

# Building opportunities for our communities



Port of  
Milford Haven

2022 Annual Report and Financial Statements



Immersed in  
our community



Invested in  
our future



Anchored to  
Pembrokeshire

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# Contents

<b>Annual Report</b>		<b>Environment, Society, Governance</b>	22 - 32
<b>Officers and Professional Advisers</b>	2	Our People	23
<b>Strategic Report</b>	3 - 11	Safety & Security	24 - 25
Welcome from our Chair	3	Our Stakeholders	26 - 29
Chief Executive Overview	5	Environment	30 - 31
Our Board and Senior Management Team	8 - 9	Governance	32
Purpose, Vision, Values and Strategy	10 - 11	Directors' Report	33 - 36
<b>Our Business</b>	12 - 15	Directors' Responsibilities Statement	37
Trading Results	12	Independent Auditor's Report to the Members	38 - 40
Business Model	13	<b>Financial Statements</b>	41 - 67
Principal Risks & Uncertainties	14 - 15	Profit and Loss Account	42
<b>Operations Report</b>	16 - 21	Statement of Comprehensive Income	42
The Port Authority	16	Balance Sheet	43
Port Services	17	Statement of Changes in Equity	44
Hospitality & Tourism	20	Consolidated Cash Flow Statement	44
Real Estate	21	Notes to the Financial Statements	45 - 67

## Officers and Professional Advisers

<b>Officers</b>		<b>Chief Executive</b>	T Sawyer (appointed 30 April 2022), (A Jones resigned 30 April 2022)
<b>Chair</b>	C Martin	<b>Harbourmaster</b>	M Ryan
<b>Directors</b>	D Bowen Rees	<b>Registered Office</b>	Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP
	E Cassin	<b>Professional Advisers</b>	
	J Chitty	<b>Banker</b>	HSBC Bank plc, 56 Queen Street, Cardiff, United Kingdom
	A Jones (resigned 30 April 2022)	<b>Solicitors</b>	Hill Dickinson LLP, St. Paul's Square, Liverpool, United Kingdom
	J Nyhan	<b>Auditor</b>	Deloitte LLP, 5 Callaghan Square, Cardiff, United Kingdom
	S Phillips		
	M Ryan (appointed 27 January 2023)		
	T Sawyer (appointed 30 April 2022)		
	I Shipperley		
	D Williams		

## STRATEGIC REPORT

# Welcome from our Chair, Chris Martin



**Chris Martin**  
Chair

It is my great pleasure to present the 2022 Annual Report. It's been both a remarkable year and, for me, the last of ten years on the Port's Board. Over those 10 years, it has been my privilege to witness the Port's evolution; a trusted service provider that is now also a confident regional leader of transformational change, reinforcing our unique status as a Trust Port providing benefits to our communities not shareholders. We hold our customers, our partners, our staff, and our communities foremost in our thinking both in our planning, and in our delivery.

Many rightly view our business as guardians of the UK's western energy gateway, providing safe and effective navigation on the Milford Haven Waterway for millions of tonnes of cargo each year through our pilotage and conservancy role. This remains our vital core function, but the Port business today is so much more.

The rise of Milford Waterfront as an exciting and much-loved destination has been a great example of how we are expanding the experiences and services that we provide. The buzz of business, the crowds at summer festivals and now the bustle of a busy hotel, all speak of a place that has come of age. Ten years ago, when I joined the organisation, many of the spaces we see now were just sketches on a plan. Those places have been created but the "X Factor", the magic that brought Milford Waterfront to life, has been our increased collaboration and leadership across a broader area. We have injected energy and ideas into our plans, that have been carefully designed alongside our stakeholders to create strong partnerships with shared prosperity as a goal. It has been a privilege to see our committed and talented team conceive, build, and deliver such a valuable new part of our business that will be an important source of revenue for the Port for years to come. This will help drive future investments while also creating exciting new opportunities for the people who live and work around our Port.

**We hold our customers, our partners, our staff, and our communities foremost in our thinking both in our planning, and in our delivery.**

Many of the Waterway's terminals had an exceptionally busy year. Dues paying shipping rose by 16% and the associated income resulted in strong financial results for the Port. The Port Authority (TPA) team were central to this success; maintaining safe and efficient use of the Waterway while supporting our clients to meet their business demands. The income from shipping dues underpins our business. It drives our investment strategy and ensures we continue to deliver our overriding priority and unifying purpose of safe, effective, and resilient operations on the Waterway. Last year saw significant investment in our TPA facilities, pilot recruitment and the ongoing pilot boat replacement programme. This will continue throughout 2023.

Our Trust Port status requires us to leave our business in the same or stronger position than we found it, and it encourages us to take assertive action to support the communities around the Waterway. And, while some businesses can 'up sticks' and move in search of new markets we will always be anchored in Pembrokeshire. We must therefore create our own opportunities for growth. I am proud of our legacy to date but there is so much more to do. Speaking of legacy, I am pleased to report the successful hand-over from outgoing Chief Executive, Andy Jones, to our new Chief Executive, Tom Sawyer. Since joining, Tom has established himself as an inspirational leader, continuing to strengthen our core values and driving our business and our strategy forward. Our new 5-year strategy will help redefine our business and, with our partners, promote new, sustainable markets, encourage deeper supply chains and stronger relationships, and promote jobs and prosperity for years to come. Tom will expand on that later.

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Collaboration is critical in achieving those goals, and this report carries just some examples of the work we've done this year with our partners in the energy sector, and with Welsh and UK governments. Upper most in my mind are our collaborations with Pembrokeshire County Council to accelerate a just transition to a green energy future, and our Celtic Freeport bid. The recent announcement that we were successfully shortlisted for freeport status is exceptional news for the region. We, alongside our bid partners Pembrokeshire and Neath Port Talbot Councils and Associated British Ports Port Talbot, will continue working towards securing final freeport status. For now, we celebrate this collective achievement and thank everyone for their ongoing support.

Another superb example of collaborative activity coming to fruition can be seen in Pembroke Port as we make the biggest upgrade and repurposing in the last 200 years. The changes will better enable us to support current customers, but also make us an attractive and capable location for our next generation of customers as we enter a new energy epoch of net zero and renewable energy that will be characterised by Floating Offshore Wind in the Celtic Sea and new hydrogen and sustainable fuels technologies. The new slipway, workboat pontoons and office and workshop spaces at the historic Sunderland Hangars are key elements of this major multi-million-pound investment to create modern port infrastructure as part of the Pembroke Dock Marine project. Collaboration with partners and our funders Swansea Bay City Deal (through Welsh and UK Governments) and the European Regional Development Fund is helping ensure this region is central to the nation's Zero Carbon ambitions.

We were delighted to receive the Port Sustainability Award at the British Ports Association Conference in October. What made me particularly proud was that we were recognised for both our commitment to our environmental sustainability and to improving the sustainability of the communities surrounding the Port. Again, collaboration was key: our work with Pembrokeshire County Council on the Milford Haven Energy Kingdom project, including the hydrogen vehicle refilling station at Milford Waterfront caught the judges' attention and shows what can be achieved if we all work together.

**I am overwhelmingly proud of our teams as they work to meet our stakeholders' expectations, knowing how deeply they care about our communities.**

Our business and our people are part of our communities and we've witnessed the hardship many felt as the cost of daily life soared this year. One of the ways we measure the success of our business is through the impact we have on the wellbeing and prosperity of our communities. We chose to give our staff a special cost of living payment and worked with our business customers to support them through tough times. But it has also been important to expand our direct support of community projects. This year we have helped to fund organisations such as the brilliant Milford Youth Matters team who are firing up the confidence and imagination of talented young people through the award-winning 'Under the Bridge' project. We've also helped fund the essential 'Winter Warmers', offering young people the opportunity to socialise with friends, have fun, and enjoy a hot meal in a warm, safe environment. On the other side of the Waterway, we supported The Aloud Charity who used music to engage young minds with the new opportunities being created through the Pembroke Dock Marine project.

I would like to finish on a more personal note. The Port is a diverse business. We have a wide range of customers ranging from global corporations to local start-ups all of whom entrust us to deliver their business needs. And we have additional relationships including leisure users, neighbours, suppliers, contractors, future generations and even our precious wildlife, that we must consider in our actions. I am overwhelmingly proud of our teams as they work to meet those varying expectations, knowing how deeply they care about our communities.

Put simply, I am honoured and privileged to have been part of this truly wonderful team.

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

Chris Martin, Chair



# Chief Executive Overview

Tom Sawyer, Chief Executive

It has been a very exciting year to become the Chief Executive of the Port of Milford Haven. Our customers on the Waterway's terminals have had an exceptionally busy year, work began in earnest on the new infrastructure at Pembroke Port, and construction of the Tŷ Hotel in Milford Waterfront was completed and opened its doors for customers to enjoy the incredible four-star Hotel offering provided by our professional partners at the Celtic Collection. Our people have focused resolutely on helping our clients achieve their goals, and in building new opportunities for the future.

This is a review of the business in 2022. It will look at the notable milestones, many of which are the result of the execution of a strategy over several years. It will also cover some important groundwork that will help unlock future achievements, ensuring we keep delighting our clients and communities in the decades ahead.

## Performance

I am pleased to report that sales were substantially ahead of 2021, up 59% to £39.4m (2021: £24.8m). Uplift in all four areas of our business (Port Authority, Port Services, Hospitality & Tourism, and Real Estate) is a testament to our continued drive to respond to client demands and to create the resilient capabilities, services, and experiences that they will value. The increased turnover has improved profitability, with a doubling of profit before interest year on year from £1.5m in 2021 to £3.3m in 2022.

Our core business, The Port Authority (TPA), brought much of the increased bottom line with cargo entering the Port up at 38.9m tonnes<sup>1</sup> up 28% from 2021. The complex shifts in global energy trade gave South Hook LNG and Dragon LNG terminals their busiest year on record and we've adapted quickly to the increased demand.

<b>Cargo Volume</b> (This relates to physical cargo being transported)	38.9m tonnes <sup>1</sup> (↑ 28%)
<b>Gross Tonnage (GT)</b> (This relates to the internal volume of ships)	63.6m GT (↑ 26%)

This year demonstrated the extent to which global events influence port traffic volumes, demand for our service, and ultimately, the economic vibrancy of the Milford Haven Waterway. We were able to provide a safe and reliable pilotage service to every ship that required it, despite the 16% increase in traffic; a total of 1,957 ships. The associated gross tonnage (the internal volume of a ship) moving in the Port in 2022 was 63.6m, an increase of 26% on 2021. Meeting this extra demand has taken enormous commitment from staff but, as always, they have delivered with excellence. The strategic importance of this Waterway, the UK's western energy gateway, cannot be underestimated, and I am very proud of our Port Authority staff (including the pilots, Vessel Traffic Services (VTS) and launch crews) who responded magnificently to the unprecedented increase in service demand.

A busy Waterway is good news for the Port, but to maintain a resilient and efficient service we need to plan and build for future demand. We use shipping dues to fund our operational costs, as well as investing in assets, technology, and people to ensure we are prepared for the future demands of our customers on the Waterway and across the business.

Our Port Services business recorded mixed results, with volumes at the ferry terminal and fish docks remaining low post-Brexit but Pembroke Port generally seeing improved business activity in the year. Overall, the ferry terminal demand was lower in the year due to freight levels, although there was a slight recovery in the number of passengers. Whilst we expect the ferry volumes to recover, as a result of the reduced volumes an impairment has been made to reduce the value of the infrastructure assets in line with the lower levels of returns we are experiencing. Elsewhere, Pembroke Port enjoyed a busier than usual time during the summer thanks to major projects at the South Hook LNG Terminal and the Valero Pembroke Refinery, and some offshore energy projects requiring berth and laydown space.

Our Hospitality and Tourism operations also performed well with a palpable post COVID-19 buzz felt again at Milford Waterfront. We maintained 100% occupancy in the marina, and accommodation got off to an even better than expected

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<sup>1</sup> Provisional number for 2022, based on data supplied by the Department for Transport





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**Our substantial investment in port infrastructure is part of the £60m Pembroke Dock Marine development which is creating the home for offshore marine renewable energy companies.**

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start as we moved from offering just 10 beds (our Floatel Cabins and apartment) to 110 beds as Tŷ Hotel Milford Waterfront opened in April 2022. The idea conceived, planned, invested in, and built by us attracted a first-class hotelier in the Celtic Collection group, the same team behind the Celtic Manor Resort in Newport. By placing the hotel's operation in the hands of experts, we are already seeing a beneficial impact across Milford Waterfront.

Our Real Estate investment portfolio performed well with commercial rents and solar generation delivering solid returns. It was great to see our retail and hospitality tenants in Havens Head Retail Park and Milford Waterfront beginning their recovery from the past two years of on-off trading due to the COVID-19 pandemic. We have re-energised our tenant engagement activities and look forward to building on these in 2023 as we focus on how we can help drive footfall across our estate.

### Project Delivery

We saw some important milestones in 2022, where we laid foundations that we hope will help our region shape its economy and prosperity over the long term.

In August, work started to redesign sections of the dockyards at Pembroke Port. The initial works will see office and workshop spaces, an enlarged slipway, new pontoons and 17,000m<sup>2</sup> of laydown space completed by the end of 2023. Our substantial investment in port infrastructure is part of the £60m Pembroke Dock Marine<sup>2</sup> development which is creating the home for offshore marine renewable energy companies. This makes the Waterway an attractive proposition for investment by new businesses and lays the foundations for future developments to ensure we extract the maximum opportunity for local and regional supply chains from the renewables sector.

Building on these works, we walked in lockstep with Pembrokeshire County Council and other partners throughout last year as we continued to make the case for Pembrokeshire to become a world leading hub for marine renewables. We all see this as vital for people in Pembrokeshire, if we are to make a just transition to a green energy future. Our investments and resources are being applied to secure sustainable, high value jobs and opportunities for our workers and to win our coastal communities a fair share of the dividends from our exceptional natural capital.

### New Developments

In November, we joined Pembrokeshire County Council, ABP Port Talbot and Neath Port Talbot Council to make the case to the UK and Welsh Governments for the creation of a Celtic Freeport. Our joint submission naturally points to our advantageous locations, ideally placed to unlock the once-in-a-generation opportunity for floating offshore wind (FLOW) in the Celtic Sea, with a combined base for manufacturing, installation, operation, and maintenance across South Wales between Port Talbot and the Milford Haven Waterway. The recent news (March 2023) that the bid has been shortlisted for freeport status is exceptionally welcome and moves the region one step closer to unlocking the full opportunity.

The Celtic Freeport builds on from the Pembroke Dock Marine development and further accelerates Wales to a net zero economy. The freeport is expected to support 16,000 jobs and generate up to £5.5 billion of investment. One significant dividend for local communities would be that business rates accrued from activity within the Freeport would be retained by Pembrokeshire County Council and Neath Port Talbot Council for 25 years, for reinvestment within the region. Coastal and largely rural communities

such as ours have fragile economies, and many communities suffer deprivation. Freeport status gives us more resilience and competitive advantage as 'fast and first movers' in the global shift to net zero. An economic shot in the arm aimed at stimulating inward investment in modern, green technologies.

Our work with the Haven Waterway Future Energy Cluster also hit an important milestone in 2022. The coalition between the Port, energy companies, renewable developers, green technology innovators, and Pembrokeshire County Council is working to accelerate our energy transition. In June, I joined other representatives from the Cluster in Westminster to meet with MPs and demonstrate how we can play a pivotal role in delivering the UK's net zero ambitions through continued investment and evolution over the next 30 years. Like our partners, we are deeply invested in our local communities, and we want to see a sustainable Pembrokeshire economy thriving as we shift to net zero.

### Looking Ahead

The Port of Milford Haven is committed to being a proud custodian of the Haven, trusted to safely deliver prosperity, resilience, and sustainable communities. As a Trust Port we cannot deliver day-to-day without a clear plan for how we deliver for future generations.

Our updated Port Strategy for the next 5 years will help us strike the balance between our requirement to maintain a safe, resilient, commercially minded (and growing) revenue engine at the core of our business that, in turn, enables us to deliver our Trust Port obligations. These dual necessities must be calibrated in a manner that is relevant, impactful, and sustainable over the long term. Accordingly, our revised Port Strategy comprises three growth campaigns (Milford Haven Development, Port Authority Development, Pembroke Port Development) and two supporting campaigns (People Campaign and Integrated Business and Community Action) which we will finalise and share during 2023.

It is our employees who breathe life into our strategies and bring the dynamism and vibrancy that has made my first year at the Port a complete joy. As we navigate our way ahead, I am confident we will continue responding to every challenge and opportunity with the same dedication and vigour.



Tom Sawyer, Chief Executive

<sup>2</sup> 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.

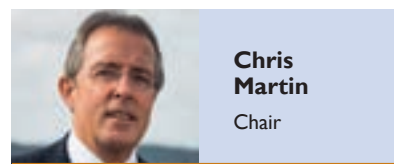




# Meet the Port of Milford Haven's Board

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

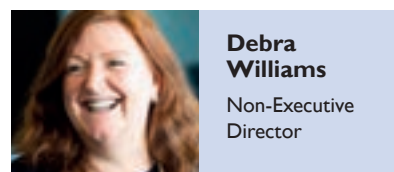
delivering to their full potential and, in turn, driving the success of the organisation. Chris' extensive experience across many sectors is proving invaluable in ensuring the Port's strategy and activities harmonise, and that our values of Safety, Collaboration, Excellence and Sustainability are upheld. 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 culminating in running the largest naval base in Western Europe, Ian is the Board's key strategic advisor for TPA

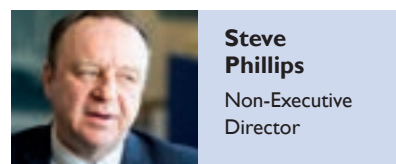
operations and risk. His enviable track record incorporates project delivery, strategic transformational change and management of risk and safety at senior leadership level. Ian has been instrumental in advancing the Port's risk profile and advising on TPA operations and procurement. He also brings additional experience from his work as an independent board member of several ports in the municipal sector, as chair of a community interest company preserving historic buildings for public use and as director of his own engineering consultancy.



**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,

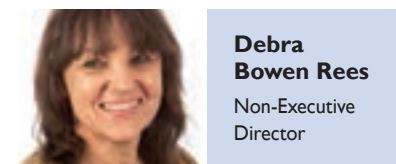
and leadership. As the former Managing Director of Confused.com, Debra is well placed to guide the business as we continue to develop new ventures in the consumer arena. With the focus on championing innovation, Debra, who was Welsh Woman of the Year for Innovation in 2006, is ideally positioned to advise. 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 recent role as Group Chief Executive of the Welsh Rugby Union, but from

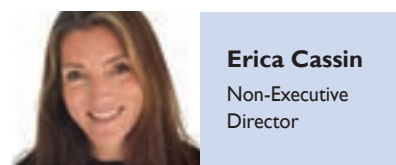
his previous experience with the regional airport owners TBI. He has an extensive risk management background which, together with his mergers and acquisitions experience, will help guide the Group through its ambitious diversification strategy. Also, his experience in overseeing major capital expenditure projects will be crucial in helping us deliver on our exciting expansion programmes for Milford Waterfront.



**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.

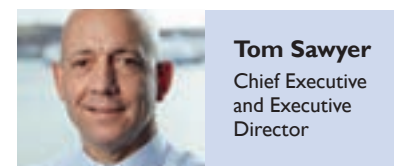


**James Nyhan**  
Non-Executive Director

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



**Tom Sawyer**  
Chief Executive and Executive Director

Tom joined the Port in April 2022. A passionate advocate for the opportunities presented by Pembrokeshire and the region, Tom's focus is to drive performance,

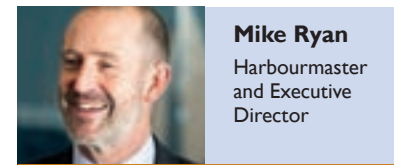
strengthen existing relationships and build sustainable future propositions. He works alongside the Board and the Leadership Team to ensure the continued smooth running of the Port's core operations while overseeing the exciting next chapter in the Port's continued transformation.



**Jonathan Chitty**  
Chief Financial Officer and Executive Director

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.



**Mike Ryan**  
Harbourmaster and Executive 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 TPA operations work effectively, and that we

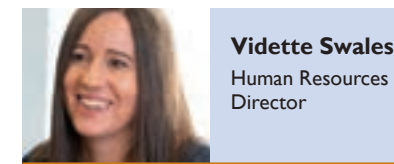
maintain the level of service our customers expect from us. Gained during a long Naval career, Mike brings extensive experience in managing complex operational situations. His focus is on delivering strategic and operational goals, and on maximising efficiencies and best practice in a safe working environment.

## Board developments:

- **Tom Sawyer** joined the Port as Executive Director and Chief Executive (30 April 2022).
- **Andy Jones** resigned as Executive Director and Chief Executive (30 April 2022).
- **Mike Ryan** joined the Board (27 January 2023).

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

**Tom Sawyer** - Chief Executive and Executive Director  
**Jonathan Chitty** - Chief Financial Officer and Executive Director  
**Mike Ryan** - Harbourmaster and Executive Director



**Vidette Swales**  
Human Resources Director

Vidette's clear focus is on developing our most important asset, our people. A Fellow of the Chartered Institute of Personnel and Development, Vidette has

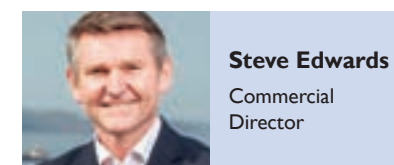
over 25 years' experience in HR roles encompassing both in the public and private sectors. She works closely with the Board and across the business to deliver an enhanced employee experience and ensure everyone is positioned to deliver the needs of our diverse business and support our united goals.



**Natalie Britton**  
Operations Director

Natalie focuses on maintaining operational excellence across our land side operations with additional responsibility for safety, environmental and quality 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 continue to explore the opportunities that the Celtic Freeport and Pembroke Dock Marine 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 supports commercial opportunities by managing change effectively.



# Purpose, Vision, Values and Strategy



## Our Purpose

To operate the UK's leading energy port safely, responsibly, and effectively.

## Our Vision

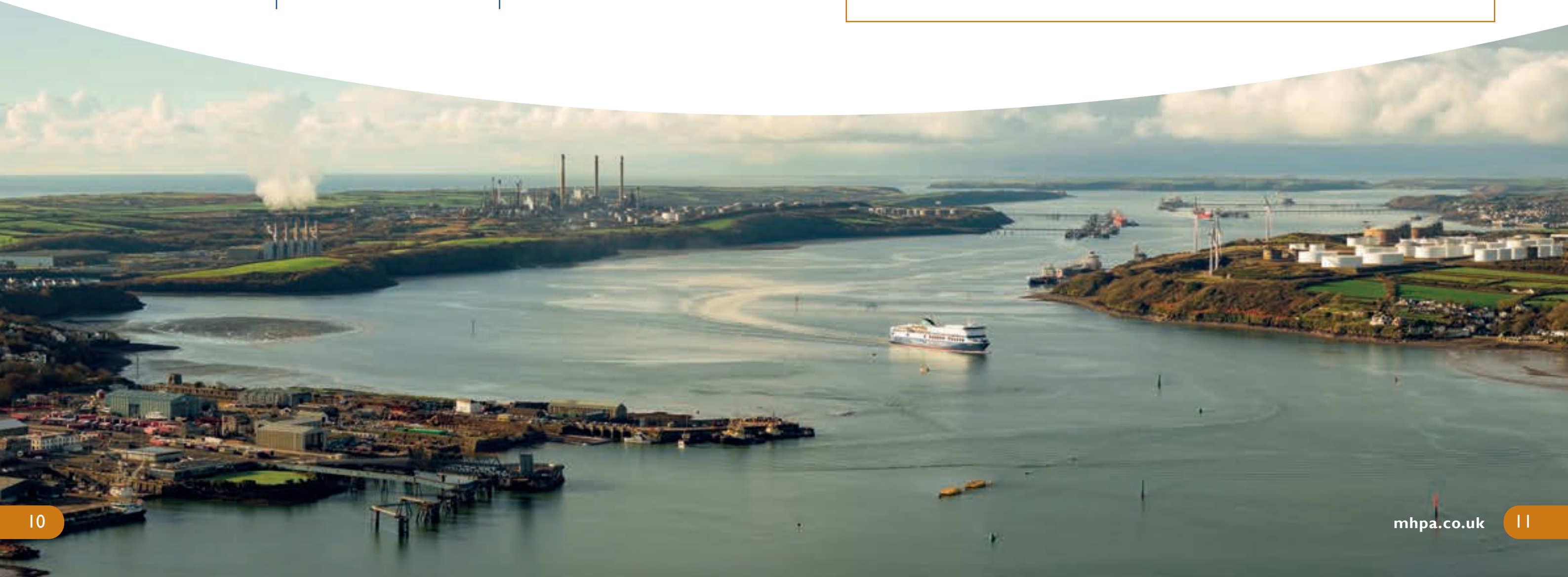
To always be proud custodians of the Milford Haven Waterway; trusted to safely deliver resilience, and to support sustainable coastal communities for the prosperity of future generations.

## Our Values

We have an unwavering focus on Safety – which is at the heart of everything we do. We strive for Excellence through Collaboration with a Sustainable conscience.

## Our Strategy for Growth

1. Expand our world-class pilotage capability.
2. Develop Milford Haven as a leading destination to live, visit, play and enjoy.
3. Develop existing multi-purpose port operations and establish Pembroke Port as one of the UK's leading renewable energy hubs.





# Our Business



## Trading Results

Trading results for the Group and key performance indicators for 2022 compared to prior year are summarised below:

	2022		2021
	£'m	% increase	£'m
Turnover	39.4	59%	24.8
EBITDA	7.5	42%	5.3
Operating Profit/(Loss)	1.9	46%	1.3
Cashflow from operating activities	13.9	128%	6.1
Cargo Volume (tonnes)	38.9m*	28%	30.3m
Dues paying ships (gross tonnage)	63.6m	26%	50.6m
Dues paying ship movements (number)	1,957	16%	1,688

\*Provisional number for 2022 as supplied by the Department for Transport.

Due to increased demand for pilotage services from our gas and oil terminal customers, the Port's turnover has increased by 59% to £39.4m in 2022 from £24.8m in 2021 with £1.9m operating profit also up from £1.3m. Cash flow generated from operations remained at good levels of £13.9m in 2022 from £6.1m in 2021, showing continued strong resilience.

Gross tonnages increased by 26% to 63.6m from 50.6m gross tons with the total number of dues-paying ships using the Port increasing by 16% to 1,957 in 2022 from 1,688 in 2021. The provisional figure for 2022 cargo volume is 38.9m tonnes (based on data supplied by the Department for Transport), this is an increase of 28% on the 30.3m tonnes seen in 2021.



## 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 and 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 £7.7m 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.





# Principal Risks and Uncertainties

The Board reviews the Business 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
<p><b>Risk To Operational Continuity</b></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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, and by increasing our focus on resilience strategies and the greater need for comprehensive climate data.</p> <p>In recent years the various implications of the COVID-19 pandemic, the war in Ukraine, and increasing energy costs have been carefully managed. We have ensured minimal business disruption by determining what our priority areas were for maintaining operational resilience and focusing efforts on mitigations in order to continue safe operations.</p> <p>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.</p>
<p><b>Risk to Financial Resilience</b></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>The cost-of-living crisis in the UK is an evolving issue that is impacting our employees as well as the organisation. We aim to mitigate the impacts of high inflation with pricing decisions but are aware that this is more challenging in a period of low economic growth.</p>
<p><b>Revenue Risk</b></p> <p>The Port has traditionally been reliant on the revenue earned from dues charged on vessels visiting the energy terminals on the Waterway. This reliance can create a short-term risk of revenues being subject to large fluctuations in demand within the oil and gas industry. A longer-term risk is presented by the net zero ambitions of the Welsh and UK Governments, and as the energy model develops, we may see changes to how the waterway is used, which may result in reduced income from shipping dues from the traditional oil and gas sectors.</p>	<p>Securing contractual guaranteed volumes from the terminals helps to mitigate the risk of fluctuating demand levels and enables the Port to make the investments required to be able to provide a reliable and safe pilotage service.</p> <p>The Port has introduced new revenue streams which will also help us mitigate against the short-term risk of significant revenue fluctuations and also the longer-term risks of decline in demand for oil and gas.</p> <p>In the face of higher levels of complexity and uncertainty, our risk and resilience capabilities will drive better outcomes through transformation and innovation. Our investments at Pembroke Port are an example of this, with the aim of building a future-proof modern port which can provide solutions to both the current generation of energy providers as well as the renewable energy developers which will support future generations.</p>

Risk	Mitigation
<p><b>Risk to Fit for Purpose Assets</b></p> <p>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.</p>	<p>We are committed to ensuring adequate stewardship and maintenance of our assets.</p> <p>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.</p>
<p><b>Risk to Reputation and Influence</b></p> <p>Our reputation and influence can be affected by internal failures, by external events outside our control and through the management of our stakeholder expectations.</p>	<p>In addition to our internal controls, we have the long-established Stakeholder Accountability Committee and the Port Advisory Committee and have good control over our messaging and relations with the media through a proactive PR and Communications department. 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.</p>
<p><b>Regulation, Governance and Compliance Risk</b></p> <p>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.</p> <p>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".</p>	<p>To meet these obligations, we have developed a Governance Manual, established an Audit &amp; Risk Committee and conduct internal and external audits.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p><b>Culture, Values and Behaviours Risk</b></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>To mitigate behavioural risks, we invest in our people through training and reward and have implemented an employee recognition scheme. We also conduct a Great Place To Work™ survey to gather feedback to guide our actions and have established Wellbeing Champions. Our leaders work hard to embody our values and vision and cultivate a positive culture.</p> <p>We remained closely engaged with all stakeholders in 2022 to manage the various implications of the COVID-19 pandemic. The number one priority remained the safety of our people and visitors to our sites when the nationwide public health restrictions were in place and after.</p>



# Operations Report



**Investments in resilience continued in 2022, with work progressing well to develop a state-of-the-art pilot launch vessel suited to the demanding conditions outside the Waterway.**



## The Port Authority

It was a record-breaking year for shipping across many terminals. Every terminal saw more activity year-on-year (except for the ferry terminal which was slightly lower than 2021).

<b>Cargo Volume</b> (This relates to physical cargo being transported)	38.9m tonnes <sup>3</sup> (↑ 28%)
<b>Gross Tonnage (GT)</b> (This relates to the internal volume of ships)	63.6m GT (↑ 26%)

The metric used to calculate our pilotage fees, gross tonnage, rose from 50.6m tonnes in 2021 to 63.6m tonnes last year. The total weight of cargo moved in the Port of Milford Haven was 38.9m tonnes<sup>3</sup> an increase of 28% from 2021.

Our continued investment in a safe and resilient service ensured that no ships were turned away, something that is extremely important if we are to retain our reputation as a port of choice and the UK's western energy gateway.

The war in Ukraine and subsequent trade restrictions on Russia led the UK Government to issue guidance as to how sanctions should be managed by individual ports. In March we announced we would not allow entry to any ships that were flying the Russian flag or registered in Russia, or that were owned, controlled, chartered, or operated by any person connected with Russia. Determining beyond doubt whether a vessel falls within this definition is not simple, but we were keen to ensure that case-by-case sanctions advice from the Department of Transport was applied here in Milford Haven. This was done in collaboration with our terminal customers.

Investments in resilience continued in 2022, with work progressing well to develop a state-of-the-art pilot launch vessel suited to the demanding conditions outside the Waterway.

We made extensive improvements to the pilot jetty, adding new wave shuttering that will better protect the launches and crews in poor weather. We also made improvements to communication equipment used by Vessel Traffic Services (the new name for Port Control, bringing us in line with international practice) and Waterway users. Our navigation aids were also audited, tested, and approved by Trinity House as part of their periodic checks.

We continued a recruitment drive for new pilots to ensure we maintain quality in depth when called upon by our customers. Training and development of pilots is specific to each port, so the people we recruit represent an important long-term investment. In other words, we need to know not just how we meet today's needs but how we plan for tomorrow.

This future proofing is particularly important in the changing energy landscape. In 2022 we started seeing shipping related to offshore renewables move in and out of the Port. As Pembroke Dock Marine and projects in the Celtic Sea gain pace, they will attract greater numbers of large vessels (such as survey ships, barges and operation and maintenance vessels). As the traffic managers of the UK's western energy gateway, it is our responsibility to plan for safe growth.

We have begun working with our South Wales Industrial Cluster (SWIC) colleagues (energy, construction and industrial businesses and local authorities along the M4 corridor) to carry out a Waterway capacity study that will help us understand just how much traffic the Waterway can safely handle. One significant factor might be the development of carbon capture, usage, and storage (CCUS)

which would allow carbon intensive industries to ship waste CO<sup>2</sup> to appropriate facilities. This study is important, not only for the businesses in the region who need an efficient and modern port for their own operations, but for us to make our own assessment of future staffing and resource needs. In a similar vein to this project, our advanced navigation simulator located at Milford Docks is now being used to model some potential future Waterway traffic types. For example, our TPA team worked with the Offshore Renewable Energy Catapult, Tugdock and Svitzer Marine to simulate the movement of a large floating wind turbine in and around the Port environs and past the terminals on the Waterway to see what impact this might have on their own operations.

## Port Services

### Ferry

Passenger figures recovered slightly following two years of significant pandemic impact. However, accompanied and unaccompanied freight numbers were collectively down 9.7% on 2021. There is evidence that direct sea links between Ireland and France have had an impact. The market will need time to settle before the longer-term picture emerges. The extension of the Irish Ferries' contract in 2020 and the arrival of a new ferry and our own investment to accommodate it demonstrate our joint commitment to this vital crossing.

Post-Brexit port security and customs handling protocols remained unsettled in 2022. We completed works to improve welfare, traffic management, gatehouse, and Border Force facilities. We also invested in two new terminal tractors (used to move unaccompanied freight on and off the ferry).

## Cargo

Pembroke Port saw 48% quay occupancy. Not only were major projects at Valero and South Hook LNG Terminal making use of the space for loading large equipment, but there were first signs of how a reshaping energy landscape will benefit us too. The Greenlink Interconnector project, a subsea powerline linking Ireland and the UK via Pembrokeshire to support the growth and integration of low carbon energy, made use of the quay. The increase in visits of survey vessels alone demonstrates how well-serviced quayside space in our region will be as critical to future energy needs as it is currently.

Animal feed company, Cefetra, continued to ship and store animal feed at Pembroke Port. This reliable source of animal feed landed in the heart of dairy country in West Wales highlights that the Port provides an economic lifeline for the hinterland just as it does for businesses along the Waterway.

Pembroke Port also facilitated the mobilisation and demobilisation of the piling equipment for the workboat pontoon build as part of the Pembroke Dock Marine development.



<sup>3</sup> Provisional figure for 2022, based on data from the Department of Transport





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### Fish Docks

It was another challenging year for the Fish Docks. While the local inshore fleet remained active, the Belgian fleet was absent. Throughout 2022, we supported the Welsh and Belgian governments, customs officials, and agents as they trialled overland transport links for seafood landed in Milford Haven.

### Development Projects

In June, a consortium representing the key players operating and developing energy businesses here in the Waterway, travelled to Westminster to present their shared vision of a low carbon future. The Milford Haven Waterway Future Energy Cluster, including the Port of Milford Haven and Pembrokeshire County Council, outlined how it can help governments accelerate the UK's transition to net zero, while bringing greater prosperity to the area.

This Cluster has brought together a strong coalition of energy companies, renewable developers and green technology innovators, all significant contributors to the

**This reliable source of animal feed landed in the heart of dairy country in West Wales highlights that the Port provides an economic lifeline for the hinterland just as it does for businesses along the Waterway.**

regional economy through employment and investment. Its purpose is to galvanize an energy transition and ensure this region is at the heart of, and can get maximum benefit from, the national shift; to make our region a driver, not a passenger on the road to net zero. During the reception in the House of Commons, the Cluster outlined a pathway to support at least 20% of the UK's hydrogen production and 10% of

**At Pembroke Port, we broke ground on the construction of an increased size slipway, new pontoons to support ongoing operations and maintenance phases, and the creation of new laydown space.**

the Floating Offshore Wind (FLOW) target. We were in Westminster to present a vision, but as importantly, we were also there with 'asks'. These included the expansion of South Wales grid capacity, the implementation of a fast-tracked consenting regime and incentives for the production and use of low carbon fuels.

At Pembroke Port, we broke ground on the construction of an increased size slipway, new pontoons to support ongoing operations and maintenance phases, and the creation of new laydown space. It's the second phase of works funded through the Pembroke Dock Marine project that is establishing Pembrokeshire as a marine engineering and energy centre of excellence. The infrastructure changes at the Port commenced the year before with the renovation of the Hanger Annexes into office and workshop spaces. Pembroke Dock Marine is a partnership between the Port of Milford Haven, Offshore Renewable Energy Catapult, Marine Energy Wales, and Celtic Sea Power. The project is funded by the UK Government and Welsh Government through the Swansea Bay City Deal, and through the public and private sectors. It is also part funded by the European Regional Development Fund through the Welsh Government.

In November, a consortium bid was submitted to the UK and Welsh governments to create a Celtic Freeport covering the Milford Haven Waterway and Port Talbot. We were joined by Pembrokeshire County Council, Associated British Ports and Neath Port Talbot Council to make the case for Freeport status which we believe would create an accelerated pathway for Wales' net zero economy. The Celtic Freeport is expected to support over 16,000 jobs and generate up



to £5.5 billion of new investment. It ties in perfectly with Pembroke Dock Marine and comes as the renewables industry stands on the threshold of unlocking the £54 billion floating offshore wind (FLOW) industry in the Celtic Sea bringing long term economic activity from manufacturing, installation, and maintenance of marine energy devices. The recent announcement that the Celtic Freeport bid has been shortlisted for freeport status is exceptionally welcome news.

The floating offshore wind industry made advancements during 2022. The Crown Estate confirmed licenses allowing the placement of devices off the Pembrokeshire coastline that will generate up to 4GW by 2035. We are busy creating the facilities and spaces required to make Pembroke Port the first-choice location for development, research, and operation and maintenance of floating offshore wind. But, as our consortium bid for Freeport status underlines, collaborating with Port Talbot is key to the region presenting the whole solution that includes space for fabrication and assembly and a ready access to steel. Our region could be hosting up to 24GW of generation from offshore wind by 2050.

Our Commercial team hosted Port visits and meetings with prospective FLOW developers and supply chain specialists in 2022. We've also reached out further and held an industry consultation into the role the Port could play in supporting floating offshore wind development in the Celtic Sea. Based on these interactions, it remains reasonable to predict there will be considerable appetite for space at the Port once we've completed the new facilities.

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**We also welcomed the opening of the Milford Beach Activity Centre which offers paddleboarding and kayaking from the Hot Water Slip.**

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## Hospitality and Tourism

April saw the opening of the Tŷ Hotel Milford Waterfront. The landmark 100-bedroom, 4-star hotel is a collaboration between the Port and the team behind the world-renowned Celtic Manor Resort. Delivered on time and within budget, both the hotel and its restaurant, “dulse”, have been widely praised. As well as creating rewarding new career opportunities within the community, it’s playing a key part in the evolution of this area into a top destination for visitors to eat, play, shop and now stay in greater numbers.

The opening of the hotel helped highlight a sense of ‘getting back to business’ at Milford Waterfront after two difficult years due to the COVID-19 pandemic. Local businesses who, through energy and ingenuity, had weathered lock-down well, welcomed back customers for an uninterrupted season. Tŷ Hotel Milford Waterfront quickly proved popular among visitors and corporate guests, including visiting contractors, and many restaurants and shops nearby reported an upturn in business as hotel guests ventured out to enjoy the offerings.

**As well as creating rewarding new career opportunities within the community, Tŷ Hotel is playing a key part in the evolution of this area into a top destination for visitors to eat, play, shop and now stay in greater numbers.**

New retail tenants for 2022 including The Cheeky Sheep, Akamuti and Salt on the Strand, further strengthened the draw of Milford Waterfront as the place for local, high-quality, and independent outlets. We also welcomed the opening of the Milford Beach Activity Centre which offers paddleboarding and kayaking from the Hot Water Slip.

In many regards, the reality of a vibrant and distinctively local destination of choice that Milford Waterfront has become, turned out even better than the vision we drew up 10 years before. Our team has worked hard to turn a two-dimensional strategy and careful investment into a fully rendered and busy destination. However, much of the success is down to the collaboration and passion shown by like-minded local businesses willing to work with us.

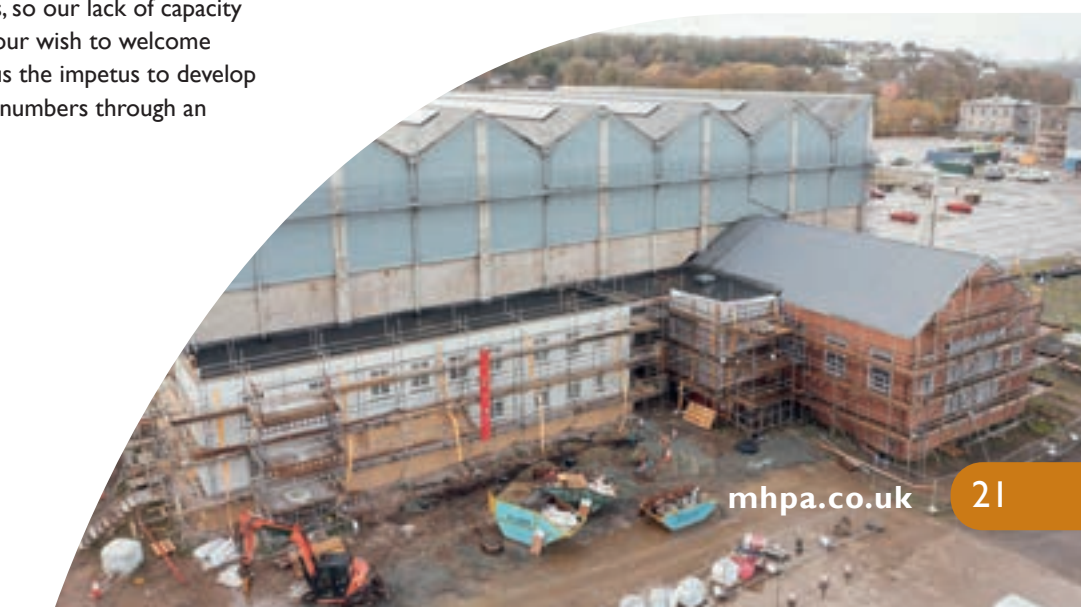
Events were back in full swing in 2022, with the Festival of Fire, Milford Haven Round Table’s Big Beer Festival, and the Street Food Festival as highlights of spring and summer, rounded off by the spectacular Milford Haven Round Table Fireworks display in the autumn. Mindful of the increasing visitor numbers, we listened to feedback and will be carrying out resurfacing of the Waterfront’s car parks and remain committed to keeping the parking free for now, to support local businesses as they gain strength.

The marina enjoyed 100% occupancy throughout the year and there is now an extensive waiting list. Unfortunately, this meant we had less space to accommodate visiting vessels. We set out to be a destination of choice not just for land-based tourists, but also boaters, so our lack of capacity in the face of growing demand and our wish to welcome more voyagers on water has given us the impetus to develop a strategy to increase marina berth numbers through an expansion programme.

Our ambition to make Milford Haven an internationally recognised destination for tourism, culture, heritage, and leisure depends on collaboration. 2022 saw our strategic partnership with Visit Pembrokeshire develop further as we sponsored a category in their inaugural ‘Croeso’ tourism awards, recognising excellence in the industry. Our work with them and with Pembrokeshire County Council is important to ensure our investment benefits not only the rest of the town, but the whole county.

## Real Estate

Our property portfolio continues to provide an important revenue stream to support the core activities of the Port. We were at 89% occupancy in our commercial portfolio for 2022, and Havens Head Retail Park was 95% let, which indicated a return of the confidence lost during a turbulent period for retail over the previous two years due to the COVID-19 pandemic.





# Environment, Society, Governance (ESG)



For the first time, we have created a dedicated section which outlines our Environment, Society and Governance (ESG) related activities during 2022. ESG places responsibility on businesses to consider impacts on people and places. We welcome the increasing focus within the business community towards these issues, long recognising their value as part of our Trust Port status.

We will always strive to consider the needs of our staff, our stakeholders and our environment and will continue to adapt to reflect changing conditions.



## ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)

### Our People

At the start of 2022, some COVID-19 measures to protect key staff and the resilience of our service were still in place. There were more positive cases reported, and absences due to positive tests, by staff this year than there were in 2021. Thanks to employee flexibility and the efforts of managers, COVID-19 did not have any significant impact on our ability to keep operations running.

With spiralling national living costs and increased demands in this busy year, we took the early decision to award all employees a one-off payment in recognition of their ongoing commitment and to help ease the strain on household budgets. And, while most of our staff were already paid above the Real Living Wage, we made the formal decision to commit to being a Real Living Wage Employer ensuring all our employees benefitted from this important standard.

We opted for a new scheme to measure and gain feedback on our employee experience, turning to the Great Place to Work™ as a means of setting a new baseline in sentiment and allowing us to achieve accreditation in coming years. Our annual employee survey has always played an important role in our organisation, revealing areas where we can improve working conditions and managerial practices. One of the areas of focus in 2022 was to increase participation in the survey which we achieved with our highest response level to date of 79%. While 67% of respondents agreed that the Port was a great place to work, we did identify areas where improvements need to be made. We have set up employee-led working groups to address these areas of our business.

Recognising success and showing appreciation for the efforts of our employees is an important part of our culture. Our Employee Recognition Scheme awards allows staff across the business to recognise the over and above effort of colleagues. It continues to grow in popularity and saw an 8% increase in 2022 (239 awards) over 2021 (221 awards).

**“ We made the formal decision to commit to being a Real Living Wage Employer ensuring all our employees benefitted from this important standard. ”**

As part of our commitment to improving mental health support for employees, we organised Mental Health First Aid training in 2022, and 16 employees were selected from across the different business areas to take part and become Mental Health First Aiders. We had planned to do this in 2021 but were unable to due to COVID-19 restrictions.

Maintaining the skills, competency and personal development of our staff is one of the most important ways we ensure the resilience and quality of our service for our customers. We are building in-house learning and development capabilities and can now access over thousands of interactive online training modules as well as design our own. This supports our ambitions to always deliver safe and exceptional service.







ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)

# Safety & Security

## Safety

Many of our people operate in complex and challenging environments, so safety is our first thought in everything we do. We are committed to ensuring everyone is trained, equipped, and informed, such that the risk of incidents and accidents is reduced to the lowest practicable level.

In 2022 there were zero reportable Lost Time Incidents, compared with zero in 2021. With regards to non-reportable Lost Time Incidents there were two in 2022 and zero in 2021.

We recognise that providing a safe environment to work in must consider and manage our team's mental health and wellbeing as well as their physical safety.

We have adopted four important safety habits that bring personal accountability to the front of people's minds:

1. Every employee is an active safety citizen
2. Every meeting starts with a safety moment to reflect and share best practice, including impacts on mental health and wellbeing
3. Every employee is empowered, and duty bound to issue 'Stop Work' instructions
4. Every employee is empowered, and duty bound to submit Near Miss reports.

**Safety is our first thought in everything we do.**

With tourists and shoppers once again out in numbers, a busy season at Milford Waterfront was made even busier by the opening of the new hotel. With increasing footfall, it's important that our business maintains a safe realm for the public to enjoy. To that end, we completed more work on walkways, parking areas and traffic management in 2022.

As we invest in more major infrastructure projects, the number of contractors working on our land has also increased. In 2022, procedures were developed to induct all contractors into our own safety regime allowing for implementation in early 2023 ensuring the high standards we hold for the safety and wellbeing of people on our estate and upheld by those we contract with. We also issued new safety handbooks to all our employees.

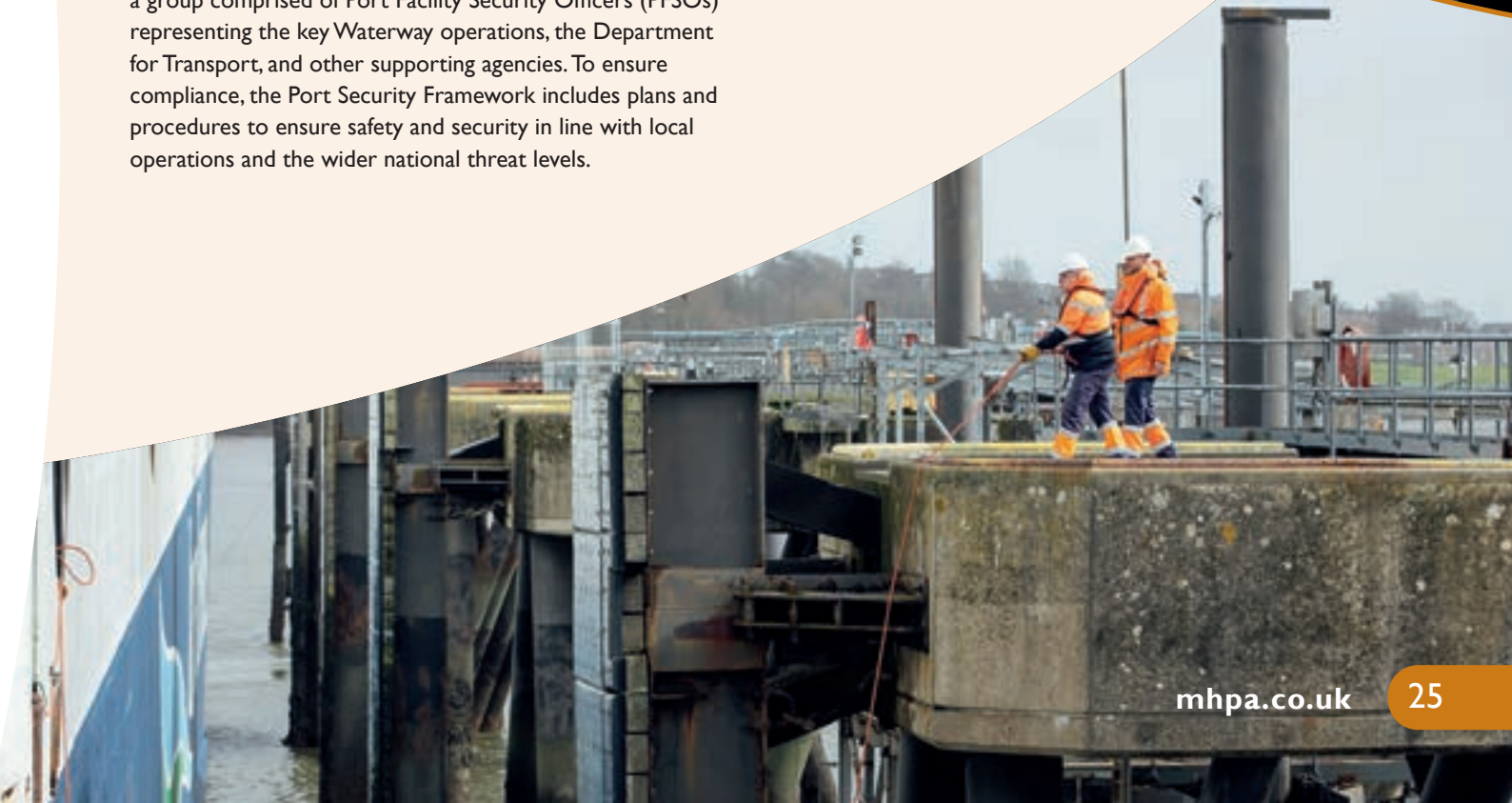
We carried out several exercises in 2022 to ensure our response to pollution, safety and security incidents are tested and refined. These were multi-agency exercises where we worked with partners including the oil and gas terminals, emergency services and local and national government agencies. For the first time, again in recognition of the increasing exposure the public has to our business and property, we carried out an exercise for an emergency incident on land. Working with emergency services, we were able to test our response and procedures, including the way we communicate with partners and the public during any incident.

**We recognise that providing a safe environment to work in must consider and manage our team's mental health and wellbeing as well as their physical safety.**

Every three years we reconfirm to the Maritime and Coastguard Agency (MCA) our compliance with the Port Marine Safety Code (this was last completed in 2021). As part of our commitment, we annually agree a safety plan and are required to report on success in achieving objectives.

## Security

The Port continues to maintain security readiness by adhering to the requirements of the International Ship and Port Facility Security Code ("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. To ensure compliance, the Port Security Framework includes plans and procedures to ensure safety and security in line with local operations and the wider national threat levels.







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**Through collaboration, financial support, and consultation, we have immersed ourselves more and more in local communities over recent years, with the aim to foster prosperity and ensure no one is left behind.**  
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ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)

# Our Stakeholders

As a Trust Port, we have a duty towards and are accountable to our stakeholders, and this is reflected in our vision; to always be proud custodians of the Milford Haven Waterway; trusted to safely deliver prosperity, resilience, and sustainable communities. More engagement, clearer communication and timely support have been at the centre of what we have focused on in 2022.

It has been an exceptional year. National influences and rising costs were felt keenly in the region but sat alongside increasing optimism for the renewable energy future mapped on the Waterway. Both issues played key roles in our stakeholder engagement activity.

## Supporting local groups

Through collaboration, financial support, and consultation, we have immersed ourselves more and more in local communities over recent years, with the aim to foster prosperity and ensure no one is left behind. However, we rely on the expertise of the third sector - voluntary groups, charities, and other social enterprises - embedded in our local area, to effectively deliver much of the direct community benefit we contribute towards each year. We want to help those who help us all, and in 2022, with a cost-of-living crisis hitting families across Pembrokeshire, this support was more important than ever.

The crisis left many in urgent need and charities were at the front line. We donated money directly to some of the charities put under most pressure, including PATCH, Pembrokeshire Foodbank and Pembrokeshire Care Society and extended our project working to ensure as many people as possible benefit in these challenging times.

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**We launched our Green Energy Fund in April which helps fund community groups in Pembrokeshire looking to reduce carbon emissions and improve energy efficiency.**  
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We launched our Green Energy Fund in April which helps community groups in Pembrokeshire looking to reduce carbon emissions and improve energy efficiency. We hope this support will help break down the financial barrier felt by charities, voluntary organisations and community groups wanting to decarbonise their operations and manage long term energy costs.

We renewed our formal partnership with charity Milford Youth Matters for a fourth successive year. Our support, added to by funding from the National Lottery, helped the charity deliver outreach to 11-18-year-olds. They put on more events than ever between Easter and the end of the summer holidays and used Port-owned office space at Cedar Court to continue their Friday night youth support service throughout the year. Milford Youth Matters makes a real difference within the community, and we are proud to be associated with such a dynamic charity. They have been successful in reducing anti-social behaviour in Milford Haven, supported young people to have a voice in their community

and enabled access to a wide range of enriching activities. The Under the Bridge holiday sessions have drawn universal praise, offering brilliant sessions such as football, graffiti art and circus skills. We also partnered with Milford Youth Matters on a new project, Winter Warmer Nights, offering young people the opportunity to socialise with friends and enjoy a hot meal in a warm, safe environment.

In Pembrokeshire, The Aloud Charity used the power of song to help us mark the historic transformation of Pembrokeshire into a marine engineering and renewables centre of excellence. They worked with students from Ysgol Harri Tudur to develop a music video featuring members of the community and local businesses to promote the opportunities being generated in the area and create a sense of pride around the project. The video is brilliant. However, the way it was created speaks as powerfully as the words in the song. The project was made possible with funding from CultureStep, Arts & Business Cymru, The Port of Milford Haven, Marine Energy Wales, Offshore Renewable Energy Catapult and Celtic Sea Power. It captured the genuine passion (including hopes and fears) of some of our future leaders about the coming renewables revolution. If we are asked to explain why collaboration is a core value of the Port, this music video makes a compelling and passionate case.

We have faced criticism in the past that the dock walls at Pembrokeshire act as a barrier between our business and the town. In 2022 we worked hard to address this, not least with the start of regular meetings with the town council, and with The Aloud Charity project. We ran a competition for community members to choose names for the historic Sunderland Hangars' annex buildings (currently being renovated to create operating spaces for the growing renewables industry in Pembrokeshire). The winning names were Erebus House, Catalina House, Falcon House, and Oleander House all heralding important ships built here at the Port. We have also mapped and recorded the old dock structures impacted by the infrastructure updates.

We continued our support of the Duke of Edinburgh's (DofE) Award in 2022 as a silver associate and sponsored a business tea in November aimed at encouraging other businesses to offer their support. The DofE programme gives young people so many opportunities and equips them with important life skills such as confidence, creativity, and compassion.

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Ever mindful of the need to promote safety on the Waterway, we sponsored a six-week sailing programme for three Pembrokeshire schools, St Florence School, Gelliswick School and Narberth School. The children worked towards gaining their RYA Youth Sailing Scheme Stage 1 certificates, with six returning students from St Florence working towards their Stage 4 certificates in crewed dinghies. They learnt important skills to help stay safe afloat, and built confidence, decision making, communication and independence while having fun. This initiative will continue in 2023.

With Waterway safety still in mind, we approved funding to support Pembrokeshire County Council with the provision and maintenance of public pontoon access for another ten years.

Finally, our staff felt strongly that we could do more for our chosen charitable causes by lending our commitment to each of them for three years instead of one. As a result, they voted Greenacres Animal Rescue to benefit from the Port's financial and in-kind support until the end of 2024.

**“**  
**The Aloud Charity used the power of song to help us mark the historic transformation of Pembroke Port into a marine engineering and renewables centre of excellence.**  
**”**

### Stakeholder Committees

In accordance with our Act of Parliament 1983, we host biannual *Port Advisory Committee* meetings. With representatives from a diverse set of Waterway stakeholders, these meetings provide a vital and confidential forum as we progress a shared vision for the future prosperity of the Waterway.

The Port also hosts a *Stakeholder Accountability Committee* which is chaired by the Port's Non-Executive Director, Debra Bowen Rees. This committee is focused on ensuring we hold ourselves properly accountable to our stakeholders. It includes major regional stakeholders and plays a critical role in helping develop our strategy for growth.

### Annual Stakeholder Meetings

After two years of online Annual Stakeholder Meetings, we welcomed a return to face-to-face events, with two sessions held in late July: one on the north and one on the south side of the Waterway. Like all businesses, we realised that the online technology used during lockdowns could help us reach a wider audience, so used a hybrid solution to broadcast the sessions online and making recordings available. Open to all, these meetings are critical in talking through plans and understanding perception at a local level.

### Collaboration

In helping us do our best to deliver prosperity in Pembrokeshire, there is no closer partner than Pembrokeshire County Council. 2022 was a proving ground for that partnership in more ways than one. We broke ground on the new slipway, workboat pontoons and land remediation as part of the Pembroke Dock Marine project, made possible by their support and collaboration as lead partner in Pembrokeshire's Swansea Bay City Deal project. In November, we joined forces again to submit a bid to the Welsh and UK governments for the creation of a Celtic Freeport, alongside Associated British Ports Port Talbot and Neath Port Talbot Council. It was announced in March 2023 that our bid to be shortlisted for Celtic Freeport status has been successful.

In June, we joined other members of the Milford Haven Waterway Future Energy Cluster at a major event in Westminster, hosted by the Rt Hon Stephen Crabb MP. The coalition of energy companies, renewable developers, green technology innovators, and Pembrokeshire County Council outlined how the Waterway will play a pivotal role in delivering

the UK's net zero ambitions through continued investment and evolution over the next 30 years. A similar event has since taken place in January 2023 at the Senedd, co-hosted by Samuel Kurtz MS, Cefin Campbell MS, Joyce Watson MS, and Jane Dodds MS.

Our involvement with Milford Haven Town Council is longstanding and has played a key part of the successes at Milford Waterfront. In 2022, we began regular meetings with Pembroke Dock Town Council. The move was welcomed by Councillors, and we see it as the start of a positive collaboration that has already seen us tweak our strategy on the south side of the river. We will now be looking to develop a Pembroke Dock early-phase destination offering in due course, something Councillors felt we were well positioned to promote following the success of the Milford Waterfront development.

We remained dedicated to our customers and our tenants. Better engagement will help build stronger, lasting relationships and will ensure any emerging issues are tackled promptly and effectively.

**“**  
**With Waterway safety still in mind, we approved funding to support Pembrokeshire County Council with the provision and maintenance of public pontoon access for another ten years.**  
**”**







ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)

# Environment

## Sustainability

Sustainability is one of our core values. For us it means being a thriving business, always working to minimise our environmental footprint and doing all in our power to safeguard the extraordinary natural wealth of our region. A superb example of our commitment to sustainability can be seen in the work we are doing to decarbonise UK energy supplies.

Earlier in the year, our work was formally recognised at the annual British Ports Association Conference where we won the Sustainability Award. The award recognised our commitment not only to environmental sustainability, but also our work to improve the sustainability of the communities surrounding the Port. Among the examples were a community engagement initiative which resulted in a music video performed by school pupils highlighting exciting opportunities in imminent renewable energy developments locally, and our investment in a fleet of electric vehicles. It also included the Port's collaboration with the Milford Haven Energy Kingdom project that delivered the world's first smart hydrogen hybrid heating system in a commercial setting at our headquarters and the installation of an electrolyser and hydrogen refueller, and the testing of two hydrogen powered cars.

We continued our involvement in Welsh Government's Coasts and Seas Partnership to ensure the Port remains closely involved in national strategy. Likewise, our continued membership of the British Ports Association Environment and Sustainability Group, ensured our voice was heard at a UK policy making level.

We also recognise that most vessel movements, including ours, carry a significant carbon cost. In December we submitted a funding bid to the Welsh Government to support a project to understand what the future of shipping in the Port might look like and how it might be fuelled. As floating offshore wind develops and our energy landscape evolves, the project will examine what sort of vessels we might see and whether there will be opportunities for hydrogen refueller depots to refuel them.

Finally, to address the increasing challenges as we move towards net zero, our Environment team has taken on an additional staff member.

## Carbon reporting

We are changing the way we measure our carbon footprint. Many carbon-intensive operations that are vital to the continued use of this Waterway, such as dredging, fall between the audits of the various bodies whose businesses benefit. In 2022 we began exploring how to share the responsibility for these emissions, in order that we can all play our part to offset and reduce the carbon cost of such essential works. This work will be completed in 2023.

During 2022, the Port's total Scope 1 & 2 greenhouse gas emissions were 1,397 tCO<sub>2(eq)</sub> – this is an increase of 157 tCO<sub>2(eq)</sub> from the 1,240 tCO<sub>2(eq)</sub> in 2021, reflecting the increase in shipping. Renewable energy generation across the Port's estates offset these emissions by 993 tCO<sub>2(eq)</sub> compared to 921 tCO<sub>2(eq)</sub> generated in 2021. This leaves the Port with residual emissions of 404 tCO<sub>2(eq)</sub> (2021 was a carbon deficit of 319 tCO<sub>2(eq)</sub>) which will be offset by investment in an accredited carbon offsetting scheme.

	2022	2021
Scope 1 & 2 emissions	1,396,958.87	1,239,727.72
Renewable energy generated	992,968.40	920,598.77
Carbon Status (kg)	-403,990.47	-319,128.95



**Sustainability for us means being a thriving business, always working to minimise our environmental footprint and doing all in our power to safeguard the extraordinary natural wealth of our region.**

## Protecting our Ecology

### Marine Works Licensing

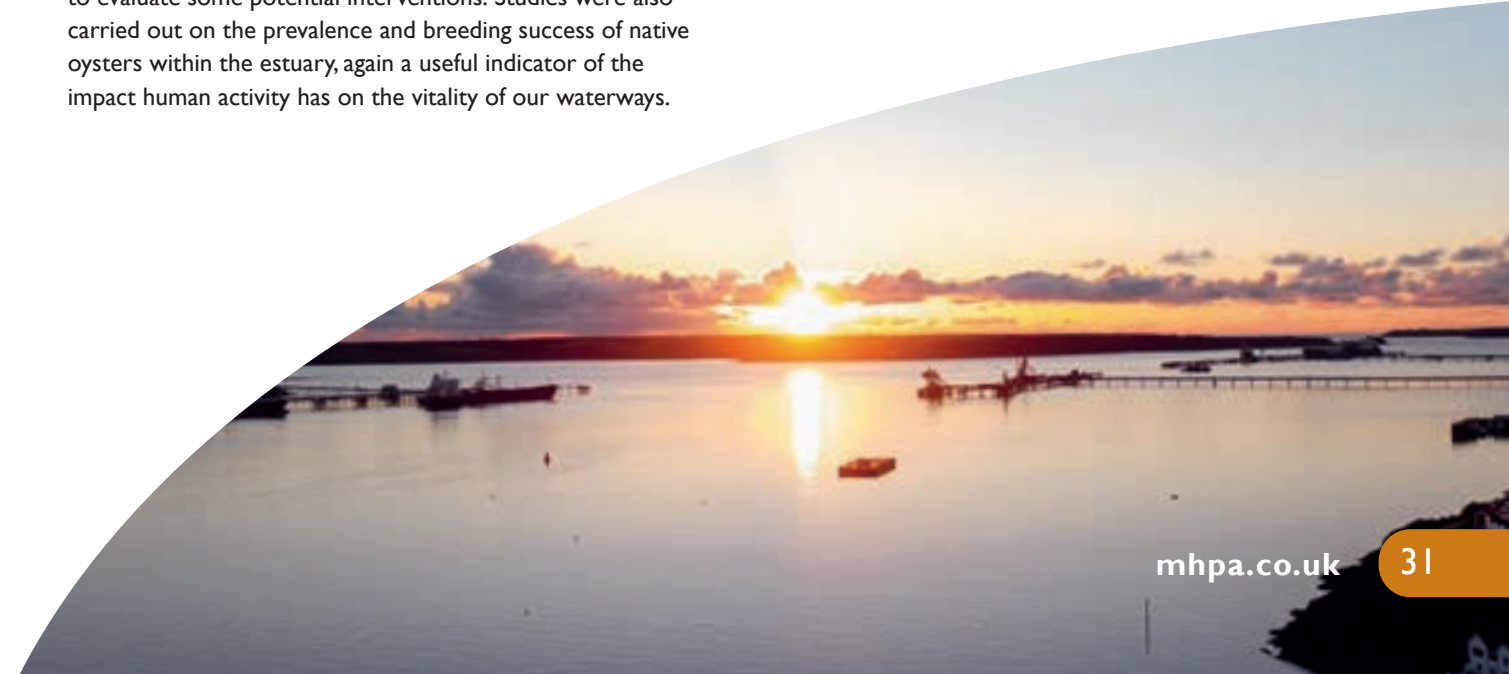
We continued to improve and streamline consenting for marine works licences, to make the process as painless as possible for applicants. We recognised that permitting and licencing were a key risk factor for investors, so we now ensure our environment and TPA teams simultaneously evaluate applications which speeds up the process while ensuring the right balance between conservancy (navigation, etc) and conservation is maintained.

### Pembrokeshire Marine SAC (Special Area of Conservation)

Our support for the Pembrokeshire Marine SAC Officer post continued in 2022. The SAC team has conducted extensive awareness-raising and advisory work on the pink sea fan, a delicate coral found on rocky outcrops around Skomer (while it is a distinctive feature locally, we are at the extreme northern limits of the area where the sea fan is found which stretches down to the Mediterranean). Research was carried out to better understand the threats and pressures it faces to evaluate some potential interventions. Studies were also carried out on the prevalence and breeding success of native oysters within the estuary, again a useful indicator of the impact human activity has on the vitality of our waterways.

### Shelduck Survey

The Milford Haven Waterway Environmental Surveillance Group, a broad assembly of waterway operators, conservation bodies and authorities, including the Port of Milford Haven, celebrates its 30th anniversary next year. The Group has collected important data on marine habitats and wildlife since its inception, and includes data from 30 years of shelduck surveys, carried out with the help of our own water rangers, as well as volunteer birdwatchers. The shelduck is a summer breeding visitor, and an important ecosystem indicator species, so understanding their numbers and breeding success allows ecologists to assess and interpret the impact of environmental change and activity in the estuary over that time.







# Directors' Report

## ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)

# Governance

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 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 other topics.

Governance is addressed as part of the Directors' Report in the next section.

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

**Chris Martin**, Chair  
20th April 2023  
Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP

### The Directors present their Annual Report and audited financial statements for the year ended 31 December 2022.

#### 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 prospects, is reviewed in the Strategic Report (which also includes the strategic information required by Schedule 7 to the Accounting Regulations which we have chosen to include in that section of the annual report and financial statements).

#### The Port of Milford Haven Board - Chair, Chris Martin

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

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 which is in line with UK government's "Ports Good Governance Guidance" policy.

The recruitment and appointment 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; 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 the 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.

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

#### ■ Audit & Risk Committee - Chair, Steve Phillips

Purpose: 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

Purpose: 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

Purpose: To undertake the 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. 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 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 or Vice-Chair, two other Non-Executives and the Chief Executive.

#### ■ Stakeholder Accountability Committee - Chair, Debra Bowen Rees

Purpose: To ensure the Port, as a Trust Port, holds itself properly accountable to its stakeholders. This is to ensure 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 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 Senior Management Team (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.

#### 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 a wide range of stakeholders from around the Waterway. 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 discuss the Port's work 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.

#### Charitable and Political Donations

Ports Good Governance Guidance outlines ways in which Trust Ports can re-invest surpluses to support the continuing and long-term success of a port for the benefit of its stakeholders. It states that in addition to investment on a commercial basis a Trust Port can:

- invest in infrastructure, with a longer-term view than might be expected on a purely commercial basis;
- invest in infrastructure or environmental improvements to a higher standard or greater extent, bringing quantifiable benefits to stakeholders;
- undertake activities that have a lower commercial return than a private sector port would undertake, but which delivers benefits for stakeholders, such as local communities;
- provide additional employee training where this helps to develop the local skills base; and
- make charitable contributions or grants to community projects or organisations.

The Port makes a range of charitable donations to local good causes via its Community Fund. Charities, voluntary organisations, community organisations and social enterprises that are working within Pembrokeshire are encouraged to apply to the Community Fund for support. In 2022 the Port supported 95 initiatives through this fund.

The Board has oversight of the Community Benefits strategy through which charitable donations are made.

In June, the Port co-funded the launch of the Haven Waterway Future Energy Cluster at an event at the House of Commons in Westminster. The event was hosted by Conservative MP for Preseli Pembrokeshire Rt Hon Stephen Crabb with a keynote speech delivered by then Minister for Energy, Clean Growth and Climate Change, Rt Hon Greg Hands MP followed by closing remarks from then Secretary of State for Wales, Rt Hon Simon Hart MP. Continuing with profile raising activity associated with the Haven Waterway Future Energy Cluster, the Port later hosted a table at the Welsh Labour in London dinner in July (£1,620). The Port also co-sponsored a reception at the Welsh Labour Gala dinner in Cardiff in November and virtual Observer Plus round table session in December (package cost £3,500). 2023 will see engagement with all the primary political parties in Wales and the UK as part of the Port's engagement programme, and through the Port's involvement in the Celtic Freepart.

#### 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 2022 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. As at 31 December 2022, the Group had no material foreign exchange risk (2021: £nil).
- Interest rate risk: The Group has interest bearing assets which are invested at differing interest rates; decisions on interest rate protection mechanisms are taken on a case by case basis and there was no interest rate protection in place at 31 December 2022 (2021: £nil) due to the low level of borrowings.
- 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 2022, 100% (2021: 100%) of the borrowings were due to expire within five years.

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## ESG (Environment, Society, Governance) and Corporate Social Responsibility

The Group recognises its responsibilities to the communities which are affected by its business and reviews its policies about ethical, social and environmental matters as necessary. While ESG has always been at the heart of the business, this is now properly reflected by the addition of a dedicated ESG section (pages 21-32) in the Strategic Report. Any matters in any of these categories which may materially affect the business of the Group are reviewed as required by the Board.

### Future developments

Details of future developments are detailed in the Strategic Report (Chief Executive Overview, pages 5-7) and form part of this report.

### Events after the balance sheet date

There are no significant events since the balance sheet date. The Port and Group extended its financing facilities with HSBC for a further 5 year term providing sufficient headroom to fund the Port and Group's operations for the long-term.

## 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 2022	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Stakeholder Accountability Committee
Total number of meetings	7	5	7	1	2
<b>Board Members</b>					
Andy Jones	2 <sup>(1)</sup>				
Chris Martin	7		7	1	
Debra Bowen Rees	6			0	2
Debra Williams	5		6	1	
Erica Cassin	6		7		2
Ian Shipperley	7	5			
James Nyhan	7	5			
Jonathan Chitty	7	5 <sup>(3)</sup>			
Steve Phillips	5	5			
Tom Sawyer	5 <sup>(2)</sup>	3 <sup>(3)</sup>	5 <sup>(3)</sup>	1	2

(1) Andy Jones left April 2022; present at 2 out of 2

(2) Tom Sawyer joined April 2022; present at 5 out of 5

(3) In attendance as Executive Directors (Tom Sawyer attended 3 out of 3 Audit Committee; joined April 2022)

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



**Chris Martin**, Chair  
Gorsewood Drive, Milford Haven,  
Pembrokeshire, SA73 3EP  
20th April 2023

# 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 2022 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 the Transport Act 1981.

We have audited the financial statements which comprise:

- the consolidated and Port profit and loss account;
- the consolidated and Port statement of comprehensive income;
- the consolidated and Port company balance sheets;
- the consolidated and Port company 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 parent company 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 parent company'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 parent company'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 parent company 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](http://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. The audit engagement team have assessed the revenue recognition policy adopted by management alongside a review of the contracts, assessed the design and implementation of key control in place to mitigate the risk, and recalculated the revenues recognised ensuring the revenues recognised are in line with the accounting policy adopted.
- Impairment of fixed assets – we have identified that there may be an incentive to manipulate the model used to assess the impairment of fixed assets through the assumptions used within the discounted cash flow model. The audit team have assessed the discounted cash flow model and the related assumptions, including consultations with internal specialists, used by management in their impairment of fixed assets.

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.

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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.

### 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 parent company 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

# Financial Statements

Samantha Bates  
(Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom  
20th April 2023





## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2022

	Note	Group		Port	
		2022 £'m	2021 £'m	2022 £'m	2021 £'m
<b>TURNOVER</b>	3	<b>39.4</b>	24.8	<b>34.6</b>	23.2
Cost of sales		<b>(18.0)</b>	(14.0)	<b>(16.3)</b>	(13.9)
<b>GROSS PROFIT</b>		<b>21.4</b>	10.8	<b>18.3</b>	9.3
Operating expenses		<b>(19.5)</b>	(9.5)	<b>(17.7)</b>	(9.2)
Gain on revaluation of subsidiary	12	-	-	<b>0.3</b>	1.2
<b>OPERATING PROFIT</b>		<b>1.9</b>	1.3	<b>0.9</b>	1.3
Gain/(loss) on revaluation of fixed assets	11	<b>1.4</b>	0.2	<b>0.6</b>	(0.3)
<b>PROFIT BEFORE INTEREST</b>		<b>3.3</b>	1.5	<b>1.5</b>	1.0
Finance costs (net)	5	<b>(0.6)</b>	(0.5)	-	(0.3)
<b>PROFIT BEFORE TAXATION</b>	6	<b>2.7</b>	1.0	<b>1.5</b>	0.7
Tax on profit	10	<b>(0.7)</b>	0.1	<b>(0.6)</b>	0.3
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2.0</b>	1.1	<b>0.9</b>	1.0

All results are derived from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	Group		Port	
		2022 £'m	2021 £'m	2022 £'m	2021 £'m
Profit for the financial year		<b>2.0</b>	1.1	<b>0.9</b>	1.0
Actuarial gain on pension schemes:					
- Actuarial gain on present value of scheme liabilities		<b>36.1</b>	3.0	<b>36.1</b>	3.0
- Actuarial (loss)/gain on scheme assets		<b>(23.7)</b>	3.1	<b>(24.7)</b>	3.4
		<b>12.4</b>	6.1	<b>11.4</b>	6.4
Movement on deferred tax relating to pension liability	18	<b>(2.8)</b>	(1.0)	<b>(2.8)</b>	(1.0)
<b>Total comprehensive income</b>		<b>11.6</b>	6.2	<b>9.5</b>	6.4

## BALANCE SHEET

At 31 December 2022

	Note	Group		Port	
		2022 £'m	2021 £'m	2022 £'m	2021 £'m
<b>FIXED ASSETS</b>					
Tangible assets – property, plant and equipment	11	<b>71.6</b>	60.2	<b>55.6</b>	47.1
Tangible assets – investment property	11	<b>30.9</b>	29.5	<b>17.4</b>	16.8
		<b>102.5</b>	89.7	<b>73.0</b>	63.9
Investments in subsidiaries	12	-	-	<b>21.5</b>	21.1
Loans to group undertakings	12	-	-	<b>12.9</b>	9.6
		<b>102.5</b>	89.7	<b>107.4</b>	94.6
<b>CURRENT ASSETS</b>					
Stocks	13	<b>0.4</b>	0.4	<b>0.4</b>	0.4
Debtors due within one year	14	<b>9.3</b>	6.5	<b>9.0</b>	6.5
Debtors due after one year	18	-	1.2	-	1.4
Cash at bank and in hand		<b>7.7</b>	15.1	<b>6.2</b>	11.2
		<b>17.4</b>	23.2	<b>15.6</b>	19.5
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	<b>(27.0)</b>	(19.8)	<b>(37.0)</b>	(27.0)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(9.6)</b>	3.4	<b>(21.4)</b>	(7.5)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>92.9</b>	93.1	<b>86.0</b>	87.1
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16	-	(0.5)	-	(0.5)
PROVISIONS FOR LIABILITIES	18	<b>(0.2)</b>	-	-	-
<b>PENSION LIABILITY</b>	20	<b>(9.4)</b>	(20.9)	<b>(2.6)</b>	(12.6)
<b>NET ASSETS</b>		<b>83.3</b>	71.7	<b>83.4</b>	74.0
<b>RESERVES</b>					
Revaluation reserve	25	<b>24.2</b>	22.8	<b>26.5</b>	25.9
Profit and loss account	25	<b>59.0</b>	48.8	<b>56.9</b>	48.1
		<b>83.2</b>	71.6	<b>83.4</b>	74.0
Minority interest (non-controlling interest)	26	<b>0.1</b>	0.1	-	-
		<b>83.3</b>	71.7	<b>83.4</b>	74.0

The financial statements of the Group were approved by the Directors and authorised for issue on 20 April 2023.

Signed on behalf of the Board by:

Chair  
C Martin



Chief Executive  
R N Sawyer





## STATEMENT OF CHANGES IN EQUITY

At 31 December 2022

	Group		Port	
	Profit and loss account £'m	Revaluation reserve £'m	Profit and loss account £'m	Revaluation reserve £'m
At 1 January 2021	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 18)	(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	<b>48.8</b>	<b>22.8</b>	<b>48.1</b>	<b>25.9</b>
Profit for the financial year	2.0	-	0.9	-
Actuarial gain on pension schemes (note 20)	12.4	-	11.4	-
Movement in deferred tax on pension (note 18)	(2.8)	-	(2.8)	-
Total comprehensive income	11.6	-	9.5	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 11)	(1.4)	1.4	(0.6)	0.6
At 31 December 2022	<b>59.0</b>	<b>24.2</b>	<b>57.0</b>	<b>26.5</b>

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2022

	Note	2022	2021
		£'m	£'m
<b>Net cash inflow from operating activities</b>	22	<b>13.9</b>	6.1
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(23.6)	(13.6)
Capital grants received		7.3	1.1
Interest paid		(0.2)	-
Interest received		-	-
<b>Net cash outflow from investing activities</b>		<b>(16.5)</b>	(12.5)
<b>Cash flows from financing activities</b>			
Repayment of bank loans		(7.8)	(0.1)
New borrowings under existing credit facilities		3.0	-
Interest paid on bank loans		-	(0.2)
<b>Net cash outflow from financing activities</b>		<b>(4.8)</b>	(0.3)
<b>Net decrease in cash and cash equivalents</b>		<b>(7.4)</b>	(6.7)
<b>Cash and cash equivalents at beginning of year</b>		<b>15.1</b>	21.8
<b>Cash and cash equivalents at end of year</b>		<b>7.7</b>	15.1
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		7.7	15.1
<b>Cash and cash equivalents</b>		<b>7.7</b>	15.1

## Notes to the Financial Statements

Year ended 31 December 2022

### 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, 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 2022 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 2023 and the forecast financial position of the Group against the expected recurring operational income, expenditure and interest costs in conjunction with the Group's funding position and standard banking covenants. The Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. 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' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated

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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 profit or loss as described below.

#### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. 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 ruling at that date. These translation differences are dealt with in the profit and loss account.

## 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.

## 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, 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 judgement, apart from those involving estimations, in the process of applying the Group's accounting policies.

### **Impairment**

Certain of the Port (and Group's) specialised marine assets and freehold land and property are used in operations that have seen a reduction in turnover and therefore profitability during the covid-19 pandemic and post-Brexit trade environment, which was considered to be temporary. Revenues have not recovered during the year and as a result an impairment loss is required to reduce the carrying value of the assets to the expected value in use, which has been calculated using projections on a discounted cash flow basis, including a terminal value factor based on the perpetual growth method given the long-term nature of the assets. The pre-impairment carrying value of the assets exceeded the value in use by £6.5m and therefore an impairment loss has been recognised in the period.

The discount rate was estimated based on a market derived weighted average cost of capital as at 31 December 2022 of 10.0% (2021: n/a). An increase in the discount rate 0.1% has the impact of reducing the present value of future cash flows at 31 December 2022 by £56,000. A reduction of the discount rate to 5.0% would result in no requirement for an impairment as the present value of future cash flows would be increased by £6.5m.

### **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 £1.0m (2021: £0.1m) 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 impaired projects as at 31 December 2022 are £3.7m (2021: £2.5m). Other costs of £0.2m at 31 December 2022 (2021: £10.9m) relate to other projects and included construction of a new hotel as described in note 11 in the prior year.

### **Long term contracts**

The Port has some long-term contracts which include minimum volume commitments that require the port user 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 Port's available staff resources, over the term of the contract. Accordingly, as the activities required of the Port 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 port is used. However, they believe the approach adopted above better reflects the economic substance of the contract and, in particular, the activities that the Port 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 2022 (2021: £4.1m).

### **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. Further information regarding investment properties is in note 11.



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 3. TURNOVER

Analysis of turnover by class of business is stated below:

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Ship, passenger and goods dues	19.2	11.1	19.2	11.1
Marine services	4.8	4.3	4.8	4.3
Pilotage services (note 9)	8.2	5.3	8.2	5.3
Rents	3.2	3.1	2.1	2.0
Miscellaneous income	0.1	0.2	0.1	0.2
Solar income	1.1	0.8	0.2	0.3
Leisure	2.9	-	-	-
	<b>39.4</b>	24.8	<b>34.6</b>	23.2

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 and Port received £Nil (2021: £4,950) from the Job retention scheme for staff that had been furloughed due to Covid-19 impact.

### 5. FINANCE COSTS (NET)

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Interest payable and similar expenses	0.2	0.1	-	-
Less: other interest receivable	-	-	(0.4)	-
Net interest on defined benefit pension liability	0.4	0.4	0.4	0.3
Finance costs (net)	<b>0.6</b>	0.5	-	0.3

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 6. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Staff costs (note 8)	16.7	14.1	16.0	14.1
Depreciation of tangible fixed assets (note 11)	4.2	3.8	3.7	3.6
Impairment of tangible fixed assets (note 11)	7.5	0.1	7.5	0.1
Grant amortisation (note 19)	(0.6)	(0.8)	(0.6)	(0.8)
Hire and operating leasing charges	-	0.1	-	0.1

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

	Group		Port	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Auditor's remuneration:				
- Audit of Group accounts	110	78	110	78
- Audit of pension schemes	27	25	27	25
- Tax compliance services	20	17	13	13
- Tax advisory services	31	7	16	3

### 7. REMUNERATION OF KEY PERSONNEL

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

	Group and Port	
	2022 £'000	2021 £'000
Fees - Non-Executive Directors	146	142
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Directors	405	446
Pension costs - Executive Directors	35	47
Senior Management Team	830	597
	<b>1,416</b>	1,232

There are no Directors to whom retirement benefits are accruing under defined benefit schemes at the year-end (2021: two).

	£'000	£'000
Remuneration of the highest paid Director	187	268

The accrued pension of the highest paid Director under the Milford Haven Port Authority Retirement Benefits Scheme (MHPARBS) defined benefit pension scheme as at 31 December 2022 was £nil (2021: £3k).

	2022 No.	2021 No.
The average monthly number of Directors during the year was as follows:	9	10



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 8. STAFF COSTS

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Wages and salaries	12.0	9.6	11.4	9.6
Social security costs	1.4	1.1	1.3	1.1
Pension costs (note 20)	3.3	3.4	3.3	3.4
	<b>16.7</b>	14.1	<b>16.0</b>	14.1

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		Port	
	2022 No.	2021 No.	2022 No.	2021 No.
Operational staff	150	105	106	105
Office staff	98	94	98	94
	<b>248</b>	199	<b>204</b>	199

### 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	
	2022 £'m	2021 £'m
<b>Turnover</b>		
Providing pilotage services	8.1	5.2
Issue and use of pilotage exemption certificates	0.1	0.1
	<b>8.2</b>	5.3
	<b>£'m</b>	<b>£'m</b>
<b>Expenditure</b>		
Providing services of a pilot	3.6	3.3
Providing, maintaining and operating pilot boats	2.4	2.1
Administration and other costs	1.8	1.7
	<b>7.8</b>	7.1

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 10. TAX ON PROFIT/(LOSS)

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
<b>(a) Analysis of charge for the year</b>				
<b>Current tax</b>				
Total current tax charge	2.3	0.7	2.2	0.5
Adjustment in respect of previous periods	(0.1)	-	(0.1)	-
	<b>2.2</b>	0.7	<b>2.1</b>	0.5
<b>Deferred tax</b>				
Origination and reversal of timing differences	(0.8)	(0.7)	(0.7)	(0.7)
Adjustment in respect of previous periods	(0.5)	-	(0.5)	-
Effect of changes in tax rates	(0.2)	(0.1)	(0.3)	(0.1)
Total deferred tax credit	(1.5)	(0.8)	(1.5)	(0.8)
<b>Tax charge/(credit) per profit and loss account</b>	<b>0.7</b>	(0.1)	<b>0.6</b>	(0.3)
<b>Deferred tax per statement of comprehensive income</b>	<b>(2.8)</b>	(1.0)	<b>(2.8)</b>	(1.0)

#### (b) Factors affecting tax charge/(credit) for the year

The tax charge/(credit) for the current and previous period differs from the applicable rate of corporation tax rate of 19% (2021: 19%). The differences are explained below:

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Profit before tax	2.7	1.0	1.5	0.7
Profit multiplied by the applicable rate	0.5	0.2	0.3	0.1
Expenses not deductible	1.2	-	1.4	0.1
Income not taxable	(0.2)	(0.1)	(0.2)	(0.3)
Effects of group relief/other reliefs	-	-	-	(0.1)
Adjustment in respect of previous periods	(0.6)	-	(0.6)	-
Tax rate changes	(0.2)	(0.1)	(0.3)	(0.1)
Other	-	(0.1)	-	-
<b>Current tax charge/(credit) for the year</b>	<b>0.7</b>	(0.1)	<b>0.6</b>	(0.3)

#### (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 2022

### 11. TANGIBLE FIXED ASSETS

#### Group

	Specialised marine assets	Freehold land and property	Development costs	Investment property	Plant and equipment	Dredging works	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Cost or valuation</b>							
At 1 January 2022	36.9	5.6	16.1	29.9	39.4	2.0	<b>130.0</b>
Additions	0.3	0.3	20.2	-	2.8	-	<b>23.6</b>
Disposals	-	-	-	-	(0.6)	-	<b>(0.6)</b>
Transfers	-	13.1	(14.7)	-	1.6	-	-
Revaluation	-	-	-	1.4	-	-	<b>1.4</b>
At 31 December 2022	37.2	19.0	21.6	31.3	43.2	2.0	<b>154.3</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	15.9	1.2	2.6	0.4	18.0	2.0	<b>40.3</b>
Charge for the year	1.6	0.4	-	-	2.3	-	<b>4.2</b>
Disposals	-	-	-	-	(0.2)	-	<b>(0.2)</b>
Impairment	4.8	1.7	1.0	-	-	-	<b>7.5</b>
At 31 December 2022	22.3	3.3	3.6	0.4	20.1	2.0	<b>51.8</b>
<b>Net book value</b>							
At 31 December 2022	14.9	15.7	18.0	30.9	23.1	-	<b>102.5</b>
At 31 December 2021	21.0	4.4	13.5	29.5	21.4	-	<b>89.7</b>

#### Port

	Specialised marine assets	Freehold land and property	Development costs	Investment property	Plant and equipment	Dredging works	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Cost or valuation</b>							
At 1 January 2022	36.9	5.6	6.8	17.3	33.9	2.0	<b>102.5</b>
Additions	0.3	0.3	16.8	-	2.8	-	<b>20.2</b>
Disposals	-	-	-	-	(0.6)	-	<b>(0.6)</b>
Transfers	-	1.5	(2.0)	-	0.5	-	-
Revaluation	-	-	-	0.6	-	-	<b>0.6</b>
At 31 December 2022	37.2	7.4	21.6	17.9	36.6	2.0	<b>122.7</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	16.0	1.2	2.6	0.4	16.3	2.0	<b>38.5</b>
Charge for the year	1.6	0.2	-	-	1.9	-	<b>3.7</b>
Disposals	-	-	-	-	(0.2)	-	<b>(0.2)</b>
Impairment	4.8	1.7	1.0	-	-	-	<b>7.5</b>
At 31 December 2022	22.4	3.1	3.6	0.4	18.0	2.0	<b>49.5</b>
<b>Net book value</b>							
At 31 December 2022	14.8	4.3	18.0	17.5	18.6	-	<b>73.2</b>
At 31 December 2021	21.0	4.4	4.1	16.8	17.6	-	<b>63.9</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 11. TANGIBLE FIXED ASSETS (continued)

As part of the annual impairment review, the Board identified certain development projects with costs of £1.0m (2021: £0.1m), specialised marine assets of £4.8m (2021: £nil) and freehold land and property £1.7m (2021: nil), where there was a high degree of uncertainty over their projected recoverable value.

Some of the Port (and Group's) specialised marine assets and freehold land and property are used in operations that have seen a reduction in turnover and therefore profitability during the covid-19 pandemic and post-Brexit trade environment, which was considered to be temporary. Revenues have not recovered during the year and as a result an impairment loss is required to reduce the carrying value of the assets to the expected value in use, which has been calculated using projections on a discounted cash flow basis. The pre-impairment carrying value of the assets exceeded the value in use by £6.5m and therefore an impairment loss has been recognised in the period.

The discount rate was estimated based on a market derived weighted average cost of capital as at 31 December 2022 of 10.0% (2021: n/a). An increase in the discount rate 0.1% has the impact of reducing the present value of future cash flows at 31 December 2022 by £56,000. A reduction of the discount rate to 5.0% would result in no requirement for an impairment as the present value of future cash flows would be increased by £6.5m. A significant amount of the recoverable value is derived from the terminal value factor due to the long-term nature of the assets.

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 2022. 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 Group amounted to £30.9m (2021: £29.5m) and for the Port, amounted to £17.4m (2021: £16.8m) of which £1.2m is leasehold, all of which is long leasehold (2021: £1.2m) in the group and £1m (2021: £1m) for the Port. The depreciated historical cost of the Group's investment properties held at fair value is £37.1m and for the Port is £21.4m.

### 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 3EP.

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 2022

### 12. FIXED ASSET INVESTMENTS (continued)

#### Port

#### Investments in subsidiary undertakings

	2022	2021
	£'m	£'m
Cost at 1 January	21.1	19.9
Additions	-	-
<b>Cost at 31 December</b>	<b>21.1</b>	<b>19.9</b>
Gain of investment in subsidiary	0.4	1.2
<b>Carrying value at 31 December</b>	<b>21.5</b>	<b>21.1</b>

The Port has invested in a new company in the prior year, Milford Waterfront Resort Limited, a hotel owner. The gain relates to the Port's investment in Havens Head Retail Park Limited, the carrying value of which has been increased following the gain on revaluation of the subsidiary's investment property portfolio.

#### Loans to group undertakings

	2022	2021
	£'m	£'m
Cost at 1 January	9.6	-
Additions	3.3	9.6
<b>Carrying value at 31 December</b>	<b>12.9</b>	<b>9.6</b>

The additions in the current and prior year is in respect of a loan to the subsidiary company Milford Waterfront Resort Limited to fund the construction of a hotel. The loan is for a term of 7 years, with interest rate of 1.5% per annum above the base rate of the Bank of England. As a long-term loan to a group company, it has been classified as a fixed asset.

### 13. STOCKS

	Group		Port	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'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 2022

### 14. DEBTORS

	Group		Port	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Amounts falling due within one year:				
Trade debtors	4.9	4.0	4.7	3.9
Other debtors	2.8	1.2	2.6	1.2
Prepayments	1.2	1.2	1.2	1.1
Accrued income	0.4	0.1	0.3	0.1
Amount due from Group undertakings	-	-	0.2	0.2
	<b>9.3</b>	<b>6.5</b>	<b>9.0</b>	<b>6.5</b>

Amounts due from Group undertakings do not bear interest, are secured and are repayable on demand. There are no amounts falling due after more than one year (2021: £1.2) see note 18.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Port	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Bank loans (note 17)	3.0	7.8	3.0	-
Trade creditors	4.0	2.3	3.8	2.3
Pension contributions	0.3	0.3	-	-
Social security	0.4	0.3	0.4	0.3
Corporation tax	1.9	0.5	1.8	0.4
Other creditors	0.5	1.3	0.3	1.2
Accruals	4.4	2.4	4.1	2.1
Deferred income	5.3	4.9	5.0	4.6
Deferred grants (note 19)	7.2	-	7.2	-
Amount owed to Group undertakings	-	-	11.4	16.1
	<b>27.0</b>	<b>19.8</b>	<b>37.0</b>	<b>27.0</b>

Amounts owed to group undertakings do not bear interest, are secured and are repayable on demand. In the current year, an amount of £1.0m was paid out. This was included in Other creditors due within a year in the prior year and related to deferred consideration from an earlier acquisition of a subsidiary undertaking.



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

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

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Deferred grants (note 19)	-	0.5	-	0.5
	-	0.5	-	0.5

### 17. BORROWINGS

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Debt loans	-	-	-	-
Bank loans	3.0	7.8	3.0	-
	3.0	7.8	3.0	-
Due within one year	3.0	7.8	3.0	-
	3.0	7.8	3.0	-
<b>Analysis of bank loan repayments:</b>				
Due within one year	3.0	7.8	3.0	-
	3.0	7.8	3.0	-

The bank loans/facilities included above comprise the following:

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
<b>Due to:</b>				
Svenska Handelsbanken AB	-	7.8	-	-
HSBC Plc	3.0	-	3.0	-
Total	3.0	7.8	3.0	-

The Svenska Handelsbanken AB loan was repaid in the current year. The HSBC bank facility in the current year is drawn under a revolving credit facility which was due to expire in 2023, but was extended for five years to 2028 at end of April 2023 and is secured over certain fixed assets of the Group. Interest is charged monthly at a commercial margin over the SONIA rate.

Pursuant to the Milford Haven Port Authority Harbour Revision Order 2000, the Port was authorised as at 31 December 2022 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 £20,000,000. 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 loan can be purchased and cancelled by the Milford Docks Company at the discretion of the Directors.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 18. PROVISIONS FOR LIABILITIES

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Deferred tax asset at 1 January	(1.1)	(1.4)	(1.4)	(1.5)
Adjustment in respect of prior years	(0.5)	-	(0.5)	-
Credit to profit and loss account	(1.0)	(0.8)	(0.9)	(0.9)
Charge to statement of comprehensive income	2.8	1.0	2.8	1.0
Deferred tax liability/(asset) at 31 December	0.2	(1.2)	-	(1.4)

	Group		Port	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Accelerated capital allowances	1.2	2.1	1.0	1.9
Deferred tax arising in relation to retirement benefit	(1.0)	(3.3)	(1.0)	(3.3)
Deferred tax liability/(asset)	0.2	(1.2)	-	(1.4)
- of which due to be recoverable in one year	-	-	-	-
- of which recoverable after one year	(1.0)	(3.3)	(1.0)	(3.3)
- of which due to be payable after one year	1.2	2.1	1.0	1.9

### 19. ACCRUALS AND DEFERRED INCOME

	Group and Port	
	2022 £'m	2021 £'m
<b>Deferred capital grants:</b>		
At 1 January	0.5	0.2
Additions	7.3	1.0
Released to profit and loss account	(0.6)	(0.7)
At 31 December	7.2	0.5
- of which due to be released in one year	7.2	-
- of which due to be released after one year	-	0.5

During the year, the Port received capital grants of £7.2m (2021: £1m) and revenue grants totalling £294k (2021: £157k), for expenditure which is included within the operational expenses of the Port and include a grant from the Port Infrastructure Fund of £0.6m received in the year (2021: £0.7m) for works to Port infrastructure.



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 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 pension scheme providing benefits based on final pensionable pay for some of the Port'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 Port's staff. During 2009, the Port 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 Port. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The pension contribution for the year was £1.4m (2021: £1.0m). There were no outstanding contributions payable to the fund at the end of the year (2021: £nil).

The most recent actuarial valuation was as at 1 January 2021 which showed that the value of the scheme's assets amounted to 100% of the value of the liabilities of the scheme. The Port expects to contribute £1.4m to this scheme during the year to 31 December 2023.

There is to be a defined contribution section within MHPARBS for new joiners, the employer contributions have been transferred to a National Employment Savings Trust (NEST) provision until a defined contribution section of the pension scheme is in operation. The subsidiary Milford Waterfront Resort Limited also has a National Employment Savings Trust (NEST) pension scheme. The employer contributions of £150k (2021: £88k) for the Group and £144k (2021: £88k) for the Port have been paid across to the scheme.

- (c) In addition to the above schemes, some operational pilots are members of the Pilots' National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £33k (2021: £37k). The Port, in common with other competent harbour authorities, is making recovery plan payments to the PNPF. The Port'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 Port paid deficit contributions of £660k (2021: £612k) and will continue to pay for the remaining 6 years of the 2013, 16-year deficit plan and remaining 6 years of the 2019, 8 year deficit plan. An amount of £740k will be payable in respect of all deficit plans for this scheme in 2023.

### FRS 102 Employee benefits

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

	MHPARBS	2022 MDCSBS	PNPF	MHPARBS	2021 MDCSBS	PNPF
Inflation rate	3.2%	3.4%	3.2%	3.2%	3.7%	3.1%
Discount rate for scheme liabilities	4.8%	5.1%	4.9%	1.9%	1.8%	2.0%
Rate of increase in salaries	n/a	n/a	2.3%	n/a	n/a	2.4%
Rate of increase for deferred pensions and pensions in payment	2.6%	2.7%	2.3%	2.6%	2.9%	2.4%
CARE revaluation	2.6%	n/a	n/a	2.6%	n/a	n/a

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 20. EMPLOYEE BENEFITS (continued)

The mortality assumptions used were as follows:

	MHPARBS Years	2022 MDCSBS Years	PNPF Years	MHPARBS Years	2021 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	24.0	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	25.3	24.1	25.1	25.2	24.1	25.1

### 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 2022

### 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 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
<b>Operating expenses</b>						
Current service cost	3.0	-	0.1	3.2	-	0.1
Administration costs	-	-	-	-	-	-
	3.0	-	0.1	3.2	-	0.1
<b>Other finance charges</b>						
Net interest cost	0.3	-	0.1	0.3	-	0.1
<b>Total</b>	3.3	-	0.2	3.5	-	0.2
Recognised in other comprehensive income	11.0	-	1.4	5.0	-	1.1

#### Port

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
<b>Operating expenses</b>						
Current service cost	3.0	-	0.1	3.2	-	0.1
Administration costs	-	-	-	-	-	-
	3.0	-	0.1	3.2	-	0.1
<b>Other finance charges</b>						
Net interest cost	0.2	-	0.1	0.2	-	0.1
<b>Total</b>	3.2	-	0.2	3.4	-	0.2
Recognised in other comprehensive income	10.0	-	1.4	5.3	-	1.1

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 20. EMPLOYEE BENEFITS (continued)

The analysis of the assets in the schemes was:

#### Group

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	27.0	0.1	4.0	50.3	0.1	5.8
Alternatives	1.4	-	-	-	-	-
Bonds	-	0.3	6.2	0.6	0.6	7.9
Cash	1.0	-	0.1	2.0	-	0.5
Annuity contracts	0.1	2.6	-	0.1	3.7	-
Gilts	10.6	-	-	4.9	-	-
Total market value of assets	40.1	3.0	10.3	57.9	4.4	14.2
Present value of scheme liabilities	(46.5)	(2.8)	(13.6)	(74.0)	(4.1)	(19.3)
<b>Pension (liability)/asset</b>	(6.4)	0.2	(3.3)	(16.1)	0.3	(5.1)
Related deferred tax	(0.1)	-	0.8	2.0	(0.1)	1.3
<b>Net pension (liability)/asset</b>	(6.5)	0.2	(2.5)	(14.1)	0.2	(3.8)

#### Port

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	27.0	0.1	4.0	50.3	0.1	5.8
Alternatives	1.4	-	-	-	-	-
Bonds	-	0.3	6.2	0.6	0.6	7.9
Cash	1.0	-	0.2	2.0	-	0.5
Annuity contracts	0.1	2.6	-	0.1	3.7	-
Gilts	10.6	-	-	4.9	-	-
Investment in SLP	6.8	-	-	8.3	-	-
Total market value of assets	46.9	3.0	10.4	66.2	4.4	14.2
Present value of scheme liabilities	(46.5)	(2.8)	(13.6)	(74.0)	(4.1)	(19.3)
<b>Pension asset/(liability)</b>	0.4	0.2	(3.2)	(7.8)	0.3	(5.1)
Related deferred tax	(0.1)	-	0.8	2.0	(0.1)	1.3
<b>Net pension asset/(liability)</b>	0.3	0.2	(2.4)	(5.8)	0.2	(3.8)



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 20. EMPLOYEE BENEFITS (continued)

Movements in the fair value of scheme assets was:

#### Group

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	57.9	4.4	14.2	53.8	4.8	14.3
Interest income	1.1	0.1	0.3	0.7	-	0.2
Actuarial gains/(losses)	(19.0)	(1.3)	(3.5)	3.0	(0.2)	0.3
Benefits paid	(2.2)	(0.2)	(1.3)	(1.5)	(0.2)	(1.3)
Members' contribution	0.3	-	-	0.3	-	-
Expenses paid	-	-	-	-	-	-
Contributions paid by employer	2.0	-	0.7	1.6	-	0.7
<b>At 31 December</b>	<b>40.1</b>	<b>3.0</b>	<b>10.4</b>	<b>57.9</b>	<b>4.4</b>	<b>14.2</b>
Actual return on plan assets	(17.9)	(1.2)	(3.2)	3.7	(0.1)	0.5

#### Port

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	66.1	4.4	14.2	62.3	4.8	14.3
Interest income	1.3	0.1	0.3	0.8	-	0.2
Actuarial gains/(losses)	(20.0)	(1.3)	(3.5)	3.3	(0.2)	0.3
Benefits paid	(2.2)	(0.2)	(1.3)	(1.5)	(0.2)	(1.3)
Members' contribution	0.3	-	-	0.3	-	-
Expenses paid	-	-	-	-	-	-
Contributions paid by employer	1.4	-	0.7	1.0	-	0.7
<b>At 31 December</b>	<b>46.9</b>	<b>3.0</b>	<b>10.4</b>	<b>66.2</b>	<b>4.4</b>	<b>14.2</b>
Actual return on plan assets	(18.7)	(1.2)	(3.2)	4.1	(0.1)	0.5

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 20. EMPLOYEE BENEFITS (continued)

Reconciliation of present value of scheme liabilities:

#### Group and Port

	At 31 December 2022			At 31 December 2021		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	74.0	4.1	19.3	73.0	4.5	21.0
Current service cost	3.1	-	0.1	3.2	-	0.1
Members' contribution	0.3	-	-	0.3	-	-
Interest cost	1.4	-	0.4	1.1	-	0.3
Benefits paid	(2.2)	(0.2)	(1.3)	(1.6)	(0.2)	(1.3)
Actuarial (gains)/losses	(30.1)	(1.1)	(4.9)	(2.0)	(0.2)	(0.8)
<b>At 31 December</b>	<b>46.5</b>	<b>2.8</b>	<b>13.6</b>	<b>74.0</b>	<b>4.1</b>	<b>19.3</b>

#### Actuarial gains and losses

The cumulative amount of actuarial gains recognised in the Group statement of comprehensive income is £1.6m (2021: £10.7m loss). The Port equivalent is £2.7m (2021: £8.7m loss).

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

##### Group

	2022	2021	2020	2019	2018
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(62.9)	(97.4)	(98.6)	(81.4)	(73.1)
Plan assets	53.5	76.5	73.0	63.6	58.2
Net liability recognised in balance sheet	(9.4)	(20.9)	(25.6)	(17.8)	(14.9)
Total actuarial gains and losses recognised in the statement of comprehensive income	12.4	6.1	(6.7)	(3.9)	3.1

##### Port

	2022	2021	2020	2019	2018
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(62.9)	(97.4)	(98.6)	(81.4)	(73.1)
Plan assets	60.3	84.8	81.5	72.1	66.6
Net liability recognised in balance sheet	(2.6)	(12.6)	(17.1)	(9.3)	(6.5)
Total actuarial gains and losses recognised in the statement of comprehensive income	11.4	6.4	(6.4)	(3.5)	3.0

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 21. TRANSACTIONS WITH RELATED PARTIES

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

### 22. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	2022	2021
	£'m	£'m
Operating profit	1.9	1.3
Impairment of tangible fixed assets (note 11)	7.5	0.1
Depreciation charges (note 11)	4.2	3.8
Capital grants released (note 19)	(0.5)	(0.8)
Operating cash flow before movement in working capital	13.1	4.4
Increase in stocks	-	(0.1)
Increase in debtors	(2.8)	(1.2)
Increase in creditors	3.9	2.7
Difference between pension charge and cash contributions (note 20)	0.5	1.1
Tax paid	(0.8)	(0.8)
<b>Cash generated by operations</b>	<b>13.9</b>	<b>6.1</b>

Net debt reconciliation

	1 January 2022	Cash flows	31 December 2022
	£'m	£'m	£'m
Cash at bank and in hand	15.1	(7.4)	7.7
Convertible debt	-	-	-
Bank loans – due within one year	(7.8)	7.8	-
New bank loan	-	(3.0)	(3.0)
Net cash	7.3	(2.6)	4.7

### 23. CAPITAL COMMITMENTS

	2022	2021
	£'m	£'m
Contracted for but not provided in the financial statements	16.5	3.5

The Group has committed to costs relating to the construction of a slipway and a laydown area as part of the Pembroke Dock Infrastructure Project (PDI).

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 24. OPERATING LEASES

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

	Group		Port	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
- within one year	2.7	2.3	1.7	1.3
- between one and five years	6.4	4.5	3.0	3.4
- after five years	9.6	10.6	9.6	10.4
	<b>18.7</b>	<b>17.4</b>	<b>14.3</b>	<b>15.1</b>

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 £24.2m (2021: £22.9m) for the Group and £26.5m (2021: £25.9m) 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

	2022
	£'m
Group	
<b>At 1 January and 31 December</b>	<b>0.1</b>

### 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.

### 28. SUBSEQUENT EVENT

The HSBC bank facility in the current year is drawn under a revolving credit facility which expires in July 2023. At the date of signing the financial statements an extension to the facility had been agreed, on similar commercial terms, for five years to 2028. The facility will continue to be secured over certain fixed assets of the Group with interest charged monthly at a commercial margin over the SONIA rate. The legal completion of the facility extension is expected to happen by the end of April 2023.





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