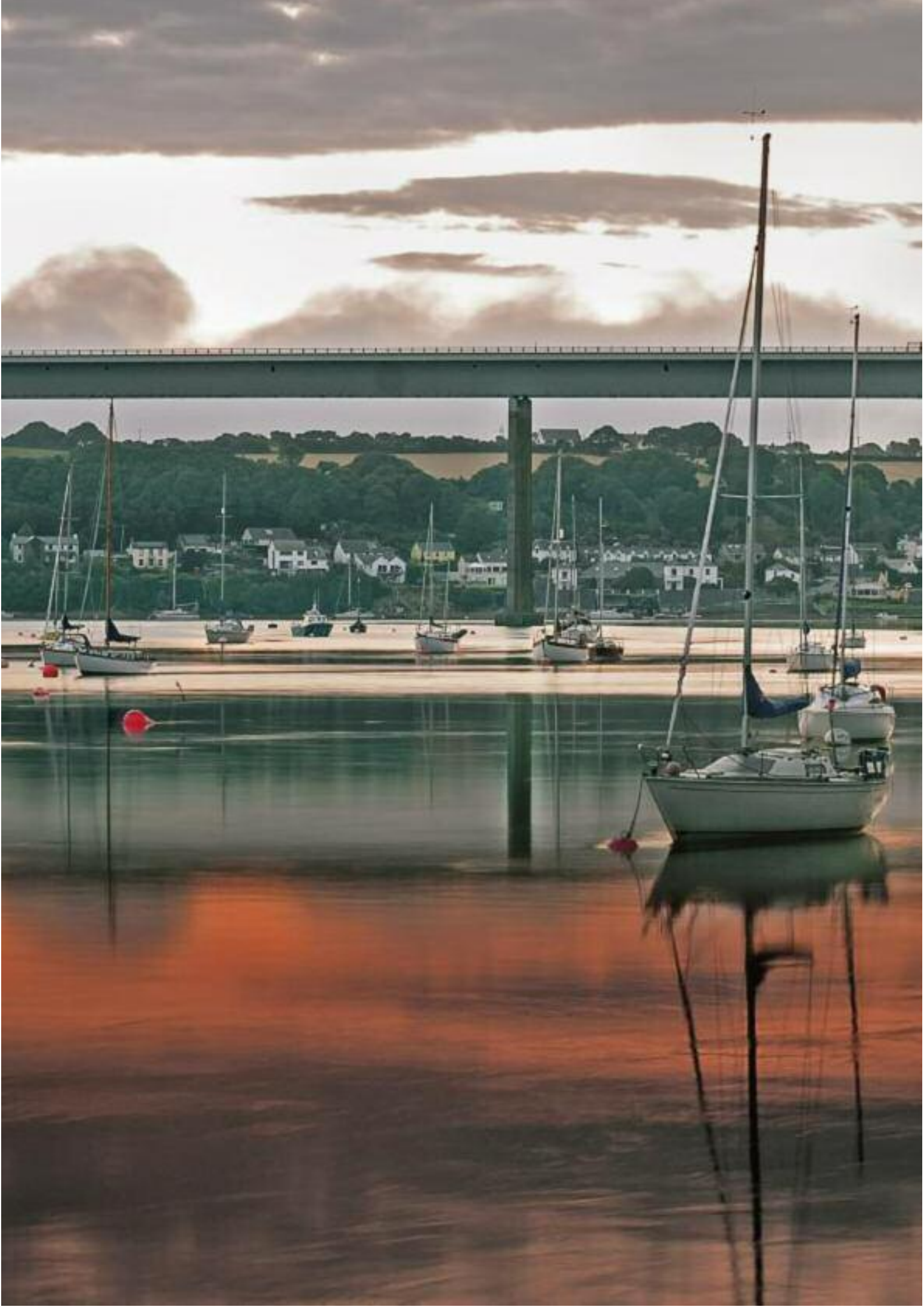




Port of Milford Haven



2015  
**Annual  
Report**  
and  
Accounts





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# 2015 Highlights



Cargo volumes increased to  
**37.8m tonnes**

The Port was named  
**Company of the Year**  
in the Top 100 Awards

A resolution to grant consent  
was gained for the  
**multi-million pound  
Milford Dock  
Master Plan**

**Waste  
Management  
Facility**

began operations at  
Pembroke Port

**New lock gates**

were officially opened at  
Milford Marina

**Tidal Energy's  
DeltaStream™ device  
was deployed**

from Pembroke Port to  
Ramsey Sound

**New fishing  
buildings**

opened at Milford Fish Docks

The Port retained the  
**Investors in People  
accreditation**

**Three new pilot  
boats were ordered**

- St Brides, St Govans  
and St Davids

Milford Marina retained its  
**4 Gold Anchor  
accreditation**

**Milford Fish Festival**

took place at Milford Marina  
attracting over 6,000 visitors

Milford Haven Round Table  
held their annual  
**Fireworks Display  
at Milford Marina**

with over 5,500 visitors

**The first  
Sunset Cinema**

was held at Milford Marina

Six cruise calls carrying over  
**2,000 passengers  
visited the Port**

The Marine team were filmed  
for the Channel 4 documentary

**Britain's Winter:  
Storm Heroes**

Greenacres Animal Rescue  
Centre was selected as the

**Port's Charitable  
Cause of the Year**





## Chairman's Statement

*...in 2015 the port handled 37.8 million tonnes of cargo, an overall increase of 10.1% compared to 2014.*

2015 was a year of steady and effective progress for the Port of Milford Haven in most areas of its business. The importance of the Port as the UK's premier energy gateway was given additional emphasis with the continued recovery of LNG volumes. We are also fortunate to have, in Valero, one of Europe's largest and most sophisticated refineries. Nearly two years ago, in 2014, the area suffered the cessation of refining at Murco with the loss of nearly 300 direct jobs, and many other indirect jobs throughout the local economy. It is therefore very pleasing that in 2015 the Port handled 37.8 million tonnes of cargo, an overall increase of 10.1% compared to 2014.

As a Trust Port, all of the Port's profits are reinvested into the business for the benefit of the local economy and I am delighted therefore to report that profit before tax increased to £4.4m. The Port continues to be confident about its prospects for future years. It is a core objective of the Port to deliver a reliable and growing cash flow and profit to underpin its ability to reinvest not only into its deep sea marine services, such as the three new pilot boats coming into service in 2016, but into new asset-based businesses and activities at Milford Dock and Pembroke Port. This continuous investment is essential if the Port is to meet the current and future needs of its customers, and for the Port to drive economic activity in the region.

Our investment plans and strategy for Milford Dock are expected to create over 600 new jobs. Equally Pembroke Port, which currently sustains approximately 800 good quality full-time posts, has the potential, with the right regional strategy in support, to create a further 1,200 jobs over time.

These objectives lie at the heart of our strategy for continued diversification and strengthening of the business through investment in our land assets and facilities at Milford Dock and Pembroke Port. Achieving success will depend on working evermore closely and effectively with major stakeholders and partners and holding ourselves accountable to you, our stakeholders, for delivery of our objectives. We have therefore in the last year constituted a new board committee - the Stakeholder Accountability Committee - with external representation from four of our major commercial and other stakeholders. This committee has particular responsibilities for ensuring that we correctly obtain and understand the needs and views of our stakeholders and that we set appropriate strategies and a clear direction for the business. The committee also identifies Key Performance Indicators (KPIs) for reporting to stakeholders, and uses those KPIs to review our performance against set objectives.

Indeed we participate in a very wide range of consultative groups and bodies precisely

because of the need to ensure not only that we understand the needs of our stakeholders but also, critically, to ensure that our key stakeholders understand how they can support us in boosting our dynamic port and energy sector in Pembrokeshire.

Over 5,000 jobs in Wales depend on the success of the Port and its continuing ability to be a concentrated and successful area where it is easy to operate, easy to invest and easy to employ.

Working in the port area are thousands of highly skilled professionals operating to the highest international standards of safety and operating excellence, most important of whom are of course our own staff. On behalf of the Board and all our stakeholders I would like to thank all of our staff at the Port for their great contribution in 2015.

It is a continuing feature of our business that we are subject to the vagaries and fluctuations of world markets, notably those relating to oil and gas supplies. We can do little to influence volumes but must always be ready to deal with the peaks and troughs of these and our other trades. In 2015 our staff, and the other professionals within the port community, have again worked tirelessly to deliver a first class service to our customers. On behalf of the Board, I would applaud their efforts and re-affirm our commitment to maintaining the Port's progress to a bigger and better future for all involved.

**Peter Jones**





## Chief Executive's Report

*The Port achieved a profit before tax of £4.4m. This includes the sale of our shares in Marimatech A/S, which generated a profit of over £750,000 for re-investment in core port operations.*

In 2015, the Port achieved a turnover of £26m. Despite the closure of the Murco refinery operation in April 2014, the Port benefited from an overall increase in volume of cargo, primarily due to a moderate recovery in LNG volumes. Other areas of the Port also benefited from improved volumes.

Irish Ferries, South Wales' largest and most successful ferry route to Rosslare, saw growth with an 4.3% increase in freight traffic and a 4% rise in passenger numbers. Meanwhile Pembroke Port secured a new trade in the form of a Refuse Derived Fuel (RDF) facility. We also acknowledge the very substantial milestone achieved by Tidal Energy Limited which, regardless of very difficult weather conditions towards the end of the year, succeeded in positioning its innovative tidal energy device DeltaStream™ on the sea bed in Ramsey Sound to inaugurate the final trial phase of this exciting new technology. The Port has provided close support to Tidal Energy Limited, which more than demonstrates our commitment to this sector which could, with the right level of government support, equip the town of Pembroke Dock with a new industry to carry it forward to greater prosperity in years to come.

In 2015 the Port completed a restructuring of its marine operations, initiated to improve productivity but particularly necessary in view of the Murco refinery closure. With these changes, and growth in different areas of our activity, the Port achieved a profit before tax of £4.4m. This includes the sale of our shares in Marimatech A/S, which generated a profit of over £750,000 for re-investment in core port operations.

In other areas 2015 was also a busy year. We secured a resolution to grant outline planning consent in relation to our multi-

million pound Milford Dock development. Since we started the master planning process the market has changed considerably, with major retailers withdrawing from opening large new stores. We are therefore re-visiting aspects of our development plan. The promotion of Milford Dock as a great place to visit and spend time did, however, make considerable progress with successful events taking place during the year such as Milford Fish Festival, Torch Theatre Sunset Cinema and the Christmas Cracker, as well as many smaller occasions organised by some of the great restaurants and other businesses based there.

A flagship project that added to the visitor experience at Milford Dock was the installation of new lock gates which have significantly reduced lock times and made Milford Marina one of the most accessible locked marinas in the UK. In addition to this, new buildings were constructed to serve the fishing industry at Milford Fish Docks which are creating opportunities for our fishing customers to add value to their product and explore new sectors such as food processing and aquaculture.

All of this additional activity has been executed by our team of professional staff who operate to the highest level of safety and environmental awareness. In 2015 there were no lost time accidents and 11 non-lost time accidents which is a good result and follows a number of internal and external safety initiatives which were rolled out during the year.

So far in 2016, we have taken delivery of one of three new pilot boats representing an investment of £3.6 million - to be named St Brides, St Govans and St Davids. These vessels are being built by Mainstay Marine Solutions and are designed to improve

reliability in turbulent weather whilst maintaining the highest standards of crew safety. They will also have complete interchangeability of parts and are an example of our continuing programme of improving the resilience of our port operations in order to provide a safe and reliable service to our customers 24 hours a day, 7 days a week, whilst ensuring we use resources as efficiently as possible.

The Port of Milford Haven was established as an oil port in 1958, and still today it is serving the energy industry superbly well. With its deep water and sheltered harbour area it will be a focus for the industry for many years to come. Gross tonnage increased to 58.9m compared to a figure of 55.1m the previous year, with a total of 2,083 vessels using the Port.

We have invested in the recruitment of some additional staff members with the required sales and marketing skills necessary to drive forward our diversification strategy through the activities associated with Pembroke Port and Milford Dock. In particular I would like to extend a warm welcome to Neil Jenkins as a new member of the Senior Management Team. He joined as Destination Director in March 2016 and brings a wealth of property development experience in connection with our plans for the development of Milford Dock. Additionally, we are improving the skills of our leaders inside the business so that they have the tools and expertise to lead and manage effectively.

In 2015, we provided approximately £400,000 in direct stakeholder benefit. As a Trust Port, we have a wide range of stakeholders with whom we engage through a range of groups and committees on a regular basis. In 2015 we launched our biannual newsletter OnBoard which is posted to 30,000 homes in the area;





*The new lock gates have made Milford Marina one of the most accessible locked marinas in the UK*

held our Annual Consultative Meeting which was attended by almost seventy people; maintained an active presence on social media and engaged with the next generation by hosting school visits and running educational initiatives such as the annual Scholarship Scheme. We embrace all kinds of interactions with our stakeholders, whether that is within the business or government sectors or through local community groups and schools, and are always keen to explore new and innovative ways of playing an active role in the community.

**Outlook**

Our strategy is for the Port and Pembrokeshire to secure new asset based revenue streams unconnected to oil and gas. We believe it is also important to work with businesses who are focused on developing better quality, higher value brands and intellectual property, in addition to retaining the traditional energy industries.

This is a mission which is being embraced ever more enthusiastically by our staff and I thank them for their commitment to what is quite a step change in culture for the business. Nearly a third of our workforce volunteered over the course of the year to get involved in hosting events at Milford Marina, as well as with the Port's Charitable Cause of the Year; Greenacres Animal Rescue Centre. This is in addition to the clear-sighted and professional work they do day in, day out as part of the core purpose of the Port. I would like to say a big thank you to our staff for the contribution made in 2015.

**Alec Don**



## Strategic Report

# *Driving economic activity and growth.*

The Port of Milford Haven's primary objective is to remain an efficient and competitive gateway within the UK's national transport network, facilitating easy access for our customers to their markets in the UK and overseas. Achieving this mission will ensure the Port continues to fulfil its role as a key driver of economic activity and growth, particularly in Pembrokeshire and the Swansea Bay City Region, whilst operating at the highest standards of safety and protection of the environment.

The Port provides its customers with the ability to operate on a very large scale, ensuring the resilient delivery of essential energy supplies to the UK market on a basis that minimises environmental impact across the global supply chain and helps keep UK PLC internationally competitive. In the interests of the local economy the Port is seeking to achieve a greater diversity in the range of activities being undertaken within the port area. The sustainability of the Port's core operation and the achievement of diversification requires the business to retain a strong ability to finance investment (with a focus on port-related infrastructure and services), to promote the development of additional linkages to the Port and to work with partners to expand the range of port activities, particularly at the Port's own facilities at Milford Dock and Pembroke Port.

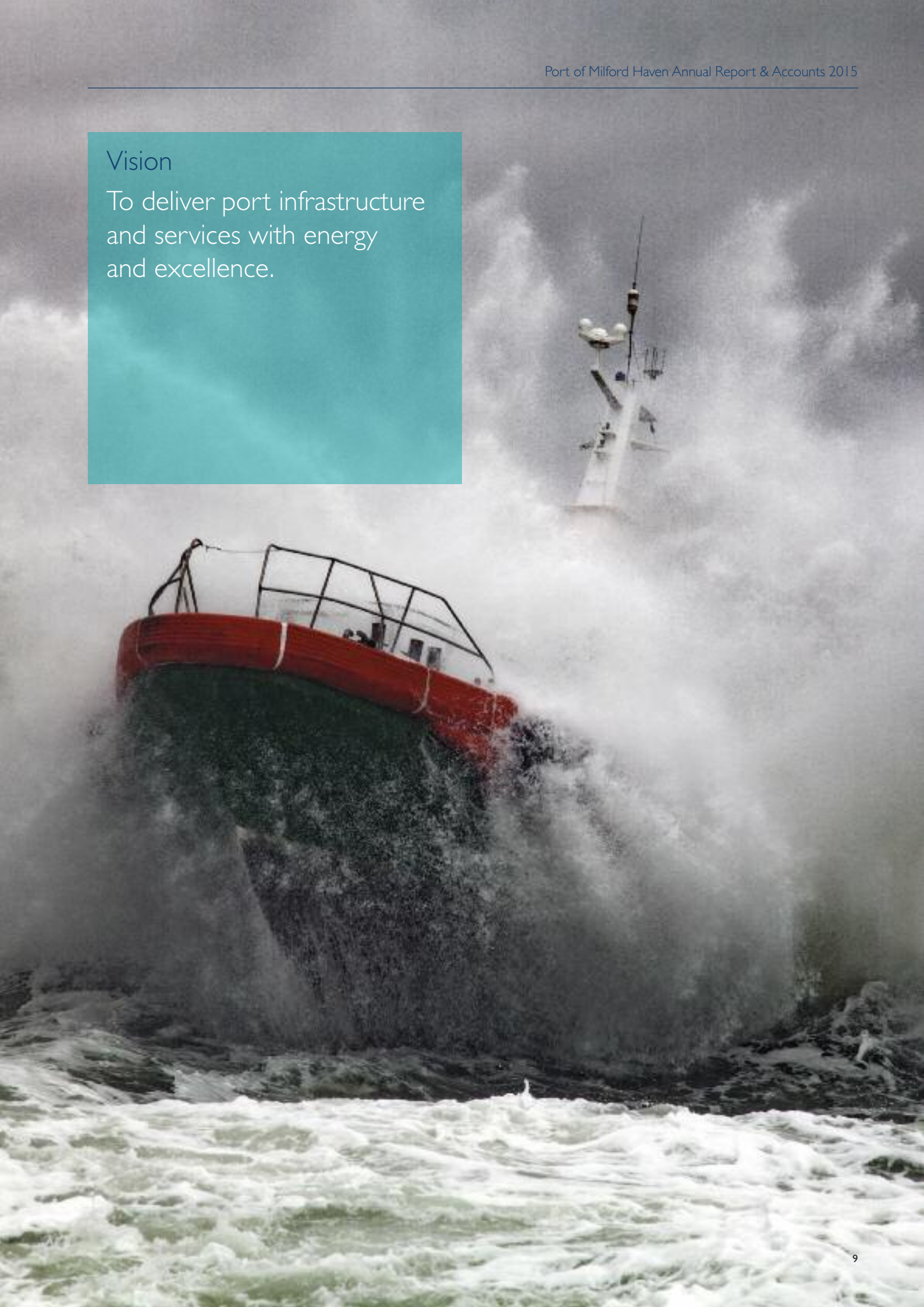
### Strategy

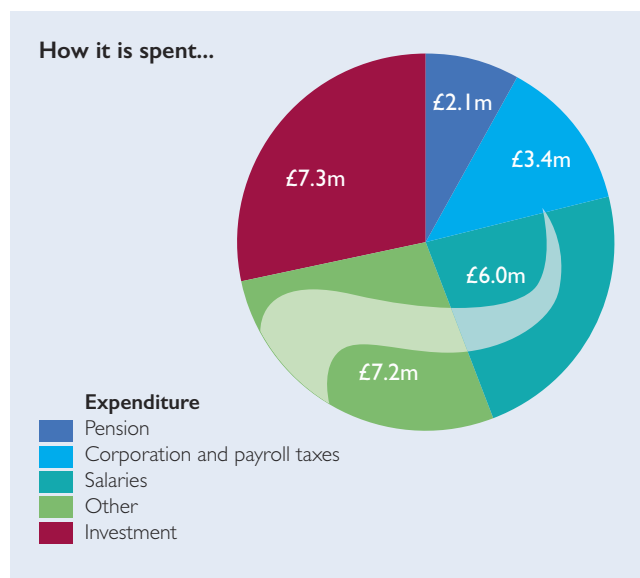
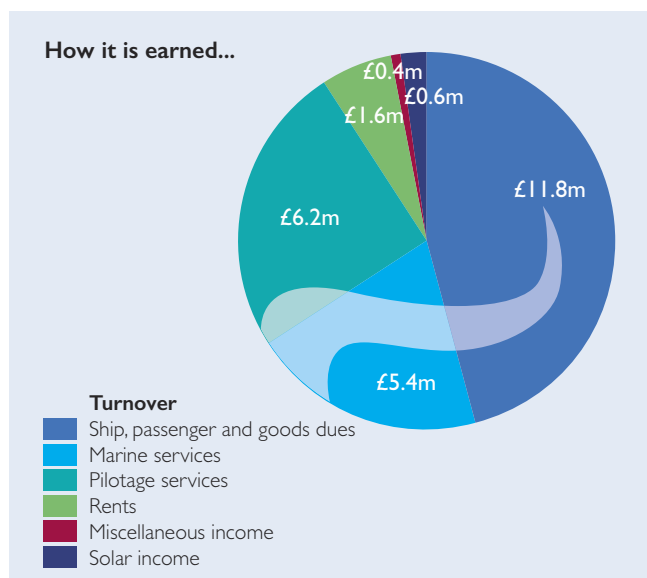
- To continue to provide high quality responsive services to customers, including the major energy terminals
- To develop a unique destination at Milford Marina focused on marine leisure, retail and fishing
- To create a centre of excellence for marine renewables, engineering and stevedoring at Pembroke Port
- To facilitate the effective and appropriate development of non-port-related landholdings
- To work with existing customers to help achieve increased efficiency, commercial growth and inward investment
- To introduce new deep water trades based on the development of new general purpose berths
- To support the creation of additional linkages to the port

The timing and delivery of these will depend on market conditions and the strength of the economy as a whole.

## Vision

To deliver port infrastructure and services with energy and excellence.





### Business Model

Milford Haven Port Authority is the statutory harbour authority for the Port of Milford Haven. It operates on a commercial basis, charging port fees for providing conservancy and pilotage services to the vessels delivering or collecting products at the principal terminals located on the Milford Haven Waterway. It also owns and operates a property portfolio at Milford Marina and Milford Fish Docks and port facilities at Pembroke Port.

The Port of Milford Haven is a Trust Port, an independent commercial entity financing its operations and investments out of retained earnings and, when necessary and prudent to do so, by securing additional finance from conventional lenders. It does not have shareholders, nor is it owned by the UK Government, the Crown or any other entity. In essence, the Port owns itself.

The Port was established by an Act of Parliament and has a statutory responsibility governed by its Acts to maintain and improve navigation and the provision of port and harbour services and facilities.

### Business Review

The Port of Milford Haven's group trading result for 2015 and 2014 is summarised below:

	2015 £000	2014 £000
Turnover (excluding joint ventures)	25,956	23,074
Operating profit*	4,565	3,338
Profit before interest*	4,968	3,162
Profit before tax	4,389	2,430
Taxation	(1,679)	(823)
Profit after tax	2,710	1,606
ROCE	5.8%	3.7%
Cargo volume*	37.8m tonnes	34.4m tonnes

\*Considered to be the Port's key financial performance indicators.

ROCE is measured as profit before interest and taxation divided by total assets less current liabilities excluding bank loan. Earnings before Interest Tax Depreciation and Amortisation (EBITDA) is also used inside the organisation as a key performance indicator. The performance of the business in 2015 has resulted in payouts under various bonus and incentive schemes to all qualifying employees, further details of which are set out in 'Our People' on page 38 and in Note 7 on page 58.

This is the first year that the Port has presented its financial statements under Financial Reporting Standard 102 (FRS102). As a

consequence, a number of accounting policies have changed to comply with the standard. These are detailed further on page 71 but of particular note is the release of deferred income from government grants. This release has added £4.1m to the restated 2014 net asset position of the Port.

Higher Liquefied Natural Gas (LNG) throughput in 2015 was partially offset by the closure of a major customer and its refinery in 2014. Overall, deep sea revenue was higher in 2015 than in the previous year: Activity within the Short Sea division improved slightly over the preceding year with some growth at Pembroke Port and returns generated from solar investments and rental streams from the property portfolio. Fish volumes landed in the year at 3,267 tonnes were slightly higher than the 3,223 tonnes landed in 2014. The marina portfolio performed in line with the prior year. Significant costs continue in respect of recovery payments to the Pilots National Pension Fund (PNPF) and investment in the Milford Dock Master Plan. Capital expenditure included works to complete the construction of the dock lock at Milford Haven, the construction of three new pilot boats and continuing investment in facilities to support the fishing industry at Milford Dock. The current portfolio of investment properties have been revalued downwards in the year by £692,000 to reflect the fair value of the new food grade units at Milford Dock. The new quayside facilities at Milford Dock to support the fishing industry have been impaired by a total of £361,000. Both the food grade units and fishing industry facilities were constructed with the support of EFF funding. The grant conditions relating to this funding have been fulfilled and the monies received totalling £1.029m have been released to the profit and loss account. The Port finished the year with £12.7m of cash and is therefore well placed to continue investment into its trading base.

Marimatech AS, an associate located in Denmark, is an Approach and Mooring Solutions company. The shareholding was sold at the end of the year: Proceeds of £1,359,000 have been accrued for generating a gain on sale of £750,000 in the group with consideration received in early 2016.

Milford Haven Properties Limited, a subsidiary company, operates a solar farm. A Pension Funding Partnership has been created resulting in the Port's pension scheme investing in a financial instrument which is in turn funded from the profits of the solar farm. This structured investment has provided a cost effective mechanism for eliminating the deficit in the Port's Pension Fund as explained further in Note 20 on page 64.





**Risk**

Risk management is an integral part of corporate governance and has the full support of the Port of Milford Haven’s Board and Senior Management Team.

Risk may be defined in a number of ways; however, the Port has expressed it as:

“An exposure to the chance of loss, danger, damage, liability or uncertainty to the Port’s business activities, be it internal or external”.

The Port has in place a Risk Management Policy that sets out the structure under which the Port operates a comprehensive system for the identification and management of risks across all aspects of the business. The structure consists of two interconnected elements:

**1. Assurance Framework**

This is the framework that sets out how risks are identified, reported, measured and managed, and provides assurance as to the effectiveness of these controls. The framework is designed to establish a single, clear process to be followed in order to ensure that the Port is alerted to and addresses any risks identified within the undertaking, management and control of all business activities.

**2. Risk Registers**

Utilising an industry standard hazard management system, Hazman II, the Port maintains corporate and operational risk registers to summarise and rank all identified hazards to which the business is exposed.

For the Port’s risk management structure to be successful, it is essential that it becomes embedded in all business activities and decisions and that all employees engage with the system in pursuance of the Port’s strategy and objectives.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the business, and actions taken to mitigate these risks are:

- Providing safe navigation in the Port: A Safety and Environmental Management System (SEMS) is used in conjunction with a marine risk register to identify and mitigate risks wherever possible. The SEMS is monitored continuously and frequently reassessed, ensuring continuous performance improvement.
- Failure of the strategic plan to improve the quality of earnings from new revenue streams and diversify away from oil and gas market influences that may result in the loss of a major customer: As we experienced in 2014, the significant reduction in activity at a major terminal required the business to adjust its operations accordingly. The Port is committed to developing other profitable income streams and sustaining a level of cash flow to ensure the required Port infrastructure is maintained.
- Extraneous influences linked to political, environmental or legislative changes which lead to unexpected costs or an adverse impact on the ability of the Port to deliver its objectives: The Port is committed to working collaboratively with all levels of government and regulatory bodies to ensure the impact of proposed changes are clearly understood by all stakeholders.
- Increase in pension costs: Current employees are members of a defined benefit scheme based on career average earnings. The Port continues to work collaboratively with the Trustees to provide a cost-effective solution in this regard. The Pension Funding Partnership (see note 20 on page 69) is an example of this working. Some operational pilots

elected to become members of the Pilots National Pension Fund, a multi-employer defined benefit scheme. The Port continues to closely monitor the ongoing position of this Fund.

**Other financial risks**

The Board’s financial instruments comprise borrowings, cash and various items such as trade debtors and creditors that arise directly from its operations.

The Port is not generally exposed to movements in exchange rates as it trades in sterling with major customers and currencies other than sterling are rarely used.

The Port’s policy is to ensure that current cash reserves are held for future development of its infrastructure. The Port invests its temporary cash balances in UK banks with low return/low-risk deposits.

The Port finances its operations with a mixture of retained earnings and term debt. Loans are at fixed rate or based on LIBOR and the Port has a revolving credit facility to support short term needs and future investments.

**Key Non-Financial Performance Indicators**

The Port maintained a good Health, Safety and Environmental performance in 2015. There were no lost time accidents and 11 non-lost time accidents.

The Port welcomes 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. The total number of incidents in the Waterway was 30, of which 5 related to pollution incidents. Near misses increased from 89 in 2014 to 103 in 2015. We actively encourage the reporting of near misses to identify opportunities for continuous improvement with a view to maintaining a safe, incident and accident free port.



### Future Prospects

The level of throughput in respect of oil and fuel products including LNG is steady and expected to remain so at the current time. In the medium term, the Port continues to expect that gas will remain a core component of the UK electricity generation market - indeed it is reasonably likely that gas demand in the UK generation sector will increase and that LNG's share of that market may also increase. With new LNG projects coming on stream in the Pacific and Atlantic basins, the UK is expected to be a more attractive market for placing cargos.

The presence of the Valero refinery is a key driver of activity for the Port, with much of its output being delivered to international markets in addition to the UK. Shipping tonnage at the refinery has been steady to positive over the last two years and our current expectation is for that to continue.

In other areas we expect moderate continued recovery in ferry volumes to Ireland. We are working on property and infrastructure investment opportunities at Pembroke Port and Milford Dock. We anticipate achieving revenue growth and investment in these key strategic areas.

**Peter Jones** 8th April 2016



## Health, Safety and Security

*...whether it was building a crèche or hosting an outdoor cinema event, we did them safely. Something we at the Port are very proud of.*

# zero lost time accidents

As with every year, 2015 brought new challenges. This, coupled with what could be classed as routine business developments and opportunities, ensured that the respective Port teams would be tried, tested and successful in delivering these in a healthy and safe manner.

There have been numerous building projects at Milford Dock including the new Happy Days creche facility; replacement of an old industrial shed with a new state-of-the-art facility housing four food-grade processing units; a new flake ice facility; and the conversion of the former Milford Fish Auction Hall into a chiller facility.

The development of a new facility at Pembroke Port to process non-recyclable waste and ship it out to Sweden, also gathered momentum. This alone called for new protocols and procedures to be adopted for the movement of waste bales from one end of the Port to another.

The public events which are truly worth a mention are the Milford Fish Festival which saw a footfall of around 6,000 and the

5 November Fireworks Display which saw in excess of 5,000 members of the public flock to the docks during a four-hour period. Added to these two major events were the numerous cruise calls hosted at Milford Marina and Pembroke Port. Last, but by no means least, was the successful Torch Theatre Sunset Cinema which captured the imagination of almost 500 members of the public at Mackerel Quay.

So why is it important to mention these activities? In essence, whether it was building a crèche or hosting an outdoor cinema event, we did it safely. Something we at the Port are very proud of. It cements our number one core value: Safety.

### Port Marine Safety Code

The Port Marine Safety Code was originally launched in 2001 by the Department for Transport. The latest version of the Code was introduced in 2012. It applies to all Statutory Harbour Authorities in the UK, to the extent that they have duties and powers for marine safety, and sets out a national standard aimed at improving safety for those that use or work in ports, their ships, passengers, cargos and the environment. The fundamental requirements of the Code are: Formal Safety Assessment, and the provision of a Safety Management System for marine operations.

The Code is primarily aimed at the 'duty holder'. At Milford Haven the Board Members are the duty holders and are individually, collectively and directly accountable for marine safety in harbour waters.

Whilst the Code itself does not pose any new legal duties on Harbour Authorities, there are a number of key obligations. In order to comply with the Code, Harbour Authorities must:

- Be aware of their existing powers and duties
- Appoint someone as an independent 'designated person' with direct access to the Board
- Develop an effective marine safety management system, which employs formal risk assessment techniques
- Employ people who are competent and qualified for the positions they hold
- Publish a comprehensive safety plan, along with a regular assessment showing the Authority's performance against the plan

Every three years each Harbour Authority is required to confirm to the Secretary of State that they are in full compliance with the Code. Milford Haven duly made this declaration on 31 March 2015.

### Port Security

During 2015 terrorism remained a global concern. In line with the requirements placed upon all ports by the International Ship and Port Facility Security Code, we as a Port maintain Port Security Plans for the day-to-day security of our facilities. These plans are constantly being reviewed, updated and duly approved by the Department for Transport. The security of our borders and the prevention of terrorism is the responsibility of the UK Border Force and the security services. These services work daily with all the main operators on the Haven to keep the Waterway secure.





## Environment

*In 2015, the Port achieved an average monthly recycling rate of 71.7%, with a broad trend of improvement as the year progressed.*



### Oil Pollution Incidents

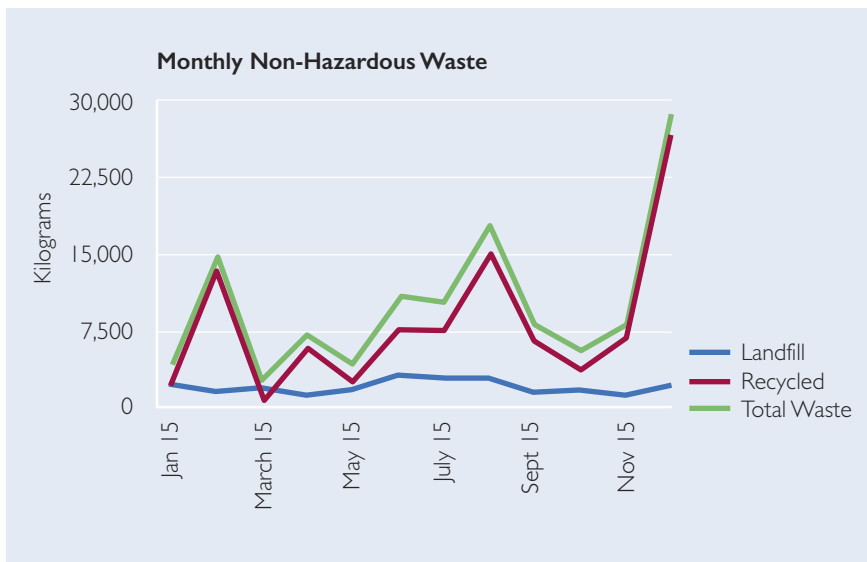
There were five recorded oil spillages during 2015, totalling 15 litres. Three were caused by mechanical or part-failure on vessels, one was accidental and occurred when a fishing vessel ran aground, and one was caused by excessive rainfall which overwhelmed the oil receptors for historical onshore tanks, causing WW2 oil to be deposited on the shoreline.

### Staff

The Port employs a full-time Environmental Manager and has an established Environmental Management Committee (EMC) of staff including senior managers, middle managers and environmental representatives from all levels within the organisation. The EMC meets on a regular basis to consider environmental matters of interest, concern or strategic importance to activities and performance throughout the organisation, and reports through the senior management team to the Port's Board of Directors.

### Waste

The EU Waste Framework Directive (WFD) requires all Member States to implement measures to ensure that from 1 January 2015 four key waste materials - paper/card, metals, glass and plastic - are collected separately from other waste for recycling. All of the waste generated by the Port adheres to the Internationally Recognised Waste Hierarchy, and as a matter of default is segregated into separate streams at source where Technically, Economically and Environmentally Practicable (TEEP). This was implemented through the Port Waste Management Plan in advance of the requirements of the WFD. Any co-mingled recyclables and all mixed waste is also processed via the Port's waste carrier contractor's Materials Recovery Facility (MRF), which achieves a further degree of segregation. In 2015, the Port achieved an average monthly recycling rate of 71.7%, with a broad trend of improvement as the year progressed. The profile of waste production and recycling throughout the year is set out in the graph shown. It should be noted that the peak in waste generation in December 2015 was caused by the vegetation clearance works on the cliffs at Milford Marina where over 13 tonnes of green waste was generated and recycled.





### Invasive Non Native Species

Several years ago the Port conducted an extensive herbicide spraying programme for the eradication of Japanese knotweed, *Fallopia Japonica*. It was carried out on the terrestrial estate and the Port continues to monitor its appearance and sporadic treatment. During the summer of 2015, an extensive vegetation survey was conducted across the whole of the Port's estate to identify all instances of invasive or damaging vegetation of any kind, and to identify potential opportunities for biodiversity enhancement. The results of this survey will inform the development of a Vegetation Management Plan for the whole of the Port estate which will be implemented in 2016 and into the future.

In the marine habitats of the Waterway, at least 35 species of non-native marine algae and animal species have been recorded to date. A public awareness campaign and best practice project continues across the whole range of Waterway users to try to reduce the risk of the introduction and spread of invasive non-native species.

### EcoPorts Accreditation

The Port continues to operate as an EcoPorts accredited port. This accreditation is due for renewal in 2016, and the Port's updated Safety and Environmental Management System will form the core of its application for renewal.

### Carbon Footprint Estimates

The increase in photovoltaic generating capacity in 2015, along with reductions in emissions, particularly vehicular emissions, has offset the increases in emissions generated by heating and use of electricity over 2015. Emissions across the Port of 2,657 tCO<sub>2</sub>e are offset against renewable generation representing 2,677 tCO<sub>2</sub>e - the Port can therefore declare itself as carbon-neutral in 2015, the second year running this target has been achieved.

### Photovoltaic Energy Generation

The Port's solar energy generation capacity was further expanded late in 2015. In Pembroke Port a 100kWp system was installed on the Eastern Sunderland Hangar, (commissioned on 7 December) and at Milford Dock, two 29.7kWp systems were installed to support the energy costs associated with a new building that is providing flake ice and other services to the fishing industry. The solar array at Liddeston Ridge generated 5,126MWh during 2015 (96% of simulated generation), and the building-mounted panels generated 666MWh (99% of 2014 figures).

### Government Engagement

The Environmental Manager of the Port sits on a number of consultative committees to represent the views of the Port of Milford Haven and the ports sector in general.

These include:

- Wales Marine Strategic Advisory Group WMSAG (Welsh Government)
- Natural Resources Reference Group (Welsh Government)
- Western Wales Water Framework Directive RBMP Liaison Panel
- Stakeholder Reference Group for Marine Planning (Welsh Government)
- Welsh Marine Protected Areas Management Steering Group (Welsh Government)

The Port continues to act as a consultee on forthcoming environmental matters from Welsh Government, Natural Resources Wales and other bodies. In 2015, the Port has been particularly involved with the review of management of Marine Protected Areas, with the review of Designated Landscapes, and with the emerging Draft Marine Plan for Wales. This document has been published as a pre-consultation draft by Welsh Government, and the Port has been responding and assisting to shape its development, both on committees and in writing. This process will continue in 2016.



## Environmental Policy Statement

*It is the policy of the Port of Milford Haven to ensure that our business practices protect the welfare of our employees and the communities in which we operate. This Environmental Policy is applicable to all employees and is also encouraged within our tenants, contractors and operations within the Port. It is based upon the principle of Best Available Technology Not Entailing Excessive Costs.*



We will seek to attract and develop sustainable port operations and to minimise impacts on the environment. We will promote shipping as the mode of transport offering the least overall environmental impact and will operate the Port in accordance with procedures designed to prevent incidents that may cause environmental damage.

**The Port of Milford Haven has adopted the following principles to implement its Environmental Policy for all its marine and commercial operations. This document is available to all interested parties.**

**To Endorse** the principles contained within the European Sea Ports Organisation's Environmental Policy Code.

**To Conserve** the natural environment of the Haven, continue to promote its sustainable use, and to protect it, particularly in respect of oil pollution.

**To Respond** immediately to any environmental incident or threat within the Port by utilising appropriate personnel and equipment.

**To Design** our management systems or equipment to minimise our environmental impact, especially from:

- Dredging programmes
- Oil Spill Response capability
- Port Marine craft emissions
- Utilities consumption
- Waste generation

**To Monitor and Report** annually on our environmental performance with the aim of achieving continuous improvement.

**To Create** a framework for setting and reviewing environmental objectives and targets.

**To Comply** with relevant environmental legislation.

**To Communicate** this policy to, and foster environmental responsibility amongst our staff, tenants and contractors.

**To Provide** appropriate training and encourage initiatives to enhance and improve our environmental performance.

**To Make Available** all necessary resources to implement this environmental policy.





## Marine

*...Milford Haven is one of the largest import ports for LNG in north west Europe...*

The traffic management and piloting of vessels to and from the five main energy terminals located at the Port is a core function of the Port's marine operation. Cargo throughput remained steady in aggregate in 2015 although the number of ship movements to and from the energy terminals has reduced from 2,334 in 2013 to 1,977 in 2014 and 2,083 in 2015.

Again the Port suffered a December of severe weather with high winds and seas - a feature throughout the month. While delays inevitably occurred, our marine staff worked extremely hard to minimise these and keep shipping moving. The conditions that our staff have to overcome throughout the winter months were highlighted when a TV crew from Channel 4's documentary series 'Britain's Winter: Storm Heroes' spent time at the Port filming the work they do in all weathers 24 hours a day, 7 days a week, 365 days a year. This was a fantastic opportunity to show the wider public the scale of operations handled at Milford Haven and the expertise of our employees.

The Port is looking forward to the introduction into service of its new pilot boats; St Brides, St Govans and St Davids. The names were chosen

following a public naming competition and the successful entries were submitted by Captain Simon Harries.

The Port continues to invest in safety and training. In 2015 the Port set out to purchase and install its own pilotage and navigation simulator to be based in Milford Dock. This will enable our pilots to maintain the high levels of active engagement with all manner of ships and situations. This simulator will be state of the art and will continue our commitment to Port safety, ensuring that our staff receive well structured, assessed and delivered training in routine and emergency scenarios. It will also allow new berth structures to be modelled as part of the design process. Other port users and indeed other ports have expressed an interest in using the simulator once it is in place and operational. This will sit alongside the VTS simulator already on site and allow for integrated training with all our marine staff.

In 2015 and into the new year, the Port undertook a significant campaign of dredging in Milford Haven. Belgian company Jan de Nul won the contract and started operations in November 2015. All terminals were invited to take part in a

contract with the Port acting as coordinator. Pembroke Port, SemLogistics, Dragon LNG, RWE nPower, Valero and the Port all had work to be carried out to return to designed depths in berth boxes or channels. The Port holds a licence to allow disposing of spoil at its licenced disposal site some 20 miles offshore. The amount is limited in any year and careful monitoring and recording of the dumped quantities is required. In this campaign it is expected we will remove some 180,000m<sup>3</sup> of material from the river bed.

Leisure is an important activity on the river and the safety of everyone is our highest priority. The five-yearly Recreation Management Plan was consulted on and reissued and the Water Ranger remained available throughout the season as a very important resource on the river to help ensure that members of the public get the maximum benefit and safe enjoyment from the Waterway. The Port does however take strong action to enforce the rules. This year, the Port undertook two prosecutions for Bye-law offences, one relating to non-compliance with the terms of a mooring licence and the other relating to reckless seamanship.





## Milford Fish Docks

*Milford Fish Docks now offers enhanced facilities that reach out even further to the commercial fishing industry, and open up options for the food processing industry.*



The fishing zone is a central component of the Milford Dock Master Plan and where our investment started over two years ago and continued through 2015. Milford Fish Docks now offers enhanced facilities that reach out even further to the commercial fishing industry, and open up options for the food processing industry. A new chill store is available, as is a box washing unit, office space and storage units. Undoubtedly, the biggest change has been the completion of four purpose-built food grade units. These are designed as incubator units to encourage the return of fish processing to Milford Haven. The first unit has been let and it is particularly welcome that its first tenant, Dragon Fish, is bringing back commercial smoking to the quayside. Interest in the remaining units remains high and further developments are expected in 2016.



The fishing zone developments have been made possible through grant support from the European Fisheries Fund and Welsh Government. Alongside the installation of the new Dock Lock gates, which have enhanced access and delivered shorter passage times for our fishing fleets, Milford Fish Docks is now well positioned to play an increasingly influential role in the future of the Welsh fishing industry.

In 2015 the commercial fishing sector was challenged on multiple fronts. Quota changes coming into force and bad weather impacted on activity levels with a reduction in landings for the year. Quotas remain problematic and the sector will begin to see the impact of the landing obligations which are due to be implemented from January 2016. A key requirement for 2016 will therefore be to understand the implications and potential opportunities for existing and potential clients.

These opportunities will be considered alongside the wider developments for the industry such as food processing and aquaculture. The focus will be upon identifying new markets and supporting current and prospective businesses that encourage economic stability and job creation locally.

There is an ambition to re-establish Milford as the place 'where fish comes from' - acknowledging its strong heritage while remaining focused on its future. Initiatives such as hosting the Milford Fish Festival and sponsoring Healthaspire's cookery school are helping to re-establish the link between the community and the role of the Fish Docks. Links are also being developed with industry body Seafish with training courses for fish processors, fish mongers and the hospitality sector planned for 2016. This work will intensify throughout the year as the strategy is further developed.







## Milford Marina

*The Yacht Harbour Association confirmed that Milford Marina had retained its 4 Gold Anchor Accreditation, and continues to be the only marina in West Wales with this award.*

2015 was a busy year for Milford Marina. The much anticipated Dock Lock was officially opened by the Rt Hon Stephen Crabb as Secretary of State for Wales, on 26 June. Weighing 90 tonnes each, the lock gates have made the marina one of the most accessible tidal marinas in the UK and a hub for the marine leisure industry in West Wales. The Dock Lock project was part of Visit Wales' Coastal Tourism project, part funded by the European Regional Development Fund through the Welsh Government, to encourage tourism along the Welsh coastline. A competition to name the new mitre gates took place with the suggestion of 'Samson' being chosen - the entry was made by Spencer and Kirstie Cowper, who are berth holders at Milford Marina.

Following a review in October, The Yacht Harbour Association confirmed that Milford Marina had retained its 4 Gold Anchor Accreditation, and continues to be the only marina in West Wales with this award. The scheme focuses on facilities, safety equipment and standards of service against over 80 criteria. The assessor praised Milford Marina for good customer and community relations, a vibrant mix of commercial and leisure activity, and knowledgeable staff.

The RYA Active Marina partnership continued with Neyland Yacht Haven in 2015, and included training, social and cruising events. A coach trip to Southampton Boat Show and river cruise to Dale were amongst the events organised between the two marinas.

In 2015, Milford Marina became the first Welsh marina to join over 100 other marinas across the south of England, France and Spain in the Passeport Escales programme. Berth holders were given the opportunity to request a membership card which provided free overnight stays in partner marinas. In return, Milford welcomed visitors from member marinas throughout the summer months.



### Milford Fish Festival

Following the announcement of the cancellation of Pembrokeshire Fish Week 2015 by Pembrokeshire County Council, the Port of Milford Haven confirmed that Milford Fish Festival would take place on the intended opening date of 27 June.

With short notice, the Port delivered a successful event with the support of Pembrokeshire County Council, Milford Haven Town Council and many local businesses and associations who were keen to see the event go ahead. The day attracted over 6,000 visitors who enjoyed a variety of food and beverage stalls, cookery demonstrations, fresh fish and entertainment in a number of locations on the day. The event also saw the inaugural Milford Chowder Trail, on which visitors sampled Fish Chowder from seven venues around Milford Marina and Docks - Halen Mor was voted the 2015 Milford Chowder Champion.



### Torch Theatre Sunset Cinema

Following a successful start to the Sunset Cinema concept in 2014, 'Back to the Future' came to Milford Marina in August and kicked off the Torch Theatre's tour of the county. Nearly 500 visitors enjoyed the film from the comfort of their own deck chairs on Mackerel Quay.



### Milford Haven Round Table Fireworks Display

A collaboration between Milford Haven Round Table and the Port of Milford Haven saw the town's annual Fireworks Display relocate to Milford Marina from its previous location at Milford Haven Rugby Club. Over 5,500 visitors came to the event area and many more watched from other vantage points.







## Pembroke Port & Pembroke Dock Ferry Terminal

*2015 saw the arrival of a new on-site waste processing operation alongside growth in both cargo and ferry traffic.*

The local construction industry had a positive impact on Pembroke Port's performance in 2015. In June, the sand yard tenancy was taken over by local firm G D Harries which resulted in renewed activity in sand deliveries over the quay in the latter half of the year.

Pembroke Port continued to strengthen its offer to the marine renewables industry. The Port remains home to Tidal Energy Limited's DeltaStream project and Marine Power Systems will join the Port on-site in 2016 for device testing. However, the Port, with its superb adaptability and excellent facilities, also offers opportunities for other renewable technologies.

The benefits of converting waste to energy has resulted in the Port becoming home to a regional centre for the processing and baling of non-recyclable waste, to be shipped out over the quay to Sweden. In 2015, there were 4 shipments carrying approximately 10,000 bales of waste totalling 13,854 tonnes, with growth expected in 2016.

Pembroke Dock Ferry Terminal made steady progress with a year-on-year increase in traffic of all types. The Irish Ferries service is the busiest route in South Wales, with shorter drive times and therefore lower overall environmental impact for the volume of traffic moved.

### Case study: Refuse derived fuel



Pembroke Port became home to an innovative new waste management facility in 2015.

Pembrokeshire and Ceredigion County Councils are responsible for the safe disposal of thousands of tonnes of waste a year. Changes in regulations and associated escalating costs meant that finding a new approach to waste management had become a priority matter. Of particular concern was the management of non-recyclable waste.

Sweden offered an innovative solution at Mälarenergi power station where this waste is converted into electricity and heating. This ultra-efficient site recoups more energy than UK based sites and, with Pembrokeshire's accessibility to sea routes, this stood out as the most efficient option for the Councils' non-recyclable waste, delivering anticipated savings of around £350,000 a year.

The Port of Milford Haven became involved early in the project development due to the suitability of the Pembroke Port site with its deep water quay, suitable premises for processing and laydown spaces, together with experience in handling cargo. It presented a cost effective way to ensure the project could be realised. Representatives from across the Port worked with Pembrokeshire County Council, their consultants (Eunomia Research & Consulting) and the eventual contractors (Potter Group) to find the most appropriate base, trial bale handling and identify and solve other logistical issues.

Processing began in May 2015 with four shipments during the year. Early teething problems were identified with food waste now being removed from the bales. A close working relationship between all parties has meant that further operational efficiencies have been identified and implemented. Nearly 10,000 bales have since been shipped.

The project delivers rental and over the quay income for the Port as well as supporting jobs and regional economic development.



## Case study: Tidal Energy device fabrication site



The marine energy sector is growing fast. It's going through an incredibly innovative phase; striving to find designs that will efficiently and cost effectively harness marine energy resources.

Developers are attracted to the opportunities available to them at Pembroke Port including a deep water quay, operational excellence, a core focus on safety, support for the renewables sector, and access to an extensive energy experienced supply chain. Crucially, some of the best marine energy in the country is on its doorstep.

Pembrokeshire is a landing point for western Europe's prevailing winds, a punch bag for the great rollers off the Irish Sea. She is also swept twice daily by the ebb and flow of the Atlantic, squeezed against her cliffs. In short, marine wind, wave and tide power are in abundance and developers want to capture some of that power. There is also strong financial support here. The EU's regional development fund, ERDF, is pumping more than €100m into Wales over the next 5 years. This funding, along with matched investment from private backers, should accelerate research and investment in marine renewable energy generation.

Tidal Energy Limited was one of the first to realise the benefits of a Pembroke Port base, joining us in 2014. Their device, DeltaStream, has been supported by £8m of ERDF funding, matched by majority shareholder Eco2 Ltd. Their prototype 400kW device was fabricated at a quayside location by onsite specialists, Mainstay Marine Solutions, and was transferred over the quay for deployment in Ramsey Sound in December 2015. The Port has extensive heavy lift experience and was able to comfortably accommodate the specialist cranes and vessels needed for this operation.

Following this initial test phase, the DeltaStream device will return to Pembroke Port this year to undergo modifications before redeployment in early 2017. Longer term, the plan is to fabricate and deploy up to nine DeltaStream devices at St Davids Head, two miles north of Ramsey Sound, generating enough power for approximately 10,000 homes.

The ultimate aim is that, when DeltaStream technology is fully proven, units can then be built and exported around the world with Pembroke Port becoming a centre for a thriving renewables industry, building, servicing and maintaining offshore energy devices.



Scan to watch  
DeltaStream's  
deployment



## Quayside Properties

*The focus for Quayside Properties has been the regeneration of Milford Dock, securing tenancies for the Port's diverse range of properties.*



The focus in 2015 for the Port's property division Quayside Properties (formerly Quayside Estates) has been the regeneration of Milford Dock, securing tenancies for the Port's diverse range of properties, and implementing an active acquisition and development plan. At the same time supporting our clients' property development needs.

Since Pembrokeshire County Council's resolution to grant consent was received in early 2015, the master plan has been further honed. As part of the developments, Quayside Properties has demonstrated the effectiveness of a collaborative approach in securing tenancies which complement multiple-business aims and reinforce the overall promotion of retail, leisure and fishing. Two businesses include West Wales Aquasports - offering diving and watersports activities as well as a shop on Milford Marina, and Quadra Marine Services.

Development work for existing Milford Haven tenants has continued throughout the year. We worked closely with coffee house and restaurant Foam on the completion of its new glasshouse, which offers magnificent views along the Waterway and also with Happy Days Childcare to rebuild its facility, helping to retain a long term tenant and an important facility for the local community.

2015 saw a continued recovery in the local property market leading to a growth in occupancy levels across the Port's property portfolio. Located a minute's walk from the railway station, Cedar Court is now fully developed and serves as a premium, diverse business centre.

We are privileged to own some beautiful Georgian buildings at our site in Pembroke Port where Pembrokeshire Tourism and the charity PATCH have both found a new home in the historic Fleet Surgeon's House. This positive trend continues with tenants already signed up for 2016.



## Case study: Happy Days Childcare Centre



Happy Days has been a valued Port of Milford Haven tenant for 18 years. Providing a highly regarded nursery service to the local community, Happy Days has built up a strong client base and the location was ideal for its needs. The building; a pre cast bunker dating back to the second world war was starting to show signs of age and despite regular refurbishments, had become unfit for purpose.

Quayside Properties along with its engineering colleagues worked closely with the nursery team to investigate the options. It was decided that the old structure would be demolished to make way for a purpose built facility which would offer increased space, a better layout, more parking and an enhanced play area. Using a modular construction, it meant that a great space could be created with minimum inconvenience.

Our close ties with the community meant that we were well placed to find a temporary home for the nursery while works were underway. The temporary location was, conveniently, just around the corner with Milford Haven Sea Cadets. This meant that Happy Days could offer service continuity to its clients while also giving the Sea Cadets an unexpected bonus with rental income that enabled them to undertake a long desired project.

The construction was completed within a three month period and Happy Days returned to its home in July when the property was officially opened by the then Secretary of State for Wales, the Right Hon Stephen Crabb.





## Cruise

*Over 2,000 passengers, plus vessel staff and contractors, came under the Port's care during the 2015 cruise season.*



The Port of Milford Haven continued to host visits for cruise ships during 2015. Six vessels arrived during the course of the year from key cruise line operators Fred Olsen, Princess Cruises, Silverseas, Voyages of Discovery, Hebridean Cruises and Holland America. Over 2,000 passengers, plus vessel staff and contractors, came under the Port's care during the 2015 cruise season and, as a result of diligent health and safety procedures, all calls were incident-free.

The tradition of the Port's warm welcome continued and feedback from passengers and staff remained wholly positive. A very well received element of each call is the presence of local dignitaries in the shore-side welcoming party and thanks, in recognition for their time, is extended once again to the Mayors of Milford Haven and

Pembroke Dock, as well as to the Chairman of Pembrokeshire County Council. The wider community also plays an important role and helps add to the atmosphere that resonates so well with the guests.

Understandably, interest in the cruise industry and its value to the immediate and county-wide community remains high. With four vessels booked or under discussion for 2016 and bookings already in place for 2017, it is anticipated that increasing focus can be made towards tying in visits with special events and activities around the Marina. This contributes to the overall aim of the Milford Dock Master Plan in strengthening Milford's reputation as a fascinating and enjoyable destination, and also adds extra appeal to cruise operators as well as offering a vibrant shore-side environment for visitors.







# Stakeholder Engagement

*We encourage two-way engagement and strive to provide opportunities for stakeholders to receive updates on the business across a range of platforms.*



The Port of Milford Haven is a Trust Port and therefore has a wide range of stakeholders, as opposed to shareholders. Our stakeholders are anyone who uses or is connected to the Port, or whose livelihood and welfare may be dependent on the Port, and all bodies or individuals who may represent others in this context. They are the individuals and organisations whose attitudes and actions have an influence on the success of the Port's business or who can be impacted upon by business activities.

We encourage two-way engagement and strive to provide opportunities for stakeholders to receive updates on the business across a range of platforms. Some examples of these are:

- Annual Consultative Meeting - attended by the Senior Management Team and Board
- Publications such as the newsletter 'OnBoard' and the Annual Report
- Online via the website, social media and email
- Advisory Committee

We have identified our main stakeholders as follows:

- Cadw
- Customers
- Department for Transport
- Dyfed Powys Police
- Employees
- Fishing industry
- Leisure users of the Waterway
- Local associations
- Local MPs and AMs
- Local traders
- Maritime and Coastguard Agency
- Milford Harbour Users Association
- Milford Haven Town Council
- National Trust
- Natural Resources Wales
- Network Rail
- Other professional users of the Waterway
- Pembroke Dock Town Council
- Pembrokeshire Coast National Park Authority
- Pembrokeshire County Council
- Pembrokeshire Tourism
- Mid & West Wales Fire & Rescue Service
- Pembrokeshire residents
- Shipping agents
- Suppliers
- The Crown Estate
- Tourists and visitors to Pembrokeshire
- Towage companies
- Voluntary control bodies
- Welsh Government





Sue Davenport, Non-Executive Director at the Port, receiving the award for Company of the Year 2015.

A highlight in the calendar was in September when the Port of Milford Haven was crowned 'Company of the Year' at the South Wales Evening Post's Top 100 Awards, sponsored by Barclays, for its contribution to the local economy in South West Wales. The panel of judges recognised the Port's commitment to the contribution it makes to the community, job creation and facilitating economic growth.

### Haven Energy Forum

The Port of Milford Haven is a member of the Haven Energy Forum which is a group of representatives from each of the energy facilities around the Waterway. Formed in 2011, the group meets regularly and aims to raise the profile of the Haven's energy sector and communicate to its mutual stakeholders the importance and potential of the Haven as an economic hub. The forum also shares best practice in order to enhance safety and reduce environmental impact in Pembrokeshire.

Members of the Forum are:

- Dragon LNG
- Port of Milford Haven
- Puma Energy
- RWE Pembroke Power Station
- SemLogistics
- South Hook LNG
- Valero Pembroke Refinery

### Stakeholder Accountability Committee

The Stakeholder Accountability Committee is a new committee established in September 2015. It is a committee of the Board responsible for ensuring that the Port of Milford Haven, as a Trust Port, holds itself properly accountable to its stakeholders. This includes ensuring that the Port correctly obtains and understands the needs and views



of stakeholders and, in the context of the Port's statutes and relevant public guidance policy, sets an appropriate strategy and direction for the business. The Committee will also provide input on the Port's Key Performance Indicators which are the targets by which the Port and its stakeholders can measure the performance of the Port.

The Committee comprises three non-executive and one executive member of the Board, and four external stakeholder members who are appointed by the Port. The committee will meet three times a year.



### Community Engagement

The team at the Port recognises that many of its activities and operations play an integral role in the local community. Indeed, many of its employees and their families live in the immediate and surrounding areas so have a genuine interest in its impact on the community, not only as staff members but as Pembrokeshire residents. As a Trust Port, the Port of Milford Haven invests significantly in local charities and community organisations. In 2015, this amounted to approximately £400,000 which was made up of both large scale and smaller-scale donations, focusing on a range of areas such as safety, education, young people and the environment.

### Scholarship Scheme

The Port runs an annual Scholarship Scheme which provides four Pembrokeshire students with awards of £1,500, plus a summer work placement. The successful applicants in 2015 were Isabel Harries, Bethan Rogers, Hannah Taylor and Guto Harries. They will join the team at the Port in 2016 when they will undertake projects relevant to their studies and interests.

### Education

During 2015 the Port worked extensively with children of all ages across Pembrokeshire. As a Trust Port we value the links we have forged with local schools which enable us to engage with our most important stakeholder group - future generations.

'Coastal Curriculum' was a new initiative for 2015. Funded by the Port and delivered through Pembrokeshire Coastal Forum, the project engaged with over 60 children in Year 9 from Milford Haven Comprehensive School. Building on the knowledge the children had learnt in Year 6 through the joint project with the Dragon LNG Darwin Experience, where they studied the Milford Haven Waterway and learnt how it was formed, the natural habitats and the industrial activity, Coastal Curriculum delivered two geography lessons in line with the National Curriculum. The lessons provided students with local economic, social and environmental awareness which they were able to use to demonstrate subject matters in a local context in their examinations.

The project was highly successful with positive feedback from students and teachers and it was a fantastic way for us to support Pembrokeshire Coastal Forum in its second year as a Community Interest Company. For us as a Trust Port, the benefits included: sharing the history of the beautiful Milford Haven Waterway and its designation as a special area of conservation and site of



*Under the Bridge was a new youth project offering urban arts, music and dance activities during the school holidays*



Watch the Under the Bridge video:  
[www.mhpa.co.uk/under-the-bridge](http://www.mhpa.co.uk/under-the-bridge)



*The WAVE events educated young people about the dangers of tombstoning*



special scientific interest; explaining how we manage the safe movement of some of the world's largest vessels whilst they navigate into and out of the Port; educating students about the importance of their home Port which is responsible for over 20% of the UK's imported energy; and enthusing future generations by showcasing the huge range of career options that are available within the coastal and maritime sectors, an industry which, in Pembrokeshire alone, is supporting around 4,000 well-paid, skilled jobs.

**WAVE events**

Following a successful pilot in 2014, two safety events were held in Milford Haven and Pembroke Dock to raise awareness amongst young people of the dangers of tombstoning. The activity involves jumping from height into water and is popular along the coast, particularly in the summer months. The participants watched a live exercise in the water, took part in first aid training and enjoyed canoeing taster sessions.

**Under the Bridge**

A new youth project was launched during the 2015 school holidays to offer 14-18 year olds the opportunity to take part in urban arts, music and dance activities. 'Under the Bridge' took place underneath Hakin Bridge and was a partnership initiative between the Port, Milford Youth Matters, The VC Gallery, Arts Care Gofal Celf, Torch Theatre and Arts & Business Cymru. The project culminated in a celebration event at the Torch Theatre.



**Community Fund**

Over one hundred charities and community groups successfully applied to the Port of Milford Haven's Community Fund in 2015. The applications are assessed by a committee of staff members from across the organisation on a monthly basis. To apply to the Community Fund visit [www.mhpa.co.uk/financial-support](http://www.mhpa.co.uk/financial-support)

**Charitable Cause of the Year**

Greenacres Animal Rescue Centre was voted the Port's official Charitable Cause of the Year for 2015 by employees. In addition to financial support, the rescue centre benefited from fundraising activities, donations and volunteering sessions. At the end of the year, the Port's staff selected Pembrokeshire Cancer Support to be named the 2016 Charitable Cause of the Year.



# Our People



Our people are important to us. At the end of 2015 we employed 178 employees. It is only through the efforts of our people that we can successfully serve our customers, generate long-term sustainability and contribute to the local economy. Our goals are to maximise individual potential, increase commercial effectiveness, reinforce the Port's culture, expand our people's professional opportunities, and help them contribute positively to developing the business for the future.

In 2015, we retained our status as an Investors in People (IIP) employer which demonstrates that our staff are encouraged to undertake training to develop them to better meet business needs. In 2015 alone we spent £170,000 on training courses and materials.

We are engaging our employees via appraisals, employee surveys and training to improve service delivery and identify areas for improvement. Our Employee Recognition Scheme is working well to recognise when our employees 'go the extra mile', with 111 awards distributed last year.

The HR team is working with leaders across the business to give them the skills and tools to maximise their leadership, people management skills and develop their service areas. The end of 2015 saw the launch of a Leadership Development Programme.

We encourage our people to support local charities and voluntary groups with an allocation of 12 hours each to undertake volunteering activity in work time. Many use this time to support the Port's Charitable Cause of the Year.

### Core Values

In 2014, the Port formally articulated core values for the organisation: Safety, Excellence & Collaboration. To promote these internally, activity in 2015 included building the core values into our Employee Recognition Scheme, appraisals and bonus schemes. Employees and managers were also involved in defining behaviours which support the core values: Honesty, Respect, Trust, Empowerment and Positive Challenge.

### Remuneration

As a result of a strong set of results, annual bonuses, which include a safety record component, are payable to all qualifying employees within the organisation.

A long term incentive plan for senior management, based on compound growth over a three-year period, is also payable. This reflects significant adjustments to both the revenue and cost sides of the business over that period that have in turn improved the long term sustainability of the Port's profitable cash flow and capacity for investment. This provides for a stable platform to deliver the business priorities over the coming years.





# Governance

## *The determination and implementation of the Group's strategy is the key remit of the Board.*

### **The Port of Milford Haven Board**

The 2002 Act specifies that the Board shall comprise the Chairman, the Chief Executive, between six to eight other non-executive members and up to two other executive members.

The Chairman is appointed by the Secretary of State for Transport after an open competitive selection process. All other non-executive Board members are appointed by the Board itself through a similarly open process. For any board position, including the Chairman, the position is advertised and an independently led appointment panel is formed to shortlist and interview candidates. In every case the appointment panel recommends its preferred candidate for appointment. Each appointment is for a three-year term. This is in line with government policy - Modernising Trust Ports (Second Edition).

The means of selection of members is in accordance with guidelines laid down by the Government for all Trust Ports and follows what are commonly termed 'Nolan principles'.

All Board members must adhere to the following guiding principles of conduct:

- Independence
- Accountability
- Openness
- Selflessness
- Integrity
- Objectivity
- Honesty
- Leadership

The duties of a Board member are akin to those of a director of a company. In particular, to be accountable for the proper exercise of the organisation's statutory functions, the identification and setting of business policies, the delivery of port and harbour services, and to provide proper oversight and direction in relation to the

safety of operations and the financial performance of all business activities.

Selection and appointment of non-executive members should be based on each non-executive bringing a particular skill set or specialisation to the Board to cover the following headings:

- Chairman
- Vice Chairman
- Marine
- Energy
- Finance
- HR
- Stakeholders
- Marketing

These skill sets may be amended from time-to-time to reflect the changing business interests of the Port.

The Board meets regularly, at least six times a year. Whilst the Board has not appointed a Senior Independent Director as recommended by the Higgs report, the Vice Chairman is appointed by the Board itself to serve a similar purpose (provide sufficient challenge to the Chairman and act as a focus for the views of non-executive members to be fully taken into account). The non-executive members meet on a regular (but not frequent) basis without the executive members and on occasion without the Chairman, to review general workings of the Board.

A register of members' interests is maintained which includes landholdings, shareholdings and other responsibilities and appointments, together with the requirement to identify any issues that could be perceived as a conflict of interest. The Port also maintains a hospitality register for all Board members and managers.

The determination and implementation of the Group's strategy is the key remit of the Board. In addition, the Board is ultimately responsible

for the operational performance, including safety performance, of the Group. It is therefore part of the Board's role to monitor the performance of the management and satisfy itself, through review of the risk register and other reporting systems and procedures, that the business operates in compliance with the law and relevant regulations, to the highest standards of safety and with appropriate financial prudence.

The Board operates a number of committees to support its functions. These are described below.

### **The Executive**

The Chief Executive and the Senior Management Team (SMT) are accountable to the Board for the implementation of Board policy, the management of the business and affairs of the Port of Milford Haven. The SMT meet regularly as a group.

### **The Audit Committee**

The audit committee comprises three non-executive members of the Board, the Chief Executive and Deputy Chief Executive.

Its terms of reference allow it to consider any matter relating to the financial affairs of the Port and include the monitoring of financial reporting, accounting policies, matters relating to the auditors, the adequacy of the Port's internal financial controls and at the request of the Board, to review and monitor the Port's risk management systems.

### **The Remuneration Committee**

The remuneration committee consists of not less than three non-executive members including the Chairman and Vice Chairman, with up to two other non-executive members. The Chief Executive acts as a non-voting secretary to the committee.

The primary duties of the remuneration committee are to determine the remuneration and employment conditions of the senior managers and to make recommendations to the full Board as to the fees and emoluments of non-executive members and of non-executive directors of any subsidiary companies. No member of the committee takes part in the decision-making process about his/her own remuneration or other benefits.

The committee is also charged with determining bonus structures for senior managers and staff and for reviewing employment policies for the Port. It also ensures that remuneration policies facilitate the employment and motivation of senior personnel on a best practice basis, and to ensure that levels of Board remuneration is detailed in the Annual Accounts.

The committee is also able, at the request of the Board, to advise or act on its behalf in a

senior management appointment and, at the request of the executive, as a wages and salaries committee, being the final referral body in pay and conditions negotiations.

**The Nominations Committee**

The nominations committee undertakes a formal process of reviewing the balance and effectiveness of the Board, identifying the skills and job descriptions required for individual Board positions, including executive members. It is also tasked with managing the recruitment process and recommending appointments to the Board.

In particular, the committee must assess the time commitments of Board posts and ensure that the individual has sufficient available time to undertake them. It will meet as appropriate to consider whether or not non-executive members coming to the end of their term of office should be put forward for re-appointment.

Membership of the committee is determined by the Board but will be made up of at least four members including the Chairman or Vice Chairman and Chief Executive.

**Stakeholder Accountability Committee**

The stakeholder accountability committee is responsible for ensuring that the Port, as a Trust Port, holds itself properly accountable to its stakeholders. This entails ensuring that the Port correctly obtains and understands the needs and views of its stakeholders and, in the context of the Port's statutes and relevant public guidance and policy, sets an appropriate strategy and direction for the business.

The committee has particular oversight of the setting of measurable targets for the performance of the Port and acts as an appeals committee to which stakeholders should direct concerns in the first instance. It corresponds directly with stakeholders and reports on its proceedings to the Port's full Board.

Membership of the committee comprises three non-executive and one executive member of the Board and four external stakeholder members appointed by the Board.

**Port Advisory Committee**

In accordance with its Act of Parliament 1983, the Port of Milford Haven meets twice a year with representatives from groups of major stakeholders. These representatives form the Port Advisory Committee and the meetings provide a forum for confidential discussion and interaction between the Port and these stakeholders.

The objectives of the committee are to enable relevant statutory authorities and users of the Port and the Waterway to meet and interact with each other and the Port, with the particular objective of focusing on the work of the Port and the

operation of the Waterway. To promote further engagement, the committee is supported by a secure, interactive website that facilitates the exchange of views between committee members and the Port, and allows those views to be fed into the Port's decision-making.

Membership of the Board and committees as at 1 March 2016 is listed below:

**Board Members**

*Chairman:*

Peter Jones (R, N\*)

*Vice Chairman:*

Chris Martin (R\*, S)

*Non-Executive Members:*

David Snelson (N, S)

Andrew Edwards (N, S\*)

Rick Squires (A)

Sue Davenport (A, R)

Steven Owen (A\*)

Anne Jessopp (R)

*Executive Members:*

Alec Don (Chief Executive) (A, R, N, S)

Andy Jones (Deputy Chief Executive) (A)

**Committees of the Board**

Audit Committee (A)

Remuneration Committee (R)

Nominations Committee (N)

Stakeholder Accountability Committee (S)

Note: committee chairman is denoted by \*

**Senior Management Team**

*Chief Executive:*

Alec Don

*Deputy Chief Executive:*

Andy Jones

*Destination Director:*

Neil Jenkins

*Harbourmaster:*

Bill Hirst

*Engineering Director:*

Tim Bownes

*HR Director:*

Vidette Swales

**Attendance at Board meetings in 2015**

	Board	Audit Committee	Remuneration Committee	Nominations Committee	Stakeholder Accountability Committee
<b>Total number of meetings</b>	6	3	5	3	2
<b>Board Members</b>					
Peter Jones	6		5	3	
Chris Martin	6		5		2
David Snelson	4			2	2
Andrew Edwards	6			2	2
Rick Squires	6	3			
Sue Davenport	6	3	5		
Steven Owen	6	3			
Anne Jessopp (app March 2015)	5		4		
Gareth Lynn (retired June 2015)	3	1			
Alec Don	6	2	4	3	2
Andy Jones	6	3			
<b>External Members</b>					
Ed Tomp - Valero					2
Paddy Walsh - Irish Ferries					2
Ian Westley - Pembrokeshire County Council					2
Stan McIlvenny - Haven Waterway Enterprise Zone					1

## Non-Executive Board Members



**Peter Jones**

*Chairman*

Peter Jones has been a leading figure on the British Ports scene for nearly three decades of the 35 years he's worked in the industry. Most recently he was CEO of Associated British Ports (ABP), the UK's leading ports group that runs 21 UK ports including Immingham, the UK's biggest port by tonnage, and like Milford Haven a key energy Port, Cardiff and Southampton.

Prior to that, until 2006, Peter headed up the Mersey Docks and Harbour Company which, by the time he left in 2006, had over 1,500 employees and a turnover of £350m.



**Chris Martin**

*Vice Chairman*

Born and bred in Pembrokeshire, Chris gained an honours degree in Pharmacy in Cardiff before starting working life with Boots the Chemist in Cwmbran, subsequently going on to own and build two successful community pharmacy businesses in the West Country and back in Pembrokeshire.

He has a number of roles in the private and public healthcare sector including being a Non-Executive advisor of Alliance Healthcare Distribution Ltd. He is a member of the Bevan Commission, Chairman of the Prudent Prescribing Implementation Group in Wales, Chairman of the Welsh Community Pharmacy Remuneration Group and most recently appointed Chairman of Health Innovation Cymru Wales.

He is also Managing Director of a property development company and runs a portfolio of letting properties across Pembrokeshire. Chris is a member of the Wales Advisory Board of Marie Curie Cancer Care and a Governor of Portfield School, Haverfordwest.

Chris joined the Board as Vice Chairman in 2012 and is a member of both the Remuneration and Nominations Committees.



**David Snelson**

*Non-Executive Director*

David Snelson brings with him significant marine and port experience. Having started in the Royal Navy he rose to rank of Rear Admiral having commanded warships including the aircraft carrier HMS Ark Royal. David came ashore in 2006 to a new career as chief harbourmaster for the Port of London Authority and left in 2011. During this time he was also a special adviser to the House of Commons Defence Committee. In 2012 he was appointed as a Non-Executive Director of the Maritime and Coastguard Agency.

David is a Companion of the Order of the Bath, an Elder Brother of Trinity House, Fellow and past council member of the Nautical Institute, Chairman of Seavision and a member of the Royal Yachting Association.

David is a member of the Nominations Committee and the Stakeholder Accountability Committee.



**Andrew Edwards**

*Non-Executive Director*

Following graduation from the University of Wales, Aberystwyth, Andy spent 2 years working on civil engineering projects in the UK and Middle East before joining the police service in 1979. He undertook a variety of operational and administrative roles and was the Acting Chief Constable for Dyfed-Powys Police before being appointed Deputy Chief Constable for all Wales in 2009 where he had operational responsibility for serious and organised crime and counter-terrorism. He chairs the Dyfed-Powys Police and Crime Panel and sits on the Wales boards for the Equality and Human Rights Commission and Victim Support.

Andy is an honorary fellow and part-time lecturer at the University of Wales, Trinity St David, was previously a visiting lecturer at the John Jay College of Criminal Justice in New York and is a graduate of the FBI National Academy.

He is based in Carmarthenshire and is a Welsh speaker.

Andy joined the Board in 2012 and is a member of the Nominations Committee, as well as Chairman of the Stakeholder Accountability Committee.



**Rick Squires**

*Non-Executive Director*

Rick has extensive experience in the energy sector as a Non-Executive Director and Chairman of a number of renewable energy businesses, based not only in the UK, but also North America; including wind (onshore and offshore), solar and biomass.

Rick has an honours degree in electrical engineering and a masters in business studies. He spent 28 years with the Royal Dutch Shell Group with roles in business areas including coal, oil trading, shipping and power generation before becoming a Senior Vice President with InterGen, an international power company based in Boston, USA, with assets spread across 10 countries. In 2003 he founded UK-based consultancy, PiEnergy Ltd pursuing a portfolio of roles including advising on clean technology, renewable energy, executive recruitment and providing training to the power and energy sectors.

His current Non-Executive Directorships include; Green Investment Bank Financial Services, a wholly-owned subsidiary of UK Green Investment Bank plc; Good Energy Group Plc, a UK based 100% renewable domestic electricity generation and supply company; and Green Energy For Education Limited, an unquoted business backed by VCT funding managed by Triple Point Investment Management LLP.

Rick joined the Port in 2012 and is a member of the Audit Committee.



**Sue Davenport**

*Non-Executive Director*

Sue began her career at Aramark PLC undertaking a number of operational and strategic roles in sales and marketing. She left to become Sales and Marketing Director for Pasta King UK in 2003 leveraging a MBO and becoming CEO in 2006. The company achieved several business awards culminating in winning the Orange National SME of the Year 2008.

Sue currently is a Non-Executive Director with the Pembrokeshire Coastal Forum, chair at Racocon International and a shareholder of the award-winning Pembrokeshire Beach Food Company. Sue's business success has been recognised with a number of high-profile business awards including the BVCA Women CEO of the Year 2009.

Sue lives in Pembrokeshire and is breathing new life into a coastal farm, diversifying into the tourism sector. She has recently been appointed governor at Hakin Community School.

She is a Chartered Director and an ambassador for the Institute of Directors Chartered Director programme and is also a member of the Port's Audit and Remuneration Committees.



**Steven Owen**

*Non-Executive Director*

Steven is an accomplished Chartered Accountant and has had considerable experience as a Finance Director and Deputy Chief Executive within the quoted property investment/fund management arena.

Steven embarked on his career with KPMG before moving on to spend 24 years at Brixton plc where he became Finance Director and subsequently Deputy Chief Executive of a property investment and development company that owned/managed over 18 million square feet of industrial and warehouse space in the UK. He is currently CEO and founding partner of Wye Valley Partners LLP; a commercial real estate asset management business.

Steven is also a Non-Executive Director, the Senior Independent Director and Chairman of the Audit Committee of Primary Health Properties PLC, a UK Real Estate Investment Trust and the leading investor in modern healthcare premises.

Welsh is his first language. He is also a Director of Wales in London, a not-for-profit company which aims to promote and connect Wales within Europe's business capital.

Steven is Chairman of the Port's Audit Committee.



**Anne Jessopp**

*Non-Executive Director*

Anne has worked in HR across a number of sectors, gaining manufacturing experience early in her career at Rolls Royce and Procter and Gamble. She went on to gain consumer experience at Radio Rentals and RAC.

More recently, she was HR Director of an industrial services company and Remploy, before joining the Royal Mint in 2008, as the Business Services Director leading the functions which support the business, including Business Excellence, IT, HR and Health, Safety & Environment. She has recently moved to lead the Commemorative Coin Division.

Particular areas of focus have been working with companies which are developing their culture and undergoing significant change.

## Senior Management Team



### Alec Don

*Chief Executive & Executive Director*

Alec has over 20 years of international experience leading port businesses. He was appointed Chief Executive of the Port of Milford Haven in 2010.

He began his Port career in 1994 when he joined the Mersey Docks and Harbour Company as Director of Planning. In 2002 he became Chief Executive of the Port of Maputo where he completed the first full port privatisation in Africa and then, at the same time as developing the commercial activity of the port, delivered on a \$70m re-construction programme finished on time and below budget within 18 months. He returned to Mersey Docks as Director of the Port of Liverpool in 2004.

He is currently Chairman of the Welsh Ports group, Vice Chairman of the British Ports Association and is also Chairman of the separate statutory entity The Port Security Authority.

In his early career, Alec left Oxford University with a degree in Engineering Science to join UK merchant bank Robert Fleming & Co, where he had a successful career for 7 years in corporate finance.



### Andy Jones

*Deputy Chief Executive & Executive Director*

Andy joined the Port as Finance Director in 2011 bringing with him extensive working knowledge in senior financial, commercial and operational roles across a broad range of industries. In 2014, Andy accepted the role of Deputy Chief Executive adding responsibility for the Deep Sea operations and risk management aspects of the Port.

He qualified as a Chartered Accountant with PricewaterhouseCoopers in Cardiff before continuing with the firm in Toronto, Canada. In 2000, he was appointed as Finance Director for a division of S&P500-listed machinery and equipment manufacturing giant Manitowoc. He subsequently moved into an Operations Director role within its commercial cooking equipment business and worked closely with chefs, restaurant owners and food chains such as McDonalds. In 2007, Andy took over as Commercial Director for the Canadian distribution business of Manitowoc, growing the business by double digits each year. In 2009, he started his own successful company focused on providing trusted advisory services to SME business owners, before returning to the UK.

Andy is a member of the CBI Council in Wales and a Trustee Director of the Pilots National Pension Fund.



### Bill Hirst

*Harbourmaster*

Bill's career began as a Group Cadet for P&O in 1975 where he served on a variety of vessels including general cargo, reefer, tanker and passenger. Progressing through the ranks, he gained his second mates certificate and went on to work for Safmarine where he gained experience on bulk and container ships and completed his Masters (Class 1) certificate.

In 1995 Bill came ashore to work as Port Control Officer at Orkney Department of Harbours Office in Scapa Flow. In 1999, having worked there for a number of years, he was promoted to Assistant Harbourmaster.

Bill relocated to Pembrokeshire in 2000 and joined the Port of Milford Haven as Assistant Harbourmaster. In 2001 he was promoted to Deputy Harbourmaster where he provided continuity through the two risk assessments carried out in preparation for the arrival of Liquefied Natural Gas (LNG) and also led on the implementation of procedures for the handling of LNG at the Port. In 2012 Bill was promoted to Harbourmaster.

Bill is a council member with the UK Harbour Master's Association.



**Tim Bownes**

*Engineering Director*

Tim joined the Port as Engineering Director in May 2014. He has a wide range of experience covering ports and the construction industry both in the UK and overseas, including work in environmentally sensitive areas.

He is a Chartered Civil Engineer and initially worked in construction contracting for large building and civil engineering companies on offices, industrial installations and large road and rail projects.

In 1997, Tim was appointed Chief Engineer of Mersey Docks and Harbour Company, taking responsibility for a wide range of projects and maintenance activities for the group's ports at Liverpool, Birkenhead, Heysham, Sheerness and Chatham. Whilst in Liverpool Tim was responsible for the consenting and construction of the Twelve Quays ferry terminal and for obtaining consent for the in-river terminal now known as Liverpool 2.

Tim moved into consultancy in 2008 and worked for Royal Haskoning, based initially in Liverpool and then Dubai. Projects ranged from construction assistance in India to port master planning in Djibouti. Major projects included the Doha New Port in Qatar; a new coastguard harbour near Muscat in Oman and a new port on Boubyan Island in Kuwait.



**Neil Jenkins**

*Destination Director*

Neil joined the Port on 1 March 2016 and brings a wealth of experience having spent the last 32 years in commercial and residential property development in England, Wales and the Channel Islands.

Following graduation from the University of Wales in 1983 and completing his training to become a Chartered Surveyor, Neil joined London Transport Property developing sites throughout London, including Gloucester Park in Kensington. This was followed by 3 years working for McInerney Estates in London and Jersey - developing commercial property, followed by Muller International in London and 5 years with Bilfinger - Berger Development UK Ltd, with responsibility for the company's expanding UK development programme.

In 2000, Neil formed his own development company in London and also founded Jersey Waterfront Hotel Holding Limited, a Jersey based company that developed and owns the 4-star 195 bedroom Radisson BLU Hotel and Conference Centre on the Jersey Waterfront in St Helier which opened for business in 2007 and recently won Best Hotel and Best 4/5 Star Hotel awards in Jersey.



**Vidette Swales**

*HR Director*

Vidette was appointed as Human Resources Director in January 2011. She joined the Port in 2001 to provide a generalist HR service. During her time in this role, Vidette was instrumental in helping the Port achieve recognition as an Investors in People organisation and continues to ensure this standard is retained.

Vidette is a Chartered Fellow of the Chartered Institute of Personnel and Development. Her career started in the private sector in HR/recruitment roles before moving to work as Personnel Officer for Pembrokeshire County Council.

As HR Director, Vidette is responsible for developing and implementing an annual agenda for HR which supports the overall business strategy. She is also a Trustee of three of the Port's pension schemes and an executive committee member of the Association of Participating Bodies of the PNPF (Pilots National Pension Fund).



# Milford Haven Port Authority

## Officers and Professional Advisers

### Chairman

P Jones

### Vice Chairman

C Martin

### Members

S Davenport  
A J W D Don  
A Edwards  
A M Jones  
S Owen  
D Snelson CB  
R Squires  
G E Lynn  
K Penney  
A Jessopp

*(resigned 30 June 2015)*

*(resigned 11 January 2015)*

*(appointed 1 March 2015)*

### Chief Executive

A J W D Don

### Harbourmaster

Captain W C Hirst

### Deputy Chief Executive

A M Jones

### Registered Office

Gorsewood Drive  
Milford Haven  
Pembrokeshire  
SA73 3EP

### Banker

Barclays Bank Plc

### Solicitors

Blake Morgan LLP

### Auditor

Deloitte LLP  
Cardiff

# Directors' Report

The Directors present their annual report, together with the financial statements and auditor's report, for the year ended 31 December 2015. Certain information regarding principal risks and future prospects has been included within the Strategic Report.

## Results For The Year

The Group made a profit for the year of £2,710,000 (2014: £1,606,000). The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

## Going Concern

The financial statements have been prepared on the going concern basis. After making due enquiries, the Directors 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.

## Directors

The Directors who served during the year are disclosed on page 47, Officers and Professional Advisers.

## Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

## Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

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

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



**P A Jones**

Chairman

Date: 8th April 2016

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3EP

## Directors' Responsibilities Statement

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

Current law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Directors 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 Directors 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 Directors 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 Directors 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

## Independent Auditor's Report to the Directors of Milford Haven Port Authority

We have audited the financial statements of Milford Haven Port Authority for the year ended 31 December 2015 which comprise the Profit and Loss Accounts, the Statements of Comprehensive Income, the Balance Sheets, the Statements of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 26. 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 Directors, 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 Directors 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 Directors as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors 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 2015 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.

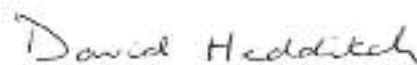
### Opinion on other matters

In our opinion the information given in the Strategic Report and the Directors' 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 (Senior Statutory Auditor) Date: 8th April 2016  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

**Profit and Loss Account**

Year ended 31 December 2015

	Note	Group		Authority	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Turnover</b>	3	<b>25,956</b>	23,074	<b>25,352</b>	22,525
Cost of sales		<b>(13,317)</b>	(13,600)	<b>(13,265)</b>	(13,569)
<b>Gross Profit</b>		<b>12,639</b>	9,474	<b>12,087</b>	8,956
Operating expenses		<b>(7,503)</b>	(6,176)	<b>(7,230)</b>	(5,985)
Impairment of fixed assets	11	<b>(361)</b>	-	<b>(361)</b>	-
(Loss)/profit on sale of fixed assets		<b>(210)</b>	40	<b>(210)</b>	40
<b>Operating Profit</b>		<b>4,565</b>	3,338	<b>4,286</b>	3,011
Profit on disposal of associate	4	<b>750</b>	-	<b>675</b>	-
Share of profit/(loss) in associate		<b>345</b>	(176)	-	-
Loss on revaluation of fixed assets	11	<b>(692)</b>	-	<b>(692)</b>	-
<b>Profit On Ordinary Activities Before Interest</b>		<b>4,968</b>	3,162	<b>4,269</b>	3,011
Net finance costs	5	<b>(579)</b>	(732)	<b>(239)</b>	(313)
<b>Profit On Ordinary Activities Before Taxation</b>	6	<b>4,389</b>	2,430	<b>4,030</b>	2,698
Tax on profit on ordinary activities	10	<b>(1,679)</b>	(823)	<b>(1,643)</b>	(712)
<b>Profit On Ordinary Activities After Taxation</b>		<b>2,710</b>	1,607	<b>2,387</b>	1,986
Minority interest	25	-	(1)	-	-
<b>Profit for the Financial Year</b>	26	<b>2,710</b>	1,606	<b>2,387</b>	1,986

All results derive from continuing operations.

**Statement of Comprehensive Income**

Year ended 31 December 2015

	Note	Group		Authority	
		2015 £000	2014 £000	2015 £000	2014 £000
Profit for the financial year		<b>2,710</b>	1,606	<b>2,387</b>	1,986
Actuarial profit on pension schemes:					
- Actuarial gain/(loss) on present value of scheme liabilities		<b>2,589</b>	(3,232)	<b>2,589</b>	(3,232)
- Actuarial gain/(loss) on scheme assets		<b>407</b>	4,203	<b>(79)</b>	4,630
		<b>2,996</b>	971	<b>2,510</b>	1,398
Movement on unrecognised surplus on MDCSBS pension scheme	20	-	26	-	26
Movement on deferred tax relating to pension liability	18	<b>(502)</b>	(306)	<b>(502)</b>	(306)
Total comprehensive income		<b>5,204</b>	2,297	<b>4,395</b>	3,104

**Balance Sheet**

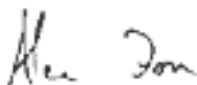
At 31 December 2015

	Note	Group		Authority	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed Assets</b>					
Tangible assets	11	<b>72,158</b>	69,908	<b>67,105</b>	64,642
Investments	12	-	278	<b>5,966</b>	6,650
		<b>72,158</b>	70,186	<b>73,071</b>	71,292
<b>Current Assets</b>					
Stocks	13	<b>72</b>	63	<b>72</b>	63
Debtors					
- due within one year	14	<b>8,216</b>	6,335	<b>8,161</b>	6,281
- due after one year	14	-	-	<b>38</b>	19
Cash at bank and in hand		<b>12,728</b>	12,617	<b>12,318</b>	12,264
		<b>21,016</b>	19,015	<b>20,589</b>	18,627
<b>Creditors: Amounts Falling Due Within One Year</b>	15	<b>(7,916)</b>	(5,318)	<b>(7,446)</b>	(4,907)
<b>Net Current Assets</b>		<b>13,100</b>	13,697	<b>13,143</b>	13,720
<b>Total Assets Less Current Liabilities</b>		<b>85,258</b>	83,883	<b>86,214</b>	85,012
<b>Creditors: Amounts Falling Due After More Than One Year</b>	16	<b>(3,911)</b>	(4,798)	<b>(12,768)</b>	(13,713)
<b>Pension Liability</b>	20	<b>(11,047)</b>	(13,989)	<b>(2,901)</b>	(5,149)
<b>Net Assets</b>		<b>70,300</b>	65,096	<b>70,545</b>	66,150
<b>Reserves</b>					
Other reserve	11	<b>25,247</b>	25,939	<b>25,247</b>	25,939
Profit and loss account	26	<b>45,027</b>	39,131	<b>45,298</b>	40,211
		<b>70,274</b>	65,070	<b>70,545</b>	66,150
Minority interest (non-controlling interest)	25	<b>26</b>	26	-	-
		<b>70,300</b>	65,096	<b>70,545</b>	66,150

The financial statements of Milford Haven Port Authority were approved by the Authority Members and authorised for issue on  
Signed on behalf of the Authority by:



Chairman  
**P A Jones** Date: 8th April 2016



Chief Executive  
**A J W D Don** Date: 8th April 2016

**Statement of Changes in Equity**

At 31 December 2015

	<b>Group</b>		<b>Authority</b>	
	Profit and loss account £000	Other reserve £000	Profit and loss account £000	Other reserve £000
At 31 December 2013 as previously stated	32,682	25,939	32,955	25,939
Changes on transition to FRS 102 (note 26)	4,152	-	4,152	-
At 1 January 2014 as restated	36,834	25,939	37,107	25,939
Profit for the financial year	1,606	-	1,986	-
Actuarial profit on pension schemes (note 20)	971	-	1,398	-
Movement in deferred tax on pension (note 20)	(306)	-	(306)	-
Movement on unrecognised surplus on MDCSBS pension scheme (note 20)	26	-	26	-
At 31 December 2014 as restated	39,131	25,939	40,211	25,939
Profit for the financial year	2,710	-	2,387	-
Actuarial profit on pension schemes (note 20)	2,996	-	2,510	-
Movement in deferred tax on pension (note 20)	(502)	-	(502)	-
Transfer to Other reserve in relation to revaluation of fixed assets	692	(692)	692	(692)
<b>At 31 December 2015</b>	<b>45,027</b>	<b>25,247</b>	<b>45,298</b>	<b>25,247</b>

**Group Consolidated Cash Flow Statement**

Year ended 31 December 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	22	8,115	4,504
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		21	108
Purchase of fixed assets		(7,797)	(5,165)
Interest received		41	47
Acquisition of shares in associate		-	(353)
Grants received		504	873
<b>Net cash flow from investing activities</b>		<b>(7,231)</b>	<b>(4,490)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings - interest		(133)	(127)
Repayment of borrowings - capital		(633)	(520)
Repayment of loan stock by associates		(7)	(4)
New bank loans		-	4,000
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(773)</b>	<b>3,349</b>
<b>Net increase in cash and cash equivalents</b>		<b>111</b>	<b>3,363</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>12,617</b>	<b>9,254</b>
<b>Cash and cash equivalents at end of year</b>		<b>12,728</b>	<b>12,617</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		12,728	12,617
Cash and cash equivalents		12,728	12,617

## Notes to the Financial Statements

Year ended 31 December 2015

### I. 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 and modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The particular accounting policies, which have been adopted on a consistent basis in the current and prior year, are described below. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 26. Currency is in GBP and any translation from the foreign associate is as described in the notes. Rounding is to the nearest thousand pounds.

#### 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 2015 as listed in note 12. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### Going concern

The financial statements have been prepared on the going concern basis. After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate within the level of its current facilities. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### Investment properties

As permitted under FRS 102 the Authority has adopted a policy of revaluation in respect of its investment property assets which will be valued at market. The revalued carrying amount must not differ materially from fair value, so the fair value will be based on market evidence by appraisals undertaken each year and by professional valuers if the Board deems necessary. All changes in fair value of investment property will pass through the profit and loss account. Depreciation is not provided on investment properties.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Property (excl. investment property)	10 - 50 years
Specialised marine assets	2 - 125 years
Plant and equipment	3 - 50 years
Capital dredging	20 years

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The

recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

#### Investments

In the balance sheet, 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 equity method. 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.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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, including UK corporation tax and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



## Notes to the Financial Statements

Year ended 31 December 2015

### Employee benefits

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 comprehensive income.

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 and liabilities are measured on an actuarial basis using a discount rate equivalent to the current rate of return on a high quality (AA) corporate bond. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability 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.

### 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

Under FRS 102, the Port has adopted the performance model whereby grants are treated as deferred income and released to the profit and loss account when performance-related conditions have been met.

Other grants relating to revenue expenditure are credited to the profit and loss account in the year to which the expenditure relates.

### 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. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### Key sources of estimation uncertainty

#### Impairment of fixed assets

One owner-occupied asset built with the support of grant funding has been impaired to the higher of its fair value less costs to sell and its value in use. Estimates are involved when making this assessment.

#### Employee Benefits

The group operates two defined benefit schemes and some operational pilots are members of the Pilots National Pension Fund. The value of scheme liabilities has been prepared by the actuary for each scheme based on assumptions agreed with management. The assumptions reflect the unique properties of each scheme where appropriate. See note 20 for further information.

#### Revaluation of assets

Investment properties are classified on the basis of FRS 102 definition and included at fair value. The Board determines fair value by reference to market and considers advice received from an independent valuer who will in turn undertake desktop or full valuations as the Board requires to support the determination of fair value. Further information regarding investment properties is in note 11.

**Notes to the Financial Statements**

Year ended 31 December 2015

**3. Turnover**

Analysis of turnover by class of business is stated below:

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Ship, passenger and goods dues	11,797	9,476	11,797	9,476
Marine services	5,339	5,439	5,339	5,439
Pilotage services (note 9)	6,201	5,615	6,201	5,615
Rents	1,641	1,583	1,641	1,583
Miscellaneous income	374	412	374	412
Solar income	604	549	-	-
	<b>25,956</b>	23,074	<b>25,352</b>	22,525

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

**4. Disposal of Associate**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Proceeds	1,359	-	1,359	-
Investment	(609)	-	(684)	-
Gain on sale of associate	750	-	675	-

**Notes to the Financial Statements**

Year ended 31 December 2015

**5. Finance Costs (Net)**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Interest payable and similar charges	195	182	138	136
Less: Interest receivable	(89)	(86)	(72)	(86)
Other finance costs	473	636	173	263
<b>Total finance costs</b>	<b>579</b>	<b>732</b>	<b>239</b>	<b>313</b>
<b>Interest Payable and Similar Charges</b>				
Bank overdrafts and loans	132	126	132	126
3.5% debenture stock	1	1	-	-
Exchange rate loss	12	17	6	10
Share of associate interest payable	50	38	-	-
	<b>195</b>	<b>182</b>	<b>138</b>	<b>136</b>
<b>Interest Receivable</b>				
Other interest received	53	67	53	67
Distribution of profits from SLP	-	-	19	19
Share of associate interest receivable	36	19	-	-
	<b>89</b>	<b>86</b>	<b>72</b>	<b>86</b>
<b>Other Finance Costs</b>				
Net interest on defined benefit liability	473	636	173	263

**6. Profit on Ordinary Activities before Taxation**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):				
Staff costs (note 8)	11,573	10,943	11,065	10,446
Depreciation of tangible assets (note 11)	4,268	3,499	4,050	3,316
Grant amortisation (note 19)	(1,264)	(396)	(1,264)	(396)
Hire and operating leasing charges	105	74	105	74
Auditor's remuneration:				
Audit of Authority and consolidated accounts	44	40	44	40
Audit of Authority pension scheme	8	4	8	4
Other non-audit services - corporate taxation and pension advice	20	18	19	18
Audit of Milford Docks Company pension schemes	5	5	5	5

**Notes to the Financial Statements**

Year ended 31 December 2015

**7. Remuneration of Key Personnel**

	Group and Authority	
	2015	2014
	£000	£000
Fees - Non-Executive Board Members	160	151
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Board Members	605	467
Pension costs - Executive Board Members	53	67
Other senior management	722	622
	<b>1,540</b>	1,307

The number of Board Members to whom retirement benefits are accruing under defined benefit schemes is two (2014: three).

Remuneration of the highest paid Member:	<b>£'000</b>	£'000
Highest paid Board Member	<b>367</b>	202

The accrued pension of the highest paid Board Member under the MHPARBS defined benefit pension scheme at 31 December 2015 was £3,114 per annum (2014: £3,083).

**8. Staff Costs**

	Group		Authority	
	2015	2014	2015	2014
	£000	£000	£000	£000
Wages and salaries	8,726	7,982	8,726	7,982
Social security costs	776	705	776	705
Pension costs	2,071	2,256	1,563	1,759
	<b>11,573</b>	10,943	<b>11,065</b>	10,446

The above includes amounts paid to Authority Members as disclosed in note 7.

Pension costs include only those items included within operating costs. Interest costs are reported in finance costs as per note 5.

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

	<b>2015</b>	2014
Operational staff	<b>113</b>	119
Office staff	<b>66</b>	70
	<b>179</b>	189

**9. Pilotage**

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

	Group and Authority	
	2015	2014
	£000	£000
Turnover		
Providing pilotage services	6,073	5,531
Issue and use of pilotage exemption certificates	128	84
	<b>6,201</b>	5,615
Expenditure		
Providing services of a pilot	3,561	3,263
Providing, maintaining and operating pilot boats	2,041	2,112
Administration and other costs	1,804	1,445
	<b>7,406</b>	6,820

**Notes to the Financial Statements**

Year ended 31 December 2015

**10. Tax On Profit On Ordinary Activities**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
(a) Analysis of charge for the year				
Current tax				
UK corporation tax on profit for the year	691	580	691	580
Adjustment in respect of previous years	(91)	(116)	(91)	(117)
<b>Total current tax charge</b>	<b>600</b>	464	<b>600</b>	463
Deferred tax				
Origination and reversal of timing differences	640	407	604	289
Adjustment in respect of previous years	447	-	447	-
Effect of changes in tax rates	(8)	(48)	(8)	(40)
<b>Total deferred tax charge</b>	<b>1,079</b>	359	<b>1,043</b>	249
<b>Tax per profit and loss account</b>	<b>1,679</b>	823	<b>1,643</b>	712
<b>Deferred tax per statement of comprehensive income</b>	<b>502</b>	306	<b>502</b>	306
(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 20.25% (2014: 21.49%). The differences are explained below:				
Profit on ordinary activities before tax (excluding share of joint venture and associate results)	4,389	2,624	4,030	2,698
Profit on ordinary activities multiplied by the applicable rate	888	564	816	580
Expenses not deductible	746	533	745	532
Income not taxable	(303)	(109)	(179)	(82)
Effects of group relief/other reliefs	-	(4)	(87)	(158)
Adjustment in respect of previous years	356	(116)	356	(117)
Tax rate changes	(8)	(48)	(8)	(43)
Movement in short-term timing difference	-	3	-	-
<b>Current tax charge for the year</b>	<b>1,679</b>	823	<b>1,643</b>	712

## (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.

**Notes to the Financial Statements**

Year ended 31 December 2015

**11. Tangible Fixed Assets**

<b>Group</b>	Specialised marine assets £000	Freehold land and property £000	Investment property £000	Plant & equipment £000	Dredging works £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2015	34,937	2,476	16,491	26,266	2,038	82,208
Additions	66	449	1,495	5,797	-	7,807
Disposals	-	-	(235)	(109)	-	(344)
Transfers	317	1,897	(1,992)	(222)	-	-
Impairment	-	(361)	-	-	-	(361)
Revaluation	-	-	(692)	-	-	(692)
At 31 December 2015	35,320	4,461	15,067	31,732	2,038	88,618
<b>Accum. depreciation</b>						
At 1 January 2015	2,119	70	87	8,269	1,755	12,300
Charge for the year	2,191	141	(29)	1,863	102	4,268
Disposals	-	-	(30)	(78)	-	(108)
Transfers	32	(4)	(28)	-	-	-
At 31 December 2015	4,342	207	-	10,054	1,857	16,460
<b>Net book value</b>						
<b>At 31 December 2015</b>	<b>30,978</b>	<b>4,254</b>	<b>15,067</b>	<b>21,678</b>	<b>181</b>	<b>72,158</b>
At 31 December 2014	32,818	2,406	16,404	17,997	283	69,908
<b>Authority</b>						
<b>Authority</b>	Specialised marine assets £000	Freehold land and property £000	Investment property £000	Plant & equipment £000	Dredging works £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2015	34,937	2,476	16,491	20,817	2,038	76,759
Additions	66	449	1,495	5,792	-	7,802
Disposals	-	-	(235)	(109)	-	(344)
Transfers	317	1,897	(1,992)	(222)	-	-
Impairment	-	(361)	-	-	-	(361)
Revaluation	-	-	(692)	-	-	(692)
At 31 December 2015	35,320	4,461	15,067	26,278	2,038	83,164
<b>Accum. depreciation</b>						
At 1 January 2015	2,119	70	87	8,086	1,755	12,117
Charge for the year	2,191	141	(29)	1,645	102	4,050
Disposals	-	-	(30)	(78)	-	(108)
Transfers	32	(4)	(28)	-	-	-
At 31 December 2015	4,342	207	-	9,653	1,857	16,059
<b>Net book value</b>						
<b>At 31 December 2015</b>	<b>30,978</b>	<b>4,254</b>	<b>15,067</b>	<b>16,625</b>	<b>181</b>	<b>67,105</b>
At 31 December 2014	32,818	2,406	16,404	12,731	283	64,642

An assessment of fair value of investment properties was carried out by Cushman & Wakefield at 31 December 2015 which amounted to £15,067,000. The revaluation reserve relating to all previous revaluations is £25,939,000 and will be transferred to 'Other reserves', but will remain an unrealised reserve.

**Notes to the Financial Statements**

Year ended 31 December 2015

**12. Fixed Asset Investments**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Subsidiary undertakings	-	-	5,966	5,966
Associates	-	278	-	684
<b>Total</b>	<b>-</b>	<b>278</b>	<b>5,966</b>	<b>6,650</b>

**Group investments**

Subsidiaries	Nature of business	Class of share held	Proportion of nominal value held
Milford Docks Company	Dock operator	£1 Ordinary	98.2%
Milford Haven Properties Limited	Solar Park	£1 Ordinary	100%
MHPA PFP (General Partner) Limited	Pension Fund Partner	£1 Ordinary	100%
MHPA PFP Limited Partnership	Pension Limited Partner	£1 Ordinary	100%
MHPA RBS Trustee Company Limited	Pension Trustee Company	£1 Ordinary	100%
<b>Associate</b>			
Marimatech AS	Marine services	DKK Ordinary	40.78%

The investment in Marimatech was sold on 30 December 2015.

Milford Docks Company, Milford Haven Properties Limited and MHPA RBS Trustee Company Limited were incorporated in England and Wales, MHPA PFP (General Partner) Limited and MHPA PFP Limited Partnership were incorporated in Scotland.

The Group has an interest in a limited partnership registered in Scotland, MHPA PFP 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.

**Subsidiary undertakings**

	Authority	
	2015 £000	2014 £000
Cost at 1 January	5,966	5,966
Carrying value at 31 December	5,966	5,966

**Associate undertakings**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Carrying value before impairment</b>				
At 1 January	272	114	684	332
Foreign exchange retranslation of opening balance	79	6	-	-
Additions in the year	-	352	-	352
Share of retained profit/(loss) for the year	253	(200)	-	-
Disposals in the year	(604)	-	(684)	-
At 31 December	-	272	-	684
<b>Goodwill</b>				
At 1 January	6	7	-	-
Written off	(1)	(1)	-	-
Disposals in the year	(5)	-	-	-
At 31 December	-	6	-	-
Carrying value	-	278	-	684

**Notes to the Financial Statements**

Year ended 31 December 2015

**13. Stocks**

	Group and Authority	
	2015	2014
	£000	£000
Stock of fuel and parts	72	63

**14. Debtors**

	Group		Authority	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	4,014	3,251	4,014	3,250
Deferred tax asset (note 18)	992	1,853	992	1,853
Other debtors	453	483	453	482
Prepayments and accrued income	783	748	728	696
Grants due	615	-	615	-
Sale of associate	1,359	-	1,359	-
	<b>8,216</b>	6,335	<b>8,161</b>	6,281
Amounts falling due after more than one year:				
Inter-company	-	-	38	19
	-	-	<b>38</b>	19
	<b>8,216</b>	6,335	<b>8,199</b>	6,300

**15. Creditors: Amounts Falling Due Within One Year**

	Group		Authority	
	2015	2014	2015	2014
	£000	£000	£000	£000
Secured bank loan	647	633	647	633
Trade creditors	625	505	601	502
Pension contribution	254	250	-	-
Social security	247	216	247	216
Corporation tax	295	381	295	381
Other creditors	77	26	54	-
Accruals	3,544	1,888	3,520	1,865
Deferred tax liability (note 18)	1,945	1,225	1,800	1,116
Deferred income (note 19)	282	194	282	194
	<b>7,916</b>	5,318	<b>7,446</b>	4,907



**Notes to the Financial Statements**

Year ended 31 December 2015

**16. Creditors: Amounts Falling Due After More Than One Year**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Amounts owed to Group undertakings	-	-	<b>8,875</b>	8,940
3.5% debenture stock	<b>18</b>	25	-	-
Secured bank loan:				
- between one and two years	<b>661</b>	647	<b>661</b>	647
- between two and five years	<b>2,752</b>	3,413	<b>2,752</b>	3,413
Deferred income (note 19)	<b>480</b>	713	<b>480</b>	713
	<b>3,911</b>	4,798	<b>12,768</b>	13,713

**17. Borrowings**

	2015 £000	2014 £000
Debenture loans	<b>18</b>	25
Bank loans	<b>4,060</b>	4,693
	<b>4,078</b>	4,718
Due within one year	<b>647</b>	633
Due after more than one year	<b>3,431</b>	4,085
	<b>4,078</b>	4,718
Analysis of loan repayments:		
Bank loans and overdrafts:		
- within one year or on demand	<b>647</b>	633
- between one and two years	<b>661</b>	647
- between two and five years	<b>2,752</b>	3,413
	<b>4,060</b>	4,693

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 2015 to borrow sums not exceeding £50 million. The Clydesdale bank loan of £760,000 as at 31 December 2015 is repayable by 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%. In January 2014, a loan of £4 million was drawn down from Barclays. £3,300,000 is outstanding at 31 December 2015 after repayments made quarterly at £100,000 principal plus interest variable in line with LIBOR rates. In the year, the Authority also set up a £10 million revolving credit facility with Barclays.

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 2015 under these provisions was made up as follows:

	2015 £000	2014 £000
- Ordinary shares - paid up amount	<b>1,462</b>	1,462
- 3.5% debenture stock - due after five years	<b>18</b>	25
	<b>1,480</b>	1,487

**Notes to the Financial Statements**

Year ended 31 December 2015

**18. Deferred Taxation**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Deferred tax asset at 1 January	(628)	(1,292)	(737)	(1,292)
Charge to profit and loss account	1,079	358	1,043	249
Charge to statement of comprehensive income	502	306	502	306
Deferred tax liability/(asset) at 31 December	953	(628)	808	(737)
Accelerated capital allowances	1,945	1,225	1,800	1,116
Short-term timing differences	(412)	(823)	(412)	(823)
Pension deficit	(580)	(1,030)	(580)	(1,030)
Deferred tax asset/(liability)	953	(628)	808	(737)
- of which due to be recoverable in one year	(992)	(1,853)	(992)	(1,853)
- of which due to be payable in one year	1,945	1,225	1,800	1,116

**19. Accruals And Deferred Income**

	Group & Authority	
	2015 £000	2014 £000
<b>Deferred capital grants</b>		
At 1 January	907	4,582
Adjustment in relation to FRS102 (note 26)	-	(4,152)
Restated at 1 January	907	430
Additions	1,119	873
Released to profit and loss account	(1,264)	(396)
At 31 December	762	907
- of which due to be released in one year	282	194
- of which due to be released after one year	480	713

In 2015, the Authority has benefited from Government grant funding from Welsh Government through the European Fisheries Fund (EFF) of £1,070,000.

**20. Employee Benefits**

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

- 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 (2014: £nil). There were no outstanding contributions payable to the fund at the end of the year (2014: £nil). Employees of the Authority are able to make additional voluntary contributions into this scheme.
- 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 2014. 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 £12,000 (2014: £29,000). There were no outstanding contributions payable to the fund at the end of the year (2014: £nil).

The most recent actuarial valuation showed that the scheme's assets amounted to 104% of the value of the liabilities of the scheme as they fall due. The Authority expects to contribute £nil to this scheme during the year to 31 December 2016, since it has no active members going forward.

## Notes to the Financial Statements

Year ended 31 December 2015

(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 pension contribution for the year was £980,000 (2014: £1,257,000). There were no outstanding contributions payable to the fund at the end of the year (2014: £nil).

The most recent valuation was as at 1 January 2015 and showed that the value of the scheme's assets amounted to 109% of the value of the liabilities of the scheme. The Authority expects to contribute £938,000 to this scheme during the year to 31 December 2016.

(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 £92,000 (2014: £91,000). The Authority, in common with other competent harbour authorities, is making recovery plan payments to the PNPF. The Authority share of the deficit is calculated and recognised in line with defined benefit scheme accounting under FRS 102 and payments are made as they are invoiced by the Trustee. In the year, the employer paid deficit contributions of £479,000 (2014: £383,000) and will continue to pay for the remaining 13 years of the 16 year deficit plan.

### FRS102 Employee Benefits

The main assumptions used to calculate scheme liabilities under FRS 102 are:

	MHPARBS	2015 MDCSBS	PNPF	MHPARBS	2014 MDCSBS	PNPF
Inflation rate	3.1%	2.9%	3.0%	3.0%	3.0%	3.0%
Discount rate for scheme liabilities	3.8%	3.8%	3.5%	3.5%	3.5%	3.4%
Rate of increase in salaries	n/a	n/a	3.5%	n/a	n/a	3.5%
Rate of increase for deferred pensions and pensions in payment	2.1%	1.9%	2.0%	2.0%	2.0%	2.0%
CARE revaluation	3.0%	n/a	n/a	2.9%	n/a	n/a

The mortality assumptions used were as follows:

	MHPARBS Years	2015 MDCSBS Years	PNPF Years	MHPARBS Years	2014 MDCSBS Years	PNPF Years
Longevity in years at age 65 for current pensioners:						
- Men	22.4	17.3	22.1	22.4	17.3	22.3
- Women	24.4	21.7	24.1	24.3	21.7	24.3
Longevity in years at age 65 for future pensioners:						
- Men	24.1	17.9	23.8	24.1	17.9	24.0
- Women	26.3	22.4	26.0	26.2	22.4	26.2

### 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 MHPA PFP 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 FRS 102, 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 current value of the 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 current value of the investment.

In the Authority, there is a deferred tax asset created as part of the Pension funding partnership of £412,000 (2014: £823,000) as a result of the pension spreading rules.

**Notes to the Financial Statements**

Year ended 31 December 2015

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

**Group**

	At 31 December 2015			At 31 December 2014		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
Service costs						
- operating expenses	1,441	-	163	1,582	12	165
Past service cost	-	-	-	-	-	(86)
Admin costs	-	-	48	-	-	77
	1,441	-	211	1,582	12	156
Other finance charges/(income)						
- net interest cost	256	(3)	220	330	(3)	309
Total	1,697	(3)	431	1,912	9	465
Recognised in other comprehensive income	2,641	47	308	239	24	708

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

**Authority**

Current service costs						
- operating expenses	1,441	-	163	1,582	12	165
Past service cost	-	-	-	-	-	(86)
Admin costs	-	-	48	-	-	77
	1,441	-	211	1,582	12	156
Other finance charges/(income)						
- net interest cost	(44)	(3)	220	(43)	(3)	309
Total	1,397	(3)	431	1,539	9	465
Recognised in other comprehensive income	2,155	47	308	666	24	708

**Notes to the Financial Statements**

Year ended 31 December 2015

The analysis of the assets in the scheme were:

**Group**

	At 31 December 2015			At 31 December 2014		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
Equities	24,555	161	4,992	22,974	187	4,920
Bonds	5,439	646	5,157	5,531	748	5,530
Cash	1,060	-	186	1,057	-	268
Annuity contracts	127	3,138	-	327	3,130	-
Property	5,710	-	-	5,072	-	-
Total market value of assets	<b>36,891</b>	<b>3,945</b>	<b>10,335</b>	34,961	4,065	10,718
Present value of scheme liabilities	<b>(41,802)</b>	<b>(3,787)</b>	<b>(16,629)</b>	(42,304)	(3,969)	(17,460)
(Deficit)/surplus in the scheme	<b>(4,911)</b>	<b>158</b>	<b>(6,294)</b>	(7,343)	96	(6,742)
Pension (liability)/asset	<b>(4,911)</b>	<b>158</b>	<b>(6,294)</b>	(7,343)	96	(6,742)
Related deferred tax	<b>(647)</b>	<b>(32)</b>	<b>1,259</b>	(299)	(19)	1,348
Net pension (liability)/asset	<b>(5,558)</b>	<b>126</b>	<b>(5,035)</b>	(7,642)	77	(5,394)
<b>Authority</b>						
Equities	24,555	161	4,992	22,974	187	4,920
Bonds	5,439	646	5,157	5,531	748	5,530
Cash	1,060	-	186	1,057	-	268
Annuity contracts	127	3,138	-	327	3,130	-
Property	5,710	-	-	5,072	-	-
Investment in SLP	8,146	-	-	8,840	-	-
Total market value of assets	<b>45,037</b>	<b>3,945</b>	<b>10,335</b>	43,801	4,065	10,718
Present value of scheme liabilities	<b>(41,802)</b>	<b>(3,787)</b>	<b>(16,629)</b>	(42,304)	(3,969)	(17,460)
Surplus/(deficit) in the scheme	<b>3,235</b>	<b>158</b>	<b>(6,294)</b>	1,497	96	(6,742)
Pension asset/(liability)	<b>3,235</b>	<b>158</b>	<b>(6,294)</b>	1,497	96	(6,742)
Related deferred tax	<b>(647)</b>	<b>(32)</b>	<b>1,259</b>	(299)	(19)	1,348
Net pension asset/(liability)	<b>2,588</b>	<b>126</b>	<b>(5,035)</b>	1,198	77	(5,394)

**Notes to the Financial Statements**

Year ended 31 December 2015

Movements in the fair value of scheme assets were:

**Group**

	At 31 December 2015			At 31 December 2014		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
At 1 January	<b>34,961</b>	<b>4,065</b>	<b>10,718</b>	30,855	3,601	9,257
Interest income	<b>1,223</b>	<b>139</b>	<b>356</b>	1,402	157	388
Actuarial gains/(losses)	<b>749</b>	<b>(77)</b>	<b>(265)</b>	2,056	546	1,602
Benefits paid	<b>(1,801)</b>	<b>(194)</b>	<b>(1,058)</b>	(1,393)	(268)	(983)
Members' contribution	<b>271</b>	-	<b>61</b>	284	-	61
Expenses paid	-	-	<b>(48)</b>	-	-	(77)
Contributions paid by employer	<b>1,488</b>	<b>12</b>	<b>571</b>	1,757	29	470
<b>At 31 December</b>	<b>36,891</b>	<b>3,945</b>	<b>10,335</b>	34,961	4,065	10,718
Actual returns on scheme assets in the year	<b>1,972</b>	n/a	<b>91</b>	3,458	n/a	1,990
<b>Authority</b>						
At 1 January	<b>43,801</b>	<b>4,065</b>	<b>10,718</b>	39,395	3,601	9,257
Interest income	<b>1,523</b>	<b>139</b>	<b>356</b>	1,775	157	388
Actuarial gains/(losses)	<b>263</b>	<b>(77)</b>	<b>(265)</b>	2,483	546	1,602
Benefits paid	<b>(1,801)</b>	<b>(194)</b>	<b>(1,058)</b>	(1,393)	(268)	(983)
Members' contribution	<b>271</b>	-	<b>61</b>	284	-	61
Expenses paid	-	-	<b>(48)</b>	-	-	(77)
Contributions paid by employer	<b>980</b>	<b>12</b>	<b>571</b>	1,257	29	470
<b>At 31 December</b>	<b>45,037</b>	<b>3,945</b>	<b>10,335</b>	43,801	4,065	10,718
Actual returns on scheme assets in the year/return on plan assets	<b>1,786</b>	n/a	<b>91</b>	4,258	n/a	1,990

**Notes to the Financial Statements**

Year ended 31 December 2015

Reconciliation of present value of scheme liabilities:

**Group and Authority**

	At 31 December 2015			At 31 December 2014		
	MHPARBS £'000	MDCSBS £'000	PNPF £'000	MHPARBS £'000	MDCSBS £'000	PNPF £'000
At 1 January	42,304	3,969	17,460	38,282	3,549	16,712
Service cost	1,441	-	163	1,582	12	165
Past service cost	-	-	-	-	-	(86)
Members' contribution	271	-	61	284	-	61
Interest cost	1,479	136	576	1,733	154	697
Benefits paid	(1,801)	(194)	(1,058)	(1,393)	(268)	(983)
Actuarial loss	(1,892)	(124)	(573)	1,816	522	894
At 31 December	41,802	3,787	16,629	42,304	3,969	17,460

**Actuarial gains and losses**

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £4,962,000 (2014: £7,958,000). The Authority equivalent is £4,951,000 (2014: £7,461,000). Only 2014 onwards is calculated under FRS 102 and so cannot be compared to earlier years.

Amounts for current and previous four years for MHPARBS, MDCSBS and PNPF (2013 onwards only):

**Group**

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligations	<b>(62,218)</b>	(63,733)	(56,252)	(34,620)	(32,051)
Plan assets	<b>51,171</b>	49,744	41,422	28,514	25,997
Net liability recognised in balance sheet	<b>(11,047)</b>	(13,989)	(14,830)	(6,106)	(6,054)
Total actuarial gains and losses recognised in the statement of comprehensive income	<b>2,996</b>	997	(1,692)	(78)	(2,508)

Amounts for current and previous four years for MHPARBS, MDCSBS and PNPF (2013 onwards only):

**Authority**

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligations	<b>(62,218)</b>	(63,733)	(56,252)	(34,620)	(32,051)
Plan assets	<b>59,317</b>	58,584	49,962	28,514	25,997
Net liability recognised in balance sheet	<b>(2,901)</b>	(5,149)	(6,290)	(6,106)	(6,054)
Total actuarial gains and losses recognised in the statement of comprehensive income	<b>2,510</b>	1,424	(1,622)	(78)	(2,508)

**Notes to the Financial Statements**

Year ended 31 December 2015

**21. 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. On 30 December 2015, the authority sold its share in Marimatech AS for initial consideration of £1,359,000. Marimatech AS invoiced the Authority £24,691 for services provided, of which £nil was outstanding at the year-end. There were no sales to Marimatech AS in the year.

**22. Reconciliation Of Operating Profit To Cash Generated By Operations**

	<b>2015</b>	2014
	<b>£000</b>	£000
Operating profit	<b>4,565</b>	3,338
Impairment of fixed assets	<b>361</b>	-
Loss/(Gain) on sale of fixed assets	<b>210</b>	(40)
Depreciation charges (net of grants released)	<b>3,004</b>	3,103
Operating cash flow before movement in working capital	<b>8,140</b>	6,401
Increase in stocks	<b>(9)</b>	(16)
Increase in debtors	<b>(769)</b>	(507)
Increase/(Decrease) in creditors	<b>1,857</b>	(633)
Difference between pension charge and cash contributions (note 20)	<b>(419)</b>	(506)
Tax paid	<b>(685)</b>	(235)
Cash generated by operations	<b>8,115</b>	4,504

**23. Capital Commitments**

	<b>2015</b>	2014
	<b>£000</b>	£000
Contracted for but not provided in the financial statements	<b>856</b>	2,420

**24. Operating Lease Commitments**

At 31 December 2015 and 31 December 2014 there were no operating lease commitments.

**25. Minority Interest**

<b>Group</b>	<b>£000</b>
At 1 January	<b>26</b>
Minority interest in year (1.8% of loss of £726)	-
At 31 December	<b>26</b>



## Notes to the Financial Statements

Year ended 31 December 2015

### 26. Explanation of Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard:

#### Government grants

The accounting policy choice has been adopted under the performance model. This was not a choice under previous UK GAAP and the opening figures and adjustments gone through the 2014 books have been amended to compare 2014 and 2015 under the new accounting policy. This has resulted in an increase to reserves at the transition date of £4,152,000 for grants which have satisfied the performance criteria.

#### Property, plant and equipment

Under previous UK GAAP, Tangible fixed assets were valued at cost, market and depreciated replacement cost (DRC) with changes in valuations taken to the revaluation reserve. There are no proposed changes to accounting for items previously valued at cost. Investment properties were previously valued at market. FRS 102 does not require revaluations to be made every 3 or 5 years, instead, the revalued carrying amount must not differ materially from fair value. For land and buildings, FRS 102 usually determines fair value based on market evidence by appraisals undertaken by professional valuers. However, all changes in fair value of investment property will pass through the profit and loss account under FRS 102 creating additional volatility. If no market-based evidence is available due to the specialist nature of the asset then the DRC method is acceptable. This approach is currently used for all marine infrastructure and associated assets. On transition to FRS 102, Milford Haven Port Authority has elected to use fair value or latest revaluation before the transition date as deemed cost for specialised marine assets previously subject to the DRC method and use this deemed cost going forward without further valuations. The existing revaluation reserve for these assets has become 'Other reserves', still an unrealised reserve. There is no adjustment to the 2014 figures as the figures from the latest valuation carried out in 2013 have been used and depreciation charged in 2014, accurately reflecting the net realisable value of the assets.

#### Employee benefits

On transition to FRS 102 with regard to employee benefits, the total pension expense is significantly increased to reflect the use of the discount rate based on high quality bonds to value both assets and liabilities rather than a traditional expected return on scheme assets assumption as allowed under FRS 17. The additional charge is shown in the profit and loss account, with the corresponding adjustment in the Statement of Comprehensive Income (formerly the Statement of Total Recognised gains and Losses). The pension liability is no longer presented net of deferred tax under FRS 102 which was allowed under FRS 17. Under FRS 102, the surplus on MDC Staff pension scheme has been restated to remove restrictions on surplus as a resolution has been passed to allow the employer to receive any surplus back and so the full surplus has been shown in note 20, at £96,000 this has also resulted in an additional amount of deferred tax charge to the statement of comprehensive income of £19,000.

#### Deferred tax

On transition to FRS 102, deferred tax of £175,000 previously charged to the profit and loss account has been transferred to the statement of comprehensive income. Also, in the group figures, there is an increase in deferred tax charge to the profit and loss account of £74,000 relating to the group pension funding partnership adjustments. The recognition of the MDC pension surplus as described in the employee benefits as noted above has increased the deferred tax charge to the statement of changes in equity of £19,000.

#### Key Management Personnel

The total remuneration for key management personnel for the period totalled £1,307,000. Under UK GAAP at 31 December 2014, an amount of £685,000 was based on the executive and non-executive board members rather than the key management personnel as required under FRS 102.

**Notes to the Financial Statements**

Year ended 31 December 2015

	Group 2014 £000	Authority 2014 £000
<b>Reconciliation of equity</b>		
Equity reported under previous UK GAAP	60,941	61,921
Government grants (note 19)	4,152	4,152
Employee benefits (note 20)	96	96
Deferred tax on pension (note 20)	(19)	(19)
Deferred tax adjustment in relation to PFP	(74)	-
Equity reported under FRS 102	65,096	66,150
<b>Reconciliation of profit</b>		
Profit for the financial year under previous UK GAAP	2,274	2,575
Employee benefits (note 20)	(769)	(764)
Deferred tax transferred to SOCI	175	175
Deferred tax adjustment in relation to PFP	(74)	-
Profit for the financial year under FRS 102	1,606	1,986
<b>Reconciliation of profit and loss account reserve</b>		
Reserves for the financial year under previous UK GAAP	34,976	35,982
Government grants (note 19)	4,152	4,152
Employee benefits (note 20)	96	96
Deferred tax on pension (note 20)	(19)	(19)
Deferred tax adjustment in relation to PFP	(74)	-
Reserves for the financial year under FRS 102	39,131	40,211



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