



Port of Milford Haven

Report and Consolidated Financial Statements

31 December 2012

MILFORD HAVEN PORT AUTHORITY

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MILFORD HAVEN PORT AUTHORITY
REPORT AND FINANCIAL STATEMENTS 2012

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MILFORD HAVEN PORT AUTHORITY

OFFICERS AND PROFESSIONAL ADVISERS

CHAIRMAN	D G Benson	
VICE CHAIRMAN	C Martin D Fellows OBE, DL	(appointed - 1 November 2012) (resigned - 31 October 2012)
MEMBERS	Captain M C Andrews	
	F Birt-Llewelin	
	S Davenport	(appointed - 1 November 2012)
	A J W D Don	
	A Edwards	(appointed - 1 November 2012)
	A M Jones	
	G E Lynn	
	R Rankmore	
	D Snelson CB	(appointed - 1 July 2012)
	R Squires	(appointed - 1 July 2012)
	J Allen-Mirehouse	(resigned - 31 October 2012)
	A Hughes	(resigned - 31 May 2012)
	J Reed OBE	(resigned - 31 October 2012)
	P Walsh	(resigned - 31 March 2012)
CHIEF EXECUTIVE	A J W D Don	
HARBOURMASTER	Captain W C Hirst	
FINANCE DIRECTOR	A M Jones	
REGISTERED OFFICE	Gorsewood Drive Milford Haven Pembrokeshire SA73 3ER	
BANKER	Barclays Bank Plc	
SOLICITORS	Morgan Cole	
AUDITOR	Deloitte LLP Cardiff	

MILFORD HAVEN PORT AUTHORITY

MEMBERS' REPORT

The Members present their annual report and the audited financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITY

Milford Haven Port Authority (MHPA) is the Statutory Harbour authority for the Port of Milford Haven and as such provides conservancy and pilotage services to the principal terminal operators located on the Milford Haven waterway. It also owns and operates Milford Dock and the port facilities at Pembroke Dock. In the year under review, MHPA transferred its ship repair activity, trading under the name Milford Haven Ship Repairers (MHSR), to Mustang Marine (Wales) Limited in exchange for a 50% shareholding in the enlarged Mustang business. The Members are not aware, at the date of this report, of any other likely major changes in the Group's activities in the next year.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Factors in the international energy markets led to a lower level of revenue and profit in 2012 compared to 2011. The results for the two years are summarised below:

	2012	2011
	£'000	£'000
Turnover (excluding joint ventures)	22,720	29,464
Operating profit (excluding joint ventures and associate)	4,424	8,694
Profit before tax	4,149	8,098
Taxation	805	2,518
Profit after tax	3,344	5,580
ROCE	9.3%	16.3%
Cargo volume	39.9m tonnes	48.8m tonnes

Whilst the liquid hydrocarbons imported and exported through the port have remained relatively stable during 2012, liquefied natural gas (LNG) volumes were considerably lower, leading to a 48% reduction in the Group's profit before tax to £4.1m for the year. Very strong demand for LNG occurred in the high priced Asian markets, in particular, with Japan importing double its usual volume in response to the closure of the majority of the nuclear plants in the country following the Fukushima disaster. This, plus some problems with LNG supplies in a number of exporting countries, caused a swing of LNG supplies away from European markets.

Capital expenditure in 2012 was £3.5m and included the installation of solar PV on a number of MHPA buildings and investment into operational assets at Pembroke Port and Milford Docks. There was also an investment of cash and trade assets into Mustang and Marimatech AS of £2.5m in total. The Port acquired over a third of the business in Marimatech in March 2012, a Danish company that began manufacturing laser docking technology in 1988.

The Group continued to improve its Health, Safety and Environmental performance. In the year the Group had one reportable injury to a member of staff. The Group welcomes very close cooperation from all of the major operators on the Haven in monitoring and taking active measures to reduce the risk of any form of oil spill. The Key Performance Indicator is the number of pollution incidents that occur, however minor. Due to adverse summer weather last year, the number of relatively minor leisure incidents rose in 2012 which took the total number of incidents to 33, up from 29 in the preceding year.

EMPLOYEES

MHPA had 187 Members of staff at the end of 2012, down from 211 at the previous year end due to the transfer of Milford Haven Ship Repairers to Mustang at the end of March 2012. The Port of Milford Haven is committed to maintaining a highly trained and well incentivised workforce who in turn are committed to the provision of the highest level of service to our customers. The primary task of the Port is to ensure that it operates safely and without incident 24 hours a day, 365 days a year, and the Members would like to thank all our staff for their dedicated service during the year.

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

MILFORD HAVEN PORT AUTHORITY

MEMBERS' REPORT (continued)

STAKEHOLDERS

As a Trust Port, MHPA does not have shareholders and accordingly all profit is retained within the business and is available for investment back into the Port in support of its core trust port mission of contributing to the growth in overall economic activity and sustainable employment in Pembrokeshire.

In 2012 the Port also supported approximately £250k of investment directly back into the community with charitable donations and other support activity. For example, the Port of Milford Haven made Milford Dock available free of charge to Pembrokeshire County Council for its hugely successful 'Fishweek' event which is held at Milford Dock in June every year. We are also committed to making a substantial annual donation to Pembrokeshire County Council for the maintenance of its pontoons on the Haven waterway, and provide on-going support to a wide range of local interest groups and charitable organisations. Donations are decided on by an employee committee.

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

FUTURE PROSPECTS

LNG volumes have reduced again in the early part of 2013. Pension costs will also be very substantially higher in 2013 with the commencement of recovery payments to the Pilots' National Pension Fund. The Port is therefore facing some difficult trading conditions which are serving to emphasise the need to invest in establishing new revenue streams. A number of significant changes are expected to occur in the market for internationally traded gas over the next few years, including the commencement of LNG production in Australia and reduction in the use of coal for electricity generation in the UK, as required by the Large Combustion Plant Directive. The Members are therefore confident that LNG throughput at Milford Haven will recover from its current low level. The timing of this recovery is not certain and accordingly the Port is focusing on reducing and controlling costs to maintain its ability to invest over the next three years in alternative trades.

Following the granting of planning permission by Pembrokeshire County Council in January 2013, the Port will be progressing the construction of a five megawatt solar park at Liddleston Ridge in Milford Haven.

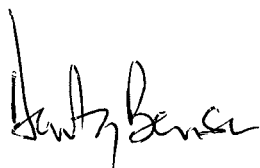
AUDITOR

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

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

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

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



Chairman

MILFORD HAVEN PORT AUTHORITY

MEMBERS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

We have audited the financial statements of Milford Haven Port Authority for the year ended 31 December 2012 which comprise the Profit and Loss Accounts, the Statements of Total Recognised Gains and Losses, the Notes of Historical Cost Profits and Losses, the Balance Sheets, the Group Consolidated Cash Flow Statement and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Authority's Members, as a body, in accordance with the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Authority's affairs as at 31 December 2012 and of their profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981.

Opinion on other matters

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

Matters on which we are required to report by exception

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

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

David Hedditch

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

22 April 2013

MILFORD HAVEN PORT AUTHORITY

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2012

	Note	Group		Authority	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
TURNOVER		-	-	22,720	29,464
Turnover including share of joint venture		24,800	29,543	-	-
Less: share of joint venture		(2,080)	(79)	-	-
Turnover excluding share of joint venture	2	22,720	29,464	22,720	29,464
Cost of sales		(12,556)	(14,837)	(12,556)	(14,837)
GROSS PROFIT		10,164	14,627	10,164	14,627
Operating expenses		(5,740)	(5,933)	(5,740)	(5,929)
OPERATING PROFIT (excluding joint ventures and associate)	3	4,424	8,694	4,424	8,698
Share of operating (loss)/profit in joint ventures		(433)	78	-	-
Amortisation of joint venture goodwill		(83)	-	-	-
Share of operating profit in associate		132	-	-	-
Amortisation of associate goodwill		(1)	-	-	-
OPERATING PROFIT (including joint ventures and associate)		4,039	8,772	4,424	8,698
Profit on disposal of tangible fixed assets		27	2	27	2
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		4,066	8,774	4,451	8,700
Interest receivable and similar income	6	34	103	34	103
Share of joint venture interest receivable		2	-	-	-
Share of associate interest receivable		18	-	-	-
Amounts written back/(off) investments		347	(559)	347	(559)
Other finance charges	21	(145)	(120)	(145)	(120)
Profit on sale of debentures of subsidiary		1	-	-	-
Interest payable and similar charges	7	(120)	(100)	(119)	(97)
Share of associate interest payable		(54)	-	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,149	8,098	4,568	8,027
Tax on profit on ordinary activities	9	(805)	(2,518)	(801)	(2,518)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,344	5,580	3,767	5,509
Minority interests	32	-	(2)	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	20	3,344	5,578	3,767	5,509

All results derive from continuing operations.

MILFORD HAVEN PORT AUTHORITY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2012

	Note	Group		Authority	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Profit for the financial year	20	3,344	5,578	3,767	5,509
Actuarial loss on pension schemes:					
- Actuarial loss on present value of scheme liabilities		(841)	(227)	(841)	(227)
- Actuarial gain/(loss) on scheme assets		589	(2,237)	589	(2,237)
		(252)	(2,464)	(252)	(2,464)
Movement on unrecognised surplus on MDCSBS pension scheme	21	174	(44)	174	(44)
Movement on deferred tax relating to pension liability		14	461	14	461
Total recognised gains and losses relating to the year		<u>3,280</u>	<u>3,531</u>	<u>3,703</u>	<u>3,462</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 December 2012

	Group		Authority	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	4,149	8,098	4,568	8,027
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	212	170	212	170
Historical cost profit on ordinary activities before taxation	<u>4,361</u>	<u>8,268</u>	<u>4,780</u>	<u>8,197</u>
Historical cost profit for the year after taxation	<u>3,556</u>	<u>5,750</u>	<u>3,979</u>	<u>5,679</u>

MILFORD HAVEN PORT AUTHORITY

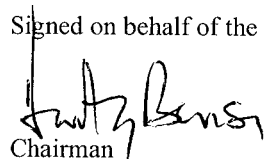
BALANCE SHEET

At 31 December 2012

	Note	Group		Authority	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
FIXED ASSETS					
Tangible assets	10	54,653	54,426	54,653	54,426
Investments in subsidiaries	11	-	-	1,437	1,437
Investments in associates	11	427	-	331	-
Investments in joint ventures (Authority)	11	-	-	2,158	-
Investments in joint venture (Group):	11				
- Goodwill		1,022	-	-	-
- Share of gross assets		1,363	104	-	-
- Share of gross liabilities		(668)	(26)	-	-
		<u>56,797</u>	<u>54,504</u>	<u>58,579</u>	<u>55,863</u>
CURRENT ASSETS					
Stocks	12	43	72	43	72
Debtors	13	4,557	5,193	4,557	5,193
Current asset investments	14	5,788	5,441	5,788	5,441
Cash at bank and in hand		8,994	11,212	8,995	11,181
		<u>19,382</u>	<u>21,918</u>	<u>19,383</u>	<u>21,887</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(4,581)</u>	<u>(6,907)</u>	<u>(4,543)</u>	<u>(6,869)</u>
NET CURRENT ASSETS		<u>14,801</u>	<u>15,011</u>	<u>14,840</u>	<u>15,018</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>71,598</u>	<u>69,515</u>	<u>73,419</u>	<u>70,881</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	<u>(1,248)</u>	<u>(1,506)</u>	<u>(2,748)</u>	<u>(2,974)</u>
PROVISIONS FOR LIABILITIES	18	<u>(1,251)</u>	<u>(1,922)</u>	<u>(1,251)</u>	<u>(1,922)</u>
ACCRUALS AND DEFERRED INCOME	19	<u>(4,979)</u>	<u>(5,372)</u>	<u>(4,979)</u>	<u>(5,372)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>64,120</u>	<u>60,715</u>	<u>64,441</u>	<u>60,613</u>
PENSION LIABILITY	21	<u>(4,714)</u>	<u>(4,589)</u>	<u>(4,714)</u>	<u>(4,589)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>59,406</u>	<u>56,126</u>	<u>59,727</u>	<u>56,024</u>
RESERVES					
Revaluation reserve	20	19,771	19,771	19,771	19,771
Profit and loss account	20	39,608	36,328	39,956	36,253
		<u>59,379</u>	<u>56,099</u>	<u>59,727</u>	<u>56,024</u>
Minority interests	32	27	27	-	-
		<u>59,406</u>	<u>56,126</u>	<u>59,727</u>	<u>56,024</u>

The financial statements of Milford Haven Port Authority were approved by the Authority Members and authorised for issue on **16 APRIL 2013**

Signed on behalf of the Authority


Chairman


Chief Executive

MILFORD HAVEN PORT AUTHORITY**GROUP CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	23	5,349	12,268
Net cash (outflow)/inflow from returns on investments and servicing of finance	24	(86)	3
Taxation			
UK corporation tax paid		(1,994)	(2,495)
Net cash outflow from capital expenditure and financial investment	25	(3,162)	(2,757)
Net cash outflow from acquisitions and disposals	26	(2,081)	(1)
Net cash (outflow)/inflow before financing		(1,974)	7,018
Net cash outflow from financing	27	(244)	(186)
(Decrease)/increase in cash in year	28	(2,218)	6,832

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements of the 'Group' include the financial statements of the parent Authority and its subsidiary companies for the year ended 31 December 2012. These include The Milford Docks Company, The Green Electrician (South Wales) Limited, Mustang Marine (Wales) Limited and Marimatech AS. Dormant companies within the Group include Pembrokeshire Marine Group (Operations) Limited, Pembrokeshire Marine Group (Property) Limited and Milford Haven Properties Limited.

Going concern

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

Tangible fixed assets

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

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

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

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

Investments

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

Joint ventures and associates

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

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

Stocks

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

Turnover

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

Taxation

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

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

Pension costs

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

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

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

Foreign exchange

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

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

Leases

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

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

Grants

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

Bank borrowings

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

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. TURNOVER

Analysis of turnover by class of business is stated below:

	Group and Authority	
	2012	2011
	£'000	£'000
Ship, passenger and goods dues	8,679	12,116
Marine services	6,273	6,967
Pilotage services (note 8)	5,842	7,640
Rents	1,528	1,417
Miscellaneous income	398	1,324
	<u>22,720</u>	<u>29,464</u>

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

3. OPERATING PROFIT

	Group and Authority	
	2012	2011
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Staff costs (note 5)	10,075	11,399
Depreciation of tangible assets (note 10)	2,862	2,669
Grant revenue (note 19)	(393)	(378)
Hire and operating leasing charges	69	126
Auditor's remuneration:		
- Audit of Authority and consolidated accounts	32	37
- Audit of Authority pension scheme	4	3
- Other non audit services – corporate taxation and pension advice	28	9
- Audit of Milford Docks Company pension schemes	4	4
	<u>17,255</u>	<u>17,465</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

4. AUTHORITY MEMBERS REMUNERATION

	Group and Authority	
	2012	2011
	£'000	£'000
Fees - Non-Executive Board Members	138	120
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Board Members	388	444
Pension costs – Executive Board Members	82	103
	<u>608</u>	<u>667</u>

The number of Board Members to whom retirement benefits are accruing under defined benefit schemes is three (2011: three).

Remuneration of the highest paid Member:	£'000	£'000
Highest paid Board Member	<u>185</u>	<u>214</u>

The accrued pension of the highest paid Board member under the MHPARBS defined benefit pension scheme at 31 December 2012 was £2,841 per annum (2011: £2,625).

5. STAFF COSTS

	Group and Authority	
	2012	2011
	£'000	£'000
Wages and salaries	7,341	7,891
Social security costs	656	700
Other pension costs	2,078	2,808
	<u>10,075</u>	<u>11,399</u>

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

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

	2012	2011
	No.	No.
Operational staff	122	141
Office staff	64	63
	<u>186</u>	<u>204</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group and Authority	
	2012	2011
	£'000	£'000
Other interest received	<u>34</u>	<u>103</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Authority	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank overdrafts and loans	119	97	119	97
3.5% debenture stock	1	3	-	-
	<u>120</u>	<u>100</u>	<u>119</u>	<u>97</u>

8. PILOTAGE

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

	Group and Authority	
	2012	2011
	£'000	£'000
Turnover		
Providing pilotage services	5,804	7,600
Issue and use of pilotage exemption certificates	38	40
	<u>5,842</u>	<u>7,640</u>
Expenditure	£'000	£'000
Providing services of a pilot	2,621	2,525
Providing, maintaining and operating pilot boats	2,152	2,244
Administration and other costs	187	226
	<u>4,960</u>	<u>4,995</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year	Group and Authority	
	2012	2011
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	1,263	2,559
Adjustment in respect of previous years	(52)	(2)
Share of joint venture tax (group only)	4	-
Total current tax charge	<u>1,215</u>	<u>2,557</u>
Deferred tax		
Origination and reversal of timing differences	(577)	(39)
Adjustment in respect of previous years	167	-
Tax on profit on ordinary activities	<u>805</u>	<u>2,518</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge for the year

The tax charge for the current and previous period differs from the corporation tax rate applicable to the Group/Authority. The differences are explained below:

	Group		Authority	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Profit on ordinary activities before tax (excluding share of joint venture and associate results)	4,568	8,020	4,568	8,027
	<u>4,568</u>	<u>8,020</u>	<u>4,568</u>	<u>8,027</u>
	£'000	£'000	£'000	£'000
Profit on ordinary activities multiplied by the applicable Group/Authority rate of corporation tax of 24.5% (2011: 26.5%)	1,119	2,125	1,119	2,127
Differences between depreciation and capital allowances	(106)	317	(106)	317
Pension cost relief in excess of pension cost charge	(49)	(140)	(49)	(140)
Permanent differences	299	257	299	257
Adjustment in respect of previous years	(52)	(2)	(52)	(2)
Share of joint venture tax	4	-	-	-
	<u>1,215</u>	<u>2,557</u>	<u>1,211</u>	<u>2,559</u>
Current tax charge for the year	1,215	2,557	1,211	2,559

(c) Factors that may affect future tax charges

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

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. TANGIBLE FIXED ASSETS

Group and Authority	Investment/owner occupied property assets and specialised marine assets £'000	Plant and equipment £'000	Dredging works £'000	Total £'000
Cost or valuation				
At 1 January 2012	48,671	13,496	2,038	64,205
Additions	165	3,338	-	3,503
Disposals	-	(755)	-	(755)
At 31 December 2012	48,836	16,079	2,038	66,953
Accumulated depreciation				
At 1 January 2012	1,807	6,522	1,450	9,779
Charge for the year	1,789	971	102	2,862
Disposals	-	(341)	-	(341)
At 31 December 2012	3,596	7,152	1,552	12,300
Net book value				
At 31 December 2012	<u>45,240</u>	<u>8,927</u>	<u>486</u>	<u>54,653</u>
At 31 December 2011	<u>46,864</u>	<u>6,974</u>	<u>588</u>	<u>54,426</u>

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

Included within investment/owner occupied property is investment property with a cost of £14,199,000 (2011: £14,035,000) which is not depreciated.

If the revalued assets were stated on the historical cost basis, the net book value of those assets would be £23,941,032 (2011: £25,187,752).

11. FIXED ASSET INVESTMENTS

Group	2012 £'000	2011 £'000
Associates	427	-
Joint ventures	1,717	78
	<u>2,144</u>	<u>78</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

11. FIXED ASSET INVESTMENTS (continued)

Group			Proportion of nominal value held
Subsidiary	Nature of business	Class of share held	
Milford Docks Company	Dock operator	£1 Ordinary	98.2%
Milford Haven Properties Limited	Land owners	£1 Ordinary	100%
Pembrokeshire Marine Group (Operations) Limited	Marina operator	£1 Ordinary	51%
Associate			
Pembrokeshire Marine Group (Property) Limited	Marina property management	£1 Ordinary	33.3%
Marimatech AS	Marine services	DKK Ordinary	36.02%
Joint venture			
The Green Electrician (South Wales) Limited	Installation of solar panels	£1 Ordinary	50%
Mustang Marine (Wales) Limited	Marine engineers	£1 Ordinary	50%

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

Share of net assets	Joint ventures £'000	Associates £'000
At 1 January 2012	78	-
Additions	1,053	322
Share of retained (loss)/profit for the year	(436)	97
At 31 December 2012	695	419
Goodwill		
At 1 January 2012	-	-
Additions	1,105	9
Written off	(83)	(1)
At 31 December 2012	1,022	8
Net book value	1,717	427
Authority		
Investment in Group companies	2012 £'000	2011 £'000
At beginning of year	1,437	1,436
Additions	2,489	1
At end of year	3,926	1,437

During the year the Authority acquired a 50% shareholding in Mustang Marine (Wales) Limited and a 36.02% shareholding in Marimatech AS in Denmark.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

12. STOCKS

	Group and Authority	
	2012	2011
	£'000	£'000
Work in progress	-	26
Stock of fuel	43	46
	<u>43</u>	<u>72</u>

13. DEBTORS

	Group and Authority	
	2012	2011
	£'000	£'000
Trade debtors	3,423	3,493
Loan to joint venture	50	50
Other debtors	340	1,088
Prepayments and accrued income	744	562
	<u>4,557</u>	<u>5,193</u>

Included in Loan to joint venture are debts amounting to £50,000 which are due after more than one year. This is a start-up loan to The Green Electrician (South Wales) Limited.

14. INVESTMENTS HELD AS CURRENT ASSETS

	Group and Authority	
	2012	2011
	£'000	£'000
Investment portfolio		
At 1 January	5,441	6,000
Provision for write down	-	(559)
Write back of provision	347	-
At 31 December	<u>5,788</u>	<u>5,441</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Authority	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Secured bank loan	208	197	208	197
Trade creditors	643	710	643	707
Social security	205	222	205	222
Corporation tax	416	1,199	416	1,199
Other creditors	16	15	1	1
Accruals	3,093	4,564	3,070	4,543
	<u>4,581</u>	<u>6,907</u>	<u>4,543</u>	<u>6,869</u>

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

	Group		Authority	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts owed to Group undertakings	-	-	1,535	1,551
3.5% Debenture stock	35	83	-	-
Secured bank loan:				
- between one and two years	221	208	221	208
- between two and five years	741	701	741	701
- after five years	251	514	251	514
	<u>1,248</u>	<u>1,506</u>	<u>2,748</u>	<u>2,974</u>

17. BORROWINGS

	2012 £'000	2011 £'000
Debenture loans	35	83
Bank loans	1,421	1,620
	<u>1,456</u>	<u>1,703</u>
	£'000	£'000
Due within one year	208	197
Due after more than one year	1,248	1,506
	<u>1,456</u>	<u>1,703</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. BORROWINGS (continued)	2012 £'000	2011 £'000
Analysis of loan repayments:		
Bank loans and overdrafts:		
- within one year or on demand	208	197
- between one and two years	221	208
- between two to five years	741	701
- after five years	251	514
	1,421	1,620
	1,421	1,620

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

The Authority was authorised as at 31 December 2012 to borrow sums not exceeding £50 million. Bank loans are repayable in 2018 in monthly instalments of £24,000 which commenced in 2008. The loans are secured on the property known as Pembroke Port Gate 4 in Pembroke Dock and bear interest at 5.64%.

Under the Milford Docks Act 1981, the Milford Docks Company is empowered to raise finance by the creation and issue of share capital, or by loans or mortgage of the undertaking, or by the creation and issue of debenture stock, or wholly or partly by one or more of those modes up to a maximum of £20 million. The amount raised by the company at 31 December 2012 under these provisions was made up as follows:

	2012 £'000	2011 £'000
- Ordinary shares – paid up amount	1,463	1,463
- after five years	35	83
	1,498	1,546
	1,498	1,546

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

18. PROVISIONS FOR LIABILITIES

	Group and Authority £'000
Provision for deferred taxation	
Balance at 1 January 2012	1,922
Credit to profit and loss account	(410)
Deferred tax re FRS 17	(261)
Balance at 31 December 2012	<u>1,251</u>

	Group 2012 £'000	Authority 2011 £'000
Accelerated capital allowances	<u>1,251</u>	<u>1,922</u>

19. ACCRUALS AND DEFERRED INCOME

	Group 2012 £'000	Authority 2011 £'000
Deferred capital grants		
At 1 January	5,372	5,580
Grants received in the year	-	170
Released to profit and loss account	(393)	(378)
At 31 December	<u>4,979</u>	<u>5,372</u>

20. STATEMENT OF RESERVES

	Group Profit and loss account £'000	Group Revaluation reserve £'000	Authority Profit and loss account £'000	Authority Revaluation reserve £'000
Balance brought forward	36,328	19,771	36,253	19,771
Profit for the financial year	3,344	-	3,767	-
Actuarial loss on pension schemes	(252)	-	(252)	-
Movement in deferred tax on pension	14	-	14	-
Movement on unrecognised surplus on MDCSBS pension scheme	174	-	174	-
	<u>39,608</u>	<u>19,771</u>	<u>39,956</u>	<u>19,771</u>

21. PENSION SCHEMES

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

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

The pension charge for the year was £26,000 (2011: £34,000). There were no outstanding contributions payable to the fund at the end of the year (2011: £nil).

The most recent actuarial valuation showed that the scheme's assets amounted to 98% of the value of the liabilities of the scheme as they fall due. The Authority expects to contribute £31,000 to this scheme during the year to 31 December 2013.

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

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

The pension charge for the year was £1,711,000 (2011: £1,912,000). There were no outstanding contributions payable to the fund at the end of the year (2011: £nil).

The most recent actuarial valuation showed that the value of the scheme's assets amounted to 75% of the value of the liabilities of the scheme. The Authority expects to contribute £1,639,000 to this scheme during the year to 31 December 2013.

- (d) In addition to the above schemes some operational pilots are members of the Pilots' National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £89,000 (2011: £83,000).

This is a multi-employer defined benefit scheme and the Authority is unable to identify its specific share of the scheme's assets and liabilities. In accordance with FRS17, this scheme may be accounted for as a defined contribution scheme, the amounts charged in the financial statements being the contribution payable to the scheme in respect of the year.

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Year ended 31 December 2012

21. PENSION SCHEMES (continued)

FRS17 Retirement Benefits

The most recent actuarial valuations of the MHPARBS and MDCSBS defined benefits schemes have been updated to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2012. Scheme assets are stated at their market value at 31 December 2012.

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

	2012		2011	
	MHPARBS	MDCSBS	MHPARBS	MDCSBS
Inflation rate	2.8%	2.8%	3.0%	3.0%
Discount rate for scheme liabilities	4.4%	4.4%	4.8%	4.8%
Rate of increase in salaries	n/a	2.8%	n/a	3.0%
Rate of increase for deferred pensions and pensions in payment	2.1%	3.1%	2.5%	3.0%
CARE revaluation	2.8%	n/a	2.9%	n/a

The mortality assumptions used were as follows:

	2012		2011	
	MHPARBS	MDCSBS	MHPARBS	MDCSBS
Longevity in years at age 65 for current pensioners:				
- Men	21.9 years	17.3 years	22.2 years	17.3 years
- Women	24.5 years	21.7 years	25.3 years	21.7 years
Longevity in years at age 65 for future pensioners:				
- Men	23.8 years	17.9 years	23.2 years	17.9 years
- Women	26.4 years	22.4 years	26.2 years	22.4 years

Reconciliation of market value of scheme assets:

	2012		2011	
	MHPARBS £'000	MDCSBS £'000	MHPARBS £'000	MDCSBS £'000
At 1 January	24,692	1,305	24,588	1,627
Expected return on scheme assets	1,349	54	1,496	76
Actuarial gains/(losses)	462	127	(2,402)	165
Benefits paid	(1,157)	(267)	(1,045)	(597)
Members' contribution	212	-	143	-
Contributions paid by employer	1,711	26	1,912	34
At 31 December	27,269	1,245	24,692	1,305
Actual returns on scheme assets in the year	1,811	181	(906)	241

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Year ended 31 December 2012

21. PENSION SCHEMES (continued)

The value of assets in the scheme were:

	At 31 December 2012		At 31 December 2011	
	MHPARBS £'000	MDCSBS £'000	MHPARBS £'000	MDCSBS £'000
Equities	17,725	249	14,346	261
Bonds	3,027	996	3,062	1,044
Cash	3,599	-	6,568	-
Annuity contracts	355	-	395	-
Property	2,563	-	321	-
Total market value of assets	27,269	1,245	24,692	1,305
Present value of scheme liabilities	(33,429)	(1,191)	(30,981)	(1,070)
(Deficit)/surplus in the scheme	(6,160)	54	(6,289)	235
Unrecognised surplus	-	(16)	-	(190)
Related deferred tax	1,417	(9)	1,667	(12)
Net pension (liability)/asset	(4,743)	29	(4,622)	33

The overall expected long-term rates of return on the scheme assets are 6% (2011: 5.4%) MHPARBS and 4.4% (2011: 4.8%) MDCSBS.

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

Reconciliation of present value of scheme liabilities:

	2012		2011	
	MHPARBS £'000	MDCSBS £'000	MHPARBS £'000	MDCSBS £'000
At 1 January	30,981	1,070	28,906	1,426
Current service cost	1,377	15	1,272	27
Members' contribution	212	-	143	-
Interest cost	1,497	51	1,629	63
Benefits paid	(1,157)	(267)	(1,045)	(597)
Actuarial loss	519	322	76	151
At 31 December	33,429	1,191	30,981	1,070

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

21. PENSION SCHEMES (continued)

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

	2012		2011	
	MHPARBS £'000	MDCSBS £'000	MHPARBS £'000	MDCSBS £'000
Current service costs - operating expenses	1,377	15	1,272	27
Expected return on pension scheme assets	(1,349)	(54)	(1,496)	(76)
Interest on pension scheme liabilities	1,497	51	1,629	63
Other finance charges/(income)	148	(3)	133	(13)
Total	1,525	12	1,405	14

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the Group and Authority statement of total recognised gains and losses is £7,263,000 (2011: £7,185,000).

Amounts for current and previous four years (MHPARBS and MDCSBS)

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligations	(34,620)	(32,051)	(30,332)	(28,184)	(23,290)
Plan assets	28,514	25,997	26,215	22,286	18,716
Deficit	(6,106)	(6,054)	(4,117)	(5,898)	(4,574)
Experience adjustments on plan assets	496	(2,408)	1,323	1,789	(4,854)
Experience adjustments on plan liabilities	(324)	(182)	(21)	(534)	(218)
Total actuarial gains and losses recognised in the statement of total recognised gains and losses	(78)	(2,508)	1,294	(2,726)	(1,909)

Pilots' National Pension Fund

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

The Members' best estimate of the annual amount expected to be paid, over a projected 16 year period starting in 2013, on the basis of the last actuarial valuation at 31 December 2010, is approximately £600,000 per annum.

Payments will be made as they are invoiced in the future by the Trustee and therefore will be accounted for in line with the multi-employer exemptions in respect of defined benefit schemes available under FRS 17. Accordingly, no provision has been made in the balance sheet at 31 December 2012.

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

22. TRANSACTIONS WITH RELATED PARTIES

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

Associates

During the year, the Authority invested into Marimatech AS, a marine services company located in Denmark. During the year Marimatech AS invoiced the Authority £14,974 of which £nil was outstanding at the year end.

Joint ventures

At the beginning of April 2012, the Authority purchased shares in Mustang Marine (Wales) Limited. During the year the Authority invoiced Mustang Marine (Wales) Limited £360,268 of which £24,825 was outstanding at the year end. Mustang Marine (Wales) Limited invoiced the Authority £381,393 during the year, of which £30,817 was owed at the year end.

During the year the Authority also invoiced its other joint venture The Green Electrician (South Wales) Limited £9,995 of which £24 was outstanding at the year end. The Green Electrician (South Wales) Limited invoiced the Authority £54,256 during the year. There was £nil outstanding at the year end.

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£'000	£'000
Operating profit (excluding joint ventures and associate)	4,424	8,694
Depreciation charges (net of grants released)	2,469	2,292
Decrease in stocks	29	11
Decrease in debtors	1,732	1,271
(Decrease)/increase in creditors	(2,960)	645
Difference between pension charge and cash contributions	(345)	(645)
Net cash inflow from operating activities	5,349	12,268

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012	2011
Group	£'000	£'000
Interest received	34	103
Interest paid	(120)	(100)
	(86)	3

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012	2011
Group	£'000	£'000
Payment to acquire tangible fixed assets	(3,209)	(2,993)
Receipts from sales of tangible fixed assets	47	66
Less grant received in year - capital expenditure	-	170
	(3,162)	(2,757)

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

26. ACQUISITIONS AND DISPOSALS

Group	2012 £'000	2011 £'000
Acquisition of shares in joint ventures	(1,750)	(1)
Acquisition of shares in associates	(331)	-
	<u>(2,081)</u>	<u>(1)</u>

27. FINANCING

Group	2012 £'000	2011 £'000
Repayment of loan stock by associates	(48)	-
Capital repayments in respect of bank loan	(196)	(186)
	<u>(244)</u>	<u>(186)</u>

28. ANALYSIS OF THE CHANGES IN FUNDS

Group	At 1 January 2012 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2012 £'000
Cash at bank and in hand	11,212	(2,218)	-	8,994
Current asset investment	5,441	-	347	5,788
Debt due within one year - bank loan	(196)	-	(12)	(208)
Debt due after one year - bank loan	(1,422)	196	12	(1,214)
Debt due after one year - 3.5% debenture stock	(83)	48	-	(35)
Net funds	<u>14,952</u>	<u>(1,974)</u>	<u>347</u>	<u>13,325</u>

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

Group	2012 £'000	2011 £'000
(Decrease)/increase in cash in the year	(2,218)	6,832
Cash outflow from decrease in debt (capital repayment)	244	186
Movement in net funds in the year	(1,974)	7,018
Other non-cash changes	347	(559)
Net funds at beginning of year	14,952	8,493
Net funds at end of year	<u>13,325</u>	<u>14,952</u>

MILFORD HAVEN PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

30. CAPITAL COMMITMENTS

	2012	2011
	£'000	£'000
Contracted for but not provided in the financial statements	348	-

Included in capital commitments is £296,000 for the Seasweep retro-fit project and £52,000 for the Liddeston ridge solar park project.

31. OPERATING LEASE COMMITMENTS

At 31 December 2012 and 31 December 2011 there were no operating lease commitments.

32. MINORITY INTEREST

Group	2012
	£'000
At 1 January	27
Minority interest in year (1.8% of loss of £1,036)	-
At 31 December	27



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