



Port of Milford Haven

Delivering today, building for tomorrow

2021 Annual Report and Financial Statements



Immersed in
our community



Invested in
our future



Anchored to
Pembrokeshire

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Officers and Professional Advisers

Officers	
Chair	C Martin
Vice Chair	A Edwards (resigned 29 January 2021)
Directors	T Bownes (resigned 21 May 2021)
	E Cassin
	J Chitty
	A Jessopp (resigned 29 January 2021)
	A M Jones
	J Nyhan
	S Phillips
	D Bowen Rees
	I Shipperley
	R Squires (resigned 29 January 2021)
	D Williams
Chief Executive	A M Jones
Harbourmaster	M Ryan
Registered Office	Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP
Professional Advisers	
Banker	HSBC Bank plc, 56 Queen Street, Cardiff, United Kingdom
Solicitors	Hill Dickinson LLP, St. Paul's Square, Liverpool, United Kingdom
Auditor	Deloitte LLP, Cardiff, United Kingdom



Contents

Officers and Professional Advisers	2
Annual Report	
Strategic Report	3
Corporate Governance	29
Report of the Board	33
Directors' Responsibilities Statement	37
Independent Auditor's Report to the Members	38
Financial Statements	
Profit and Loss Account	42
Statement of Comprehensive Income	42
Balance Sheet	43
Statement of Changes in Equity	44
Consolidated Cash Flow Statement	44
Notes to the Financial Statements	45

Welcome from our Chair, Chris Martin



2021 has seen our business - through our amazing people - overcome some profound challenges. A good measure of any business is its ability to adapt, not just to survive, but to thrive. I am sure this report will evidence that our team has shown a resilience and fortitude not only to deliver on the strategic "knowns", but also to absorb and adapt to the shocks of the "unknowns". Their hard work this year has generated huge enthusiasm and interest for what is to come. They should all be proud of what has been achieved.

Nothing ever stays still in the port industry. Delivering on core duties is paramount. But constantly striving for excellence, being nimble and responsive to changing times and alive to new opportunities is what makes a business such as ours successful, sustainable and fit for future generations.

The coronavirus global pandemic ("Covid-19") continued to loom over all aspects of our business and our lives. I will leave it to Andy Jones, our Chief Executive, to talk more about that. However, whilst 2020 saw us all arm ourselves for the fight against the virus, this year, I think, was more about accepting its continued presence and returning our focus to the effective management and future of our business, albeit with a new variable in the mix.

I am pleased to report that the Port returned to profitability in the year, although turnover was slightly lower than 2020 levels as Covid-19 continued to

negatively impact the demand and volume in certain areas of the Port's operations. The Port remains a vital link in the flow of energy to the UK and our operational teams continued to ensure our service, moving ships safely and efficiently on the Waterway, was resilient and effective.

2021 saw the United Kingdom host COP26, pushing the debate about the route to Net Zero to the top of the news. While governments may find it difficult to agree a bold strategy, it's increasingly clear that citizen action - and I include businesses such as ours as part of that - has the capacity to make great things happen. In 2021, we continued to exercise that influence, both in the way we run our business and, perhaps more importantly, in the way we try to stimulate a low carbon economy to take hold on the Waterway.

Global energy businesses see the Waterway as a focal point for decarbonisation technologies and we are very pleased to play our part in promoting and supporting their ambitions. In May 2021, RWE launched the Pembroke Net Zero Centre to maximise the potential of hydrogen, floating offshore wind (FLOW) and carbon capture to help decarbonise industry in Wales. This is a major endorsement for Pembrokeshire. It's vital we continue to work with businesses to explore transition technologies, as they can help keep affordable energy flowing into peoples' homes - important in these times of volatile gas and electricity prices. Our involvement with energy transition took a practical turn last year when we launched several initiatives to showcase how a low carbon future will look. A hydrogen car refuelling station was installed at Milford Waterfront and the heating system of one of our buildings was converted to run on a smart hydrogen hybrid system. Many of our automotive fleet vehicles have been replaced with electric vehicles (EVs). These initiatives form part of our commitment

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to achieve Net Zero operations before the UK Government's target of 2050. While we continue to explore low carbon alternatives to our highest emitting operations, we achieve annual carbon neutral status through our renewable energy investments and through commercial carbon offsetting. As reported last year, "Sustainability" (the kind that ensures the health of our planet as well as our business) is now one of our four core values, enshrining in our daily work a discipline to test every decision we take on its impact on future generations.

Work got underway at Pembroke Port, where the Swansea Bay City Deal-backed Pembroke Dock Marine project will support and promote the development of marine renewable energy technologies. The first phase sees the renovation of the Grade II listed Sunderland Hangar annexes which will provide offices and workshop spaces for this dynamic young industry. I am particularly proud that the modernisation of this historic port is being carried out with due regard to its proud past.

There was also much progress made by floating offshore wind energy firms such as Blue Gem Wind in their bid to launch their first arrays off the Pembrokeshire coast within 5 years. I have been amazed by the rapid emergence of FLOW as a front-running technology; it could be fantastic news for the local economy. We need to bear in mind that to host even part of the assembly work will require substantial investment in the Waterway and collaboration remains paramount here.



The Port remains a vital link in the flow of energy to the UK and our operational teams continued to ensure our service, moving ships safely and efficiently on the Waterway, was resilient and effective.



We continue to work with Pembrokeshire County Council and the Welsh and UK Governments to make the most of the opportunities FLOW presents for Pembrokeshire.

I have been delighted to see the rapid transformation that's taking place at Milford Waterfront. It's become a jewel in the crown for the Waterway as a direct result of our diversification strategy. And the collaboration between our destination team and brilliant local businesses has really added to the magic.

There's a lovely Welsh tradition of the *tŷ unnos*, the house that, if built in one night and with a smoking chimney by morning, won the builder the rights to the land on which it sat. Milford Waterfront can now claim a modern interpretation of the tradition, with an exciting twist. The Tŷ Hotel, a brand new 100 bed hotel which will be run by The Celtic Collection, the expert team behind the Celtic Manor Resort, has emerged from nothing in just one year. To successfully complete a complex project such as this, mid-pandemic and with some significant materials inflation, is a credit to the project team. It is so exciting to see a landmark building spring from nothing, and this really is an important milestone for Milford Waterfront, long in the planning, quick in the delivery. We have been committed to achieving BREEAM certification, which means building to standards that provides for more sustainable environments. Such places enhance the well-being of the people who live and work in them, help protect natural resources and make for more attractive property investments. The Tŷ Hotel will be a true landmark at Milford Waterfront and further enhance its reputation as a desirable place on the map for visitors and tourists from more distant shores.

On the southside of the water, our ferry operations reported a second challenging year. Covid-19 and the emergence of some of the more intractable issues following Brexit put significant pressure on our team and impacted traffic volumes. Progress has been made to resolve some of the issues, and complex discussions with HMRC have ensured Pembroke Port remains a land bridge option of choice for Irish and European hauliers. Furthermore, we were delighted to secure the renewal of our contract with Irish Ferries. I would like to thank our team for delivering solutions that ensures Pembroke Dock to Rosslare remains South Wales' busiest European sea-link.

There was one notable change on the Board as we said farewell to one of our Executive Directors, Tim Bownes. I am grateful to Tim for his hard work and support, both in his most recent role as Programme Director and previously as Engineering Director. Tim made a significant contribution to the business, not least overseeing the considerable technical challenges set by modernising our docks.

Finally, I would like to mark the tenure of our Chief Executive, Andy Jones, as this is his last report. I doubt there is any section of our very diverse community of stakeholders, from our own staff and the businesses working up and down the Waterway, to our political colleagues in Cardiff and London, and families whose daily lives intersect with the Port's work, who won't recognise his huge contribution to the Port and to the people it serves. Andy has brought a calm professionalism to some very difficult and complex challenges in his time as CEO and through his leadership has promoted a culture of mutual respect and pride within our workforce. He deserves all our thanks as he leaves the Port in a stronger place than it was when he took over and I wish him the very best for the future.

Thank you all very much, diolch yn fawr iawn i chi gyd.

Chris Martin, Chair



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Chief Executive's Q&A

How would you summarise the Port's performance in 2021?

The first thing to say about 2021 is that we ended it feeling very optimistic about the future. I don't mean that in Churchill's "The darkest hour is before dawn" kind of way. I mean that, despite the ongoing disruption and challenges of 2021, the Port passed several important milestones that put us in reach of a very exciting 2022 and beyond. So many of the big moments in 2021, such as securing the planning consent and starting work on the Pembroke Dock Marine* project, the new hotel build at Milford Waterfront and the signing of a new contract with Irish Ferries, came off the back of a huge amount of behind the scenes work by our staff. Foundation work rarely wins awards, but it's a critical part of eventual success and the work completed in 2021 has put us in a strong position for the future.

In delivering on our promises, whether by providing a resilient and safe pilotage service or completing projects on time and on budget, we strengthen our partner relationships. Such reliability will be key as we seek to create more opportunities for the region, and especially important as we evolve to embrace new opportunities in marine renewables and green technologies such as hydrogen.

In financial terms, our turnover levels remained depressed due to the impact of the pandemic on certain areas of the business, and sales were slightly lower than 2020 at £24.8m for the year (2020 £25.2m). Despite the reduced turnover levels I am really pleased the Port delivered an operating profit of £1.3m for the year (2020 £0.7m operating loss) that was above our internal expectations.

What were the key moments of 2021?

In 2020, we updated our strategy focused on the four themes that defined what we do as a port. 2021 showed us that this strategy is robust and will stand the test of time.



Andy Jones,
Chief Executive

I wrote last year that, looking ahead, I wanted all of us to be clear about *why* we do what we do. For me, the highlight of 2021 has been seeing that sense of purpose really shine through. I can look at every action we have taken this year and see the extra mile the team has gone, driven by that sense of purpose, that "Why?". Just as one example, we brought together a group of private and public sector interests to collectively champion Pembrokeshire's future energy potential. The Milford Haven Waterway is a key energy hub with an unparalleled supply chain; it has the right conditions to capture the increasing opportunity from Celtic Sea developments and emerging opportunities with hydrogen. No single agency, not us or anyone else, can make that case alone. But a collective Pembrokeshire voice - representing key stakeholders including existing energy operators, developers, local government and research leaders - can. We are keen to drive that collaboration because clean energy has a critical role to play not only in tackling climate change, but in securing employment prospects for our future generations too. That's part of the "Why".

What are the priorities for 2022?

2022 is going to be a very exciting year, as I have already said. We are a port, first and foremost, and maintaining our reputation for a safe and reliable service is critical. We are therefore continuing to invest in operational resilience, upgrading critical assets such as pilot boats, our own launch jetty and navigation aids so that we can continue to safely and reliably connect our customers to the facilities and services they need, where and when they need them for many years to come.

We really hope this year will be a return to normal for our Hospitality and Tourism team. With the staycation market still looking terrific, 2022 will really give us the opportunity to celebrate what's happening at Milford Waterfront, give people a chance to see what's changed

over the last two years (a lot), and to spread the message far and wide that Milford Waterfront has really come of age as a top regional destination. The launch of the Tŷ Hotel will be a key moment and we'll be providing close support for our partners at The Celtic Collection during this inaugural year.

Work to deliver the infrastructure changes at Pembroke Port will continue. We are creating workspaces for businesses who are keen to be right in the middle of a dynamic, 21st century port and a buzzing centre for marine renewables development. Seeing those businesses move in, working with them, seeing them spark off each other will be an exciting next stage of the project.

The FLOW industrial opportunity off our coastline is significant and we want to ensure the region benefits. The Port of Milford Haven is up for the challenge but holds only some of the cards. The relationships forged through Pembroke Dock Marine, especially those with UK Government, Welsh Government and Pembrokeshire County Council, will be important in the coming year as we plan how we capitalise on this doorstep revolution.

Taking in the bigger picture, the country is coming back from the pandemic to a very different economic ecosystem. We know sustainable growth, that helps us deliver on Net Zero targets and that *also* brings everyone with it, is of paramount importance. With many social structures weakened by a punishing two years of public spending, we want to ensure we help support and strengthen our communities. As a Trust Port, we can best do that by continuing to look for investment opportunities which strengthen all businesses across the Haven so that the next generation can look forward to a prosperous future.

What are the Port's longer term growth plans?

Much of Milford Waterfront's success has been driven by our investment and strategic drive combined with the energy and belief of local businesses. With the arrival of The Celtic Collection, an internationally respected hospitality business, it's clear that excitement for our vision for Milford Waterfront is expanding. That tells us a lot about the prospects here. I expect our relationship to develop further and know it will be a catalyst for others to follow. Sustainable destination tourism has huge potential to support the local economy and it forms a key part of our longer-term plans.

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As I have mentioned, the FLOW opportunity represents perhaps the single most exciting prospect for the Waterway economy in more than 60 years, and one we will be working hard to capture for Pembrokeshire. FLOW is considered a UK Government champion technology in the race to Net Zero so the benefits are likely to be long term, creating opportunities for established and new businesses. Sites off Pembrokeshire could make a huge contribution to the estimated 2.8GW of capacity needed if offshore wind is to help meet Wales' target of 70% renewables-based energy by 2030. Further investment would help the UK Government achieve its 50GW target by 2050. But how much of the economic benefit, from manufacture to assembly and deployment, will Pembrokeshire win? That is up to all of those with a stake in the Waterway economy to decide, to some extent. You will hear us talking a lot about FLOW in the future.

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Hydrogen holds long term promise as a source of energy that can reduce our carbon emissions. We have joined forces with the big energy and industrial players in the South Wales Industrial Cluster (SWIC), a body that is mapping out how we can reach Net Zero 2050 targets and, at the same time, reverse the decline of heavy industry and create economic prosperity for Wales. Hydrogen produced from offshore electricity or even from natural gas in conjunction with carbon capture, storage and shipping, represents a promising opportunity for the Port and the regional economy. We need to help make that a reality, as well as looking at how our business can benefit directly.

I leave the organisation a very different place to the one I joined. It has a much clearer sense of purpose and a clear plan for where it is headed. The Port is now on the cusp of some very exciting opportunities and is well placed financially, and in its relationships with other key players, to act.

I believe how we go about things has changed, both inside and outside our organisation. We really do live by our values, and I am pleased sustainability is now part of those values.

My final year has not been without sadness. We were all shocked and saddened to learn of the death of Andrew Kerrison, a popular and long-standing member of the team. Our people have always been at the heart of our business and so when someone passes away, whether long-standing or a new team member or even colleagues that have long left the Port, we feel the loss and remember the contribution they made both here at the Port and within their communities.

Thank you to the Board, my colleagues across the business and to all the varied communities we serve. I will always cherish the friendships made during my time here. I am particularly proud to have been part of the Port's story and to have worked with so many talented people as we've worked to reinvigorate the Port's purpose. I wish everyone well for the future.

Andy Jones, Chief Executive

Despite the ongoing disruption and challenges of 2021, the Port passed several important milestones that put us in reach of a very exciting 2022 and beyond.



* Pembroke Dock Marine is a partnership project between the Port of Milford Haven, Offshore Renewable Energy Catapult, Marine Energy Wales and Celtic Sea Power. It will create a world class centre of marine energy and excellence centred around the Milford Haven Waterway. It is funded by UK Government, the Welsh Government, and the public and private sectors. It is also part funded by the European Regional Development Fund through the Welsh Government.

Our Purpose, Strategy and Values

Our Purpose

To Build the Haven's Prosperity

At the Port of Milford Haven, we're fuelled by our vision to play a key role in building the Haven's prosperity. As a Trust Port, firmly rooted to Pembrokeshire, we are in a unique position to be able to do this. Prosperity is not just about a healthy economy, it is also about creating a place where the community has access to rewarding careers, that is culturally rich, where we make a positive contribution to our natural environment and where our communities are stronger. By keeping our eyes fixed on this exciting vision and our minds focused on our strategy and plan, we'll continue to evolve, deliver value for everyone who depends on us and contribute to a bright, buoyant, and prosperous future for the people and businesses of Pembrokeshire.

Our Strategy

To achieve our purpose, our strategic direction will be to invest in and support the stability of our core operations while encouraging the growth of new opportunities. Our four core areas of focus are:

- The Port Authority
- Port Services
- Hospitality and Tourism
- Investment Portfolio

Our Values

A final but equally important area of focus will be to ensure we have the right organisational capability and capacity to deliver on our strategy and drive our core values of Safety, Collaboration, Excellence, and Sustainability.

Safety

Safety will always come first in everything we do. Each year we make it a priority to invest in improvements that ensure a safe working environment for our staff, for Waterway users and for visitors to our properties.

Collaboration

Working together is key to our collective success. We work with a large number of partners to deliver not only our goals as a business, but also our wider ambitions as a Trust Port working for the benefit of future generations in Pembrokeshire.

Excellence

We will always strive to surpass expectations. Our commitment to our customers is not simply to deliver services, but to add greater value to *their* business by constantly improving our own.

Sustainability

Our business must meet the needs of today without compromising opportunities for future generations.



Our Business

Trading Results



Trading results for the Group and key performance indicators for 2021 compared to prior year are summarised below:

	2021	2020
	£'m	£'m
Turnover	24.8	25.2
EBITDA	5.3	2.1
Operating Profit/(Loss)	1.3	(0.7)
Cashflow from operating activities	6.1	7.1
Cargo Volume (tonnes)	30.3m*	33.5m
Dues paying ships (gross tonnage)	50.6m	57.7m
Dues paying ship movements (number)	1,688	1,831

*Provisional number for 2021 as supplied by the Department for Transport to the British Ports Association.

The impact of Covid-19 on the UK economy continued to be felt in some areas of the Port including shipping movements, though a stronger performance was seen towards the end of the year. Turnover has therefore dropped marginally from £25.2m in 2020 to £24.8m in 2021, but profit levels have improved to £1.3m operating profit, from an operating loss in 2020 of £0.7m with control of spend and focus on some core projects. Cash flow generated from operations remained at good levels,

£6.1m in 2021 and £7.1m in 2020, showing our resilience through the pandemic. Overall, gross tonnages were down in 2021, at 50.6m gross tons from 57.7m gross tons in 2020, and the total number of dues-paying ships using the Port during 2021 also fell to 1,688 from 1,831 in 2020. The provisional figure for 2021 cargo volume is 30.3m tonnes (based on data supplied by the Department for Transport to the British Ports Association), this is down nearly 10% on the 33.5m tonnes seen in 2020.

Business Model

Milford Haven Port Authority (the Port) is the statutory harbour authority for the Port of Milford Haven. The Port, along with its subsidiaries, represents the Group. 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 operates port services at sites in Milford Haven and Pembroke Dock, has a diverse investment portfolio and a strengthening interest in the Hospitality & Tourism sector. As a Trust Port, the Port does not have shareholders. All profit is retained and is available for re-investment into the business in support of its strategy.

The Port, as a commercial entity in active competition with all other ports, is financed through retained profits and conventional bank lending. At the Group level, we finished the year with £15.1m of cash. We have access to a flexible credit facility which gives access to additional funding if required, hence we are well placed to continue re-investment into our trading base, react to opportunities that present themselves and maintain business-critical assets as the need arises.



Environment, Society and Governance

As a Trust Port, we have always considered Environment, Society and Governance as fundamental building blocks for the way we do business, and furthermore we have always focused on purpose as well as profit and in particular “Why” we do what we do, not “How” we do what we do. In recent years there has been a drive towards listed companies reporting on “ESG” (Environment, Society and Governance), which is seen as a business’s collective conscientiousness for social and environmental factors.

Details of our impact on the Environment in terms of both our carbon footprint and our duties as custodians of the Milford Haven Waterway can be found in the “Our Environment” section of the report on page 20. Further information on our contribution to Society is provided in the “Our Stakeholders” section of the report on page 18. A strong sense of governance has been at the heart of the Port since its establishment under an Act of Parliament, which still governs how we operate. As a port we adopt a best practice code of governance using the Department for Transport’s guidance document “Ports Good Governance Guidance”. Further details of our approach to corporate governance can be found in the dedicated section of the report on page 29.

BUILDING THE HAVEN'S PROSPERITY

Port of Milford Haven

A Guiding Light
As a Port Authority, we fuel our economy by collaborating with existing customers and bringing in new ones.

A New Dawn For Energy
We're excited to be exploring how green energy will empower the next generation. We want our children to inherit a port they can be proud of, so we're investing in sustainable solutions and always keeping one eye on our local environment.

Where Local People Have A Voice
As a trust port, we're deeply immersed in our community. We want everyone who cares about our future on board with our strategy and our efforts to keep Pembrokeshire evolving. So if you've got something to say, we'd love to hear from you.

Where Careers Are Launched
Four thousand people have found work right here. And that's just the start. We're putting the wind in our economy's sails, so we can help local talent build their careers right where they belong, at home in Pembrokeshire.

A Better Economic Outlook
Look forward to a more comfortable future. With our waterway safe and thriving, we can send waves of opportunities throughout Pembrokeshire. We can create more jobs, support local businesses, and invest in a greener future for our children.

Harbouring Community Spirit
Celebrate our history at Milford Museum and have fun with us at one of our many events at Milford Waterfront. We're always keen to get stuck in, and by investing even more time and funding into local events and good causes, we can give everyone more reasons to celebrate.

New Horizons
Initiatives like the retail park and solar farm help boost our environment and economy.

Our Values
Safety
Collaboration
Excellence
Sustainability

An Unmissable Destination
Milford Waterfront is providing our economy with new jobs and opportunities.

Where we all fit in
We're mapping out a brighter future for Pembrokeshire. And we want to share the journey with you.
Take a look at our plan and see how we're working with local people, colleagues and partners to strengthen our community, create a sustainable future and put people first.

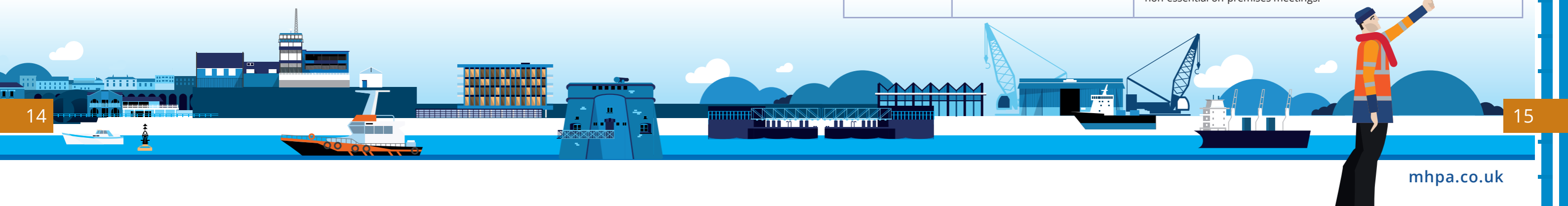
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Principal Risks and Uncertainties

The Board reviews the overall Risk Register on a regular basis. Risk appetite has been defined for specific risk categories and is included in our Risk Management policy. The principal risks and uncertainties facing the business, and actions taken to mitigate them, are:

Risk	Mitigation
Risk To Operational Continuity The Milford Haven Waterway is considered a part of the UK Critical National Infrastructure and therefore we recognise the potential financial and reputational losses associated with a business disruption.	We maintain and exercise a robust set of contingency and emergency plans, which involves working closely with our stakeholders to ensure we are prepared should an interruption occur. More generally in relation to operational risk, we are committed to ensuring effective and efficient operations and have established a Safety and Environmental Management System (SEMS) to help continually improve performance. The system follows the Plan-Do-Check-Act cycle. As a port we recognise the challenges that climate change could bring to our operations in relation to more frequent and severe extreme weather patterns. We will continue to mitigate potential risks by monitoring weather conditions in conjunction with stakeholders. In recent years the various implications of the Covid-19 pandemic have been carefully managed through our Critical Incident Response management procedures. We ensured minimal business disruption by determining early in the pandemic what our priority areas were for maintaining operational resilience and focusing efforts on mitigations in order to continue safe operations. The digital world creates many risks for a business, with an ever-increasing risk of cyber-attacks. We mitigate the risk of breaches through the implementation of multiple layers of software and processes, including firewalls, VPN (Virtual Private Network) access and penetration testing. We regularly monitor and test the effectiveness of our IT security infrastructure and our ability to defend against current and future cyber risks.
Risk to Financial Resilience Our financial instruments comprise borrowings, cash and various items such as trade debtors and creditors that arise directly from our operations. We are not generally exposed to movements in exchange rates as we trade in sterling (GBP) with major customers, and currencies other than sterling are only occasionally used.	Our policy is to ensure that sufficient funding is available at all times for resilience purposes. We invest our cash balances in UK banks with low-return/low-risk deposits. We finance our operations with a mixture of retained earnings and term debt. Loans are at a fixed rate or based on widely recognised index rate benchmarks and we have a revolving credit facility to support short-term needs and future investments. We do not actively seek high-risk high return projects and are circumspect in choosing our trading partners and, where appropriate, joint venture partners. We adopt financial controls in line with industry best practice. The Covid-19 pandemic has impacted our revenues in the short-term, however we have carefully managed costs and cashflows throughout to ensure that adequate headroom is maintained to support the Port's funding requirements.
Risk to Fit for Purpose Assets We have a wide variety of assets that are required to deliver services to our customers, and we continue to seek new opportunities to maximise the use of these.	We are committed to ensuring adequate stewardship and maintenance of our assets by sustaining a strong balance sheet. We have adopted a risk-based approach, implementing our Asset Management policy and undertaking what is reasonable and practical to ensure assets remain in a suitable condition through a robust inspection and maintenance regime.

Risk	Mitigation
Diversification Programme Risk The most significant risks in relation to our diversification programme are the Milford Waterfront and Pembroke Dock Marine developments.	We have appropriate project governance and are seeking support and advice, when necessary, from external consultants. We have a strong desire to work collaboratively with our stakeholders, recognising that these important projects cannot be delivered alone. Contract risks are being managed through a rigorous procurement process. Securing sustainable diversified income streams will help us mitigate against the significant revenue fluctuations that can occur within the oil and gas industry and remain out of our control.
Risk to Reputation and Influence Our reputation and influence can be affected by internal failures, by external events outside our control and through the management of our stakeholder expectations.	We have a long-established Stakeholder Accountability Committee and have good control over our messaging and relations with the media through a proactive PR and Communications department. In support of our purpose to build the Haven's prosperity, we reinvest our profits into the business to secure the future sustainability of the Port, which in turn has positive impacts across Pembrokeshire in terms of job creation and economic growth. We also have powers within our Act to make investments which are likely to provide economic, social, cultural or environmental benefits to all or some of the population of Pembrokeshire.
Regulation, Governance and Compliance Risk As a Trust Port, we are governed by Acts of Parliament. In addition, we adopt a best practice code of governance using the Department for Transport's guidance document "Ports Good Governance Guidance" to ensure an efficient, accountable and competitive Trust Port. The obligations on the Port therefore are (1) first and foremost to comply with its Acts, and (2) operate so far as reasonably practicable and relevant to the particular circumstances of the Port of Milford Haven, in accordance with the guidance set out in "Ports Good Governance Guidance".	To meet these obligations, we have developed a Governance Manual, established an Audit & Risk Committee and conduct internal and external audits. We have policies and procedures in place to ensure compliance with legal obligations and industry standards. These are reviewed regularly, underpinned by a continual focus on ensuring our employees abide by the highest standards of governance and integrity while focused on achieving our strategy. During the year the Port continued to mitigate the Covid-19 risks to the extent possible, by ensuring compliance with all relevant public health measures and adopting other mitigations such as the use of Lateral Flow Testing with the support of the Welsh Government Pathfinder programme. We recognise the long-term risks associated with Climate Change and compliance with UK Government's commitment to achieving a Net Zero Carbon economy by 2050. Mitigations currently include carbon-offsetting and will continue to evolve as new technologies emerge to support our industry in reducing its carbon footprint.
Culture, Values and Behaviours Risk It is recognised that we undertake activities that pose significant safety risks. Our core values - Safety, Collaboration, Excellence and Sustainability - are central to our credibility and provide our team with the confidence to deliver safe and superior services.	In providing our services we utilise dedicated employees and we aim to create an environment where employees are motivated and empowered to the full extent of their abilities. We adopt a positive safety culture through the proactive reporting of accidents, incidents, near misses and concerns through our Assurance Framework. This Assurance Framework is the over-arching structure that sets out the Group's approach to dealing with risk and ensures the comprehensive management of risk in all its forms. To mitigate behavioural risks, we invest in our people through training and reward and have established both an Employee Forum and a Wellbeing Team. Our leaders work hard to embody our values and vision and cultivate a positive culture. We remained closely engaged with all stakeholders in 2021 to manage the various implications of the Covid-19 pandemic. The number one priority remains the safety of our people and visitors to our sites. Mitigation measures taken include social distancing, the wearing of PPE, increased hygiene measures, use of asymptomatic Lateral Flow Tests for surveillance purposes, remote working and curtailing of non-essential on-premises meetings.



Our People

We are committed to creating a vibrant and enjoyable place to work, where fairness and robust equal opportunity application supports inclusivity and diversity.

In 2021, we continued to focus on helping give greater clarity to our staff about what we do and why, with the aim of enabling them to be more emotionally connected to the business and feel a greater sense of purpose. We have refreshed our “purpose on a page”, an incredibly useful map that helps us understand and tell the story about how we are immersed in our community, invested in our future and anchored to Pembrokeshire. You can see the map on page 12.

We continue to engage our leadership team of around 30 managers by getting them more involved in the strategic process, particularly the tactics we deploy to deliver our strategy. This seems to have brought further improvements to the culture within the organisation. One way we measure this is through the staff survey, where we've seen our highest engagement score to date – 80% compared to the UK benchmark of 74%. It is also clear that the contrast in engagement between different operational areas is shrinking, which points to there being less of a ‘silo effect’, where individual departments felt isolated from the rest of the organisation. This,

perhaps, is counter to expectations when you consider the necessary isolation our teams have experienced because of social distancing and remote working during the pandemic.

Our team grew again in 2021, with an increased headcount of six, taking total staff numbers to 196. This takes into account a staff turnover of just over 6.5%. Creating career opportunities for our communities is a key part of our strategy and we were pleased to welcome an apprentice to our IT department in the year which is a very clear indicator of our intent to invest in the future.

Covid-19 continued to dominate all our lives during 2021 and we maintained a particular focus on the wellbeing of our staff. We did regular check-ins with our staff, where remote working had denied many of us of those daily opportunities to catch up in passing when in the office.

New, flexible work patterns made necessary by Covid-19 have altered our office landscape with traditional setups looking increasingly outdated. Staff continue to perform well in a hybrid working environment, with most office-based staff working from home. We invested in more hot desks, new video conferencing equipment and IT systems to improve collaborative working. With the high-quality video conferencing now available, virtual meetings between staff on either side of the Waterway are just as productive and there is less time lost travelling between sites. We were also able to help staff still working from home to install equipment and furniture that suited their available space. By issuing laptops to them, they are now able to simply pick up their work and bring it to the office when required to, and seamlessly continue with the same equipment. The expansion of our IT team is a very clear indicator of our intent to support more flexible operations while working to minimise associated risk and ensure information security remains of paramount importance.

We are committed to creating a vibrant and enjoyable place to work, where fairness and robust equal opportunity application supports inclusivity and diversity.

How the pandemic has impacted mental health will no doubt be the subject of much discussion long after restrictions are eased, and so it should be, as many will feel the effects of isolation and anxiety for some time to come. As employers we place considerable focus on our responsibility to monitor mental health and to offer support for anyone who feels they need it. The death last year of one of our own staff members had a huge impact on colleagues. This raised the question of how well prepared our teams are to provide support for others who may be struggling at such a time. We ensure that counselling support is available to all our employees and we have been looking at better equipping managers so they can support colleagues struggling at work. We also appointed a dedicated Learning and Development Advisor at the end of 2021 who, among other things, will work with our managers on this important area.

Our wellbeing group, comprised of volunteer staff members, continued meeting (virtually) in 2021. The group ensure a regular programme of activity and signposting to information to support wellbeing. In 2021, staff were given the opportunity to access a mindfulness app that provides a wide range of wellbeing support from tips for improving sleep to how to reduce anxiety and stress.



Our Stakeholders

Working with our communities

As a Trust Port, we are accountable to our wide-ranging stakeholders and regularly seek their views. We do this through stakeholder surveys, our Port Advisory Committee and Stakeholder Accountability Committee, Annual Stakeholder Meetings, and many other engagements throughout the year. Through these various forums we gather views from a broad representation of stakeholders which are then taken into consideration when planning future strategies and in decision making.

Our Port Advisory Committee membership has expanded in recent years to reflect the breadth of activities and areas in which the Port is involved. Our use of virtual meetings in the last two years meant attendance increased significantly for the twice-yearly events in 2021.

We carried out some rewarding stakeholder work with local communities around Pembroke Port, looking at potential improvements to Carriage Drive and we hope to continue this engagement during 2022. To mark the beginning of work to upgrade the port infrastructure (part of the Pembroke Dock Marine project), we also asked the local community to help name the historic Sunderland Hangar annex buildings that are being restored and adapted for use as offices and workshops. The winning names reflect the rich heritage of the Waterway and include Erebus, Catalina, Oleander, and Falcon.

In order that Pembrokeshire can make its voice heard, it often pays to bring together relevant bodies with a shared interest to help ideas take hold and gather some collective weight. This is one area of our stakeholder activity that has really taken off in recent years. For example, we work with partners in the South Wales Industrial Cluster (SWIC) to help make industry in the region more sustainable, and the Milford Haven: Energy Kingdom (MH:EK) is a collaboration making a case for investment in hydrogen development and use. In 2021, we linked up with Pembrokeshire County Council, existing energy terminals, renewable energy developers and consultants on the Haven to form a 'Haven Waterway Future Energy Cluster'. Together, we are working to raise our profile with the UK Government, the Welsh Government, and potential investors to secure the support needed to ensure that Pembrokeshire's existing skills, transmission and pipelines, natural capital, storage and distribution facilities are repositioned to maximise the levelling up opportunities of a greener future.

Youth engagement

Future generations are our ultimate stakeholder. We are focused on ensuring the Port is sustainable in the long term so that it can continue to play an important role in attracting inward investment, creating new opportunities for people and businesses, and supporting well paid careers.

It was another busy year for 'Under The Bridge', the Port's collaborative project run by Milford Youth Matters. Part funded by Milford Haven Town Council, Under The Bridge provided 9 sessions throughout the summer giving young people the chance to try fun and creative activities in a safe environment. The award-winning Friday night project offered sessions in chalk art, dance, football, graffiti art, circus skills and inflatable games, and attracted more than 140 attendees during the six weeks. The project has been growing every year since its inception and has developed a good reputation among local parents whose children have gone home reporting they've had a great time; 18 events are planned for 2022. It's also brought opportunities for attendees from previous years to play a larger role as Milford Youth Matters Ambassadors, getting involved with supervising the events and attracting more funding.

We continued to support the Duke of Edinburgh (DofE) Award programme, as a Silver Associate, helping give students from Milford Haven School, Ysgol Harri Tudur in Pembroke Dock and Portfield School in Haverfordwest the opportunity to enrol and complete Bronze, Silver and Gold Awards. The DofE is a great programme, helping 14-24 year olds to develop essential skills for both life and work, and providing them with opportunities to discover new interests and talents.

Finally, we repeated our annual campaign to raise awareness of the dangers of tombstoning and swimming around the port. This year we joined forces with Cardiff-based theatre group Bombastic to deliver a hard hitting virtual educational event to three Pembrokeshire secondary schools. 600 Year 7 students from Ysgol Harri Tudur, Milford Haven School and Ysgol Caer Elen took part in the project which also had input from Dyfed Powys Police and Mid and West Wales Fire and Rescue Service. The project was part funded by Arts & Business Cymru.

Charitable Cause of the Year

Our charitable cause of the year in 2021 was Sandy Bear Children's Bereavement Service. They work with families who have lost loved ones, helping children and adolescents come to terms with, and find a way through the trauma of, bereavement. As always, the cause was chosen by our staff and this year our team brought in £8,245 through a combination of cash donations, raffles and sponsored activities, including a Tour de France challenge, where participants had to walk, run, cycle or row 2,121 miles in 21 days, and a special Beat the January Blues exercise challenge that raised more than £2,500.

In a first for us, Sandy Bear Children's Bereavement Service took over our Facebook page for a day, giving a wider audience the opportunity to learn more about the service and hear from some of the families who have benefited from its support. Counsellors also ran a Teams meeting with Port staff to talk them through some of the issues they face when helping families through bereavement.

Community Fund

Our Community Fund supported 60 organisations in 2021, including Hubberston Youth Centre who applied for help to install solar panels, Neyland Yacht Club for additional RYA training to broaden its ability to teach, the Torch Theatre towards their Christmas Wishes initiative and Pembrokeshire Coast National Park Trust for a pollinator project.

We also provided funds for Milford Haven School and Ysgol Harri Tudur to buy 100 Chromebooks to support wider access to online learning during Covid-19, and we teamed up with the Pembrokeshire Performance Sailing Academy at Llanion to sponsor sailing sessions and qualifications for 24 children from Golden Grove and St Florence VC schools.

In 2022, we are launching a new fund to help community groups, charities and local organisations become more sustainable.

Future generations are our ultimate stakeholder. We are focused on ensuring the Port is sustainable in the long term so that it can continue to play an important role in attracting inward investment, creating new opportunities for people and businesses, and supporting well paid careers.

Defining our message

As mentioned in the Our People section, we developed a 'purpose on a page' (as seen on pages 12 & 13), covering the Port's strategy, roles and values. While the document was a great help to staff, it has also been invaluable in our day to day conversations with our stakeholders. To be able to express in engaging ways what our purpose is, and to have some great examples of how we fulfil our role as a Trust Port, only strengthens our relationships with our partners, communities and the general public. We hope it also helps those whose lives are touched by our activities feel more connected with us.



Our Environment

Sustainability

One of the Port of Milford Haven's core values is sustainability. This is an important statement of intent for any business, as it puts environmental considerations at the heart of any decision making. But it is particularly pertinent for us as a Trust Port as it makes it our duty to leave the Port in a better place, not only financially but also in terms of our operational footprint, for future generations.

Our impact

During 2021, the Port's total Scope 1 & 2 greenhouse gas emissions were 1,240 tCO_{2(eq)} – this is a reduction of 130 tCO_{2(eq)} from the 1,370 tCO_{2(eq)} in 2020. Renewable energy generation across the Port's estates offset these emissions by 921 tCO_{2(eq)} compared to 1,232 tCO_{2(eq)} generated in 2020. This leaves the Port with residual emissions of 319 tCO_{2(eq)}, 2020 was a carbon deficit of 138 tCO_{2(eq)}, which will be offset by investment in an accredited carbon offsetting scheme.

The Port is committed to achieving the UK Government's target of having a Net Zero carbon footprint by 2050, if not before.

There are areas where it is currently not feasible to decarbonise our operations. For example, our pilot vessels must be able to operate safely and reliably in challenging sea conditions, whereas existing technologies do not currently meet those demands. We are seeking ways to ensure future investments in our vessels support the reduction of emissions. In the meantime, there is a

lot we can do, and have been doing, in other areas of the business to reduce our reliance on fossil fuels. We have replaced eleven of our automotive commercial vehicles with fully electric vehicles in 2021 and, as detailed in our Port Services section, have been running pioneering trials on the use of green hydrogen both as a fuel for heating our premises and powering vehicles.

Oil spill response investment

As the UK's biggest energy port, we recognise our responsibility to lead the way in how we run our business and carry out our duty to protect the environment of the Waterway. Following a decision in 2019 by the Port and oil terminal operators to upgrade oil spill response equipment, trials and training were carried out in November on the new Ro-Boom and Ro-Kite kit, which now forms our front-line safeguard held onboard the dedicated response vessel, Sea Sweep.

Collaboration

Our work with other stakeholders, for example those who convene in the Wales Marine Area Management Steering Group and the Wales Marine Action and Advisory Group, is also vital. We continued to host Pembrokeshire's marine Special Area of Conservation (SAC) officer and worked with other agencies involved in the management of the SAC.

We were partners in the 'Coastal Communities Adapting Together' (CCAT) initiative. The project, part-funded by the European Regional Development Fund through the Ireland Wales Programme, aims to build community

resilience, increase awareness of climate change impacts and coastal management and realise the potential of the Irish Sea region. The project saw the Port work with Pembroke Dock Heritage Centre to engage local communities in the restoration and revival of the historic Carriage Drive. Locals were asked to come up with ideas that included environmental improvements to the area, such as tree planting or creating habitats for pollinators. The point of this project was not just to highlight how climate change might damage our environment, but also to show how our response to it might force us to change our surroundings. For example, in adapting Pembroke Port's infrastructure to respond to the demands of renewable energy companies, we may lose some historic assets. By engaging locals in that dynamic, we hoped to make them part of that decision making process. In addition to reconnecting the community with their place, the project also enabled us to focus on future generations; we partnered with other Pembrokeshire based organisations to promote careers in marine renewable energy and held a number of engagement events with local learners.

We also supported a project to install an otter holt on Pembroke River. The project successfully attracted a breeding pair of otters. We are also working with partners to look for possible osprey nesting sites on the Waterway, following several sightings of male ospreys over the last year.

As the UK's biggest energy port, we recognise our responsibility to lead the way in how we run our business and carry out our duty to protect the environment of the Waterway.

	2021	2020
Scope 1 & 2 emissions	1,239,727.72	1,370,060.07
Renewable energy generated	920,598.77	1,232,391.10
Carbon Status (kg)	-319,128.95	-137,668.98



Safety & Security

Safety

We have now recorded a fifth year without employee lost time incidents (LTI). While it's possible for us to look at our own record and see where we have improved our policies and procedures, we have also been looking at how we can measure our performance against other ports or similar businesses, in order to make further improvements.

With extensive construction work taking place at Milford Waterfront last year, it was important to ensure all contractors demonstrated best practice and safe systems of work. We have made it clear we value the public's feedback on the way we handle our responsibilities. Again, much of our work on the culture of the organisation is focused on safety as a core value of the Port.

Port Security

The Port continues to maintain security readiness by adhering to the requirements of the International Ship and Port Facility Security Code. This requires close collaboration with partners on the Port Security Authority, a group comprised of Port Facility Security Officers (PFSOs) representing the key Waterway operations, the Department for Transport and other supporting agencies.

The Code does not state specific measures that each port and ship must take to ensure the safety of the facility against terrorism, due to the many different types and sizes of these facilities. Instead, it outlines a standardised, consistent framework for evaluating risk - enabling governments to offset changes in threat with changes in vulnerability for ships and port facilities. To ensure compliance, the Port Security Framework includes plans that cover:

- Port facility security plans
- PFSOs
- Certain security equipment.



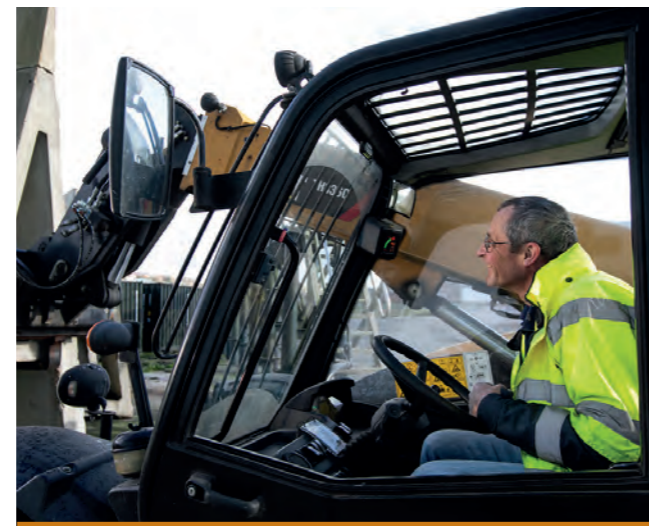
In addition, the requirements for our Port facilities include:

- Monitoring and controlling access
- Monitoring the activities of people and cargo
- Ensuring security communications are readily available.

These plans are constantly reviewed, updated and 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 Security Services. These services work daily with all main operators on the Haven to keep the Waterway secure.

There were no reported security incidents during 2021.

Increasingly, cyber security is an area of focus for our IT team. High profile cases of hackers penetrating business firewalls, either to hold data to ransom or to create disruption, have shown that we need to be vigilant. We have regular meetings with the National Cyber Security Centre and work with other ports to share information. As a critical link in the UK's energy supply network, we are constantly applying security updates and working towards Cyber Security Plus accreditation.



Our Operations

The Port Authority

Despite a stronger performance towards the end of the year, shipping movements at the Port felt the impact of Covid-19 on the UK economy.

By the second year of the pandemic we had well-founded systems in place to manage Covid-19 controls with a relative degree of predictability in many areas of our business. Our marine team worked hard to maintain the expected levels of service. We were the first non-public sector organisation to participate in the Welsh Government's Pathfinder programme for workplace Covid-19 testing which we trialled and then implemented for our colleagues where social distancing was more difficult to maintain. Operational conditions remained challenging. We worked closely with Public Health Wales, Pembrokeshire County Council and associated operational stakeholders to maintain safeguards and ensure shipping continued to move smoothly, and safely, throughout.

Every three years we reconfirm to the Maritime and Coastguard Agency (MCA) our compliance with the Port Marine Safety Code. As part of our commitment, we annually agree a safety plan and are required to report on success in achieving objectives. 55 actions were identified in 2021 for the marine division, with a 98.2% completion target rate achieved. We appointed an external company to carry out a comprehensive audit

and were delighted to be able to inform the MCA that the Port is fully compliant and joins other compliant ports around the UK on a list posted by the Government. We are proud to again be compliant with this voluntary code.

Following an engagement process with key stakeholders including Svitzer, Williams Shipping and the RNLI, we also developed revised towage guidelines in 2021.

We have a statutory duty to ensure safe navigation and protect the environment within port limits and this is a key focus of our operations which run 24 hours a day, throughout the year. 2021 saw a drop in commercial shipping movements, however an unprecedented level of recreational boating activity, partly due to the ongoing impact of Covid-19, meant even greater vigilance was required to keep river users safe and ships moving freely. For instance, when the river is busy, potential issues can arise when leisure users, unfamiliar with the twice daily Irish Ferry service, pass through the channel and impede its passage. This issue featured, among others, in our second ever [Safety Digest](#), published in 2021. The document, which is available on our website, provides a very useful review of reported leisure boating incidents where subsequent investigations revealed relevant lessons for other users. We also carried out a five yearly update of our [Recreation Management Plan](#), which is also available on our website.

2021 saw the replacement of the Isle of Inishmore with a new vessel, Blue Star 1. The ferry is by far the largest

and most regular visitor to the Waterway that does not carry a Port of Milford Haven Pilot onboard. This enables it to move in and out of the port on a tight schedule. Before the new service could operate as normal in the Waterway, the ship's Masters were required to make several 'trips' with our Pilots and sit an exam which gives them a Pilotage Exemption Certificate.

We continued to invest in front line equipment, both to maintain resilience in our operations and upgrade and improve safety and navigational equipment:

- We have invested in a state-of-the-art communications suite upgrade for our VHF radio system to ensure continued safety on the Waterway.
- Upgrades are ongoing on the microwave communication links between Port Control and shore stations along the Waterway.
- Work is progressing well with our new Pilot Boat project with the appointment of specialist naval architects to support us through the procurement process.
- A new fire escape has been installed at Port Control.

Port Services

Pembroke Port

It was a quieter than normal year for our dry bulk and general cargo handling operation, Pembroke Port. One delivery of note came early in the year, when the 1.650T 'Little Celeste' crane was loaded off a ship onto the quayside. The behemoth was delivered in pieces and taken by road to its intended destination at Valero Pembroke Refinery where it was pieced together and used to install new depropaniser and settler units.

Pembroke Dock Ferry Terminal

The resilience our team showed in 2020, maintaining the efficient rhythm of one of Wales' crucial Ro-Ro trade arteries amid very challenging conditions, was evident again as the pandemic continued into 2021. Critical projects such as the adaptation work at the ferry terminal in preparation for Irish Ferries' new vessel 'Blue Star 1', meant project teams and engineers had to complete on site work under Covid-19 restrictions. The hard work and commitment they showed throughout was rewarded with the signing of a new ten-year contract with Irish Ferries.

We have a statutory duty to ensure safe navigation and protect the environment within port limits and this is a key focus of our operations which run 24 hours a day, throughout the year.

Despite the positive news that Irish Ferries is continuing to invest in the land bridge to Europe, the knock-on effects of Brexit crystallised fully during 2021. However, the Port was by no means passive in meeting the challenges and we worked successfully with HMRC to negotiate a bespoke border operating model for Pembroke Dock Ferry Terminal which provides a competitive advantage to our Terminal and its customers.

Works to address post-Brexit operational needs were completed with funding support from the UK Government Port Infrastructure Fund. The changes included the implementation of a new traffic management scheme, with new road markings and dedicated transit lane, and a larger security gatehouse which enhances onsite security and can accommodate multi-agency presence. The completed work helps maximise the safety and security of our staff and customers and enhances traffic and cargo flow post-Brexit.

Milford Fish Docks

Any uncertainty in the first year following the UK's departure from the EU was most visible at Milford Fish Docks where landings fell by 85%. While fishing vessels were still visiting the Port, and operating off Welsh shores, Europe-based quota owners were offloading their catches in Belgium and Ireland due to increasing complexity with UK landings. However, Belgian agents have expressed confidence that once delays have been resolved at UK ports, transporting their catch by road from Milford Haven to European markets (the route via Tilbury Docks has been undergoing trials) will be preferable, allowing them to continue using Milford Fish Docks for landing. We have taken part in multi-agency discussions to identify ways to reduce delays - with Port Health occupying offices at Milford Fish Docks to further smooth the process.

Brexit also hit inshore (below 10m) vessels who were selling shellfish into European markets and whelks to Asian markets. We remain confident that, despite current uncertainty, volumes will return to normal, and we will continue to invest in facilities on the quayside. There is also an optimistic view that local fleets may grow again for the first time in many years.



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We completed work (started in 2020) to enhance the facilities at Milford Fish Docks, which included the upgrade of ladders, fendering and shoreside welfare facilities, including a mobile pump out unit for the fishing fleets – along with purchase and installation of a new quayside marine crane with a lifting capacity of up to 1 ton to help the fishing fleets land their catch and load bait safely. These investments received funding through the European Maritime & Fisheries Fund (EMFF), which is funded by the European Union and the Welsh Government.

Renewables Developments

2021 was a breakthrough year for the developments at Pembroke Port (part of the Pembroke Dock Marine project) with planning secured and works commencing. Builders started the first phase of the development, renovating the four Grade II listed Hangar Annexes attached to the historic Sunderland Hangars at Pembroke Port to create workspaces and a workshop. Work on this initial element is expected to be complete by November. Additional works to improve the Port's spaces and facilities, including the slipway expansion, will commence in 2022. These works to improve Pembroke Port's infrastructure – the Hangar Annex and Access Infrastructure projects - have been part-funded by the European Regional Development Fund through the Welsh Government. They have also been part-funded by Swansea Bay City Deal through UK and Welsh Government and by the Port of Milford Haven.

Once complete, these facilities sit alongside a suite of offers from our partners creating a renewable energy and engineering centre of excellence to support commercialisation of new technologies. The Pembroke



Dock Marine project is creating the right conditions to stimulate business growth and attract inward investment. This is estimated to create around 1,800 jobs for the region over the next 15 years. The recent growth of floating offshore wind farms winning leases to install demonstration arrays off the Pembrokeshire coast raises the challenge. We need to continue to expand our offer to capture as much of that sector's investment as possible here on the Waterway and bring maximum benefit to the local economy.

Our collaborative project Milford Haven: Energy Kingdom (MH:EK) made great progress in 2021 with some exciting early outcomes drawing wide attention. The project is funded by the UK Government Industrial Strategy Challenge Fund, Prospering from the Energy Revolution Programme, administered by Innovate UK. In October, the MH:EK project partners launched the Hydrogen Refueller demonstrator, a high-tech installation at Milford Waterfront that delivers clean gas, created from electrolysis, for hydrogen fuel cell electric vehicles (HFCEV). The launch saw the hydrogen car manufacturer Riversimple (one of the MH:EK partners) deliver their Rasa car that will be trialled in Milford Haven during the pioneering project. Part of the project saw the installation and trial of a world-first smart hydrogen hybrid heating system at one of our offices. This system can run on either renewable electricity or hydrogen, with smart controls switching between the two sources of energy based on the energy generation mix and availability of renewable electricity on the local grid. Both



projects were an opportunity to show stakeholders what the Milford Haven Waterway could deliver as a hydrogen hub for the UK. Projects such as the refueller and hybrid heating system are only demonstrators at this stage, but the project's purpose is to show what is already possible as well as evaluating their future as investable propositions. To achieve Net Zero targets, we must deliver net zero power, transport and heat and there are huge opportunities here in the UK's largest energy port for us to collaborate on the development of the hydrogen sector and to take a national lead in renewable technology.

Decisions around making our operations sustainable are helped by the rapid progress of electric vehicles (EVs) and other technologies, as well as the rising cost of conventional energy sources. Having replaced much of our fleet of vehicles with EVs, we are also working to make the Waterfront an EV friendly destination, linking up with Pembrokeshire County Council to install rapid and fast chargers there.

Making our buildings more energy efficient is an equally sensible and sustainable investment and to that end we added external insulated cladding to the headquarters at Gorsewood Drive and rolled out smart metering which will help us monitor energy usage and plan future efficiencies.

Hospitality and Tourism Milford Waterfront

The transformation of Milford Waterfront, which had been unfolding relatively organically for the last few years, accelerated in 2021 with the construction of a new 100 bed hotel. It took just one year for the structure to take its final shape and we were delighted to announce in March 2021 that The Celtic Collection, the team behind the Celtic Manor Resort, would be operating the new hotel under their Tŷ Hotels brand. We look forward to further collaboration with the team at The Celtic Collection in the coming years.

This exciting partnership brings an internationally respected hospitality business into the heart of Pembrokeshire. It is a very positive sign and comes as the tourism industry in Pembrokeshire develops ever greater confidence. We have developed a good working relationship with Visit Pembrokeshire and have committed to be one of the Strategic Partners

This exciting partnership brings an internationally respected hospitality business into the heart of Pembrokeshire. It is a very positive sign and comes as the tourism industry in Pembrokeshire develops ever greater confidence.

for the new Destination Management Organisation in 2022. We have also continued to strengthen our relationship with Pembrokeshire County Council and are grateful for their support and confidence in our strategy for Milford Waterfront.

2021 was certainly a game of two halves when it came to footfall at Milford Waterfront. Trading for shops, cafes and restaurants was marred by pandemic-related restrictions for several months, but the eventual relaxation of rules for outdoor hospitality created an explosion of activity. Innovative ideas from local businesses helped bring a continental feel to Milford Waterfront.

By late summer we were able to welcome back some popular events. The Milford Haven Round Table's Beer Festival, which was a great success, and the Torch Theatre Sunset Cinema screening, where NHS and care workers were given free tickets in recognition of their service during the pandemic. We were also delighted to welcome back the Milford Haven Round Table's Fireworks Extravaganza.

Despite all the challenges, we were deeply impressed by the resilience and camaraderie shown by local businesses at Milford Waterfront. Not only did they continue to invest, adapt and reimagine their businesses to keep visitors safe and cope with the downturn, they showed a positivity and community spirit that will only serve to make the area even more special in years to come. We even welcomed new businesses last year, including graze box company The Cheesy Cow, Dilly's Chocolates and The Cheeky Sheep, a shop selling unique handmade creations and artwork.

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Corporate Governance

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Our own hospitality offerings, the Shores holiday apartment, and the Floatel Cabins, enjoyed a staycation boost with near 100% occupancy in peak season. We also launched 3 new heritage walking trails around Milford Waterfront in a collaborative project between Milford Youth Matters and Milford Haven School, with funding from The National Lottery Heritage Fund. The project saw Milford Youth Matters working with the pupils from Milford Haven School to develop walking trails that tell the stories of Milford Haven's history, celebrating the town's three sense of place pillars: Historic Haven, Energy Kingdom and Water Ways.

Milford Marina

It was Milford Marina's 30th anniversary in 2021, an important milestone that was marked with muted celebration due to Covid-19 restrictions. To celebrate, we gathered stories from local people and berth holders, past and present, to help capture the rich history of the development, and traced the origins of each of the buildings around the marina.

The marina achieved 100% occupancy for the first time, and there is now a waiting list for berths. A record number of 'liveaboards' have added an extra sense of community to Milford Waterfront. The increase in numbers of younger people making boats their homes and commuting as far as Cardiff perhaps reflects a wider trend for lifestyle-led decisions being made in the wake of the pandemic.

Lower user numbers due to Covid-19 restrictions combined with a reduction in spaces available for day visitors due to the take up of long-term berths meant we saw a drop in ancillary sales of marine fuel and gas. The

evidence of growing demand for berths supports our long-term plan to increase the number of berths in the marina.

Investment in our facilities continued in 2021 with the purchase of a new 20 tonne boat hoist, which is expected to be fully operational in time for the 2022 leisure season.

Investment Portfolio

Although most of our tenants in the retail and hospitality sectors were under less pressure from Covid-19 restrictions than in 2020, it was important that we remained as supportive of them as possible throughout 2021.

2021 proved tough for many national retailers. The company behind Peacocks, the clothing store with an outlet in Havens Head Retail Park, began the year in administration. A subsequent buy-out in April indicated a more certain future and we have now agreed heads of terms with the group that has taken over the business.

We continue to work with retailers and potential new clients to make sure the Retail Park serves the local community.

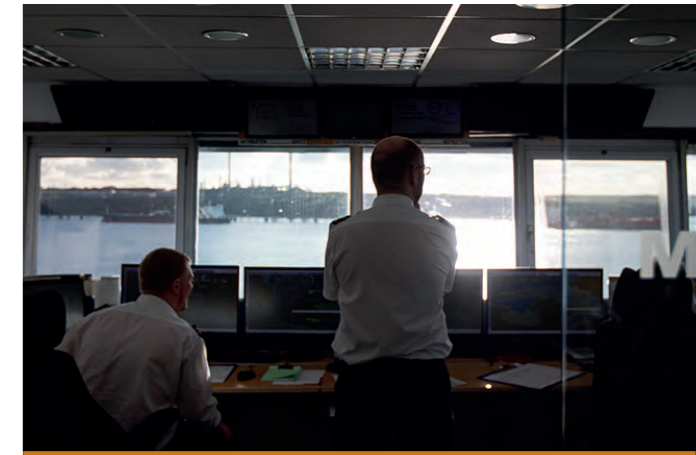
In addition to the heritage renovations taking place in Pembroke Port as part of the Pembroke Dock Marine project, we have also invested in enhancements to some of the heritage buildings around the Waterfront. New lime rendering on the Milford Haven Museum and the Sail Loft (home to Coco's and the Waterfront Gallery amongst others) was carried out during the year. Work of this nature helps ensure our buildings maintain visual impact and help maximise their longevity.

The Port of Milford Haven is a Trust Port, a statutory entity that was brought into existence by a specific Act of Parliament - The Milford Haven Conservancy Act 1958. This and subsequent Acts can be found online via the Corporate Governance pages on our website.

The Acts form our constitution, defining what we may or may not do, and how we are governed. They confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation and the power for directing vessels. It also confers obligations, such as the obligation to maintain, improve, protect and regulate navigation, and rights, such as the right to levy charges. Our profits must be reinvested in the business to ensure it remains viable for future generations.

The Port of Milford Haven is an independent statutory undertaking. We do not pay out any dividends to shareholders, and nor do we receive direct budgetary support from government.

In addition to the Acts, the Department for Transport has over the years developed a body of guidance for all ports, the most recent iteration of which is entitled Ports Good Governance Guidance. This guidance, which does not have any legal force, nonetheless authoritatively sets out principles of openness, accountability and fitness for purpose in managing harbours in the broad public interest. It covers corporate governance, stakeholder engagement, provision of information, safety and a number of other topics.



The Strategic Report has been approved by the Board of Directors and signed on behalf of the Board.

Chris Martin, Chair
4 April 2022

Meet the Port of Milford Haven's Board

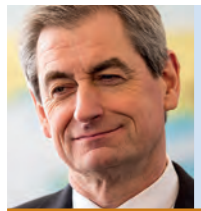
The Board is instrumental in shaping our strategic and operational developments. Our Non-Executive Directors are well-positioned to support our diversification strategy as well as our core operations.

Non-Executive Directors



Chris Martin
Chair

As Chair, Chris is passionate about creating a sustainable future for the Port by supporting the right culture for all our employees to thrive and play an active role in delivering to their full potential and, in turn, driving the success of the organisation. Chris' extensive experience across many sectors is proving invaluable in ensuring the Port's strategy and activities harmonise, and that our values of Safety, Collaboration, Excellence and Sustainability are upheld. As well as holding a range of private, public sector and charitable roles, Chris understands what it is like to run your own business. He therefore recognises the importance of a resilient local ecosystem forging relationships between large and small businesses to drive economic growth. Born and bred in Pembrokeshire, Chris has a robust understanding of the issues the county faces as well as its strengths. He is proud to support our vision to build the Haven's prosperity and to deliver a bright and buoyant future for the region.



Ian Shipperley
Non-Executive Director

With a 40-year career in the Royal Navy, Ian is the Board's key strategic advisor for marine operations and risk. His enviable track record incorporates project delivery, strategic transformational change and management of risk and safety at senior leadership level. His enviable track record incorporates project delivery, strategic transformational change and management of risk and safety at senior leadership level. Ian has been instrumental in advancing the Port's risk profile and advising on marine operations. His experience in leading a major capital infrastructure optimisation programme is of additional value as we seek to maximise the best use of our asset base.



Debra Williams
Non-Executive Director

Debra is focused on marketing and consumer relations within the Group, bringing extensive experience in commercial operations, e-commerce, innovation and leadership. As the former Managing Director of Confused.com, Debra is well placed to guide the business as we continue to develop new ventures in the consumer arena. With the focus on championing innovation, Debra, who was Welsh Woman of the Year for Innovation in 2006, is ideally positioned to advise. She was also recognised as one of the UK's top 200 business women by the Queen in February 2007.



Steve Phillips
Non-Executive Director

Steve brings significant financial and commercial experience to the Port, not only from his current role as Group Chief Executive (previously Group Finance Director) of the Welsh Rugby Union, but from his previous experience with the regional airport owners TBI. He has an extensive risk management background which, together with his mergers and acquisitions experience, will help guide the Group through its ambitious diversification strategy. Also, his experience in overseeing major capital expenditure projects will be crucial in helping us deliver on our exciting expansion programmes for Milford Waterfront.

Non-Executive Directors



Debra Bowen Rees
Non-Executive Director

Debra developed her extensive experience in stakeholder relations during her role as CEO at Cardiff Airport. She has an in-depth understanding of Welsh political and business environments, building on experience gained as Senior Officer in the Armed Forces working in diverse functional areas across and beyond government including international engagement and influence. She brings an important dynamic to the Board as it diversifies and as its stakeholder base broadens.



Erica Cassin
Non-Executive Director

Erica has over 20 years' experience in the HR sector holding senior positions with many household names. She is passionate about empowering people to reach their full potential and fostering environments where every individual can thrive by being their true authentic self. An experienced HR coach, she has led significant organisational transformation, reshaping companies and business models to adapt to advances in market conditions, while improving their performance and effectiveness. Erica's strengths in leading cultural change will be invaluable in her role on the Port's Board as it focuses on its own culture during an exciting time of diversification.



James Nyhan
Non-Executive Director

James' focus is on addressing the energy transition challenges and opportunities for the Port. With over 30 years of international experience in the energy sector, he has a clear understanding of traditional and developing energy markets having worked in various roles with Royal Dutch Shell. He brings wide ranging commercial experience to his role as a Non-Executive Director and wants to continue the progress made on energy developments within the Port for the benefit of the wider community of west Wales.

Executive Directors



Andy Jones
Executive Director & Chief Executive

Andy is charged with advancing the Group's strategy and capability at a key time. Working closely with the rest of the Board and the executive and operational teams, Andy has been focusing on the culture within the Group while ensuring that its flagship projects are delivered. Andy is passionate about having a key focus on the resilience of core business services and developing the right conditions for future growth.



Jonathan Chitty
Executive Director & Chief Financial Officer

Jonathan ensures the business and the Board are appropriately advised on all financial matters with experience across multi-sectors, and in financial management and strategy. He brings wide reaching commercial and operational insights, focused on maintaining effective core services while exploring new ventures.

...and our Senior Management Team ("SMT")

Andy Jones - Executive Director & Chief Executive
Jonathan Chitty - Executive Director & Chief Financial Officer



Vidette Swales
Human Resources Director

Vidette's clear focus is on developing our most important asset, our people. Her career has encompassed both the public and private sectors and she is a Fellow of the Chartered Institute of Personnel and Development. She was instrumental in retaining the Investors in People award in 2018 and will continue to work closely with the Board and the business to ensure our employees are equipped to deliver our long-term strategic goals.



Mike Ryan
Harbourmaster & Marine Director

Responsible for the safe use of the Waterway by all users, Mike works with the Board and the operational business units to ensure our marine operations work effectively, and that we maintain the level of service our customers expect from us. Gained during a long Naval career, Mike brings extensive experience in managing complex operational situations. His focus is on delivering strategic and operational goals, and on maximising efficiencies and best practice in a safe working environment.



Natalie Britton
Operations Director

Natalie focuses on maintaining operational excellence across our land side operations with additional responsibility for safety and environmental commitments across the Port. A qualified Chemical Engineer, Natalie brings a wealth of experience from the chemical, energy and marine sectors, and has significant operational experience with some of the Port's major Waterway stakeholders.



Steve Edwards
Commercial Director

Steve is focused on exploring opportunities for growing the business and working closely with our existing customers and stakeholders. He has a depth of experience in delivering customer and stakeholder benefits and can help ensure developments work within the Group's core values. His passion for energy development is a key advantage as we move into the delivery phase of Pembroke Dock Marine and explore the potential opportunities it will unlock.



Matt Jones
Project Director

With a wealth of experience in delivering complex organisational projects at both operational and strategic levels, Matt is leading on the delivery of the Port's ambitious project portfolio. His aim is to ensure that current and future project activity complements long-term aims and continues to enhance operational activities and create commercial opportunities by managing change effectively.

SMT Developments:

During the 2021 financial year, SMT member and Executive Director, Tim Bownes, retired from the business (May 2021). Matt Jones was promoted to the Senior Management Team to succeed Tim as Project Director in 2021. For more information on our Board members and Senior Management Team, please visit the Strategy & Governance section of our website.

Report of the Board

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2021.

Principal activity and review of the business

The principal activity of the Port is to provide safe navigation and marine services on the Milford Haven Waterway. This, together with the Port and Group's other activities, and the principal risks and the future prospects, is reviewed in the Strategic Report.

The Port of Milford Haven Board - Chair, Chris Martin

The Milford Haven Port Authority Act 2002, as amended by the Milford Haven Port Authority Harbour Revision Order 2012, specifies that the Board shall comprise the Chair, between six and eight other Non-Executive Directors, the Chief Executive and up to three other Executive Directors.

The Chair is appointed by the Secretary of State for Transport through an open competitive selection process. All other Non-Executive Directors are appointed by the Board itself through a similarly open process. For any board position, including the Chair, the position is advertised, and an appointment panel formed including an external independent member to shortlist and interview candidates. In every case the appointment panel recommends its preferred candidate for appointment. Each appointment is for an initial three-year term. This is in line with government policy - "Ports Good Governance Guidance".

The means of selection of Directors is in accordance with guidelines laid down by the Government for all Trust Ports and follows what are commonly termed the 'Nolan principles'. All Directors must adhere to the following guiding principles of conduct:

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

The duties of a Director are akin to those of a director of a company. In particular, to be accountable for the proper exercise of the Port's statutory functions, the identification and setting of business strategy and 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 Directors should be based on each Non-Executive bringing a particular skill set or specialisation to the Board to cover the following headings:

- Chair
- Marine
- Finance
- Stakeholders
- Strategy
- Energy
- HR
- Commercial

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. The Non-Executive Directors also meet without the Executive Directors, and on occasion without the Chair, to review general workings of the Board. A register of Directors' 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 Group also maintains a hospitality register for all Directors and managers to record external hospitality received.

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 Senior Management Team (SMT) and satisfy itself, through review of various reporting systems and procedures including the risk register, that our operations are legally compliant, operate to the highest standards of safety, and with appropriate financial prudence.

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

Audit & Risk Committee - Chair, Steve Phillips

This Committee's terms of reference allow it to consider any matter relating to the financial affairs of the Group and include the monitoring of financial reporting, accounting policies, matters relating to the auditors, the adequacy of the internal financial controls and to review and monitor the overall risk strategy, including the Risk Management Policy that sets out the Board's Risk Appetite Statement. The Audit & Risk Committee has primary responsibility for the appointment, reappointment and removal of external auditors and safeguards the auditor's independence. The Committee also considers all relevant internal audit reports and risks to support the Board in the discharge of its risk management responsibilities. The chair of this Committee is the Non-Executive Director with the appropriate finance and risk background. The Audit & Risk Committee comprises three Non-Executive Directors with the Chief Executive and the Chief Financial Officer also in attendance.

Remuneration Committee – Chair, Erica Cassin

The primary duties of the Remuneration Committee are to determine the broad framework for the Group's Remuneration policy, determine remuneration and employment conditions of the senior managers and to make recommendations to the Board as to the fees and emoluments of Non-Executive Directors in relation to any activities undertaken on behalf of Milford Haven Port Authority. This Committee is also charged with determining bonus structures for senior managers and staff and advising on employee benefit structures. It also ensures that levels of Board remuneration and expenses claimed are detailed in the Annual Accounts. It consists of not less than three Non-Executive Directors including the Chair. The HR Director acts as Secretary to the Committee (in a non-voting capacity).

Nominations Committee - Chair, Chris Martin

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, this 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 Directors coming to the end of their term of office should be put forward for reappointment. Membership of this Committee is determined by the Board but will be made up of at least four members including the Chair, two other Non-Executives and the Chief Executive.

Stakeholder Accountability Committee - Chair, Debra Bowen Rees

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. This 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 Board. Membership of this Committee comprises two Non-Executive and two Executive Directors and four external stakeholder members appointed by the Board.

The Board is also directly accountable for:

Executive

The Chief Executive and the SMT are accountable to the Board for the delivery of the agreed strategy, implementation of Board policy, and the management of the business and affairs of the Port and Group. The SMT meets regularly as a team.

Port Advisory Committee

In accordance with its Act of Parliament 1983, the Port aims to meet twice a year, but not less than once in each year, with representatives from groups of major stakeholders. Representatives sit on the Port Advisory Committee and the meetings provide a forum for confidential discussion and interaction between the Port and these stakeholders. The objectives of this Committee are to enable relevant statutory authorities, users of

the port and the Waterway, and other stakeholders relevant to the Port's strategy 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.

Corporate Governance

The Directors are committed to high standards of corporate governance and have implemented systems of corporate governance compliant with the principles of the "Ports Good Governance Guidance" and the relevant sections of the UK Corporate Governance Code.

Internal Control and Risk Management

The Directors are responsible for the Group's system of internal control. Such a system provides reasonable but not absolute assurance against material loss or misstatement.

Key procedures that have been established include an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular, there are defined procedures for:

- capital investment covering appraisal and authorisation
- financial reporting within a comprehensive financial planning and accounting framework
- internal audit to monitor the system of internal control
- risk management, and
- the procurement of goods and services

The Directors have reviewed the effectiveness of the system of internal control in accordance with the principles included in the UK Corporate Governance Code and other relevant guidance.

Investment Policy

The Group's policy is to ensure that investments made are commercially viable, providing sustainability for the Group, its users, its employees and other stakeholders.

Going Concern

The Directors have reviewed the forecast financial position of the Group and the Port, against the expected recurring operational income, expenditure and interest costs in conjunction with the Group and the Port's funding position and banking covenants. The Directors consider that the Group and the Port has more than sufficient resources to continue in operational existence for a period of at least 12 months from the authorisation of the 31 December 2021 financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and the Port's financial statements.

Financial Risk Management and Objectives

The Group is exposed to financial risks from interest bearing assets and liabilities. Whilst these are not material, they may expose the Group to financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

- **Foreign exchange risk:** Where applicable, the Group is able to mitigate foreign exchange risk with the use of forward contracts. However, as at 31 December 2021, the Group has no material foreign exchange risk (2020: £nil).
- **Interest rate risk:** The Group has interest bearing assets which are invested at differing interest rates; these interest rates are fixed at the outset of the investment.
- **Credit risk:** The Group has no significant concentration of credit risk. The Group has implemented policies that require appropriate credit checks on potential credit customers before sales commence. Interest bearing assets are only invested with financial institutions that have high credit ratings.
- **Liquidity risk:** The Group mitigates liquidity risk by maintaining a balance of cash and investing in short-term interest-bearing assets to allow flexibility and continuity of funding. As at 31 December 2021, 100% (2020: 100%) of the borrowings were due to expire within five years.

ESG and Corporate Social Responsibility

As a Trust Port, we have always considered Environment, Society and Governance as fundamental building blocks for the way we do business, and furthermore we have always focused on purpose as well as profit and in particular "Why" we do what we do, not "How" we do what we do. Further information on our impact on the Environment and Society can be found in the Strategic Report, and details around Corporate Governance is provided in this section.

The Group is aware of its responsibilities to local communities and its contribution to society. The Group recognises its responsibilities to the communities which are affected by its business and reviews its policies with regard to social, ethical and environmental matters as necessary. Any matters in any of these categories which may materially affect the business of the Group are reviewed as required by the Board.

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Future developments

Details of future developments are detailed in the Strategic Report (Chief Executive's Q&A, pages 6-8) and form part of this report.

Events after the balance sheet date

There are no significant events since the balance sheet date.

Directors

The Directors who served during the year and up to the date of this report are disclosed on page 2.

Directors' indemnities

During the year the Group has made third party indemnity provisions for the benefit of the Directors which remain in force at the date of this report, this indemnity provision covers Directors of the Port and the Directors of each subsidiary company.

Disclosure of information to the Auditor

Each 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 Group's auditor is unaware; and (2) the Director has taken all the steps that he/she reasonably ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Attendance at Board meetings in 2021	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee	Stakeholder Accountability Committee
Total number of meetings	7	4	6	1	2
Board Members					
Andrew Edwards	1 ⁽¹⁾				
Andy Jones	6			1	2
Anne Jessopp	1 ⁽²⁾		1 ⁽²⁾		
Chris Martin	7 ⁽⁵⁾		6	1	
Debra Bowen Rees	7 ⁽⁵⁾			1	2
Debra Williams	6		6	1	
Erica Cassin	6		6		1
Ian Shipperley	7 ⁽⁵⁾	4			
James Nyhan	7 ⁽⁵⁾	4			
Jonathan Chitty	6				
Rick Squires	1 ⁽³⁾				
Steve Phillips	7 ⁽⁵⁾	4			
Tim Bownes	2 ⁽⁴⁾				

[1] Andrew Edwards attended 1 out of 1; retired Jan 2021

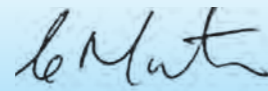
[2] Anne Jessopp attended 1 out of 1; retired Jan 2021

[3] Rick Squires attended 1 out of 1; retired Jan 2021

[4] Tim Bownes attended 2 out of 2; retired after Mar 2021 meeting

[5] A seventh meeting of the Board was held in December 2021 to formally approve the appointment of the incoming CEO who is due to commence his appointment in April 2022. The two Executive Directors recused themselves due to potential conflict of interest and two Non-Executive Directors were not able to attend due to prior engagements but were actively involved in the decision making process.

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



Chris Martin, Chair
 Gorsewood Drive, Milford Haven,
 Pembrokeshire, SA73 3EP
 4 April 2022

Directors' Responsibilities Statement

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

Company 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company 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 Group and the Port and of the profit or loss of the Group and the Port 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Port will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Port's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Port and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied by the United

Kingdom Harbours Act 1981. They are also responsible for safeguarding the assets of the Group and the Port 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 Port's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent auditor's report to the Members of Milford Haven Port Authority

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Milford Haven Port Authority (the 'Port') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Port's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied by the Transport Act 1981.

We have audited the financial statements which comprise:

- the consolidated and Port profit and loss accounts;
- the consolidated and Port statements of comprehensive income;
- the consolidated and Port balance sheets;
- the consolidated and Port statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Port in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's')

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Port's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Port's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Port or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Long term contracts – we identified there may be an incentive to manipulate revenue recognition given long term contracts which include minimum volume commitments are in place. We have assessed the revenue recognition policy adopted by management alongside a review of the contracts, assessed the design and implementation of key controls in place to mitigate the risk, and recalculated the revenues recognised ensuring the revenues recognised are in line with the accounting policy adopted.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Port and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Port, or returns adequate for our audit have not been received from branches not visited by us; or
- the Port financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

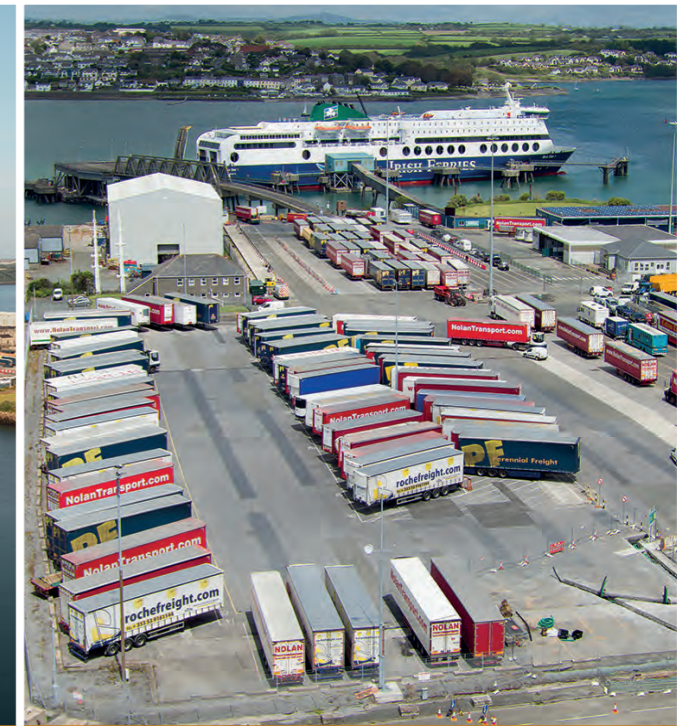
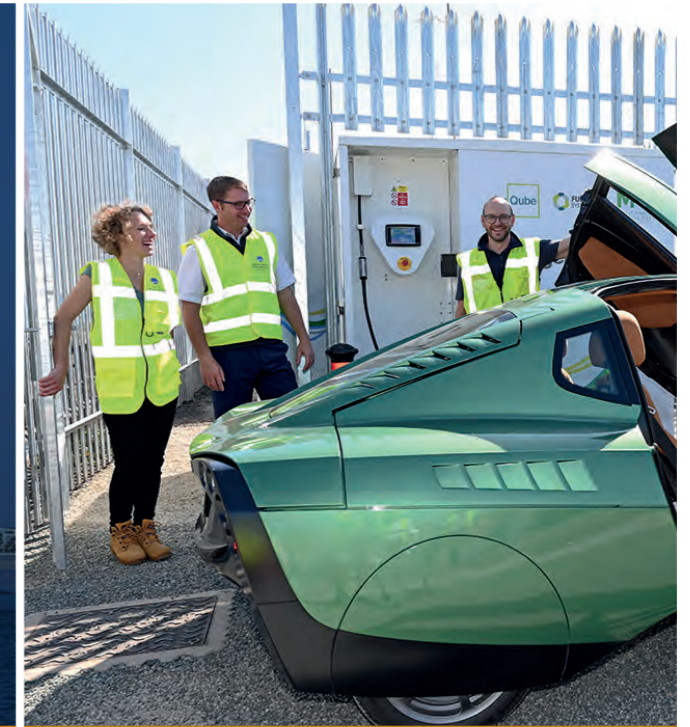
Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Transport Act 1981. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Hedditch
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom
4 April 2022

Financial Statements



PROFIT AND LOSS ACCOUNT

Year ended 31 December 2021

	Note	Group		Port	
		2021 £'m	2020 £'m	2021 £'m	2020 £'m
TURNOVER	3	24.8	25.2	23.2	23.6
Cost of sales		(14.0)	(13.9)	(13.9)	(13.8)
GROSS PROFIT		10.8	11.3	9.3	9.8
Operating expenses		(9.5)	(12.0)	(9.2)	(11.7)
Reversal of impairment/(impairment) of subsidiary	12	-	-	1.2	(0.5)
OPERATING PROFIT/(LOSS)		1.3	(0.7)	1.3	(2.4)
Proceeds on disposal of investment		-	0.1	-	0.1
Gain/(loss) on revaluation of fixed assets	11	0.2	(1.3)	(0.3)	(0.1)
PROFIT/(LOSS) BEFORE INTEREST		1.5	(1.9)	1.0	(2.4)
Finance costs (net)	5	(0.5)	(0.5)	(0.3)	(0.2)
PROFIT/(LOSS) BEFORE TAXATION		1.0	(2.4)	0.7	(2.6)
Tax on profit/(loss)	10	0.1	(0.4)	0.3	(0.2)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1.1	(2.8)	1.0	(2.8)

All results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	Group		Port	
		2021 £'m	2020 £'m	2021 £'m	2020 £'m
Profit/(loss) for the financial year		1.1	(2.8)	1.0	(2.8)
Actuarial gain/(loss) on pension schemes:	20				
- Actuarial gain/(loss) on present value of scheme liabilities		3.0	(14.2)	3.0	(14.2)
- Actuarial gain on scheme assets		3.1	7.5	3.4	7.8
		6.1	(6.7)	6.4	(6.4)
Movement on deferred tax relating to pension liability	15	(1.0)	1.3	(1.0)	1.3
Total comprehensive profit/(loss)		6.2	(8.2)	6.4	(7.9)

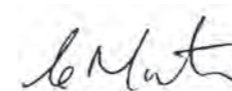
BALANCE SHEET

At 31 December 2021

	Note	Group		Port	
		2021 £'m	2020 £'m	2021 £'m	2020 £'m
FIXED ASSETS					
Tangible assets – property, plant and equipment	11	60.2	50.2	47.1	46.2
Tangible assets – investment property	11	29.5	29.3	16.8	17.3
		89.7	79.5	63.9	63.5
Investments	12	-	-	21.1	19.9
Loan to group undertakings	12	-	-	9.6	-
		89.7	79.5	94.6	83.4
CURRENT ASSETS					
Stocks	13	0.4	0.4	0.4	0.4
Debtors due within one year	14	6.5	5.3	6.5	5.3
Debtors due after more than one year	15	1.2	1.4	1.4	1.6
Cash at bank and in hand		15.1	21.8	11.2	18.7
		23.2	28.9	19.5	26.0
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(19.8)	(8.4)	(27.0)	(23.8)
NET CURRENT ASSETS		3.4	20.5	(7.5)	2.2
TOTAL ASSETS LESS CURRENT LIABILITIES		93.1	100.0	87.1	85.6
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(0.5)	(8.8)	(0.5)	(1.0)
PENSION LIABILITY					
	20	(20.9)	(25.6)	(12.6)	(17.1)
NET ASSETS		71.7	65.6	74.0	67.5
RESERVES					
Revaluation reserve	25	22.8	22.6	25.9	26.1
Profit and loss account	25	48.8	42.9	48.1	41.4
		71.6	65.5	74.0	67.5
Minority interest (non-controlling interest)	26	0.1	0.1	-	-
TOTAL EQUITY		71.7	65.6	74.0	67.5

The financial statements of the Group were approved by the Directors and authorised for issue on 4 April 2022. Signed on behalf of the Board by:

Chair
C Martin



Chief Executive
A M Jones



STATEMENT OF CHANGES IN EQUITY

At 31 December 2021

	Group		Port	
	Profit and loss account £'m	Revaluation reserve £'m	Profit and loss account £'m	Revaluation reserve £'m
At 1 January 2020	49.7	23.9	49.2	26.3
Loss for the financial year	(2.8)	-	(2.8)	-
Actuarial loss on pension schemes (note 20)	(6.7)	-	(6.4)	-
Movement in deferred tax on pension (note 15)	1.3	-	1.3	-
Total comprehensive expense	(8.2)	-	(7.9)	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 11)	1.3	(1.3)	0.1	(0.1)
At 31 December 2020	42.8	22.6	41.4	26.2
Profit for the financial year	1.1	-	1.0	-
Actuarial gain on pension schemes (note 20)	6.1	-	6.4	-
Movement in deferred tax on pension (note 15)	(1.0)	-	(1.0)	-
Total comprehensive income	6.2	-	6.4	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 11)	(0.2)	0.2	0.3	(0.3)
At 31 December 2021	48.8	22.8	48.1	25.9

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	2021	2020
		£'m	£'m
Net cash inflow from operating activities	22	6.1	7.1
Cash flows used in investing activities			
Purchase of fixed assets		(13.6)	(4.7)
Capital grants received		1.1	0.9
Interest received		-	0.1
Proceeds from disposal of investment		-	0.1
Net cash outflow used in investing activities		(12.5)	(3.6)
Cash flows used in financing activities			
Repayment of bank loans		(0.1)	(0.1)
Interest paid on bank loans		(0.2)	(0.2)
Net cash outflow used in financing activities		(0.3)	(0.3)
Net (decrease)/increase in cash and cash equivalents		(6.7)	3.2
Cash and cash equivalents at beginning of year		21.8	18.6
Cash and cash equivalents at end of year		15.1	21.8
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		15.1	21.8
Cash and cash equivalents		15.1	21.8

Notes to the Financial Statements

Year ended 31 December 2021

1. Accounting Policies

Basis of accounting

The Port of Milford Haven is a trust port, a statutory entity that was brought into existence by a specific Act of Parliament - The Milford Haven Conservancy Act 1958. The financial statements have been prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation, which requires that the financial statements be prepared in accordance with the requirements of the Companies Act 2006, 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 properties and modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102). The particular accounting policies, which have been adopted on a consistent basis in the current and prior year, are described below. Reporting currency is in GBP and rounding is to the nearest million to one decimal place. The registered office is Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3EP. The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related party disclosure.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Port and its subsidiary companies, joint ventures and associates for the year ended 31 December 2021 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. The Directors have reviewed the budget for 2022 and the forecast financial position of the Group and the Port against the expected recurring operational income, expenditure and interest costs in conjunction with the Group and the Port's funding position and banking covenants. The Directors consider that the Group and the Port has more than sufficient resources to continue in operational existence for at least 12 months from the authorisation of the 31 December 2021 financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Investment properties

Property (including land held for development) is classified as investment property if it is not occupied by the Group or used by such to provide operational port services that are material in nature. Investment property is measured at fair value annually, after initial recognition at cost. The fair value will be based on market evidence by appraisals undertaken each year and by professional valuers if the Directors deem necessary. All changes in fair value of investment property will pass through the profit and loss account and are transferred to the Revaluation Reserve. Depreciation is not provided on investment properties.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic'

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financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, of the significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through the profit and loss account. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Port balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Assets in the course of construction are capitalised and categorised as 'Development costs', there is no depreciation on development costs. Once crystallised into an asset, the development costs are transferred to the appropriate category of asset that is created and depreciation is charged if applicable for that category of asset. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets.

There is no depreciation on freehold land.

The rates of depreciation are as follows:

Property (excluding 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 the profit and loss account 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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. This is determined for an individual asset unless that asset does not generate cash inflows, in which case the cash-generating unit to which the asset belongs is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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. Stock is issued on the First In First Out (FIFO) basis.

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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 investment property. Turnover is recognised in the period in which it is earned, including amounts due under minimum volume commitments from port users.

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.

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 currency

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 prevailing at that date. These translation differences are dealt with in the profit and loss account.

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Leases

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Indirect costs incurred in negotiating and arranging an operating lease are charged directly to the profit and loss account.

The Group as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Grants

Under FRS 102, the Group 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 and are specifically mentioned in notes 4 and 19.

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 and 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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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 (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The Directors have made the following critical judgements, apart from those involving estimations, in the process of applying the Group's accounting policies.

Capitalisation of development costs

Included within development costs, are capitalised development costs in respect of the Milford Waterfront project and Pembroke Dock Marine project and any assets in the course of construction. It is the Directors' judgement that these projects will become cash-generating assets. It is recognised that, should the projects not crystallise, the costs would need to be written off to the profit and loss account. As part of the annual impairment review, the Board identified certain development projects with costs of £0.1m (2020: £2.0m) where there was a high degree of uncertainty over their projected recoverable value. These were written off to the profit and loss account accordingly. The accumulated costs for these projects as at 31 December 2021 are £2.5m (2020: £1.8m). Other costs of £10.9m at 31 December 2021 (2020: £nil) relate to other projects and include construction of a new hotel as described in note 11.

Long term contracts

The Group has some long-term contracts which include minimum volume commitments that require port users to pay a minimum annual fee irrespective of the extent to which the port is used. These contracts entitle the port user to an agreed level of services up to the minimum

amount, and services in excess of the minimum amount are chargeable as they are utilised. To the extent that the minimum volume levels are not fully utilised within a year, the balance not utilised can be carried forward as a credit by the customer and used against future services in excess of the minimum volume level.

The Directors consider that the substance of these arrangements is to require the Port to maintain access to the Milford Haven Waterway, and the Group's available staff resources, over the term of the contract. Accordingly, as the activities required of the Group in order to fulfil its obligations under the contract are performed on a straight-line basis over the contract term, they believe it is most appropriate for the amounts receivable under the contract in respect of minimum volume commitments to be recognised on a straight-line basis over the specified period. The Directors believe that the revenue recognition approach applied to long-term contracts is a key judgement. In reaching this judgement, they considered an alternative approach, which would be to recognise revenue for these long-term contracts by reference only to the extent to which the Group is used. However, they believe the approach adopted above better reflects the economic substance of the contract and, in particular, the activities that the Group must perform in order to fulfil its contractual obligations over the contract term.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Long term contracts

In accounting for revenue from long-term contracts, where volumes under those contracts have exceeded the minimum volume commitment, estimates are made in order to determine the value of additional revenue which is considered to have been earned. This estimate reflects uncertainties over whether any future rebate may be provided to the customer in respect of the related minimum volume agreement. Where amounts received may be subject to some level of rebate dependent on future volumes, an estimate is made of the appropriate amount to defer until such time as the associated uncertainty is resolved. The amount of revenue deferred due to such uncertainties was £4.1m as at 31 December 2021 (2020: £3.1m).

Employee benefits

The Group operates two defined benefit pension 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 the Directors. 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 the FRS 102 definition and included at fair value. The Directors determine fair value based on assumptions specific to the investment portfolio in addition to reference to the wider market, and consider advice received from an independent valuer who will, in turn, undertake desktop or full valuations as the Directors require, to support the determination of fair value. Covid-19 has introduced additional estimation uncertainty in the valuation of investment properties. Further information regarding investment properties is in note 12.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3. TURNOVER

Analysis of turnover by class of business is stated below:

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Ship, passenger and goods dues	11.1	10.9	11.1	10.9
Marine services	4.3	4.6	4.3	4.6
Pilotage services (note 9)	5.3	5.6	5.3	5.6
Rents	3.1	3.0	2.0	2.0
Miscellaneous income	0.2	0.2	0.2	0.2
Solar income	0.8	0.9	0.3	0.3
	24.8	25.2	23.2	23.6

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 United Kingdom.

4. OTHER OPERATING INCOME

During the year, the Group received £4,950 (2020: £34,949) from the Government Coronavirus Job Retention Scheme for staff that had been furloughed due to Covid-19 impact.

5. FINANCE COSTS (NET)

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Interest payable on bank loans	0.1	0.2	-	0.1
Less: other interest receivable	-	(0.1)	-	(0.1)
Net interest on defined benefit pension liability	0.4	0.4	0.3	0.2
Finance costs (net)	0.5	0.5	0.3	0.2

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging/(crediting):

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Staff costs (note 8)	14.1	12.9	14.1	12.9
Depreciation of tangible fixed assets (note 11)	3.8	4.0	3.6	3.8
Impairment of tangible fixed assets (note 11)	0.1	2.0	0.1	2.0
Grant amortisation (note 19)	(0.8)	(0.7)	(0.8)	(0.7)
Hire and operating leasing charges	0.1	0.1	0.1	0.1
Loss on disposal of tangible fixed assets (including demolition costs of £0.2m in 2020)	-	0.3	-	0.3

During the year the following services were obtained from the Group's auditor:

	Group		Port	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Auditor's remuneration:				
- Audit of Group accounts	78	72	78	65
- Audit of pension schemes	25	21	25	21
- Tax compliance services	17	14	13	12
- Tax advisory services	7	3	3	3

7. REMUNERATION OF KEY PERSONNEL

Key personnel includes Executive and Non-Executive Directors and the Senior Management Team.

	Group and Port	
	2021 £'000	2020 £'000
Fees - Non-Executive Directors	142	182
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Directors	446	462
Pension costs - Executive Directors	47	55
Senior Management Team	597	468
	1,232	1,167

The number of Directors to whom retirement benefits are accruing under defined benefit schemes is two (2020: two). Compensation payments for loss of office are included in the Senior Management Team remuneration figure above at £nil (2020: £32k).

	£'000	£'000
Remuneration of the highest paid Director	268	249

The accrued pension of the highest paid Director under the Milford Haven Port Authority Retirement Benefits Scheme defined benefit pension scheme at 31 December 2021 was £3k (2020: £3k).

	2021	2020
	No.	No.
The average monthly number of Directors during the year was as follows:	10	11

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

8. STAFF COSTS

	Group and Port	
	2021 £'m	2020 £'m
Wages and salaries	9.6	9.0
Social security costs	1.1	1.0
Pension costs (note 20)	3.4	2.9
	14.1	12.9

The above includes amounts paid to Directors as disclosed in note 7. Pension costs include only those items included within operating costs.

The average monthly number of employees, excluding Non-Executive Directors, during the year was as follows:

	Group and Port	
	2021 No.	2020 No.
Operational staff	105	106
Office staff	94	88
	199	194

9. PILOTAGE

Compliance with the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 requires that revenue and expenditure applicable to pilotage activities be separately identified as follows:

	Group and Port	
	2021 £'m	2020 £'m
Turnover		
Providing pilotage services	5.2	5.5
Issue and use of pilotage exemption certificates	0.1	0.1
	5.3	5.6
	£'m	£'m
Expenditure		
Providing services of a pilot	3.3	3.0
Providing, maintaining and operating pilot boats	2.1	2.1
Administration and other costs	1.7	1.5
	7.1	6.6

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10. TAX ON PROFIT/(LOSS)

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
(a) Analysis of charge for the year				
Current tax				
Total current tax charge	0.7	0.7	0.5	0.6
Deferred tax				
Origination and reversal of timing differences	(0.7)	(0.4)	(0.7)	(0.5)
Effect of changes in tax rates	(0.1)	0.1	(0.1)	0.1
Total deferred tax credit	(0.8)	(0.3)	(0.8)	(0.4)
Tax per profit and loss account	(0.1)	0.4	(0.3)	0.2
Deferred tax per statement of comprehensive income	(1.0)	1.3	(1.0)	1.3

(b) Factors affecting tax charge for the year

The tax charge for the current and previous period differs from the applicable rate of corporation tax rate of 19% (2020: 19%). The differences are explained below:

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Profit/(loss) before tax	1.0	(2.4)	0.7	(2.6)
Profit/(loss) multiplied by the applicable rate	0.2	(0.4)	0.1	(0.5)
Expenses not deductible	-	0.9	0.1	0.9
Income not taxable	(0.1)	(0.2)	(0.3)	(0.2)
Effects of group relief/other reliefs	-	-	(0.1)	(0.1)
Tax rate changes	(0.1)	0.1	(0.1)	0.1
Other	(0.1)	-	-	-
Total tax (credit)/charge for the year	(0.1)	0.4	(0.3)	0.2

(c) Factors that may affect future tax charges

As announced at Budget 2021, the main rate of corporation tax for the financial year beginning 1 April 2023 will rise to 25%. Legislation in Finance Bill 2021 which was substantively enacted on 24 May 2021 set the rate at 25% from 1 April 2023. Therefore, the rate of 25% was substantively enacted at the reporting date and deferred tax assets and liabilities have been calculated using that rate. It is assumed that no deferred tax balances will reverse prior to 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11. TANGIBLE FIXED ASSETS

Group

	Specialised marine assets	Freehold land and property	Development costs	Investment properties	Plant and equipment	Dredging works	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cost or valuation							
At 1 January 2021	36.8	5.5	4.3	29.7	37.5	2.0	115.8
Additions	0.2	-	11.8	-	1.9	-	13.9
Disposals	-	-	-	-	(0.1)	-	(0.1)
Revaluation	-	-	-	0.2	-	-	0.2
At 31 December 2021	37.0	5.5	16.1	29.9	39.3	2.0	129.8
Accumulated depreciation							
At 1 January 2021	14.4	1.0	2.5	0.4	16.0	2.0	36.3
Charge for the year	1.6	0.2	-	-	2.0	-	3.8
Disposals	-	-	-	-	(0.1)	-	(0.1)
Impairment	-	-	0.1	-	-	-	0.1
At 31 December 2021	16.0	1.2	2.6	0.4	17.9	2.0	40.1
Net book value							
At 31 December 2021	21.0	4.3	13.5	29.5	21.4	-	89.7
At 31 December 2020	22.4	4.5	1.8	29.3	21.5	-	79.5

Port

	Specialised marine assets	Freehold land and property	Development costs	Investment properties	Plant and equipment	Dredging works	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cost or valuation							
At 1 January 2021	36.8	5.5	4.3	17.7	32.1	2.0	98.4
Additions	0.2	-	3.3	0.1	1.9	-	5.5
Disposals	-	-	(0.8)	(0.3)	(0.1)	-	(1.2)
Revaluation	-	-	-	(0.3)	-	-	(0.3)
At 31 December 2021	37.0	5.5	6.8	17.2	33.9	2.0	102.4
Accumulated depreciation							
At 1 January 2021	14.4	1.0	2.5	0.4	14.6	2.0	34.9
Charge for the year	1.6	0.2	-	-	1.8	-	3.6
Disposals	-	-	-	-	(0.1)	-	(0.1)
Impairment	-	-	0.1	-	-	-	0.1
At 31 December 2021	16.0	1.2	2.6	0.4	16.3	2.0	38.5
Net book value							
At 31 December 2021	21.0	4.3	4.2	16.8	17.6	-	63.9
At 31 December 2020	22.4	4.5	1.8	17.3	17.5	-	63.5

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11. TANGIBLE FIXED ASSETS (continued)

As part of the annual impairment review, the Board identified certain development projects with costs of £0.1m (2020: £2.0m) where there was a high degree of uncertainty over their projected recoverable value. These were written off to the profit and loss account accordingly.

Cushman & Wakefield, suitably qualified external valuers with detailed historical knowledge of the Group's assets, completed a desktop valuation of all investment properties focusing on any significant changes to properties and markets as at 31 December 2021. Their valuation confirmed the assessment of fair value, using a variety of bases such as market value, letting value and occupancy terms, which, for the Port, amounted to £16.8m (2020: £17.3m) and for the Group amounted to £29.5m (2020: £29.3m), of which £1.2m is leasehold, all of which is long leasehold (2020: £1.2m) in the Group and £1.0m (2020: £1.2m) for the Port. The depreciated historical cost of the Group's investment properties held at fair value is £33.3m and for the Port is £17.6m.

12. FIXED ASSET INVESTMENTS

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%
Havens Head Retail Park Limited	Retail Park	£1 Ordinary	100%
Milford Waterfront Resort Limited	Hotel Owner	£1 Ordinary	100%

The Port and all of its subsidiaries have 31 December year-ends.

Milford Docks Company is registered at The Old Sail Loft, Milford Docks, Milford Haven, Pembrokeshire, SA73 3AF.

Milford Haven Properties Limited is registered at Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP.

MHPA RBS Trustee Company Limited is registered at Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3ER.

Havens Head Retail Park Limited is registered at Gorsewood Drive, Hakin, Milford Haven, Pembrokeshire, SA73 3EP.

Milford Waterfront Resort Limited is registered at Gorsewood Drive, Hakin, Milford Haven, Pembrokeshire, SA73 3EP.

All of the above companies were incorporated in England and Wales.

MHPA PFP (General Partner) Limited and MHPA PFP Limited Partnership are registered at Lomond House, 9 George Square, Glasgow, Scotland, G2 1QQ and 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 MHPA PFP (General Partner) Limited are filed separately with Companies House but the accounts of MHPA PFP Limited Partnership are not required to be and have not been filed at Companies House.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12. FIXED ASSET INVESTMENTS (continued)

Port

Investments in subsidiary undertakings

	2021	2020
	£'m	£'m
Cost at 31 December	19.9	20.4
Reversal of impairment/(impairment) in subsidiary	1.2	(0.5)
Carrying value at 31 December	21.1	19.9

The Port has invested in a new company in the year, Milford Waterfront Resort Limited, a hotel owner.

The reversal of impairment in the current year relates to the Port's investment in Havens Head Retail Park Limited, the carrying value of which has been impaired in the prior year, following the loss on revaluation of the subsidiary's investment property portfolio. The subsidiary has seen an upward revaluation of its investment portfolio and the Port has therefore reversed some of the prior impairment, up to the value of the net assets of the subsidiary.

Loans to group undertakings

	2021	2020
	£'m	£'m
Cost at 1 January	-	-
Additions	9.6	-
Carrying value at 31 December	9.6	-

The addition in the current year is in respect of a loan to the subsidiary company Milford Waterfront Resort Limited with sums transferred to construct a hotel which will become operational in 2022. Loans to group undertakings are unsecured, do not incur interest, and are repayable on demand although there is no intention for such amounts to be recalled in the short term and therefore have been classified as a fixed asset.

13. STOCKS

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Stock of raw materials and consumables	0.4	0.4	0.4	0.4
	0.4	0.4	0.4	0.4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Trade debtors	4.0	3.2	3.9	3.1
Other debtors	1.2	0.8	1.2	0.8
Prepayments	1.2	0.9	1.1	0.9
Accrued income	0.1	0.4	0.1	0.4
Amount due from Group undertakings	-	-	0.2	0.1
	6.5	5.3	6.5	5.3

Amounts due from Group undertakings do not bear interest, are secured and are repayable on demand.

15. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Deferred tax (asset)/liability at 1 January	(1.4)	0.3	(1.6)	0.1
Credit to profit and loss account	(0.8)	(0.4)	(0.8)	(0.4)
Charge/(credit) to statement of comprehensive income	1.0	(1.3)	1.0	(1.3)
Deferred tax asset at 31 December	(1.2)	(1.4)	(1.4)	(1.6)

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Accelerated capital allowances	2.1	1.9	1.9	1.7
Deferred tax arising in relation to retirement benefit	(3.3)	(3.2)	(3.3)	(3.2)
Other short-term timing differences	-	(0.1)	-	(0.1)
Deferred tax asset	(1.2)	(1.4)	(1.4)	(1.6)
- of which due to be recoverable in one year	-	-	-	-
- of which recoverable after one year	(3.3)	(3.3)	(3.3)	(3.3)
- of which due to be payable in one year	-	0.1	-	-
- of which due to be payable after one year	2.1	1.8	1.9	1.7

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Bank loans (note 18)	7.8	0.1	-	-
Trade creditors	2.3	1.3	2.3	1.3
Pension contributions	0.3	0.3	-	-
Social security	0.3	0.3	0.3	0.3
Corporation tax	0.5	0.5	0.4	0.4
Other creditors	1.3	0.6	1.2	0.5
Accruals	2.4	1.1	2.1	1.0
Deferred income	4.9	4.0	4.6	3.8
Deferred grants (note 19)	-	0.2	-	0.2
Amount owed to Group undertakings	-	-	16.1	16.3
	19.8	8.4	27.0	23.8

Amounts owed to group undertakings do not bear interest, are secured and are repayable on demand. After the year-end an amount of £1.0m included in Other creditors due within a year that related to deferred consideration from an acquisition made in a prior period was paid.

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

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Other creditors	-	1.0	-	1.0
Deferred grants (note 19)	0.5	-	0.5	-
Bank loans (note 18)				
- between one and two years	-	0.1	-	-
- between two and five years	-	7.7	-	-
	0.5	8.8	0.5	1.0

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

18. BORROWINGS

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Bank loans	7.8	8.0	-	-
Analysis of bank loan repayments:				
Due within one year	7.8	0.1	-	-
Due after more than one year	-	7.9	-	-
	7.8	8.0	-	-

The bank loans included above comprise the following:

	Group		Port	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Due to:				
Svenska Handelsbanken AB	7.8	8.0	-	-
Total	7.8	8.0	-	-

At the year-end, £7.8m of the bank loan in Havens Head Retail Park remains outstanding and is due for repayment in full in 2022. The bank loan is secured on investment property of Havens Head Retail Park Limited with a carrying value of £12.7m (2020: £12m).

Pursuant to the Milford Haven Port Authority Harbour Revision Order 2000, the Port was authorised as at 31 December 2021 to borrow sums not exceeding £50 million.

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. A 3.5% debenture loan 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.

19. ACCRUALS AND DEFERRED INCOME

	Group and Port	
	2021 £'m	2020 £'m
Deferred capital grants:		
At 1 January	0.2	-
Additions	1.1	0.9
Released to profit and loss account	(0.8)	(0.7)
At 31 December	0.5	0.2
- of which due to be released in one year	-	0.2
- of which due to be released after one year	0.5	-

During the year, the Group received capital grants of £1.1m (2020: £0.9m) and revenue grants totalling £0.2m (2020: £0.1m) for expenditure which is included within the operational expenses of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS

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

- (a) The Milford Docks Company Staff Pension Scheme (MDCSBS), a defined benefit scheme providing benefits based on final pensionable pay for some of the Group's full time staff. The most recent actuarial valuation of this scheme was as at 1 July 2020. The assumptions in the actuarial valuation, which had the most significant effect on the results of the valuation, were 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, pensions that increase once in payment at RPI capped at 5% are assumed to increase by RPI and the rate of mortality would be based on the A67/70 and PA90 mortality tables. The actuarial valuation showed that the scheme's assets amounted to 171% of the value of the liabilities of the scheme as they fall due. Since it has no active members, no contributions are payable to the fund.
- (b) Milford Haven Port Authority Retirement Benefits Scheme (MHPARBS), a defined benefit pension scheme providing benefits for the Group's staff. During 2009, the Group 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 service cost of the scheme is charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The pension contribution for the year was £1.0m (2020: £1.1m). There were no outstanding contributions payable to the fund at the end of the year (2020: £nil).

The most recent actuarial valuation was at 1 January 2018 which showed that the value of the scheme's assets amounted to 119% of the value of the liabilities of the scheme. The Employer expects to contribute £1.0m to this scheme during the year to 31 December 2022.

There is to be a defined contribution section within MHPARBS for new joiners. The employer contributions of £88k (2020: £32k) have been transferred to a NEST provision until a defined contribution section of the pension scheme is in operation.

- (c) In addition to the above schemes, some operational pilots employed by the Port are members of the Pilots' National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £0.1m (2020: £0.1m). The Port, in common with other competent harbour authorities, is making recovery plan payments to the PNPF. The Employer's 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. During the year, the Employer paid deficit contributions of £0.6m (2020: £0.6m) and will continue to pay for the remaining 7 years of the 2013, 16-year deficit plan, an amount of £0.6m will be payable in respect of this deficit plan in 2022. A new deficit plan as at 2019 will require additional contributions from 1 January 2021 to 31 December 2028, an amount of £55k will be payable in respect of this deficit plan in 2021.

FRS 102 Employee benefits

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

	MHPARBS	2021 MDCSBS	PNPF	MHPARBS	2020 MDCSBS	PNPF
Inflation rate	3.2%	3.7%	3.1%	2.8%	3.2%	2.6%
Discount rate for scheme liabilities	1.9%	1.8%	2.0%	1.4%	1.3%	1.4%
Rate of increase in salaries	n/a	n/a	2.4%	n/a	n/a	2.0%
Rate of increase for deferred pensions and pensions in payment	2.6%	2.5%	2.4%	2.2%	2.4%	2.0%
CARE revaluation	2.6%	n/a	n/a	2.2%	n/a	n/a

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS (continued)

The mortality assumptions used were as follows:

	MHPARBS Years	2021 MDCSBS Years	PNPF Years	MHPARBS Years	2020 MDCSBS Years	PNPF Years
Longevity in years at age 65 for current pensioners:						
- Men	21.7	18.7	21.6	21.7	18.7	21.6
- Women	24.1	23.4	23.9	24.1	23.4	23.9
Longevity in years at age 65 for future pensioners:						
- Men	22.7	19.3	22.6	22.7	19.3	22.6
- Women	25.2	24.1	25.1	25.3	24.1	25.0

Pension Funding Partnership

On 10 December 2013, the Group made a contribution to the MHPARBS of £8.5m. On the same day, the Trustee of this scheme invested £8.5m in MHPA PFP Limited Partnership, a Scottish Limited Partner (SLP). SLP was established by the Group 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, MHPARBS is entitled to an annual coupon on the share of the profits of SLP each year for 20 years.

Under FRS 102, the investments held by MHPARBS in SLP, an entity included within the consolidated results, do not represent a plan asset for the purposes of the Group's consolidated accounts. This is due to the definition of plan assets excluding any non-transferable financial instruments issued by SLP and held by MHPARBS. Accordingly, MHPARBS's deficit position presented in these Group financial statements does not reflect the current value of the investment in SLP held by MHPARBS. Distributions from SLP to MHPARBS will be reflected as pension contributions in these Group accounts on a cash basis. For the Port, the investment held by MHPARBS represents a scheme asset, and accordingly, the pension deficit position reflects the current value of the investment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS (continued)

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

Group

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Operating expenses						
Current service cost	3.2	-	0.1	2.4	-	0.1
Past service cost	-	-	-	0.3	-	-
	3.2	-	0.1	2.7	-	0.1
Other finance charges						
Net interest cost	0.3	-	0.1	0.3	-	0.1
Total	3.5	-	0.2	3.0	-	0.2
Recognised in other comprehensive income	5.0	-	1.1	(5.1)	-	(1.7)

Port

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Operating expenses						
Current service cost	3.2	-	0.1	2.4	-	0.1
Past service cost	-	-	-	0.3	-	-
	3.2	-	0.1	2.7	-	0.1
Other finance charges						
Net interest cost	0.2	-	0.1	0.1	-	0.1
Total	3.4	-	0.2	2.8	-	0.2
Recognised in other comprehensive income	5.3	-	1.1	(4.8)	-	(1.7)

In the prior year, the past service cost of £0.3m in the Group and the Port is stated net of contributions paid by third parties of £1m.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS (continued)

The analysis of the assets in the schemes was:

Group

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	50.3	0.1	5.8	45.9	0.2	5.6
Bonds	0.6	0.6	7.9	0.5	0.8	6.7
Cash	2.0	-	0.5	0.7	-	2.0
Annuity contracts	0.1	3.7	-	0.1	3.8	-
Gilts	4.9	-	-	6.6	-	-
Total market value of assets	57.9	4.4	14.2	53.8	4.8	14.3
Present value of scheme liabilities	(74.0)	(4.1)	(19.3)	(73.0)	(4.5)	(21.0)
Pension (liability)/asset	(16.1)	0.3	(5.1)	(19.2)	0.3	(6.7)
Related deferred tax	2.0	(0.1)	1.3	2.0	-	1.3
Net pension (liability)/asset	(14.1)	0.2	(3.8)	(17.2)	0.3	(5.4)

Port

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	50.3	0.1	5.8	45.9	0.2	5.6
Bonds	0.6	0.6	7.9	0.5	0.8	6.7
Cash	2.0	-	0.5	0.7	-	2.0
Annuity contracts	0.1	3.7	-	0.1	3.8	-
Gilts	4.9	-	-	6.6	-	-
Investment in SLP	8.3	-	-	8.5	-	-
Total market value of assets	66.2	4.4	14.2	62.3	4.8	14.3
Present value of scheme liabilities	(74.0)	(4.1)	(19.3)	(73.0)	(4.5)	(21.0)
Pension (liability)/asset	(7.8)	0.3	(5.1)	(10.7)	0.3	(6.7)
Related deferred tax	2.0	(0.1)	1.3	2.0	-	1.3
Net pension (liability)/asset	(5.8)	0.2	(3.8)	(8.7)	0.3	(5.4)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS (continued)

Movements in the fair value of scheme assets was:

Group

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	53.8	4.8	14.3	48.1	4.5	11.0
Interest income	0.7	-	0.2	1.0	0.1	0.2
Actuarial gains/(losses)	3.0	(0.2)	0.3	3.3	0.4	3.8
Benefits paid	(1.5)	(0.2)	(1.3)	(1.5)	(0.2)	(1.3)
Members' contribution	0.3	-	-	0.3	-	-
Contributions paid by employer	1.6	-	0.7	1.6	-	0.6
Contributions paid by third parties	-	-	-	1.0	-	-
At 31 December	57.9	4.4	14.2	53.8	4.8	14.3
Actual return on plan assets	3.7	(0.1)	0.5	4.3	0.5	4.0

Port

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	62.3	4.8	14.3	56.6	4.5	11.0
Interest income	0.8	-	0.2	1.1	0.1	0.2
Actuarial gains/(losses)	3.3	(0.2)	0.3	3.7	0.4	3.8
Benefits paid	(1.5)	(0.2)	(1.3)	(1.5)	(0.2)	(1.3)
Members' contribution	0.3	-	-	0.3	-	-
Contributions paid by employer	1.0	-	0.7	1.1	-	0.6
Contributions paid by third parties	-	-	-	1.0	-	-
At 31 December	66.2	4.4	14.2	62.3	4.8	14.3
Actual return on plan assets	4.1	(0.1)	0.5	4.8	0.5	4.0

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. EMPLOYEE BENEFITS (continued)

Reconciliation of present value of scheme liabilities:

Group and Port

	At 31 December 2021			At 31 December 2020		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	73.0	4.5	21.0	60.8	4.2	16.4
Current service cost	3.2	-	0.1	2.4	-	0.1
Members' contribution	0.3	-	-	0.3	-	-
Interest cost	1.1	-	0.3	1.3	0.1	0.4
Benefits paid	(1.6)	(0.2)	(1.3)	(1.5)	(0.2)	(1.3)
Actuarial (gains)/losses	(2.0)	(0.2)	(0.8)	8.4	0.4	5.4
Past service cost	-	-	-	1.3	-	-
At 31 December	74.0	4.1	19.3	73.0	4.5	21.0

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £10.8m (2020: £17.0m). The Port equivalent is £8.7m (2020: £15.1m).

Amounts for current year and previous four years as restated for MHPARBS, MDCSBS and PNPF:

Group

	2021	2020	2019	2018	2017
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(97.4)	(98.6)	(81.4)	(71.8)	(76.1)
Plan assets	76.5	73.0	63.6	58.2	59.9
Net liability recognised in balance sheet	(20.9)	(25.6)	(17.8)	(13.6)	(16.2)
Total actuarial gains and losses recognised in the statement of comprehensive income	6.1	(6.7)	(3.9)	3.1	5.7

Port

	2021	2020	2019	2018	2017
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(97.4)	(98.6)	(81.4)	(71.8)	(76.1)
Plan assets	84.8	81.5	72.1	66.6	68.8
Net liability recognised in balance sheet	(12.6)	(17.1)	(9.3)	(5.2)	(7.3)
Total actuarial gains and losses recognised in the statement of comprehensive income	6.4	(6.4)	(3.5)	3.0	5.9

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21. TRANSACTIONS WITH RELATED PARTIES

The Group has taken advantage of the exemption contained in FRS 102, Section 33 which does not require the Group to disclose transactions with other group companies. The total remuneration for key management personnel, being the Directors and Senior Management Team, are shown in note 7.

22. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO CASH GENERATED BY OPERATIONS

	2021	2020
	£'m	£'m
Operating profit/(loss)	1.3	(0.7)
Impairment of tangible fixed assets (note 11)	0.1	2.0
Loss on sale of tangible fixed assets	-	0.1
Depreciation charges (note 11)	3.8	4.0
Capital grants released (note 19)	(0.8)	(0.7)
Operating cash flow before movement in working capital	4.4	4.7
Increase in stocks	(0.1)	(0.1)
(Increase)/decrease in debtors	(1.2)	1.1
Increase in creditors	2.7	2.1
Difference between pension charge and cash contributions (note 20)	1.1	0.6
Tax paid	(0.8)	(1.3)
Cash generated by operations	6.1	7.1

Net debt reconciliation

	1 January 2021	Cash flows	Other non-cash changes	31 December 2021
	£'m	£'m	£'m	£'m
Cash at bank and in hand	21.8	(6.7)	-	15.1
Bank loans – due within one year	(0.1)	0.1	(7.8)	(7.8)
Bank loans – due after one year	(7.9)	0.1	7.8	-
Net debt	13.8	(6.5)	-	7.3

23. CAPITAL COMMITMENTS

	2021	2020
	£'m	£'m
Contracted for but not provided in the financial statements	3.5	1.4

The Group has committed to costs relating to the construction of a hotel (which was in the prior year balance) which is due to be completed in the first half of 2022, together with the refurbishment of a unused and dilapidated building also due for completion in 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24. OPERATING LEASES

Total future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Group		Port	
	2021	2020	2021	2020
	£'m	£'m	£'m	£'m
- within one year	2.3	2.4	1.3	1.4
- between one and five years	4.5	5.3	3.4	3.3
- after five years	10.6	10.8	10.4	10.3
	17.4	18.5	15.1	15.0

Operating leases are varied in length, rental charges and other various clauses as agreed at the time of the agreement with each customer. Any legal costs or other costs associated with setting up the lease are charged to the profit and loss account as incurred.

25. RESERVES

Revaluation Reserve

This reserve records any (i) excess of fair value over depreciated historic cost for investment properties and (ii) any excess of depreciated replacement cost revaluations of other property, plant and equipment in the Group and the Port and, at the balance sheet date, amounted to £22.8m (2020: £22.6m) for the Group and £25.9m (2020: £26.1m) for the Port. It includes historical valuations of specialised marine assets up to 31 December 2015 when deemed cost at the last formal valuation at 31 December 2013 was adopted and will remain an unrealised reserve.

Profit and loss account

This records cumulative profit and loss.

26. MINORITY INTEREST

	2021
	£'m
Group	
At 1 January and 31 December	0.1

The minority interest occurs in the subsidiary company, the Milford Docks Company, where 1.8% of the company is not owned by the Group but is made up of a number of individual holdings of 3.5% debenture stock in the company.

27. ULTIMATE CONTROLLING PARTY

The Port of Milford Haven is a Trust Port, a statutory entity that was brought into existence by a specific Act of Parliament – The Milford Haven Conservancy Act 1958. Like the Memorandum and Articles of Association of a conventional trading company, these Acts are the constitution for the Port, defining what it may or may not do, and how it governs itself in terms of appointing its Board and conducting its affairs. The Acts confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation, the

power for directing vessels and powers of compulsory acquisition. It also confers obligations, such as the obligation to maintain, improve, protect and regulate navigation, and rights, such as the right to levy charges.

The Port of Milford Haven is therefore an independent statutory undertaking not owned by anybody. The Port does not pay out any dividends to third parties, and nor does it receive direct budgetary support from government.



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