

C Martin

MEMBERS

Captain M C Andrews
F Birt-Llewellyn
S Davenport
A J W D Don
A Edwards
A M Jones
G E Lynn
D Snelson CB
R Squires
R Rankmore (resigned – 4 December 2013)

CHIEF EXECUTIVE

A J W D Don

HARBOURMASTER

Captain W C Hirst

FINANCE DIRECTOR

A M Jones

REGISTERED OFFICE

Gorsewood Drive
Milford Haven
Pembrokeshire
SA73 3ER

BANKER

Barclays Bank Plc

SOLICITORS

Morgan Cole

AUDITOR

Deloitte LLP
Cardiff

MILFORD HAVEN PORT AUTHORITY

STRATEGIC REPORT

The Members present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

Milford Haven Port Authority (MHPA) is the Statutory Harbour authority for the Port of Milford Haven and as such provides conservancy and pilotage services to the principal terminal operators located on the Milford Haven waterway. It also owns and operates Milford Dock and the port facilities at Pembroke Dock. The Members are not aware, at the date of this report, of any likely major changes in activities during the next year.

REVIEW OF DEVELOPMENTS

The Port of Milford Haven's trading result for 2013 and 2012 is summarised below:

	2013	2012
	£'000	£'000
Turnover (excluding joint ventures)	22,553	22,720
Operating profit (excluding joint ventures and associate)	3,540	4,424
Profit before tax	1,448	4,149
Taxation	(1,041)	(805)
Profit after tax	407	3,344
ROCE	4.9%	9.3%
Cargo volume	41.2m tonnes	39.9m tonnes

Liquefied Natural Gas (LNG) throughput was lower in 2013 than in 2012, whilst the throughput of other energy fuels was higher. Overall, total turnover was relatively unchanged, whilst costs were higher due to factors such as the commencement of recovery payments to the Pilots National Pension Fund. A number of other factors have had a significant impact on our reported results.

Mustang Marine (Wales) Limited, 50% owned by the Port and therefore a joint venture, suffered a substantial loss in 2013 in connection with two boat construction contracts which led to the business going into administration in March 2014. The entirety of the Ports historic investment and all debtor and loan balances as at 31 December 2013 have therefore been written off in the accounts. Please refer to note 33 in the financial statements for details of the full impact on the Group and Authority accounts.

As stated above, and following the resolution of some long-standing industry-wide court cases, the Port of Milford Haven is now making substantial recovery payments to the Pilots National Pension Fund (PNPF). The overall deficit in the PNPF was £186.7m at its last valuation date, and the Port's assessed share of this total deficit is £7.5m. Please refer to note 21 for further information.

Activity within the Short Sea division remained steady. Fish volumes landed in the year at 5,300 tonnes were higher than in 2012, and ferry and other volumes at Pembroke Port were broadly stable. Capital expenditure in 2013 was £10.4m and included works to construct the dock lock at Milford Haven, and the construction of a 5MW solar energy scheme on our land at Liddeston. The Dock Lock is expected to be completed in early summer 2014 and the Liddeston Solar array is now fully operational. The income from the Solar Array has been assigned to the Port's own pension fund and has therefore essentially eliminated the historic deficit in that scheme. Notwithstanding the loss in relation to Mustang and the higher level of capital expenditure, the Port finished the year with £9.3m of cash and is therefore well placed to continue investment into its trading base.

The Port maintained its good Health, Safety and Environmental performance. In the year the Port had one reportable injury to a member of staff. The Port welcomes very close co-operation from all the major operators on the Haven in monitoring and taking active measures to reduce the risk of any form of oil spill. A key performance indicator is the number of pollution incidents that occur, however minor. The total number of incidents for 2013 was 25, down from 33 in the preceding year.

MILFORD HAVEN PORT AUTHORITY

STRATEGIC REPORT (continued)

EMPLOYEES

The Port had 186 members of staff at the end of 2013, similar to the 187 at the previous year end. The Port is committed to maintaining a highly trained and well incentivised workforce who in turn is committed to the provision of the highest level of service to our customers. The primary task of the Port is to ensure that it operates safely and without incident 24 hours a day, 365 days a year, and the Members would like to thank all our staff for their dedicated service during the year.

The Port has invested significantly in the development of the organisation on the Short-Sea side of the business in anticipation of completion of the Dock Lock, and now believes it has in place a team able to deliver on its plans for the development and growth of Milford Dock and Pembroke Port.

STAKEHOLDERS

As a Trust Port, MHPA does not have shareholders and, accordingly, all profit is retained within the business and is available for investment back into the Port in support of its core trust port mission of contributing to the growth in overall economic activity and sustainable employment in Pembrokeshire. The Port sustains a nationally important set of businesses engaged in the production of and distribution of energy and energy fuels. This activity accounts for over 5,000 jobs in Wales and substantial continuous investment into the local economy.

Besides this direct economic benefit, the Port also supported approximately £340k of investment directly back into the community with charitable donations and other support activity. For example, the Port made Milford Dock available free of charge to Pembrokeshire County Council for its hugely successful 'Fishweek' event which is held at Milford Dock in June every year and other public events such as the 'Christmas Cracker'. We are also committed to making a substantial annual donation to Pembrokeshire County Council for the maintenance of its pontoons on the Haven waterway, and provide on-going support to a wide range of local interest groups and charitable organisations. One of the larger projects sustained in 2013 was the Sunderland Trust which has been enabled to invest substantially in its marketing programme in an ongoing effort to get established as a self-sustaining heritage attraction in Pembroke Dock. Donations are decided on by an employee committee.

The Port will continue to monitor and adjust the amount of cash it sets aside for such activity according to trading conditions.

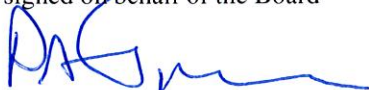
FUTURE PROSPECTS

LNG volumes continue at a low ebb and are expected to remain at broadly 2013 levels over the near term. Recovery costs to the PNPF to deal with historic liabilities are expected to continue to rise substantially over the coming years, and the Port remains overly dependent on energy fuel trades which can be subject to substantial swings in either direction. Trading in our Short Sea Division is more closely linked to the prospects for a stronger recovery in the local economy and whilst there are encouraging signs, the Port will continue to need to invest on a risk basis to drive the process of diversification of the Port's revenue streams. Overall, the Port's focus remains on maintaining a strong balance sheet whilst seeking to diversify its trading base through investment in its owned assets at Pembroke Port and Milford Dock.

GOING CONCERN

The financial statements have been prepared on the going concern basis. After making due enquiries, the Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Members
and signed on behalf of the Board



P A Jones
Chairman

MILFORD HAVEN PORT AUTHORITY

MEMBERS' REPORT

RESULTS FOR THE YEAR

The Group made a profit for the year of £406,000 (2012: £3,344,000).

MEMBERS

The members who served during the year are disclosed on page 1 Officers and Professional Advisers.

AUDITOR

Each of the persons who is a Member at the date of approval of this report confirms that:

- (1) so far as the Member is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the Member has taken all the steps that he/she ought to have taken as a Member in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Board Meeting.

Approved by the Board of Members
and signed on behalf of the Board



P A Jones
Chairman

MILFORD HAVEN PORT AUTHORITY

MEMBERS' RESPONSIBILITIES STATEMENT

The Authority's Members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Current law requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that period. In preparing these financial statements, the Members are required to:

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILFORD HAVEN PORT AUTHORITY

We have audited the financial statements of Milford Haven Port Authority for the year ended 31 December 2013 which comprise the Profit and Loss Accounts, the Statements of Total Recognised Gains and Losses, the Notes of Historical Cost Profits and Losses, the Balance Sheets, the Group Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Authority's Members, as a body, in accordance with the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditor

As explained more fully in the Members' Responsibilities Statement, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Authority's affairs as at 31 December 2013 and of their profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981.

Opinion on other matters

In our opinion the information given in the Strategic Report and the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Authority, or returns adequate for our audit have not been received from branches not visited by us; or
- the Authority's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

David Hedditch

David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

28 March 2014

MILFORD HAVEN PORT AUTHORITY

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2013

	Note	Group		Authority	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
TURNOVER		-	-	22,553	22,720
Turnover including share of joint ventures		27,074	24,800	-	-
Less: share of joint ventures		(4,521)	(2,080)	-	-
Turnover excluding share of joint ventures	2	22,553	22,720	22,553	22,720
Cost of sales		(12,413)	(12,556)	(12,413)	(12,556)
GROSS PROFIT		10,140	10,164	10,140	10,164
Operating expenses (including 2013 exceptional impairment of Authority's interest in joint venture of £2,663,000)		(6,600)	(5,740)	(8,743)	(5,740)
OPERATING PROFIT (excluding results of joint ventures and associate)	3	3,540	4,424	1,397	4,424
Share of operating loss in joint ventures		(864)	(433)	-	-
Impairment of joint venture investments		(90)	-	-	-
Impairment of joint venture goodwill		(912)	-	-	-
Amortisation of joint venture goodwill		(110)	(83)	-	-
Share of operating (loss)/profit in associate		(267)	132	-	-
Amortisation of associate goodwill		(1)	(1)	-	-
OPERATING PROFIT (including results of joint ventures and associate)		1,296	4,039	1,397	4,424
Profit on disposal of tangible fixed assets		4	27	4	27
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,300	4,066	1,401	4,451
Interest receivable and similar income	6	43	35	18	34
Share of joint venture interest receivable		-	2	-	-
Share of associate interest receivable		14	18	-	-
Amounts written back on investments		93	347	93	347
Other finance income/(charges)	21	177	(145)	177	(145)
Interest payable and similar charges	7	(128)	(120)	(127)	(119)
Share of associate interest payable		(51)	(54)	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,448	4,149	1,562	4,568
Tax charge on profit on ordinary activities	9	(1,041)	(805)	(1,300)	(801)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		407	3,344	262	3,767
Minority interest	32	-	-	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	20	407	3,344	262	3,767

All results derive from continuing operations.

MILFORD HAVEN PORT AUTHORITY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2013

	Note	Group		Authority	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
Profit for the financial year	20	407	3,344	262	3,767
Actuarial loss on pension schemes:					
- Actuarial loss on present value of scheme liabilities		(2,568)	(841)	(2,568)	(841)
- Actuarial gain on scheme assets		886	589	956	589
		(1,682)	(252)	(1,612)	(252)
Actuarial valuation of PNPf liability		(7,455)	-	(7,455)	-
Deferred tax relating to PNPf liability		1,491	-	1,491	-
Movement on unrecognised surplus on MDCSBS pension scheme	21	(10)	174	(10)	174
Movement on deferred tax relating to pension liability		323	14	323	14
Total recognised gains and losses relating to the year		<u>(6,926)</u>	<u>3,280</u>	<u>(7,001)</u>	<u>3,703</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2013

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	1,448	4,149	1,562	4,568
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	178	212	178	212
Historical cost profit on ordinary activities before taxation	<u>1,626</u>	<u>4,361</u>	<u>1,740</u>	<u>4,780</u>
Historical cost profit for the year after taxation	<u>585</u>	<u>3,556</u>	<u>440</u>	<u>3,979</u>

MILFORD HAVEN PORT AUTHORITY

BALANCE SHEET
At 31 December 2013

	Note	Group		Authority	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
FIXED ASSETS					
Tangible assets	10	68,308	54,653	63,607	54,653
Investments in subsidiaries	11	-	-	5,966	1,437
Investments in associates	11	121	427	331	331
Investments in joint ventures (Authority)	11	-	-	-	2,158
Investments in joint ventures (Group):	11				
- Goodwill		-	1,022	-	-
- Share of gross assets		-	1,363	-	-
- Share of gross liabilities		-	(668)	-	-
		<u>68,429</u>	<u>56,797</u>	<u>69,904</u>	<u>58,579</u>
CURRENT ASSETS					
Stocks	12	47	43	47	43
Debtors	13	4,004	4,557	3,988	4,557
Current asset investments	14	-	5,788	-	5,788
Cash at bank and in hand		9,254	8,994	8,635	8,995
		<u>13,305</u>	<u>19,382</u>	<u>12,670</u>	<u>19,383</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(3,889)</u>	<u>(4,581)</u>	<u>(3,812)</u>	<u>(4,543)</u>
NET CURRENT ASSETS		<u>9,416</u>	<u>14,801</u>	<u>8,858</u>	<u>14,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>77,845</u>	<u>71,598</u>	<u>78,762</u>	<u>73,419</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,022)	(1,248)	(10,233)	(2,748)
PROVISIONS FOR LIABILITIES	18	-	(1,251)	-	(1,251)
ACCRUALS AND DEFERRED INCOME	19	(4,582)	(4,979)	(4,582)	(4,979)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>72,241</u>	<u>64,120</u>	<u>63,947</u>	<u>64,441</u>
PENSION LIABILITY	21	<u>(13,593)</u>	<u>(4,714)</u>	<u>(5,053)</u>	<u>(4,714)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>58,648</u>	<u>59,406</u>	<u>58,894</u>	<u>59,727</u>
RESERVES					
Revaluation reserve	20	25,939	19,771	25,939	19,771
Profit and loss account	20	32,682	39,608	32,955	39,956
		<u>58,621</u>	<u>59,379</u>	<u>58,894</u>	<u>59,727</u>
Minority interest	32	27	27	-	-
		<u>58,648</u>	<u>59,406</u>	<u>58,894</u>	<u>59,727</u>

The financial statements of Milford Haven Port Authority were approved by the Authority Members and authorised for issue on *28 March 2014*

Signed on behalf of the Authority


Chairman


Chief Executive

MILFORD HAVEN PORT AUTHORITY

GROUP CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	23	5,869	5,349
Net cash outflow from returns on investments and servicing of finance	24	(110)	(86)
Taxation			
UK corporation tax paid		(891)	(1,994)
Net cash outflow from capital expenditure and financial investment	25	(10,274)	(3,162)
Net cash outflow from acquisitions and disposals	26	-	(2,081)
Net cash outflow before management of liquid resources and financing		(5,406)	(1,974)
Net cash inflow from management of liquid resources	27	5,881	-
Net cash outflow from financing	27	(215)	(244)
Increase/(decrease) in cash in year	28	260	(2,218)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation, and in accordance with applicable United Kingdom accounting standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of investment/owner occupied properties. The particular accounting policies, which have been adopted on a consistent basis in the current and prior year, are described below.

Basis of consolidation

The consolidated financial statements of the 'Group' include the financial statements of the parent Authority and its subsidiary companies, joint ventures and associates for the year ended 31 December 2013 as listed in note 11.

Going concern

The financial statements have been prepared on the going concern basis. After making due enquiries, the Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

As permitted under FRS 15 'Tangible Fixed Assets', the Authority has adopted a policy of revaluation in respect of its investment/owner occupied property assets and specialised marine assets. Interim valuations are undertaken in year three with full valuations undertaken every five years by independent qualified valuers. Any surplus or deficit on book value is transferred to a revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Investment properties are revalued in accordance with the policy described above. In accordance with SSAP 19, the policy of the Authority is not to depreciate investment property. The Members consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19.

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets, it is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Owner occupied property	10 – 50 years
Plant and equipment	3 – 50 years
Capital dredging	20 years

Investments

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Joint ventures and associates

In the Group financial statements, investments in joint ventures and associates are accounted for using the gross equity and equity methods respectively. The consolidated profit and loss account includes the Group's share of profits less losses, while the Group's share of the respective assets and liabilities is shown in the consolidated balance sheet. Goodwill arising on acquisition is capitalised and written off over its useful economic life, which is 10 years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. This comprises revenue from charges to port users and from rents of both operational and estate property. Turnover is recognised in the period in which it is earned.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. TURNOVER

Group and Authority
2013 **2012**
£'000 **£'000**

Analysis of turnover by class of business is stated below:

Ship, passenger and goods dues	9,391	8,679
Marine services	4,767	6,273
Pilotage services (note 8)	6,322	5,842
Rents	1,578	1,528
Miscellaneous income	495	398
	22,553	22,720

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. All turnover is attributable to the principal activity of the Authority and arose in the British Isles.

3. OPERATING PROFIT

Group and Authority
2013 **2012**
£'000 **£'000**

Operating profit is stated after charging/(crediting):

Staff costs (note 5)	10,286	10,075
Depreciation of tangible assets (note 10)	2,873	2,862
Grant revenue (note 19)	(397)	(393)
Hire and operating leasing charges	74	69
Auditor's remuneration:		
- Audit of Authority and consolidated accounts	40	32
- Audit of Authority pension scheme	4	4
- Other non-audit services – corporate taxation and pension advice	127	28
- Audit of Milford Docks Company pension schemes	5	4
	10,286	10,075

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

4. AUTHORITY MEMBERS REMUNERATION	Group and Authority	
	2013	2012
	£'000	£'000
Fees - Non-Executive Board Members	179	138
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Board Members	416	388
Pension costs – Executive Board Members	81	82
	<u>676</u>	<u>608</u>

The number of Board Members to whom retirement benefits are accruing under defined benefit schemes is three (2012: three).

Remuneration of the highest paid Member:	£'000	£'000
Highest paid Board Member	<u>195</u>	<u>185</u>

The accrued pension of the highest paid Board member under the MHPARBS defined benefit pension scheme at 31 December 2013 was £2,958 per annum (2012: £2,841).

5. STAFF COSTS	Group and Authority	
	2013	2012
	£'000	£'000
Wages and salaries	7,676	7,341
Social security costs	694	656
Other pension costs	1,916	2,078
	<u>10,286</u>	<u>10,075</u>

This includes amounts paid to Authority Members as disclosed in note 4.

The average monthly number of employees, excluding non-executive Board Members, during the year was as follows:

	2013	2012
	No.	No.
Operational staff	119	122
Office staff	66	64
	<u>185</u>	<u>186</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Other interest received	18	35	18	34
Exchange rate gain	25	-	-	-
	<u>43</u>	<u>35</u>	<u>18</u>	<u>34</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank overdrafts and loans	127	119	127	119
3.5% debenture stock	1	1	-	-
	<u>128</u>	<u>120</u>	<u>127</u>	<u>119</u>

8. PILOTAGE

The revenue and expenditure relating to pilotage can be summarised as follows:

	Group and Authority	
	2013 £'000	2012 £'000
Turnover		
Providing pilotage services	6,287	5,804
Issue and use of pilotage exemption certificates	35	38
	<u>6,322</u>	<u>5,842</u>
Expenditure	£'000	£'000
Providing services of a pilot	2,948	2,621
Providing, maintaining and operating pilot boats	2,025	1,971
Administration and other costs	1,323	1,641
	<u>6,296</u>	<u>6,233</u>

In order to better reflect the cost of providing pilotage services, an allocation of costs pertaining to marine management, port control and navigational aids has been included. The comparatives have been amended accordingly to reflect this allocation.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
(a) Analysis of (credit)/charge for the year				
Current tax				
UK corporation tax on profit for the year	663	1,263	663	1,263
Adjustment in respect of previous years	(43)	(52)	(43)	(52)
Share of joint venture tax (Group only)	(259)	4	-	-
Total current tax charge	<u>361</u>	<u>1,215</u>	<u>620</u>	<u>1,211</u>
Deferred tax				
Origination and reversal of timing differences	741	(577)	741	(577)
Adjustment in respect of previous years	(61)	167	(61)	167
Tax on profit on ordinary activities	<u>1,041</u>	<u>805</u>	<u>1,300</u>	<u>801</u>

(b) Factors affecting tax charge for the year

The tax charge for the current and previous period differs from the corporation tax rate applicable to the Group/Authority of 23.25% (2012: 24.5%). The differences are explained below:

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Profit on ordinary activities before tax (excluding share of joint venture and associate results)	<u>3,729</u>	<u>4,568</u>	<u>1,562</u>	<u>4,568</u>
Profit on ordinary activities multiplied by the applicable Group/Authority rate	867	1,119	363	1,119
Differences between depreciation and capital allowances	(199)	(106)	(199)	(106)
Pension cost relief in excess of pension cost charge	(630)	(49)	(630)	(49)
Permanent differences	625	299	1,129	299
Adjustment in respect of previous years	(43)	(52)	(43)	(52)
Share of joint venture tax	(259)	4	-	-
Current tax charge for the year	<u>361</u>	<u>1,215</u>	<u>620</u>	<u>1,211</u>

(c) Factors that may affect future tax charges

The Group and Authority are not aware of any factors that will materially affect the future tax charge. The Group and Authority are aware that the phased reduction in corporation tax rates to 20% in 2015 has been announced and enacted.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

10. TANGIBLE FIXED ASSETS

Group	Investment/owner occupied property assets and specialised marine assets £'000	Plant and equipment £'000	Dredging works £'000	Total £'000
Cost or valuation				
At 1 January 2013	48,836	16,079	2,038	66,953
Additions	2,006	8,374	-	10,380
Reallocation	2,079	(2,079)	-	-
Revaluation	522	-	-	522
Disposals	-	(98)	-	(98)
At 31 December 2013	53,443	22,276	2,038	77,757
Accumulated depreciation				
At 1 January 2013	3,596	7,152	1,552	12,300
Charge for the year	1,895	876	102	2,873
Reallocation	155	(155)	-	-
Revaluation	(5,646)	-	-	(5,646)
Disposals	-	(78)	-	(78)
At 31 December 2013	-	7,795	1,654	9,449
Net book value				
At 31 December 2013	53,443	14,481	384	68,308
At 31 December 2012	45,240	8,927	486	54,653
Authority				
	Investment/owner occupied property assets and specialised marine assets £'000	Plant and equipment £'000	Dredging works £'000	Total £'000
Cost or valuation				
At 1 January 2013	48,836	16,079	2,038	66,953
Additions	2,006	3,673	-	5,679
Reallocation	2,079	(2,079)	-	-
Revaluation	522	-	-	522
Disposals	-	(98)	-	(98)
At 31 December 2013	53,443	17,575	2,038	73,056
Accumulated depreciation				
At 1 January 2013	3,596	7,152	1,552	12,300
Charge for the year	1,895	876	102	2,873
Reallocation	155	(155)	-	-
Revaluation	(5,646)	-	-	(5,646)
Disposals	-	(78)	-	(78)
At 31 December 2013	-	7,795	1,654	9,449
Net book value				
At 31 December 2013	53,443	9,780	384	63,607
At 31 December 2012	45,240	8,927	486	54,653

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

10. TANGIBLE FIXED ASSETS (continued)

An interim valuation was carried out on 31 December 2013 on investment/owner occupied property assets by DTZ on the basis of market value in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards. Atkins valued specialised marine assets on the basis of depreciated replacement cost in accordance with industry specific indexes and guidelines. Both DTZ and Atkins are suitably qualified external valuers. The last full valuation was on 31 December 2010.

Included within investment/owner occupied property is investment property with a cost of £15,978,000 (2012: £14,199,000) which is not depreciated.

If the revalued assets were stated on the historical cost basis, the net book value of those assets would be £25,944,688 (2012: £23,941,032).

11. FIXED ASSET INVESTMENTS

	2013	2012
	£'000	£'000
Group		
Associates	121	427
Joint ventures	-	1,717
	<u>121</u>	<u>2,144</u>
	Joint ventures	Associates
	£'000	£'000
Share of net assets		
At 1 January 2013	695	419
Revaluation of opening balance	-	(6)
Prior year adjustment	-	(31)
Share of retained loss for the year	(605)	(268)
Provision for impairment	(90)	-
At 31 December 2013	<u>-</u>	<u>114</u>
Goodwill		
At 1 January 2013	1,022	8
Written off	(110)	(1)
Impairment of goodwill	(912)	-
At 31 December 2013	<u>-</u>	<u>7</u>
Net book value	<u>-</u>	<u>121</u>
Authority		
	2013	2012
	£'000	£'000
Investment in Group companies		
At beginning of year	3,926	1,437
Additions	4,529	2,489
Impairment of joint venture	(2,158)	-
At end of year	<u>6,297</u>	<u>3,926</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

11. FIXED ASSET INVESTMENTS (continued)

Group		Class of share held	Proportion of nominal value held
Subsidiaries			
Milford Docks Company	Dock operator	£1 Ordinary	98.2%
Milford Haven Properties Limited	Land owners	£1 Ordinary	100%
Pembrokeshire Marine Group (Operations) Limited	Marina operator	£1 Ordinary	51%
MHPARBS Investments Limited Partnership	Pension Partnership	£1 Ordinary	100%
MHPA PFP (General Partner) Limited	Pension Fund Partner	£1 Ordinary	100%
MHPA PFP Limited Partnership	Pension Limited Partner	£1 Ordinary	100%
Associates			
Pembrokeshire Marine Group (Property) Limited	Marina property management	£1 Ordinary	33.3%
Marimatech AS	Marine services	DKK Ordinary	36.02%
Joint ventures			
Mustang Marine (Wales) Limited	Marine engineers	£1 Ordinary	50%

All the above companies were incorporated in England and Wales aside from Marimatech AS which was incorporated in Denmark.

The Group also has an interest in a limited partnership registered in Scotland, MHPARBS Investments Limited Partnership, which is fully consolidated into these Group accounts. The Group has taken advantage of the exemption conferred by regulation 7 of the partnerships (Accounts) Regulations 2008 and has therefore not appended the accounts of these qualifying partnerships to these accounts. Separate accounts for these partnerships are not required to be, and have not been, filed at Companies House.

During 2013, The Green Electrician (South Wales) Limited, Pembrokeshire Marine Group (Property) Limited and Pembrokeshire Marine Group (Operations) Limited were all applied to be struck off. The joint venture, Mustang Marine (Wales) Limited, went into administration on 3 March 2014. The transactions accounting for this post balance sheet event are shown in note 33.

12. STOCKS

	Group and Authority	
	2013	2012
	£'000	£'000
Stock of fuel and parts	47	43

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

13. DEBTORS

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	2,336	3,423	2,336	3,423
Loan to joint venture	-	50	-	50
Deferred tax asset (note 18)	29	-	29	-
Other debtors	866	340	850	340
Prepayments and accrued income	773	744	773	744
	<u>4,004</u>	<u>4,557</u>	<u>3,988</u>	<u>4,557</u>

Included in Loan to joint venture are debts amounting to £384,000 which are due after more than one year, but which have been provided for at the year end. These are loans to Mustang Marine (Wales) Limited as disclosed in note 33.

14. INVESTMENTS HELD AS CURRENT ASSETS

Investment portfolio	Group and Authority	
	2013 £'000	2012 £'000
At 1 January	5,788	5,441
Disposal	(5,881)	-
Write back of provision	93	347
At 31 December	<u>-</u>	<u>5,788</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Secured bank loan	220	208	220	208
Trade creditors	622	643	582	643
Social security	225	205	225	205
Corporation tax	151	416	151	416
Other creditors	15	16	-	1
Accruals	2,656	3,093	2,634	3,070
	<u>3,889</u>	<u>4,581</u>	<u>3,812</u>	<u>4,543</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Authority	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts owed to Group undertakings	-	-	9,240	1,535
3.5% Debenture stock	29	35	-	-
Secured bank loan:				
- between one and two years	233	221	233	221
- between two and five years	760	741	760	741
- after five years	-	251	-	251
	<u>1,022</u>	<u>1,248</u>	<u>10,233</u>	<u>2,748</u>

17. BORROWINGS

	2013 £'000	2012 £'000
Debenture loans	29	35
Bank loans	1,213	1,421
	<u>1,242</u>	<u>1,456</u>
	£'000	£'000
Due within one year	220	208
Due after more than one year	1,022	1,248
	<u>1,242</u>	<u>1,456</u>
Analysis of loan repayments:	£'000	£'000
Bank loans and overdrafts:		
- within one year or on demand	220	208
- between one and two years	233	221
- between two and five years	760	741
- after five years	-	251
	<u>1,213</u>	<u>1,421</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

17. BORROWINGS (continued)

The 3.5% debenture stock is secured on the undertakings of the Milford Docks Company and is not subject to repayment. In accordance with section 3 of The Milford Docks Act 1972, the 3.5% debenture stock can be purchased and cancelled by the Milford Docks Company at the discretion of the directors.

The Authority was authorised as at 31 December 2013 to borrow sums not exceeding £50 million. Bank loans are repayable in 2018 in monthly instalments of £24,000 which commenced in 2008. The loans are secured on the property known as Pembroke Port Gate 4 in Pembroke Dock and bear interest at 5.64%.

Under the Milford Docks Act 1981, the Milford Docks Company is empowered to raise finance by the creation and issue of share capital, or by loans or mortgage of the undertaking, or by the creation and issue of debenture stock, or wholly or partly by one or more of those modes up to a maximum of £20 million. The amount raised by the company at 31 December 2013 under these provisions was made up as follows:

	2013	2012
	£'000	£'000
- Ordinary shares – paid up amount	1,463	1,463
- after five years	29	35
	<u>1,492</u>	<u>1,498</u>

18. PROVISIONS FOR LIABILITIES

	Group and Authority
	£'000
Provision for deferred taxation	
Deferred tax liability at 1 January 2013	1,251
Credit to profit and loss account	(1,280)
Deferred tax asset at 31 December 2013	<u>(29)</u>

	Group and Authority	
	2013	
	2012	
	£'000	
	£'000	
Accelerated capital allowances	1,206	1,251
Short term timing differences	(1,235)	-
Deferred tax (asset)/liability	<u>(29)</u>	<u>1,251</u>

Deferred tax relating to pension surplus/(deficit) (note 21)

Asset at 1 January 2013	(1,408)
Credit to profit and loss account	1,960
Credit to reserves	(1,815)
Asset at 31 December 2013	<u>(1,263)</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

19. ACCRUALS AND DEFERRED INCOME

	Group and Authority	
	2013	2012
	£'000	£'000
Deferred capital grants		
At 1 January	4,979	5,372
Released to profit and loss account	(397)	(393)
At 31 December	<u>4,582</u>	<u>4,979</u>

20. STATEMENT OF RESERVES

	Group		Authority	
	Profit and loss account	Revaluation reserve	Profit and loss account	Revaluation reserve
	£'000	£'000	£'000	£'000
Balance brought forward	39,608	19,771	39,956	19,771
Revaluation of assets	-	6,168	-	6,168
Profit for the financial year	407	-	262	-
Actuarial loss on pension schemes	(1,682)	-	(1,612)	-
Movement in deferred tax on pension	323	-	323	-
Movement on PNPf	(7,455)	-	(7,455)	-
Movement in deferred tax on PNPf	1,491	-	1,491	-
Movement on unrecognised surplus on MDCSBS pension scheme	(10)	-	(10)	-
	<u>32,682</u>	<u>25,939</u>	<u>32,955</u>	<u>25,939</u>

21. PENSION SCHEMES

The Group/Authority operates a number of schemes providing benefits for its employees as follows:

- (a) A defined contribution scheme where the assets of the scheme are held separately from those of the Authority in an independently administered fund. There were no pension contributions payable to the fund for the year (2012: £nil). There were no outstanding contributions payable to the fund at the end of the year (2012: £nil). Employees of the Authority are able to make additional voluntary contributions into this scheme.
- (b) A defined benefit scheme (MDCSBS) providing benefits based on final pensionable pay for its full-time staff. The most recent actuarial valuation of this scheme was as at 1 July 2011. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the return on investment, the rate of increase in salaries and the rate of mortality. It was assumed that the investment returns would be 5% per annum, salary increases would average 1.5% over RPI per annum and the rate of mortality would be based on the A67/70 and PA90 mortality tables.

The pension contribution for the year was £27,000 (2012: £26,000). There were no outstanding contributions payable to the fund at the end of the year (2012: £nil).

The most recent actuarial valuation showed that the scheme's assets amounted to 98% of the value of the liabilities of the scheme as they fall due. The Authority expects to contribute £28,000 to this scheme during the year to 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

21. PENSION SCHEMES (continued)

- (c) A defined benefit pension scheme (MHPARBS) for its staff. During 2009 the Board made the decision to change this scheme with effect from 1 January 2010 to provide benefits based on either Career Average Revalued Earnings or final pensionable pay. Benefits provided up to 31 December 2009 were based on final pensionable pay. The assets of the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Authority. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The most recent valuation was as at 1 January 2012. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 6.5% per annum, salary increases would average 4.5% per annum and pensions would average 2.25% per annum.

The pension contribution for the year was £1,645,000 (2012: £1,711,000). There were no outstanding contributions payable to the fund at the end of the year (2012: £nil).

The most recent actuarial valuation showed that the value of the scheme's assets amounted to 75% of the value of the liabilities of the scheme. The Authority expects to contribute £1,174,000 to this scheme during the year to 31 December 2014.

- (d) In addition to the above schemes some operational pilots are members of the Pilots' National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £86,000 (2012: £89,000). In the year the employers also paid deficit contributions of £157,000 (2012: £nil).

FRS17 Retirement Benefits

The most recent actuarial valuations of the MHPARBS, MDCSBS and PNPF defined benefits schemes have been updated to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2013. Scheme assets are stated at their market value at 31 December 2013.

The main assumptions used to calculate scheme liabilities under FRS17 are:

	2013			2012		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
Inflation rate	3.4%	3.4%	3.4%	2.8%	2.8%	n/a
Discount rate for scheme liabilities	4.5%	4.5%	4.3%	4.4%	4.4%	n/a
Rate of increase in salaries	n/a	3.4%	3.9%	n/a	2.8%	n/a
Rate of increase for deferred pensions and pensions in payment	2.5%	3.1%	2.5%	2.1%	3.1%	n/a
CARE revaluation	3.3%	n/a	n/a	2.8%	n/a	n/a

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NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

21. PENSION SCHEMES (continued)

The mortality assumptions used were as follows:

	MHPARBS Years	2013 MDCSBS Years	PNPF Years	MHPARBS Years	2012 MDCSBS Years	PNPF Years
Longevity in years at age 65 for current pensioners:						
- Men	22.7	17.3	22.5	21.9	17.3	n/a
- Women	25.0	21.7	24.9	24.5	21.7	n/a
Longevity in years at age 65 for future pensioners:						
- Men	24.4	17.9	24.3	23.8	17.9	n/a
- Women	27.0	22.4	26.9	26.4	22.4	n/a

Pension Funding Partnership

On 10 December 2013, the Group made a contribution to the pension scheme of £8.47m. On the same day, the Pension Scheme Trustees invested £8.47m in MHPARBS Investments Limited Partnership (SLP) as a limited partner.

SLP was established by Milford Haven Port Authority to hold loan notes issued by Milford Haven Properties Limited, a wholly owned subsidiary of the Group, with a value of £13m. The Group retains control over this partnership, and as such is fully consolidated within these group financial statements.

As a partner in SLP the Pension Scheme is entitled to an annual coupon share of the profits of SLP each year for 20 years.

Under FRS17, the investments held by the Pension Scheme in SLP, a consolidated entity, do not represent a plan asset for the purposes of the Group's consolidated accounts. This is because the definition of plan assets excludes any non-transferable financial instruments issued by the entity and held by the Pension Scheme. Accordingly, the Pension Scheme's deficit position presented in these Group financial statements does not reflect the £8.47m investment in SLP held by the Pension Scheme. Distributions from SLP to the Scheme will be reflected as pension contributions in these Group accounts on a cash basis. For the Authority, the investment held by the Pension Scheme represents a scheme asset, and accordingly, the pension deficit position reflects the £8.47m investment.

In the Authority, there is a deferred tax asset created as part of the Pension funding partnership of £1,235,000 as a result of the pension spreading rules.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

21. PENSION SCHEMES (continued)

The value of assets in the scheme were: Group

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
Equities	21,105	262	4,805	17,725	249	-
Bonds	4,690	1,048	4,406	3,027	996	-
Cash	370	-	46	3,599	-	-
Annuity contracts	370	-	-	355	-	-
Property	4,320	-	-	2,563	-	-
Total market value of assets	30,855	1,310	9,257	27,269	1,245	-
Present value of scheme liabilities	(38,282)	(1,258)	(16,712)	(33,429)	(1,191)	-
(Deficit)/surplus in the scheme	(7,427)	52	(7,455)	(6,160)	54	-
Unrecognised surplus	-	(26)	-	-	(16)	-
Related deferred tax	(223)	(5)	1,491	1,417	(9)	-
Net pension (liability)/asset	(7,650)	21	(5,964)	(4,743)	29	-

The value of assets in the scheme were: Authority

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
Equities	21,105	262	4,805	17,725	249	-
Bonds	4,690	1,048	4,406	3,027	996	-
Cash	370	-	46	3,599	-	-
Annuity contracts	370	-	-	355	-	-
Property	4,320	-	-	2,563	-	-
Investment in SLP	8,540	-	-	-	-	-
Total market value of assets	39,395	1,310	9,257	27,269	1,245	-
Present value of scheme liabilities	(38,282)	(1,258)	(16,712)	(33,429)	(1,191)	-
(Deficit)/surplus in the scheme	1,113	52	(7,455)	(6,160)	54	-
Unrecognised surplus	-	(26)	-	-	(16)	-
Related deferred tax	(223)	(5)	1,491	1,417	(9)	-
Net pension (liability)/asset	890	21	(5,964)	(4,743)	29	-

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

21. PENSION SCHEMES (continued)

Reconciliation of market value of scheme assets: Group

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
At 1 January	27,269	1,245	-	24,692	1,305	-
Expected return on scheme assets	1,662	55	-	1,349	54	-
Actuarial gains/(losses)	903	(17)	-	462	127	-
Benefits paid	(891)	-	-	(1,157)	(267)	-
Members' contribution	267	-	-	212	-	-
Change in year	-	-	9,257	-	-	-
Contributions paid by employer	1,645	27	-	1,711	26	-
At 31 December	30,855	1,310	9,257	27,269	1,245	-
Actual returns on scheme assets in the year	2,565	38	n/a	1,811	181	n/a

Reconciliation of market value of scheme assets: Authority

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
At 1 January	27,269	1,245	-	24,692	1,305	-
Expected return on scheme assets	1,662	55	-	1,349	54	-
Actuarial gains/(losses)	973	(17)	-	462	127	-
Benefits paid	(891)	-	-	(1,157)	(267)	-
Members' contribution	267	-	-	212	-	-
Change in year	-	-	9,257	-	-	-
Contributions paid by employer	10,115	27	-	1,711	26	-
At 31 December	39,395	1,310	9,257	27,269	1,245	-
Actual returns on scheme assets in the year	2,635	38	n/a	1,811	181	n/a

The overall expected long-term rates of return on the scheme assets are 6.5% (2012: 6%) MHPARBS, 4.5% (2012: 4.4%) MDCSBS and 5.2% (2012: n/a) PNPF.

The overall expected return on assets has been derived by considering the long term expected rate of return for each asset class and taking the average of these rates weighted by proportion invested in each asset class at the year end.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

21. PENSION SCHEMES (continued)

Reconciliation of present value of scheme liabilities: Group and Authority

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
At 1 January	33,429	1,191	-	30,981	1,070	-
Current service cost	1,421	15	-	1,377	15	-
Members' contribution	267	-	-	212	-	-
Interest cost	1,488	52	-	1,497	51	-
Benefits paid	(891)	-	-	(1,157)	(267)	-
Actuarial loss	2,568	-	-	519	322	-
Change in year	-	-	16,712	-	-	-
At 31 December	38,282	1,258	16,712	33,429	1,191	-

Analysis of amounts charged to the Group and Authority's profit and loss account:

	At 31 December 2013			At 31 December 2012		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
Current service costs - operating expenses	1,421	15	-	1,377	15	-
Expected return on pension scheme assets	(1,662)	(54)	-	(1,349)	(54)	-
Interest on pension scheme liabilities	1,488	51	-	1,497	51	-
Other finance charges/(income)	(174)	(3)	-	148	(3)	-
Total	1,247	12	-	1,525	12	-

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the Group and Authority statement of total recognised gains and losses is £8,955,000 (2012: £7,263,000).

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

21. PENSION SCHEMES (continued)

**Amounts for current and previous four years for MHPARBS and MDCSBS (and PNPf for 2013):
 Group**

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligations	(56,252)	(34,620)	(32,051)	(30,332)	(28,184)
Plan assets	<u>41,422</u>	<u>28,514</u>	<u>25,997</u>	<u>26,215</u>	<u>22,286</u>
Deficit	<u>(14,830)</u>	<u>(6,106)</u>	<u>(6,054)</u>	<u>(4,117)</u>	<u>(5,898)</u>
Experience adjustments on plan assets	<u>900</u>	<u>496</u>	<u>(2,408)</u>	<u>1,323</u>	<u>1,789</u>
Experience adjustments on plan liabilities	<u>(7)</u>	<u>(324)</u>	<u>(182)</u>	<u>(21)</u>	<u>(534)</u>
Total actuarial gains and losses recognised in the statement of total recognised gains and losses	<u>(1,692)</u>	<u>(78)</u>	<u>(2,508)</u>	<u>1,294</u>	<u>(2,726)</u>

**Amounts for current and previous four years for MHPARBS and MDCSBS (and PNPf for 2013):
 Authority**

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligations	(56,252)	(34,620)	(32,051)	(30,332)	(28,184)
Plan assets	<u>49,962</u>	<u>28,514</u>	<u>25,997</u>	<u>26,215</u>	<u>22,286</u>
Deficit	<u>(6,290)</u>	<u>(6,106)</u>	<u>(6,054)</u>	<u>(4,117)</u>	<u>(5,898)</u>
Experience adjustments on plan assets	<u>970</u>	<u>496</u>	<u>(2,408)</u>	<u>1,323</u>	<u>1,789</u>
Experience adjustments on plan liabilities	<u>(7)</u>	<u>(324)</u>	<u>(182)</u>	<u>(21)</u>	<u>(534)</u>
Total actuarial gains and losses recognised in the statement of total recognised gains and losses	<u>(1,622)</u>	<u>(78)</u>	<u>(2,508)</u>	<u>1,294</u>	<u>(2,726)</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

21. PENSION SCHEMES (continued)

Pilots' National Pension Fund

The Authority, in common with other competent harbour authorities, has been made aware of a significant deficit in the Pilots National Pension Fund (PNPF). Litigation initiated by the Trustee to establish liability for this deficit has concluded with the result of a 16 year recovery plan.

Payments are now made as they are invoiced by the Trustee. The Authority share of the deficit is calculated and recognised in line with defined benefit scheme accounting under FRS 17.

22. TRANSACTIONS WITH RELATED PARTIES

The following summarises the Group's transactions from the point of the investment, all of which were on an arm's length basis:

Associates

In 2012, the Authority invested into Marimatech AS, a marine services company located in Denmark. During the year Marimatech AS invoiced the Authority £207,437 of which £nil was outstanding at the year end.

Joint ventures

At the beginning of April 2012, the Authority purchased shares in Mustang Marine (Wales) Limited. During the year Mustang Marine (Wales) Limited invoiced the authority £700,098 of which £32,026 was outstanding at the year end. The Authority invoiced Mustang Marine (Wales) Limited £556,037 during the year, of which £144,032 was owed at the year end. The Authority also made loans to Mustang Marine (Wales) Limited of £384,000 during the year, all of which were outstanding at the year end.

During the year the Authority also invoiced its other joint venture, The Green Electrician (South Wales) Limited, £23,415 of which £nil was outstanding at the year end. The Green Electrician (South Wales) Limited invoiced the Authority £3,360 during the year. There was £nil outstanding at the year end.

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2013 £'000	2012 £'000
Operating profit (excluding joint ventures and associate)	3,540	4,424
Depreciation charges (net of grants released)	2,476	2,469
(Increase)/decrease in stocks	(4)	29
Decrease in debtors	532	1,732
Decrease in creditors	(439)	(2,960)
Difference between pension charge and cash contributions	(236)	(345)
Net cash inflow from operating activities	5,869	5,349

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

24.	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2013 £'000	2012 £'000
	Group		
	Interest received	18	34
	Interest paid	(128)	(120)
		(110)	(86)
		(110)	(86)
 25.	 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	 2013 £'000	 2012 £'000
	Group		
	Payment to acquire tangible fixed assets	(10,298)	(3,209)
	Receipts from sales of tangible fixed assets	24	47
		(10,274)	(3,162)
		(10,274)	(3,162)
 26.	 ACQUISITIONS AND DISPOSALS	 2013 £'000	 2012 £'000
	Group		
	Acquisition of shares in joint ventures	-	(1,750)
	Acquisition of shares in associates	-	(331)
		-	(2,081)
		-	(2,081)
 27.	 FINANCING AND MANAGEMENT OF LIQUID RESOURCES	 2013 £'000	 2012 £'000
	Group		
	Repayment of loan stock by associates	(6)	(48)
	Capital repayments in respect of bank loan	(209)	(196)
	Disposal of current asset investment	5,881	-
		5,666	(244)
		5,666	(244)

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

28. ANALYSIS OF THE CHANGES IN FUNDS

Group	At 1 January 2013 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2013 £'000
Cash at bank and in hand	8,994	260	-	9,254
Debt due within one year - bank loan	(208)	-	(12)	(220)
Debt due after one year - bank loan	(1,214)	209	12	(993)
Debt due after one year - 3.5% debenture stock	(35)	6	-	(29)
	<u>(1,457)</u>	<u>215</u>	<u>-</u>	<u>(1,242)</u>
Current asset investment	5,788	(5,881)	93	-
Net funds	<u>13,325</u>	<u>(5,406)</u>	<u>93</u>	<u>8,012</u>

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Group	2013 £'000	2012 £'000
Increase/(decrease) in cash in the year	260	(2,218)
Cash outflow from decrease in debt (capital repayment)	215	244
Cash inflow from decrease in liquid resources	(5,881)	-
Movement in net funds in the year	(5,406)	(1,974)
Other non-cash changes	93	347
Net funds at beginning of year	13,325	14,952
Net funds at end of year	<u>8,012</u>	<u>13,325</u>

30. CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Contracted for but not provided in the financial statements	3,970	348
	<u>3,970</u>	<u>348</u>
Projects		
Seasweep Retro-fit	-	296
Liddeston Ridge Solar Park	227	52
Dock Lock	3,399	-
Concrete Crossheads	18	-
Leading Transit Lights	51	-
Carr Jetty Access Brow	51	-
PDFT Surfacing	224	-
	<u>3,970</u>	<u>348</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

31. OPERATING LEASE COMMITMENTS

At 31 December 2013 and 31 December 2012 there were no operating lease commitments.

32. MINORITY INTEREST

Group

	£'000
At 1 January	27
Minority interest in year (1.8% of loss of £713)	-
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At 31 December	27
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33. POST BALANCE SHEET EVENTS

Joint venture

As at 3 March 2014, Mustang Marine (Wales) Limited, a joint venture of the Authority, has gone into administration. The Authority and Group have therefore provided for the investment and amounts due at the year-end per the following profit and loss and balance sheet transactions:

	Group £'000	Authority £'000
Included within Operating expenses:		
Loans	384	384
Debtor balances	121	121
Impairment of investment in joint venture	-	2,158
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	505	2,663
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	Group £'000	Authority £'000
Profit and loss account:		
Impairment of goodwill	912	-
Goodwill amortisation for the year	110	-
Share of loss for the year	824	-
Share of tax	(254)	-
Provision for share of net assets	108	-
	<hr/>	<hr/>
	1,700	-
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Balance sheet:		
Share of net assets	108	-
Provision against share of net assets	(108)	-
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	-	-
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New borrowing

As at 20 January 2014, the Authority initiated draw down of a new bank loan for £4,000,000.

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