



Performance

2023 ANNUAL REPORT & FINANCIAL STATEMENTS

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



Proud Waterway
custodians



Trusted to
deliver



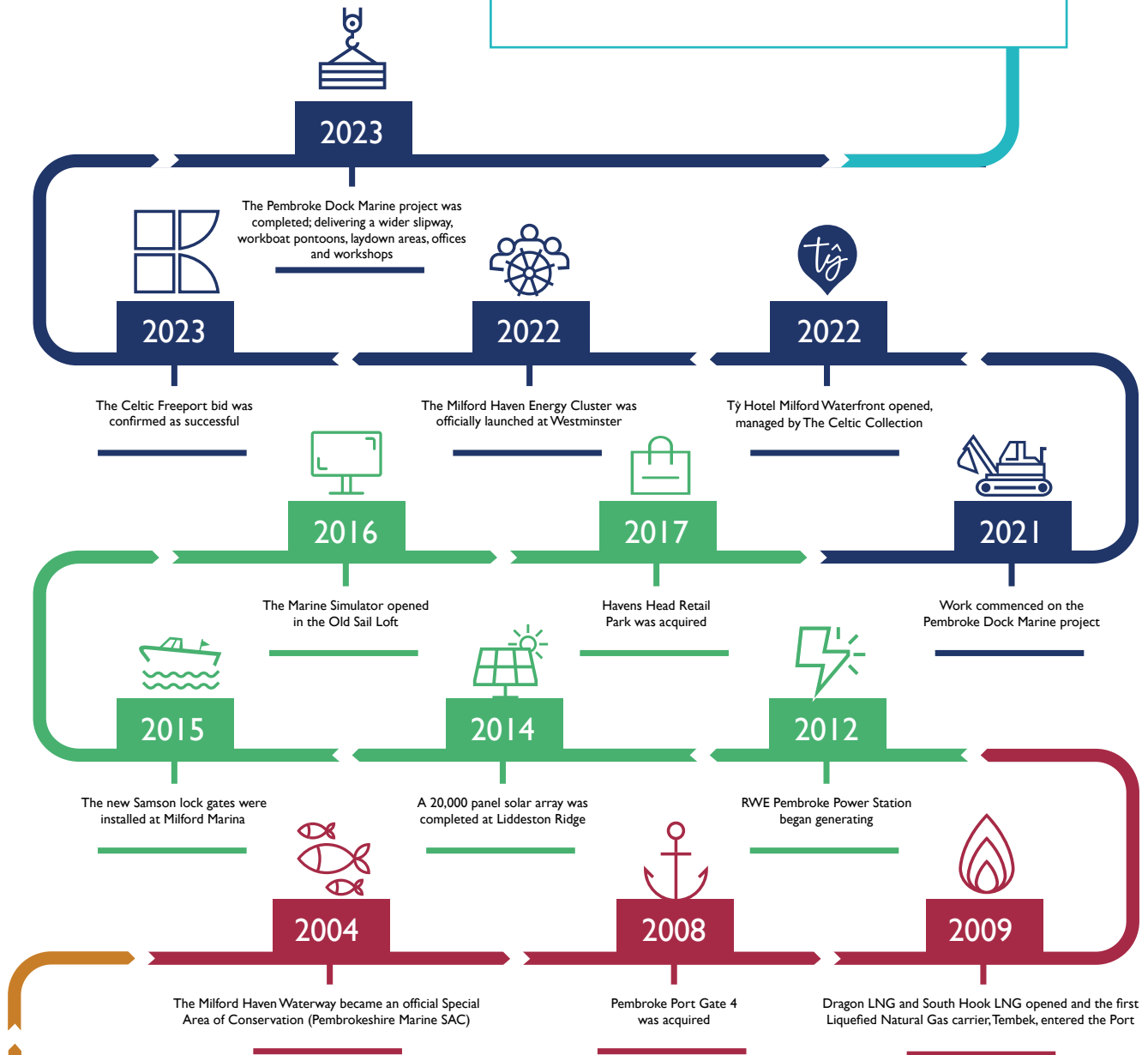
Supporting our
communities



Investing for future
generations

THE FUTURE...

We will 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.



CONTENTS

Annual Report

Strategic Report	5 - 41	Environment	28 - 30
Welcome from our Chair	5 - 6	Governance	31
Chief Executive Overview	7 - 9	Our Board and Senior Management Team	32 - 33
Purpose, Vision, Values and Strategy	10 - 11	Directors' Report	34 - 37
Our Business	12 - 15	Directors' Responsibilities Statement	38
Trading Results	12	Independent Auditor's Report to the Members	39 - 41
Business Model	13	Financial Statements	42 - 68
Principal Risks & Uncertainties	14 - 15	Officers and Professional Advisers	42
Operations Report	16 - 20	Profit and Loss Account	43
Marine Services	16	Statement of Comprehensive Income	43
Quayside Services	17	Balance Sheet	44
Hospitality & Tourism	19	Statement of Changes in Equity	45
Property & Developments	19	Consolidated Cash Flow Statement	45
Environment, Society, Governance	21 - 41	Notes to the Financial Statements	46 - 68
Our People	22		
Safety & Security	23 - 24		
Our Stakeholders	25 - 27		





Chris Martin
Chair

WELCOME FROM OUR CHAIR, CHRIS MARTIN

It is 65 years since the Port of Milford Haven was created by the government of the day and we believe it is important to celebrate this milestone. Why? Because for so many generations, the Milford Haven Waterway has been at the centre of Pembrokeshire's rich history and over the past six and a half decades it's played a pivotal role in the energy evolution of our nation. It's not an exaggeration to say that our operational capability is critical to industries, governments and communities across the world.

We knew that this year would bring significant moments that encapsulate the purpose, function and vision embodied in the 1958 Conservancy Act. As in 1958, the UK needs to rethink how it sources its energy, and Pembrokeshire's natural assets again have an answer. Today, as then, our coastal communities are exposed more than most to economic and social headwinds. The Waterway has been given a new impetus and means to deliver prosperity. And because of what was created in 1958, we are now well placed to harness the resource and expertise needed to make the most of another historic opportunity for our region and for the UK.

A look at the headline results show our core business continued to help meet the UK's high demand for energy imports. Shipping remained busy. Our marine team's commitment to excellence and their safe shepherding of more than 58.7m gross tons of shipping in some of the world's most challenging sea conditions, remained the steel at the core of our operations. It is also fitting that in our 65th anniversary year we have reported the highest revenue in our history.

This year, we were able to see more clearly what leaving the EU means for our business, both in the way freight flows to and from Ireland and where offshore fishing fleets land their catches. These changes continue to negatively impact our revenues.

I will leave it to our Chief Executive, Tom Sawyer, to deliver a full business commentary but I'm pleased to see that, in such challenging times and despite an overall loss for the Group, the Port business remained strong. As a trust port, while we operate on a commercial basis charging fees for our services, facilities and spaces, we re-invest any surplus profit back into

“ It's not an exaggeration to say that our operational capability is critical to industries, governments and communities across the world. ”

the Port, invest in infrastructure with a longer term view or to a higher environmental standard, invest in additional staff training and skills to develop the local skills base, and make significant charitable donations to community projects so that ultimately all our stakeholders benefit. We have developed our business to better cope with external 'unknowns' and to that end I was encouraged to see our diversification strategy continue to grow our business, leaving a stronger legacy for future generations.

The Tŷ Hotel Milford Waterfront had a tremendous first full year. It is a credit to the determined efforts of our team and our partner businesses who have built such a vibrant community; it really shows. We remain mindful that it has been a tough time for the hospitality and retail industry in recent years and businesses around the Waterfront are not immune to this turmoil. Despite this, we continue to attract small independent businesses and internationally renowned brands; in part we hope, due to the halo effect of the new hotel.

In Pembroke Dock we saw the completion of our enlarged slipway, workboat pontoons, office space and laydown areas - another important milestone in our commitment to reshape the Port ready for the future. Part of the £60m Swansea Bay City Deal - Pembroke Dock Marine project, our £13m investment was by far the biggest investment decision we made during my time as Chair. I am confident it will be the most consequential, not just for our business but for Pembrokeshire and for Wales, laying the foundations to become a major hub for floating offshore wind and other forms of marine renewable energy.

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Our long-term strategic ambition for Pembroke Port is to develop it into a truly multi-purpose, future-energy ready port. It must deliver its maximum potential for this fast evolving energy sector, as well as creating facilities for other maritime users, so we continue to explore ways to develop our infrastructure.

In March 2023, the UK and Welsh Governments announced that the Celtic Freeport's bid was successful. Since this initial bid phase, we have continued to work alongside our partners, Associated British Ports Port Talbot and the regional Councils of Pembrokeshire and Neath Port Talbot, to attain freeport status. It's been a shining example of collaboration where the partners have focused on unlocking prosperity for south-west Wales through low carbon reindustrialisation.

We have also worked hard to become a worthy champion of those who need support in communities around Pembrokeshire, and this aspect of our business is one of which I am most proud. It's worth remembering that the work we supported in 2023 via some incredible partners, including Milford Youth Matters and Pembrokeshire Youth Services, was made possible only by the Port remaining a strong commercial entity. However, the fact that our staff are so engaged in volunteering for and supporting community activities is yet another measure of how much the culture of our business has changed in recent years and added an 'X' factor to all that we do. Our accreditation this year as a Great Place to Work™ is evidence that we have a team that is highly engaged, that embraces our purpose and is motivated by their ability to make a real difference. We have a great team, and I am very proud of them all.



For the past 7 years it has been a great privilege to lead the Port of Milford Haven. And this really is my last annual report, I promise! The fact that we are a trust port matters to me; it matters to our people, and it matters to our communities. Most crucially, it matters to all our futures. I will be handing over the reins confident that I leave the Port in a better place than it was when I arrived. That is what is expected of anyone tasked to lead the Port of Milford Haven.

“ We re-invest any surplus profit back into the Port, invest in infrastructure with a longer term view or to a higher environmental standard, invest in additional staff training and skills to develop the local skills base, and make significant charitable donations to community projects so that ultimately all our stakeholders benefit. ”

I have not worked in isolation and have been continually supported by the entire Port team who always go above and beyond, and continually inspire me. I have worked alongside our diverse range of stakeholders who help make the Milford Haven Waterway so special. And, of course, working with the talented individuals who comprise our Board. 2024 will see a change of Non-Executive Directors with Ian Shipperley, Debra Williams and Steve Phillips all due to end their second term and I thank them for their tireless energy and wisdom. In turn, we will welcome three new Non-Executive Directors, David Martin, James Higham and Gareth Powell, who will continue the tradition of bringing invaluable expertise and experience, helping steer the Port onwards. I wish them all the very best.

I have great pleasure presenting this report which I believe shows that my fantastic colleagues have once again met the challenges faced by this 65-year-young organisation in every way that matters. This Waterway, and all the people for whom it represents a livelihood as well as a home, sits at a critical juncture... I bid you all a fond farewell as Chair of the Port of Milford Haven with nothing but optimism for that future.

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

Chris Martin, Chair





CHIEF EXECUTIVE OVERVIEW

Tom Sawyer, Chief Executive

2023 was a remarkable year for the Port of Milford Haven. While the global economic backdrop, which always exerts a significant gravitational pull on our business, remained turbulent, we resolutely focused on the steadfast delivery of our strategic goals and maintained a safe, sustainable and reliable frontline operation for our customers. We have also deepened collaborations with some of the key bodies who, with us, are putting their weight behind Wales' and the UK's agendas for achieving Net Zero. Our Port, anchored firmly in Pembrokeshire, strengthened ties with organisations and people who know best how to support some of the most vulnerable in our fragile coastal communities.

On this 65th anniversary year, we've taken time to reflect on our progress as a business, as well as considering our future. With that in mind, I would like to add my personal thanks to all those who helped us make 2023 so fitting a year to celebrate, as well as to all those who have played a part in the Port's growth during these 65 years.

Performance

I am pleased that our turnover grew by nearly 5% on 2022 levels, despite a small reduction in shipping throughput at the Port – a testament to the diversified portfolio of revenue streams the Group now benefits from. Last year we reconfirmed our commitment to increase our diversification and focused on a strategy for growth, so I am delighted that the Port has recorded its highest ever turnover in 2023, with revenues exceeding £40m for the first time in its history.

Whilst it is important to grow our enterprise, it is equally important for us to deliver profitable growth, as it is only with a profitable business that we can reinvest to ensure we can deliver the best service for our customers and provide us with the opportunity to make meaningful contributions to our local coastal communities (more details of which can be found in [Our Stakeholders](#)). Despite an overall loss in the Group after tax, operating profit for the year was £4.1m, an increase of £2.2m on 2022.

By growing our business profitably and positively adding to our diverse portfolio of operations we will be able to deliver on the expectations of our customers and stakeholders.

This will secure the Port's success for the next 65 years for the benefit of future generations, who are our ultimate stakeholder.

A busy flow of energy shipments meant the Marine Services part of our business kept overall trading buoyant once again. The total cargo tonnage for 2023 was 34.7m, down 11% on 2022 (38.9m tonnes).

Cargo Volume (This relates to physical cargo being transported)	34.7m tonnes ¹ (↓ 10.8%)
Gross Tonnage (GT) (This relates to the internal volume of ships)	58.7m GT (↓ 7.7%)

Quayside Services had another mixed year. Offshore fishing fleets opted to land their catches in the EU rather than Milford Fish Docks, and there were lower freight and passenger numbers using the ferry service. The ferry terminal's poorer than expected year weakened overall profits, with a further impairment being made to reduce the value of the ferry terminal infrastructure in light of that continued underperformance. However, we were compensated by a record-breaking year at Pembroke Port's Quay 1 which was occupied more than 9 days out of every 10 throughout the year, due in part to increased traffic associated with the energy sector.

Our Hospitality & Tourism interests had a good year, not least thanks to the excellent performance of the new the Tŷ Hotel Milford Waterfront which enjoyed 76.8% occupancy. The success of the hotel, both as an investment for us and as a catalyst for bringing new customers and trade to the town, is a vindication of our diversification into the visitor economy, and proof that Milford Haven can match more famous coastal neighbours as a popular destination.

Our Property & Developments investment portfolio and solar PV arrays continued to provide solid returns and our properties experienced very little churn, with our retail and hospitality tenants, in particular, weathering another tough year. We also welcomed Greggs and McDonald's onto Havens

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¹ Department for Transport provisional number for 2023 (final figure expected Summer 2024).



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Head Retail Park, adding them to a growing list of national brands making a home in Milford Haven. In all, over the last 2 years, we are proud to have supported the creation of over 130 new local jobs.

All in all, I would characterise the year's overall performance as resilient and encouraging.

Delivering a new strategy

Our new strategic growth plan focuses on delivering three key ambitions over the next 5-10 years:

1. Expand our world-class pilotage capability

We must be the port of choice for our customers. This means investing in our services and facilities to ensure we deliver today's needs but are also ready for changing demands.

Despite a slight decrease during 2023, in recent years we've experienced an overall increase in shipping movements into Milford Haven and an associated high demand for our marine services. We must continue to invest to ensure we can not only play our part in driving the coming energy transition, but also modernise and reshape our facilities and services to be ready for future fuels and as yet unknown uses of the Waterway. For all the discussion surrounding hydrocarbons in public debate, it's undeniable that we and the regional economy are better placed to lead the transition to renewables thanks to the significant investments being made by our traditional energy customers. This increased demand together with the trend for more extreme weather events has led us to an important decision to commit to a significant investment in a new world-class pilot transfer vessel this year. It will also require us to expand our highly trained frontline workforce. This marks the first stage of a long-term, multi-million pound investment programme that aims to enhance and expand the Port's pilotage capability.

RWE's and Dragon LNG's welcome announcement of a collaboration on a possible multi utility service transit (MUST) - essentially a pipeline between them - brings the exciting opportunity of CO₂ shipping one step closer. Activity in the Celtic Sea related to surveying and commissioning of new floating offshore wind devices has already begun and we have been upgrading our simulator suite to trial higher traffic levels and test procedures for new forms and types of vessels transiting the Waterway.

2. Develop Milford Waterfront as a leading destination for tourism, culture, heritage and leisure

We continued to develop our diversification strategy with investments in non-port business. Our decision to invest in the build of the Tŷ Hotel Milford Waterfront in collaboration with The Celtic Collection delivered strong returns and has also produced high quality job opportunities for our communities.

Despite a dismal summer weatherwise, Milford Waterfront was busy again. With such an attractive mix of businesses alongside the hotel, and a great calendar of Summerfest events organised by our destination team, Milford Waterfront is now firmly on the map. We recognise the difficulties faced by the hospitality sector, but we remain confident in our long-term ambitions. We also made improvements to the car parking and we are grateful to Pembrokeshire County Council who installed new EV charge points there too. Meanwhile, the waiting list for the marina reached an all-time high, and we have begun reviewing options for its expansion.

We oversee safe navigation of the whole tidal waterway. This is not just restricted to commercial traffic and it's important for us to ensure everyone, no matter their background or means, should have a chance to get on the water if they choose. Consequently, we continued to provide funding for Pembrokeshire County Council's public pontoons and maintained safety patrols throughout the summer months.

“ The Port has recorded its highest ever turnover in 2023, with revenues exceeding £40m for the first time in its history. ”



3. Develop Pembroke Port as a multi-purpose, future-energy-ready port with an early phase destination offering

We made great strides in our growth strategy for Pembroke Port which aims to develop a multi-purpose future-energy-ready port with an early phase destination offering. Through Pembroke Dock Marine (PDM), the £60m Swansea Bay City Deal funded project to establish Pembroke Port as one of the UK's leading renewable energy hubs, we saw the completion of the expanded slipway, workboat pontoons and enlarged laydown areas. Also, as part of the PDM project, we completed the refurbishment of the annexes of the historic Sunderland Hangars to create four new workshop and office spaces, with two units already rented.

As our Chair has already mentioned, the announcement that we are one step closer to freeport status was tremendous news, signalling far and wide that our region is ready to lead a new green industrial revolution. Securing freeport status will be a key step in achieving our long-term ambition for Pembroke Port.

We continue to work alongside industry and government exploring ways to develop our port infrastructure to maximise the opportunity for the region, both for the energy sector and the maritime sector.

Partnerships

The rewards for time spent working closely with other businesses, agencies and government bodies can be seen across our business. But we don't just collaborate at an industrial level and some of the most meaningful and impactful teamwork we've been involved with has been at street level. We've supported Milford Youth Matters with their Under the Bridge and Winter Warmers projects. It's helped them reach out and improve the lives of many who could otherwise

be left behind. This year we've also worked with energy companies, Pembrokeshire County Council and Pembrokeshire College to help attract more female students into STEM (Science, Technology, Engineering, Maths) based industries, including marine renewables, through the SPARC (Sustainable Power, Renewables & Construction) initiative. This new initiative has built upon the work we continue to do alongside Pembrokeshire Coastal Forum, Marine Energy Wales and Pembrokeshire College to inform and excite young people about opportunities within the maritime and energy industries so that they're motivated and ready to take up the jobs of the future.

And Finally...

Our staff are central to all that we do, and I was delighted to see the Port achieve Great Place to Work® certification this year. That, for me, highlights how far we've come and reflects the energy and enthusiasm I see first-hand when walking around the Port. Everyone has played a part in making this happen and we should all be proud of our collective achievement.

I would also like to recognise the contribution of our outgoing Chair, Dr Chris Martin, for leading the Port's Board with unrelenting energy, enthusiasm and wisdom over the last 7 years. A strong guiding voice, his shrewd judgement, warmth of spirit and commitment to our business has been in the finest traditions of our trust port values. We are a better Port thanks to his passion and vision, and he leaves the business in a better place for future stakeholders. We thank him wholeheartedly for his selfless service.

Tom Sawyer, Chief Executive

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 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 Waterfront as a leading destination for tourism, culture, heritage and leisure.
3. Develop Pembroke Port as a multi-purpose, future-energy-ready port with an early phase destination offering.



A TRUST PORT

We are a trust port; an independent body, governed by specific Acts of Parliament. We have responsibility for the management, maintenance and improvement of the Milford Haven Waterway.

We operate on a commercial basis charging fees for our services, facilities and spaces. However, we have no shareholders or owners (nor do we receive ongoing public sector financial support) and any surplus profit is invested back into the Port for the benefit of our stakeholders.

We are accountable to all our stakeholders – with future generations being the ultimate stakeholder.



Trading Results

Trading results for the Group and key performance indicators (see table below) for 2023 compared to prior year are summarised below:

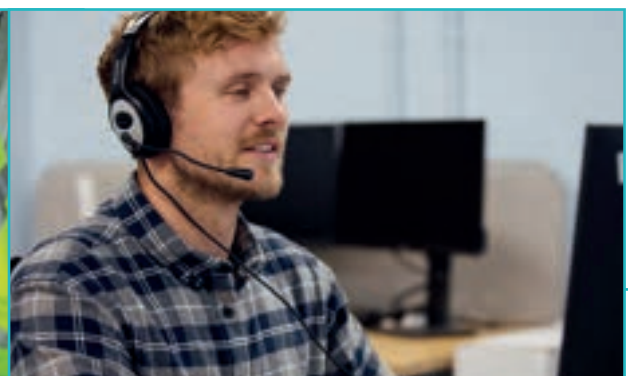
	2023		2022
	£'m	% increase	£'m
Turnover	41.3	4.8%	39.4
EBITDA	7.1	(5.3)%	7.5
Operating Profit	4.1	115.8%	1.9
Cash flow from operating activities	4.3	(69.1)%	13.9
Cargo Volume (tonnes)	34.7m*	(10.8)%	38.9m
Dues paying ships (gross tonnage)	58.7m	(7.7)%	63.6m
Dues paying ship movements (number)	1,909	(2.5)%	1,957

*Department for Transport provisional number for 2023 (final figure expected Summer 2024).

Despite lower shipping activity through the Port in 2023 compared to 2022 it is pleasing to see that the financial performance was improved. This is due to the successful diversification strategy the Port has invested in over recent years to provide revenue streams that are independent of the core shipping activity through the Waterway. These additional revenue streams provide resilience against fluctuating demand for our core pilotage services for our gas and oil terminal customers. The Port's turnover has increased by 4.8% to £41.3m in 2023 from £39.4m in 2022.

Although the results show a loss after investment property valuations and tax, operating profit is at £4.1m which is up from £1.9m in the prior year. Cash flow generated from operations remained positive at £4.3m in 2023 from £13.9m in 2022, showing continued strong resilience, despite major investment spend in the year.

Gross tonnage decreased by 7.7% to 58.7m from 63.6m gross tons in 2022 with the total number of dues-paying ships using the Port decreasing by 2.5% to 1,909 in 2023 from 1,957 in 2022. The provisional figure for 2023 cargo volume is 34.7m* tonnes, this is a decrease of 10.8% on the 38.9m tonnes seen in 2022.

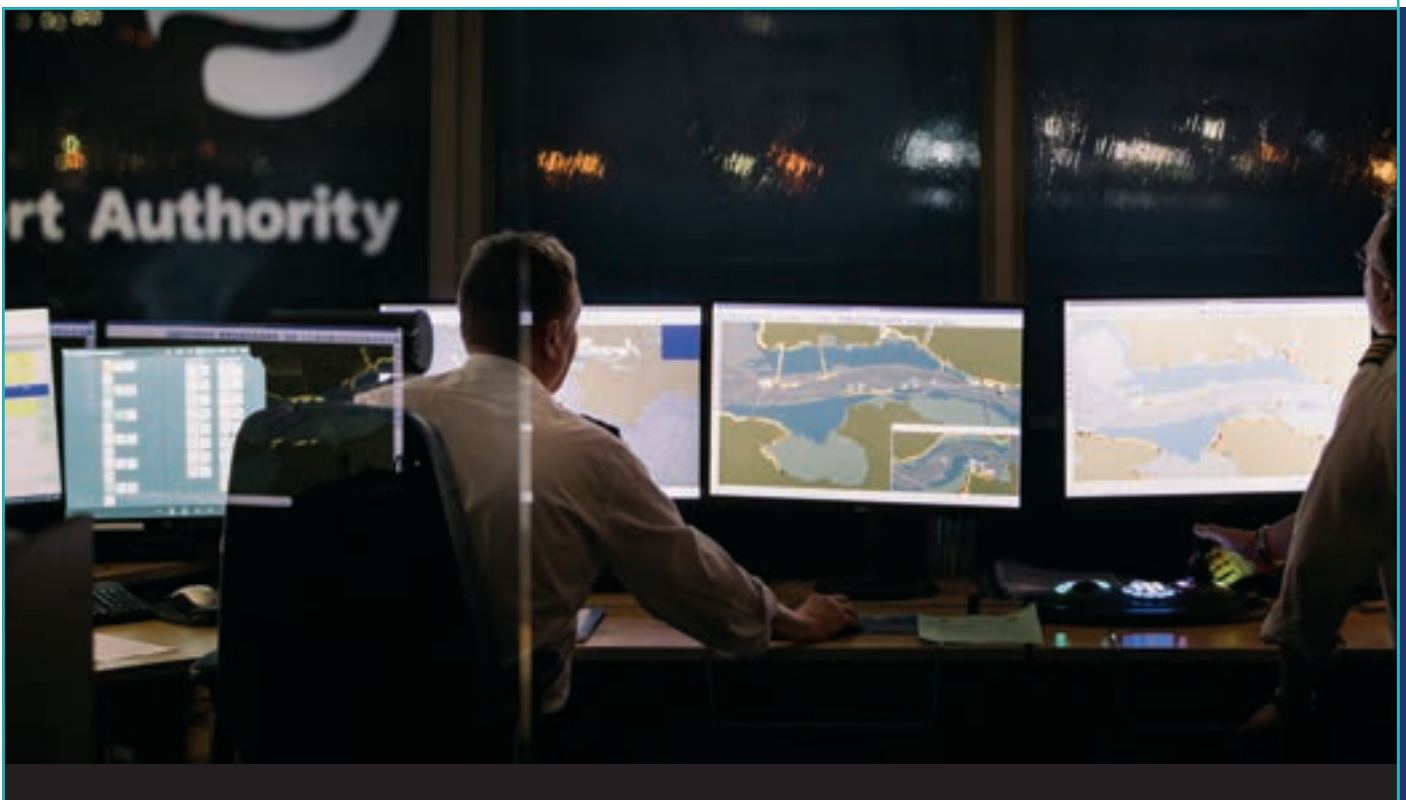




Business Model

The Port of Milford Haven (the Port), along with its subsidiaries, represents the Group. It is a trust port, operating on a commercial basis, charging port fees for providing conservancy and pilotage services to the vessels delivering or collecting products at the energy terminals located on the Milford Haven Waterway. It also operates quayside 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 order that the Port is handed on in the same or better condition to future generations.

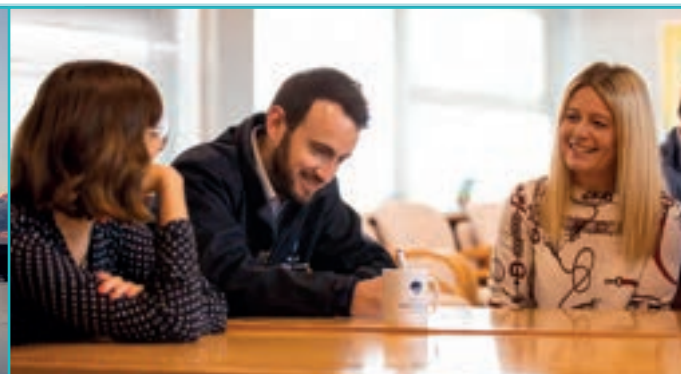
The Port, as a commercial entity in active competition with all other ports, is financed through retained profits and conventional bank lending. At the Group level, we finished the year with £20.1m of cash. We have a flexible credit facility which gives access to additional funding if required, hence 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 Corporate Risk Register on a regular basis and is responsible for setting the risk appetite for specific risk categories. The principal risks and uncertainties facing the business, and actions taken to mitigate them, are:

Risk	Mitigation
<p>Risk To Operational Continuity</p> <p>The Milford Haven Waterway is considered nationally important 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 involve 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 Port Integrated Management System (PIMS) and 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, severe and 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>As impactful issues arise (and as evidenced by our response to the COVID-19 pandemic, the war in Ukraine, and increasing energy costs) our focus is always on safety and ensuring minimal business disruption: we determine our priorities for maintaining operational resilience and focus efforts on mitigations 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>Risk to Financial Resilience</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 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>Revenue Risk</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/ seeks 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>Risk to Fit for Purpose Assets</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>Risk to Reputation and Influence</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>Regulation, Governance and Compliance Risk</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>Culture, Values and Behaviours Risk</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>We are committed to ensuring adequate stewardship and maintenance of our assets. 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>It is recognised that sea level rise could impact on the Port's assets and is therefore considered as part of the Port's risk assessment process and Climate Change Adaptation considerations.</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>To meet these obligations, we have developed a Governance Manual, established an Audit & 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, such as the Department for Transport's Port Marine Safety Code. These are reviewed regularly, underpinned by a continual focus on ensuring our employees abide by the highest standards of governance, compliance and integrity while focused on achieving our strategy.</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>Our services are provided by dedicated employees and we aim to create an environment where they 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 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 and Mental Health First Aiders. 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 2023 to manage the various implications resulting from the current economic and societal vulnerabilities. The number one priority remained the safety/wellbeing of our people and visitors to our sites.</p>

OPERATIONS REPORT



Marine Services

2023 was another strong year for shipping volumes across the Waterway, and although cargo volume and gross tonnage were both lower than 2022, 2023 was the second highest level for both in the past 5 years (the highest being 2022).

Cargo Volume (This relates to physical cargo being transported)	34.7m tonnes ² (↓ 10.8%)
Gross Tonnage (GT) (This relates to the internal volume of ships)	58.7m GT (↓ 7.7%)

In all, the metric used to calculate our port charges, gross tonnage, fell from 63.6m tons in 2022 to 58.7m tons last year. The total weight of cargo moved in the Port of Milford Haven was 34.7m tonnes², a decrease of 10.8% from 2022.

We continued to see a more diverse range of shipping on the Waterway, including survey and cabling vessels, dredging activity, and tug, tow and other vessel movements related to the scheduled maintenance works at our customers' terminals.

With our strategic aim of expanding our pilotage services and becoming the port of choice, we have continued to invest in our people, and in our existing and new infrastructure while planning for new developments that support our customers' future needs.

Front line personnel training lead times, in particular for pilots, are lengthy so we are boosting our recruitment process to ensure we are ready to meet increased demand. This marks the first stage of a long-term, multi-million pound investment programme that aims to enhance and expand the Port's pilotage capability by mid-2025.

We commissioned a new 22m pilot transfer boat during the year, which will be ready in the latter half of 2025. The vessel will be truly world-class in terms of safety and capability, having a self-righting design which comes with a proven track record of operating safely and efficiently in heavy weather conditions - our primary requirement.

The Maritime and Coastguard Agency (MCA) carried out a Port Marine Safety Code (PMSC) Health Check on the Port during the year. The MCA aim to undertake about 8 PMSC Health Checks per year covering some 400 ports in the UK. The health check looks at 10 different areas of the PMSC, looking at both the code itself, as well as the accompanying Guide to Good Practice. Members of the Port's senior management, marine management and senior operations staff were interviewed by the MCA inspectors. The Port passed with no non-conformities, and we were praised for our process for undertaking and reviewing risk assessments, and held up as an example of Industry Good Practice.

In a separate process, a review of the PMSC was initiated by the Department for Transport. Once the revised PMSC is released, we will carry out a full audit in preparation for the next PMSC Compliance Exercise. For the first time we will also include the Milford Marina and Docks within the audit and subsequent compliance statement. Reporting on our Safety Plan performance can be found in [Safety & Security](#).

The Port conducts regular Tier 1 (small, localised incident) counter-pollution exercises, both practically with the deployment of equipment and as table-top command team exercises. These are in addition to supporting the oil and gas terminals with their own COMAH (Control of Major Accident Hazards Regulations) exercises. However, every three years we undertake a larger Tier 2 exercise which simulates a significant incident requiring assistance from beyond our own capability. In 2023, we conducted a multi-location, multi-agency oil spill recovery and salvage exercise.

“ With our strategic aim of expanding our pilotage services and becoming the port of choice, we have continued to invest in our people, and in our existing and new infrastructure while planning for new developments that support our customers’ future needs. ”



We continued studies to understand the maximum shipping capacity of the Waterway. The potential for offshore wind turbine integration to take place at Pembroke Port would see these devices being towed along the Waterway. This, alongside future possibilities, for example CO₂ shipping in the Haven, creates operational and logistical challenges for us to consider, albeit supporting an end goal of reaching Net Zero. Recent work with tugs and towage of barges has given us and our partners operating on the river greater insight into the practicalities of mixing these types of movements with conventional powered vessels.

Quayside Services

Cargo

Performance at Pembroke Port was extremely positive in 2023. Our highly versatile 164m and 90m quays at Gate 1 enjoyed a record-breaking year. Two of the largest vessels were a multirole offshore construction support vessel which has been working on a cable laying operation in the Celtic Sea, and a heavy lift ship which delivered cable from Japan.

Staple cargos such as sand and animal feed, both also stored at Pembroke Port, picked up in 2023. One of our longest-serving animal feed contracts increased their imports following the slowdown in the prior year. We also secured a new sand handling and storage contract.

A complex project of scheduled maintenance on loading arms for one of our key terminal customers kept the quayside busy during the summer. This work was carried out with a local

Pembroke Dock based engineering contractor, once again pointing to the benefit of a strong local supply chain available alongside an efficient port service.

Due to the recent increased need for jack-up barges for piling and borehole work in the Milford Haven Waterway and out in the Celtic Sea, we have created an area next to the ferry terminal for use as a layby when they're not in use.

In conclusion, it has been an extremely positive year for Pembroke Port, with our team fulfilling requests from customers in need of agile and versatile services. Good communication with agents has brought valuable new custom. Our location is one of our greatest assets: as the closest, most sheltered port to floating offshore wind developments taking shape in the Celtic Sea, we have demonstrated our capability as an ideal operational base and we are already seeing businesses relocating to benefit from the opportunity.

Ferry

The ferry terminal suffered a further fall in freight traffic in 2023, down 24% from the prior year, but passenger numbers rose slightly, up 10%. The former attractiveness of the UK as a land bridge for hauliers moving between Ireland and the rest of the EU has been affected by new border and customs arrangements. Meanwhile sea routes between the European mainland and Ireland have become more popular. It is not possible to predict if this is a permanent change, but we continue to work with our customer, Irish Ferries, to provide a wide range of services to maximise the route's attractiveness as an alternative to direct sailings. As a result of





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the continuing depressed volumes the assets dedicated to the ferry terminal have been reappraised for impairment and an increase in the impairment provision has been made in 2023.

We have been working alongside Welsh Government, Welsh ferry operators, Port Health teams at both Pembrokeshire and Anglesey Councils, and with DEFRA's Animal and Plant Health Agency to prepare for future sanitary and phytosanitary border control checks. These are coming into effect in England in 2024 and will follow in Wales at a future date.

Fish Docks

Following extensive trials in 2022 and 2023, it is now clear that the Belgian offshore fishing fleets find it more efficient to land their catches in EU countries. This, coupled with the fact inshore fleet catches were down due to adverse weather, meant the tonnage landed at Milford Fish Docks was down again at 236 tonnes.

Nevertheless, we remain committed to supporting our fishing industry and secured funding via the UK Seafood Fund for major regeneration works at Milford Fish Docks. The project, worth more than £3.5m, will see the construction of a new berthing pontoon for 25-30 inshore fishing vessels, new storage containers, upgrades to the ice plant, mooring bollards and two new lock pontoons. Our successful application for the grant, at 75% of the total value, is a very welcome show of government support for our efforts to boost inshore fishing businesses' capability to sustainably land, process and add value to produce for local, regional and international markets.



“ As part of ongoing improvements to amenities, we carried out extensive improvements to parking and pathways around Milford Waterfront, creating 120 parking spaces on permeable paving, and 4 disabled parking spaces on a solid surface. ”



Hospitality and Tourism

The Tŷ Hotel Milford Waterfront celebrated its first anniversary in April. In its first full year of trading, the hotel enjoyed 76.8% occupancy rates, an excellent result that points to a great demand for beds in this sector. Out of season bookings from contractors and business customers helped maintain the high room occupancy, and many local businesses at the Waterfront reported a clear uptick in out of season footfall since the hotel was opened - evidence of the ‘halo’ effect that was an important driver of our strategy to invest in a hotel.

Milford Waterfront teamed up formally as Major Events Partner of the Milford Haven Round Table this year and hosted the Big Beer Festival, Milford Haven Carnival and Fireworks Extravaganza, all of which were a great success. Milford Haven Round Table plays an important role in the community raising funds for charities, sports groups and community organisations and we are delighted to have created a formal partnership with them.

In June, the world’s last seagoing paddle steamer Waverley visited Milford Haven on a coastal excursion from Tenby and ran two trips out of the Waterway with 600 passengers each time. She was a welcome sight for hundreds who came to see her. It’s hoped she will return in 2024. In the same week, the cruise ship Azamara Pursuit visited en route from Portugal to Ireland. The 180m ship anchored off Milford Shelf for 24 hours and passengers were landed at the Mackerel Quay before heading off for excursions.

As part of ongoing improvements to amenities, we carried out extensive improvements to parking and pathways around Milford Waterfront, creating 120 parking spaces on permeable paving, and 4 disabled parking spaces on a solid surface. In line

with our sustainability values, we were also pleased to be able to provide 6 spaces for Pembrokeshire County Council to install 6 EV charge points to support the growing demand for accessibility for EV drivers.

We are developing our strategy to get visitors to dwell longer at Milford Waterfront. We are exploring options including play areas and other improvements to increase its attractions, whilst also considering the bigger picture and planning the next phases of development at Milford Waterfront.

The jewel in the crown at Milford Waterfront is Milford Marina and there is no shortage of demand for a space there. The waiting list for berths reached a new record by the end of 2023. There is a shortage of berths across the south and west coasts of Wales and we are responding to this demand by further developing plans for increasing berth numbers in our marina. Work should commence on that in 2024.

Property & Developments

Property

Our investments and property assets continued to provide returns and overall our combined occupancy rate across the portfolio in Milford Haven and Pembroke Dock remained steady at 92.2%. We were able to make targeted improvements to areas of Milford Waterfront, with retail occupancy remaining at 98.7%. At Havens Head Retail Park we attracted Greggs and McDonald’s, adding them to a growing list of national brands making a home in Milford Haven. The year ended with 100% occupancy in Havens Head Retail Park, which indicated a return of some of the confidence lost during a turbulent period for retail over the previous two years.

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Developments

As part of the £60m Swansea Bay City Deal project, Pembroke Dock Marine (PDM)³, we completed the enlarged slipway, workboat pontoons, and laydown areas which are the first steps in embedding the marine energy sector in Pembrokeshire. Also, as part of the PDM project, we completed the refurbishment of the annexes of the historic Sunderland Hangars to create four new workshop and office spaces. Two of the units have secured tenants.

Floating offshore wind energy (FLOW) is a relatively recent addition to the marine energy sector range of technologies. However, over the last few years huge interest has been shown in the Celtic Sea's potential with multiple developers exploring the opportunity. With PDM offering the potential for long term operations and maintenance, we are looking at other under-developed land which can potentially deliver the heavy lift, deep water quayside needed by this industry.

The FLOW sector and energy transition played a key part in another important milestone from last year. In March 2023, it was announced that our Celtic Freeport bid was successful. It creates almost 600 hectares of strategically located tax and customs sites in Pembrokeshire and Neath Port Talbot to encourage investment in the region. We have continued to work alongside our Celtic Freeport partners, Pembrokeshire County Council, Associated British Ports and Neath Port Talbot Council to deliver the Outline Business Case and move towards official status.

Our developments are not just about delivering multi-million pound projects. We continually review our sites seeking out ways to make our spaces better positioned to support growth for our communities, and sometimes that's at a smaller scale. And at Pembroke Dock, we are talking with business partners and community representatives to understand how we could better collaborate to kick-start a destination offering.



³ 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.



STRATEGIC REPORT

ENVIRONMENT, SOCIETY, GOVERNANCE (ESG)



ESG places responsibility on businesses to consider impacts on people and the environment. 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.

Our ESG strategy outlines our ambitions and specific actions that we will commit to, covering how we safeguard the environment; how we manage our relationships with employees, suppliers, customers and communities; and how we facilitate effective, entrepreneurial, and prudent management of our organisation. In setting our ESG strategy, we are guided by our Acts, the Ports Good Governance Guidance - which is set out by the Department for Transport and applies to all Statutory Harbour Authorities in England as well as reserved trust ports in Wales – and the Wellbeing of Future Generations Act 2015.



OUR PEOPLE



It's now official: The Port of Milford Haven is a Great Place to Work™. Last year we fell just short of being certified by this globally recognised scheme that places emphasis on staff engagement, trust, culture and values. This year, 84% of staff responded to the survey, which is itself cause for celebration. The high participation gives us greater confidence that the feedback is reflective of how the majority feel in our organisation. The improved results show we have made good progress providing a great employee experience and importantly gives us valuable insights to help us build on this further. We are the first UK port to be certified.

Following a comprehensive review, we relaunched our bonus scheme this year. We now offer a single bonus scheme for all our employees across the organisation which has been well received by our workforce. In addition to a positive business performance, bonuses are now driven by staff achieving cultural targets which are set annually and currently include engaging in learning and community support activities.

As a trust port, supporting our local community is at our core. In 2023, employees engaged in a variety of activities including beach cleans, volunteering for our Port Charity 'Greenacres Animal Rescue' and supporting Milford Youth Matters initiatives. The new scheme, which began mid-way through the year, recorded 254 volunteering activities by our employees.

“ As a trust port, supporting our local community is at our core. In 2023, employees engaged in a variety of activities including beach cleans, volunteering for our Port Charity 'Greenacres Animal Rescue' and supporting Milford Youth Matters initiatives. ”

In 2023, the Chief Executive and the Human Resources Director held face-to-face strategy briefings to help ensure employees were clear on the wider strategy and the role they can play within it.

Looking ahead, 2024 will focus on our resource requirements ensuring we are able to successfully deliver our growth plans and acting on the feedback from our employee survey to make sure we continue to provide a great employee experience. We are also working in collaboration with other local partners to launch SPARC, a new careers initiative to encourage greater diversity and in particular more young females into the Renewables, Construction & Engineering sectors.





STRATEGIC REPORT
**SAFETY &
 SECURITY**

Safety

Our cultural changes also apply to safety in the workplace. Achieving the highest standard possible on matters relating to health, safety, security and the environment continues to be our utmost priority. Our frontline staff operate in complex and challenging environments, so safety is our first thought in everything we do. 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.

We want to ensure that every member of staff feels confident enough to stop someone if they have a safety concern. This "if you see it, say it" culture is instilled in staff from the moment they join us. Inductions, a series of online and in person meetings, are now a 4 week-long process and only deemed completed once the new employee has been signed off both by a member of the safety team and their manager.

In 2023, there were 2 reportable Lost Time Incidents, compared with 0 in 2022.

With regards to non-reportable Lost Time Incidents there were 3 in 2023, compared with 2 in 2022.

“ Achieving the highest standard possible on matters relating to health, safety, security and the environment continues to be our utmost priority. ”

Our energy industry partners have much to offer in terms of sharing best practice in safety. We share a table with all the safety managers from the major terminals around the Waterway, an extremely useful collaboration that allows us to share learnings from any incidents or near misses as well as ideas for continuously improving safety.

We had many contractors working on our sites in 2023. Their safety, and the safety of members of the public in or around work sites, is ultimately our responsibility. The scale of contractor operations – we inducted over 500 contractors this year alone - has prompted us to introduce a more structured induction process.

Our Marine Safety Plan is reviewed as part of our compliance with the Port Marine Safety Code. Every three years we reconfirm to the Maritime and Coastguard Agency our compliance with the Code. This was last completed in 2021. To further demonstrate our commitment to marine safety, our PMSC Safety Plan has been extended to include Milford Docks which was previously reported under a different format. (We also plan to include Pembroke Port during 2024.) In this way we can continue to undertake and regulate marine operations in a way that safeguards the Haven, its users, the public and the environment.

Marine Safety Plan reporting:	2023	2022
Actions identified	54	58
Completion target rate achieved	95%	98%

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Security

There were no security incidents to report in 2023 and we continue to work closely with the Department for Transport to ensure restricted areas follow the International Ship and Port Facility Security Code (ISPS).

The wider port security and infrastructure is managed through the Milford Haven PSA (Port Security Authority), a consortium of Port Facility Security Officers (PFSOs) responsible for each of the key waterway terminals and led by the Port of Milford Haven. Meetings are chaired by the Port's Head of Safety & Security who is also the Port Security Officer (PSO). The Milford Haven PSA Security Plan and Risk Assessment were audited towards the end of 2023 by the Department for Transport to ensure compliance. An annual multi-agency training scenario was also carried out to test the PSA's resilience to a port-wide emergency.





STRATEGIC REPORT

OUR STAKEHOLDERS

Social responsibility is good practice for any responsible business and in most cases makes good business sense too. For us, it is built into our DNA as a trust port, where the interests of our wide community of stakeholders are at all times our guide as we set our strategy and direction. Our stakeholders are anyone who uses or is connected to the Port, or whose livelihood and welfare may be dependent on the Port, and all bodies or individuals who may represent others in this context. We are accountable to these stakeholders.

We are firmly anchored in Pembrokeshire and as we strive to ensure the future growth and sustainability of our own business, we have also immersed ourselves in the communities in which we operate so that they too can grow with us. To do this, we build partnerships with those who help us deliver activities that we cannot do, or cannot do alone.

It is because of the way our business is evolving that there are now numerous touchpoints where we interact with a growing range of stakeholders. From our regular meetings with politicians, industry and government officials with whom we collaborate to map out a brighter future for our region, through to engaging with students at schools and colleges inspiring them about new opportunities for careers on their doorstep and in turn being inspired by them. And from the community organisations who we support as they deliver help to those in need, to tourists and visitors who we excite with new adventures, experiences and fabulous places to stay through multimedia platforms.

We held two annual stakeholder meetings (one in Pembroke Dock and one in Milford Haven) open to all members of the public in 2023 and our team attended over a hundred other engagement events or visits with industrial, community, customer, political or educational stakeholders. These events are important as they create a two-way flow of ideas and energy. They also raise the Port's profile and put some of our own people into the sphere of public debate as trusted spokespeople.

“ We are firmly anchored in Pembrokeshire and as we strive to ensure the future growth and sustainability of our own business, we have also immersed ourselves in the communities in which we operate so that they too can grow with us. ”

This was the second year of three that we are supporting Greenacres Animal Rescue as our chosen charitable organisation. Port staff got involved with two volunteering days during the year, helping to look after the animals in the shelter and dog walking. To support fundraising, we also held a series of raffles, bake sales and plant sales and held a photo competition on social media to help boost the charity's profile.

For us to deliver meaningful support at grassroots level in local communities, we collaborate with people and organisations with experience and a proven track record of making a difference. We worked with Milford Youth Matters for the fifth consecutive year in 2023, this time to support their Winter Warmer Nights initiative, which provided young people with a warm meal and sheltered space weekly throughout the winter months, and the award winning (Arts & Business Cymru Awards) Under the Bridge project that offers a wide range of free fun activities throughout the summer holidays for 11-18 year olds. We also supported Megan's Starr Foundation, a Milford Haven charity supporting young people and raising awareness of bullying and mental health.

We signed a two-year partnership agreement with the Torch Theatre which will ensure that it is able to deliver important activities in the community, such as the Youth Theatre and Summer Schools, as well as supporting local schools in the

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delivery of Expressive Arts within the New Curriculum for Wales. The sponsorship deal will also see the Torch Theatre running two Sunset Cinema screenings at Milford Waterfront in 2024. The Torch Theatre really is a pillar of our community and deserves great credit for all the work it continues to do to promote arts, culture and social inclusion.

As part of our push to immerse ourselves more in the community of Pembroke Dock, we partnered with Pembrokeshire County Council's Youth Service to run a new project, @The Park. Hosted at the Memorial Park in Pembroke Dock, this new initiative for 2023 provided free activities for 11–17 year-olds during the May school holiday with over sixty young people taking part.

In June, as part of our annual water safety WAVE campaign, we promoted a series of workshops at Llanion Cove for students from Ysgol Harri Tudor. Teams from the Port, Mid and West Wales Fire and Rescue Service, Pembrokeshire County Council's Youth Service, Dyfed Powys Police and the RNLI joined Llanion Cove staff to cover topics such as cold-water shock, how to contact the emergency services, peer pressure, anti-social behaviour and underwater hazards.

In addition to our growing number of strategic partnerships that deliver mutual benefit to us and our community partners, we also operate a Community Fund which holds a separate budget and is used to support requests for funding from any charitable organisation based in Pembrokeshire. This fund is run by a committee of staff from across our organisation who meet monthly to consider applications for support from the important work carried out by grassroots organisations. Over one hundred applications were supported in 2023 with funding going towards worthy projects making improvements in areas such as arts and culture, health, education, social welfare and sports development.

In April 2022 we launched our Green Energy Fund and 2023 was the first full year of its operation. The Green Energy Fund gives financial support to community groups in Pembrokeshire looking to implement initiatives that seek to reduce their carbon emissions and improve energy efficiency. We are seeing increasing numbers of applications to this fund with ten projects supported in the year compared to five in 2022.

There is no better way to provide security for future generations than making sure they have the skills they need to thrive. This year we supported Pembrokeshire College with its new 'Destination Renewables' programme, an industry led initiative that teaches students about renewable energy technologies including wave, tidal, solar, onshore and offshore wind, and associated project development processes. Led by DP Energy and EDF Renewables in collaboration with other industry delivery partners, the course is inspiring and educating a future green energy workforce, making sure our school leavers can make the most of opportunities on their own doorstep. In February, students visited Pembroke Port where much of that opportunity is already in evidence, to see, among other things, the major investment to modernise port infrastructure that will enable southwest Wales to take full advantage of floating offshore wind developments in the Celtic Sea. Destination Renewables is underpinned by the Skills and Talent programme of the Swansea Bay City Deal, jointly funded by the Welsh and UK Governments, alongside private sector investment.

Females remain under-represented in STEM (Science, Technology, Engineering, Maths) based industries, and the fewer there are on courses, the more daunting it can be for potential applicants. We teamed up with other local employers to collaborate with Pembrokeshire County Council and Pembrokeshire College to create a careers initiative called



SPARC (Sustainable Power, Renewables & Construction), helping to inspire a new and more diverse workforce in Pembrokeshire and beyond.

We sponsored a competition run by Marine Energy Wales that gave young learners of all ages a chance to come up with ingenious ideas in marine technologies. The entrants get access to an industry-standard test facility, the Marine Energy Test Area (META), to develop innovative ideas in underwater surveying, platform stability, and marine habitat creation.

We continued to bring our stakeholders into the heart of decision making at the Port in 2023, holding two meetings of the Stakeholder Accountability Committee (SAC) and the statutory Port Advisory Committee (PAC). The SAC gives our key stakeholders strategic input into the Port's business

plan, while the PAC gives stakeholder groups impacted by what happens on the Waterway the opportunity to voice any concerns or issues with us and with each other. In 2024, we will merge the statutory duties of the two committees to provide greater collaboration and communication across the whole range of stakeholder groups from national and local government through to tenants, energy terminals and educators. Doing this underlines the fact that we are all in it together as we prepare the Waterway economy and its communities for the next generation of challenges.



STRATEGIC REPORT

ENVIRONMENT



Carbon reporting

We developed a comprehensive environment and sustainability strategy in 2023. This will provide a clear pathway for all our project teams to follow and will give us clearer timescales to achieving true Net Zero. For the avoidance of confusion, Net Zero is the reduction of all greenhouse gas (GHG) emissions to the lowest achievable level and developing mitigation for any remaining emissions.

We also brought in external consultants to help us complete our carbon reporting review work that we started in 2022. This has been a complex area for us and many other businesses to wrangle as it deals with how we properly record and publish the carbon emissions that we emit or cause, and therefore how we are making plans to reduce and mitigate them. Though complicated, the issue bears some explanation as it goes to the heart of some of the unique challenges our regional economy faces as we travel towards Net Zero targets.

The terms 'scope 1, 2 and 3' (as defined internationally by the Greenhouse Gas Protocol) refer to a way of categorising the different kinds of carbon emissions a company creates in its own operations, and in its wider value chain. Our emissions calculations are made using a consumption-based methodology, drawing usage data from meters where available (e.g. fuel volumes) and bills where not (e.g. utilities consumption); these figures have then been converted to CO_{2(eq)} using the conversion factors published by UK Government. For clarity, these calculations include the operations of the Port of Milford Haven, Milford Docks and Marina, Pembroke Port and Liddeston Ridge solar array.

“ We continued to support biodiversity projects in the Milford Haven Waterway in 2023, where there was a particular focus on oyster restoration, water quality and the ongoing Project Seagrass, restoring *Zostera* grass beds off Dale. ”

During 2023, the Port's total Scope 1 & 2 greenhouse gas emissions were 1,360 tCO_{2(eq)} – this is a decrease of 37 tCO_{2(eq)} from the figure of 1,397 tCO_{2(eq)} published in 2022's Annual Report. Renewable energy generation across the Port's estates offset these emissions by 974 tCO_{2(eq)} compared to 993 tCO_{2(eq)} generated in 2022. This leaves the Port with residual emissions of 386 tCO_{2(eq)} (2022 (re-stated) saw a carbon deficit of 372 tCO_{2(eq)}) which will be offset by investment in an appropriate carbon offsetting scheme.

For the purposes of reporting an intensity ratio which allows comparison of performance over time by comparing emissions with an appropriate business metric, we propose that dues paying shipping is the most appropriate metric. For 2023, this figure is 1,909 (2022: 1,957). Our intensity calculation for 2023 is therefore 712.6 kgCO_{2(eq)}/shipping visit (2022: 697.2 kgCO_{2(eq)}/shipping visit).





Scope 1 & 2 Emissions (kg CO _{2eq})	2023	2022 (Re-stated)
Natural Gas	16,178	15,156
Propane	863	0
Water	2,924	2,602
Diesel	1,308,882	1,322,052
Petrol	12,063	9,661
Company Cars	18,226	14,007
Biomass	1,243	1,031
Scope 1 Total	1,360,379	1,364,509
Electricity	373,901	354,726
Scope 2 Total	373,901	354,726
Scope 1 & 2 Gross	1,734,280	1,719,235
Electricity REGO*	-373,901	-354,726
Scope 1 & 2 Total Net	1,360,379	1,364,509
Renewable generation offset	973,888	992,968
Carbon status	386,491	371,541

* electricity is rated at zero tonnes for carbon as it is certificated under the Renewable Energy Guarantees of Origin (REGO) scheme which demonstrates it was generated from renewable sources.





A cleaner port

Our staff enjoyed taking part in a series of litter picks and beach cleans during the year. Our teams visited Sandy Haven, Gelliswick and Llanreath beaches and litter picked in waterside locations in both Milford Haven and Pembroke Dock. These were successful volunteering activities helping to reduce the amount of waste materials that end up in the Waterway environment, but also have a secondary benefit of reminding ourselves just how special our Waterway is.

Supporting biodiversity

We continued to support biodiversity projects in the Milford Haven Waterway in 2023, where there was a particular focus on oyster restoration, water quality and the ongoing Project Seagrass, restoring *Zostera* grass beds off Dale.

We also continued to host the country's longest serving Special Area of Conservation officer, now closing on a quarter century of service safeguarding our important marine assets and helping improve public understanding of our wonderful waterway and coastline.





STRATEGIC REPORT

GOVERNANCE

The Port of Milford Haven is an independent statutory undertaking. It was first established as the Milford Haven Conservancy Board in 1958 by a specific Act of Parliament (the Milford Haven Conservancy Act 1958). In 1986, the Conservancy Board became the Milford Haven Port Authority (through the Milford Haven Port Authority Act 1986). Today, the Milford Haven Port Authority (MHPA) is the statutory harbour authority and is our legal name, though we commonly trade as the Port of Milford Haven.

A framework of Acts (including the two noted above) 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.

The Port of Milford Haven is a trust port. We do not pay out any dividends to shareholders, nor do we receive direct budgetary support from government. We operate on a commercial basis and invest any surplus profit back into the business to support the continuing and long-term success of the Port for the benefit of our stakeholders.

In addition to the Acts, the Port of Milford Haven complies with the Department for Transport's *Ports Good Governance Guidance*. This guidance, which does not have any legal force, 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

15th May 2024

Gorsewood Drive, Milford Haven, Pembrokeshire,
SA73 3EP



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



Dr 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 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 marine operations and risk. His enviable track record incorporates project delivery, strategic transformational change and management of risk and safety at senior leadership level. 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, resigned
2nd February 2024

Debra reached the end of her second term in February 2024. Her expertise focused on marketing and consumer relations issues and brought extensive experience in commercial operations, e-commerce, innovation, and leadership.



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 a senior officer in the Armed Forces working in diverse functional areas across and beyond government including international engagement and influence. As an experienced Board Director, 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 Human Resources 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 is 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 aims to continue the progress made on energy developments within the Port for the benefit of the wider community of west Wales.

Executive Directors



Richard 'Tom' Sawyer
Chief Executive and Executive Director

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, joined the Board in January 2023

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

Board developments:

- **Mike Ryan** joined the Board, 27 January 2023.
- 2024 sees the end of the second term for three Board members, Debra Williams, Ian Shipperley and Steve Phillips, with Debra resigning in the February 2024 Board meeting. Three new Board members, David Martin, with a legal/commercial overview, James Higham with a marine overview, and Gareth Powell with a financial/risk overview, joined the Board in February 2024.

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

Richard '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 the public and private sectors. She works closely with the Board and across the business to deliver employment legal compliance, an enhanced employee experience and to 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 regulatory compliance and operational excellence across our land side operations with additional responsibility for safety, security, 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
Business Development 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.

DIRECTORS' REPORT



The Directors present their Annual Report and audited financial statements for the year ended 31 December 2023.

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's 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 use of risk registers, 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.

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 Audit & Risk Committee comprises three Non-Executive Directors with the Chief Executive and the Chief Financial Officer also in attendance. The Chair of this Committee is the Non-Executive Director with the appropriate finance and risk background.

■ **Nominations & Remuneration Committee - Chair, Erica Cassin**

Purpose: To determine/review the structure, size and composition of the Board, making use of the output of the Board evaluation process as appropriate, and to make recommendations to the Board, as applicable, with regard to any changes. To develop and have oversight of the Port's remuneration policies and practices ensuring they are appropriate to attract and retain the right skills, experience, knowledge and behaviours to support the achievement of the Port's strategy as well as affordability/sustainability overall. 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). This group was merged with the former Nominations Committee for 2023.

■ **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. In 2024, this committee will be merged with the Port Advisory Committee to better serve our stakeholders.

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 Advisory Committee 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. In 2024, this committee will be merged with the Stakeholder Accountability Committee to better serve our stakeholders.

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

The *Ports Good Governance Guidance* outlines ways 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;

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- 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. Over a hundred applications were supported in 2023. The Port's new Green Energy Fund gives financial support to community groups in Pembrokeshire looking to implement initiatives that seek to reduce their carbon emissions and improve energy efficiency. Ten applications were supported in 2023.

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

In January, the Port co-funded the launch of the Haven Waterway Future Energy Cluster (now Milford Haven Energy Cluster) at the Senedd in Cardiff. The event was hosted by Conservative MS for Carmarthen West and South Pembrokeshire Samuel Kurtz, with closing remarks delivered by Plaid Cymru Regional MS for Mid and West Wales, Cefin Campbell. Continuing with profile raising activity associated with the Haven Waterway Future Energy Cluster, the Port also attended the Welsh Labour Party Conference in March 2023 (at a cost of £2,600) and the Welsh Conservative Party Conference in April 2023 (at a cost of £1,500). 2024 will see continued 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 Freeport.

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's and the Port's funding position and banking covenants. The Directors consider that the Group and the Port have more than sufficient resources to continue in operational existence for a period of at least 12 months from the approval of the 31 December 2023 financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's and the Port's financial statements.

Financial Risk Management

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 2023, the Group had no material foreign exchange risk (2022: £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. There was interest rate protection in place at 31 December 2023 to mitigate some of the risk of fluctuations in interest rates on the new borrowing in the year, but none in the prior year due to the low level of borrowings previously.
- 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 2023, a new loan agreement has been entered into in 2023 with a 20-year repayment term.

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 environmental, societal and governance matters as necessary. This is addressed in the dedicated ESG section (pages 27-31) 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 7-9](#)) 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, in the current year, for a further 5-year term providing sufficient headroom to fund the Port's and the 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 42](#).

Directors' indemnities

The Group has third party indemnity provision for the benefit of the Directors which is 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 2023	Board	Audit & Risk Committee	Nominations & Remuneration Committee	Stakeholder Accountability Committee
Total number of meetings	7	5	6	1
Board Members				
Chris Martin	7		6	
Debra Bowen Rees	6		4	1
Debra Williams	4		5	
Erica Cassin	7		6	1
Ian Shipperley	6	4		
James Nyhan	7	5		
Jonathan Chitty*	7	5		1
Mike Ryan*	7			
Steve Phillips	6	5		
Tom Sawyer*	7	5	6	1

* Executive Directors

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



Chris Martin, Chair
Gorsewood Drive, Milford Haven,
Pembrokeshire, SA73 3EP
15th May 2024

DIRECTORS' RESPONSIBILITIES STATEMENT



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

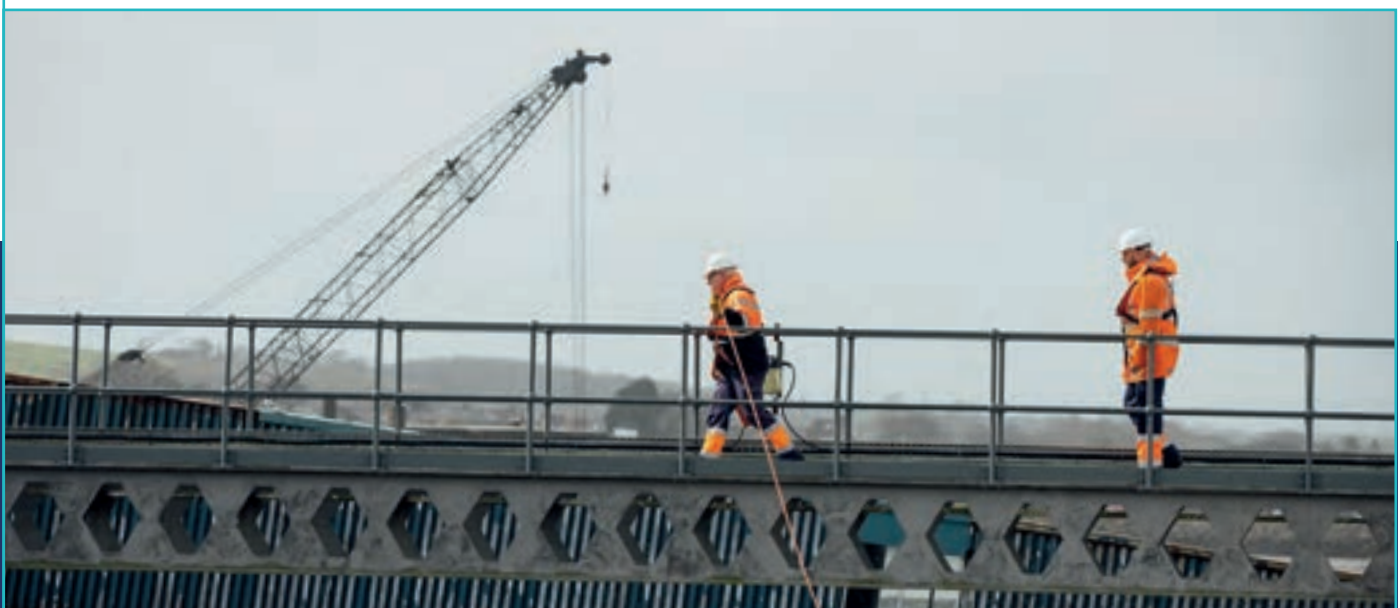
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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’s 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 Auditors 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 parent company's affairs as at 31st December 2023 and of the group's loss 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.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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

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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. 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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. This 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 tax, valuations, pensions, and IT 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 area, and our 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, pinpointed to discount rate. 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 along with assessing the design and implementation of the key control in place to mitigate the risk.

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

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

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

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. 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.

Samantha Bates
(Senior statutory auditor)



For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom
15th May 2024

FINANCIAL STATEMENTS



Officers and Professional Advisers

Officers

Chair C Martin

Non-Executive Directors

David Martin, appointed 2 February 2024

Debra Bowen Rees

Debra Williams, resigned 2 February 2024

Erica Cassin

Gareth Powell, appointed 2 February 2024

Ian Shipperley

James Higham, appointed 2 February 2024

James Nyhan

Steve Phillips

Executive Directors

Jonathan Chitty

Mike Ryan, appointed 27 January 2023

Richard 'Tom' Sawyer

Professional Advisers

Banker

HSBC Bank plc, 56 Queen Street, Cardiff, United Kingdom

Solicitors

Hill Dickinson LLP, St. Paul's Square, Liverpool, United Kingdom

Auditor

Deloitte LLP, 5 Callaghan Square, Cardiff, United Kingdom

Chief Executive Richard 'Tom' Sawyer

Harbourmaster Mike Ryan

Registered Office

Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2023

	Note	Group		Port	
		2023 £'m	2022 £'m	2023 £'m	2022 £'m
TURNOVER	3	41.3	39.4	34.3	34.6
Cost of sales		(17.2)	(18.0)	(14.7)	(16.3)
GROSS PROFIT		24.1	21.4	19.6	18.3
Operating expenses		(20.0)	(19.5)	(18.1)	(17.7)
Reversal of impairment of subsidiary	11	-	-	-	0.3
OPERATING PROFIT		4.1	1.9	1.5	0.9
(Loss)/gain on revaluation of fixed assets	10	(1.2)	1.4	(0.1)	0.6
PROFIT BEFORE INTEREST		2.9	3.3	1.4	1.5
Finance costs (net)	4	(1.6)	(0.6)	(0.3)	-
PROFIT BEFORE TAXATION	5	1.3	2.7	1.1	1.5
Tax on profit	9	(2.3)	(0.7)	(0.9)	(0.6)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1.0)	2.0	0.2	0.9

All results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	Group		Port	
		2023 £'m	2022 £'m	2023 £'m	2022 £'m
(Loss)/profit for the financial year		(1.0)	2.0	0.2	0.9
Actuarial (loss)/gain on pension schemes:					
- Actuarial (loss)/gain on present value of scheme liabilities		(4.1)	36.1	(4.1)	36.1
- Actuarial gain/(loss) on scheme assets		0.1	(23.7)	0.5	(24.7)
		(4.0)	12.4	(3.6)	11.4
Movement on deferred tax relating to pension liability	17	0.9	(2.8)	0.9	(2.8)
Total comprehensive (loss)/gain		(4.1)	11.6	(2.5)	9.5

BALANCE SHEET

At 31 December 2023

	Note	Group		Port	
		2023 £'m	2022 £'m	2023 £'m	2022 £'m
FIXED ASSETS					
Tangible assets – property, plant and equipment	10	84.0	71.6	68.6	55.6
Tangible assets – investment property	10	32.6	30.9	20.2	17.4
		116.6	102.5	88.8	73.0
Investments in subsidiaries	11	-	-	21.5	21.5
Loans to group undertakings	11	-	-	13.2	12.9
		116.6	102.5	123.5	107.4
CURRENT ASSETS					
Stocks	12	0.5	0.4	0.4	0.4
Debtors due within one year	13	12.8	9.3	10.5	9.0
Debtors due after one year	17	-	-	0.4	-
Cash at bank and in hand		20.1	7.7	18.2	6.2
		33.4	17.4	29.5	15.6
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(13.6)	(27.0)	(22.5)	(37.0)
NET CURRENT ASSETS/(LIABILITIES)		19.8	(9.6)	7.0	(21.4)
TOTAL ASSETS LESS CURRENT LIABILITIES		136.4	92.9	130.5	86.0
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(43.8)	-	(43.8)	-
PROVISIONS FOR LIABILITIES & CHARGES	17	(0.9)	(0.2)	-	-
PENSION LIABILITY	19	(12.5)	(9.4)	(5.8)	(2.6)
NET ASSETS		79.2	83.3	80.9	83.4
RESERVES					
Revaluation reserve	24	22.3	24.2	25.7	26.5
Profit and loss account	24	56.8	59.0	55.2	56.9
		79.1	83.2	80.9	83.4
Minority interest (non-controlling interest)	25	0.1	0.1	-	-
		79.2	83.3	80.9	83.4

The financial statements of the Group were approved by the Directors on 15th May 2024.

Signed on behalf of the Board by:

Chair
C Martin



Chief Executive
R N Sawyer



STATEMENT OF CHANGES IN EQUITY

At 31 December 2023

	Group		Port	
	Profit and loss account £'m	Revaluation reserve £'m	Profit and loss account £'m	Revaluation reserve £'m
At 1 January 2022	48.8	22.8	48.0	25.9
Profit for the financial year	2.0	-	0.9	-
Actuarial gain on pension schemes (note 19)	12.4	-	11.4	-
Movement in deferred tax on pension (note 17)	(2.8)	-	(2.8)	-
Total comprehensive gain	11.6	-	9.5	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 10)	(1.4)	1.4	(0.6)	0.6
At 31 December 2022	59.0	24.2	56.9	26.5
(Loss)/profit for the financial year	(1.0)	-	0.2	-
Actuarial loss on pension schemes (note 19)	(4.0)	-	(3.6)	-
Movement in deferred tax on pension (note 17)	0.9	-	0.9	-
Total comprehensive loss	(4.1)	-	(2.5)	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 10)	1.2	(1.2)	0.1	(0.1)
Transfer to revaluation reserve in relation to disposal of revalued fixed assets (note 24)	0.7	(0.7)	0.7	(0.7)
At 31 December 2023	56.8	22.3	55.2	25.7

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2023

		2023	2022
	Note	£'m	£'m
Net cash inflow from operating activities	21	4.3	13.9
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		1.1	-
Purchase of tangible fixed assets		(29.0)	(23.6)
Capital grants received		25.2	7.3
Net cash outflow from investing activities		(2.7)	(16.3)
Cash flows from financing activities			
Repayment of bank loans		(3.0)	(7.8)
New borrowings under existing credit facilities		15.0	3.0
Interest paid		(1.2)	(0.2)
Net cash inflow/(outflow) from financing activities		10.8	(5.0)
Net increase/(decrease) in cash and cash equivalents		12.4	(7.4)
Cash and cash equivalents at beginning of year		7.7	15.1
Cash and cash equivalents at end of year		20.1	7.7
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		20.1	7.7
Cash and cash equivalents		20.1	7.7

Notes to the Financial Statements

Year ended 31 December 2023

I. Accounting Policies

Basis of accounting

The Milford Haven Port Authority 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 2023 as listed in note 11. 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 2024 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 at least 12 months from the signing of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Investment properties

Property (including land held for development) is classified as investment property if it is not occupied by the Group or used by such to provide operational port services that are

material in nature. Investment property is measured at fair value annually after initial recognition at cost. The fair value will be based on market evidence by appraisals undertaken each year and by professional valuers if the Directors deem necessary. All changes in fair value of investment property will pass through the profit and loss account and are transferred to the Revaluation Reserve. Depreciation is not provided on investment properties.

Financial instruments

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

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

(i) Financial assets and liabilities

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

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

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

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

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

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

(ii) Investments

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.

Tangible fixed assets

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

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

Impairment of assets

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

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial

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

Financial assets

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

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

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete, slow-moving or defective items where appropriate. Stock is issued on the First In First Out (FIFO) basis.

Interest receivable

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

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. This comprises revenue from charges to port users and from rents of both operational and investment

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property. Turnover is recognised in the period in which it is earned, including amounts recognised 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

In line with FRS 102, grants are categorised into three classes; Class 1 for revenue grants, Class 2 for capital grants and Class 3 for capital investment grants.

Class 1: Revenue grants are credited to the profit and loss account to match the costs of the project – write-off method.

Class 2: Capital grants (those with no on-going commitment) are credited to the profit and loss account once any performance criteria are satisfied – performance method.

Class 3: Capital investment grants (those with on-going commitment) are released to the profit and loss account over the expected useful lives of the associated fixed asset. Deferred grants will be held as current and will be assessed into an appropriate class at completion.

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 due to the post-Brexit international trade environment. 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 £3.0m (2022: £6.5m) and therefore an impairment loss has been recognised in the period.

The discount rate was used based on a market derived weighted average cost of capital as at 31 December 2023 of 10.5% (2022: 10.0%). An increase in the discount rate of 0.1% (2022: 0.1%) has the impact of reducing the present value of future cash flows at 31 December 2023 by £18,000 (2022: £56,000). A reduction of the discount rate to 4.4% (2022: 5.0%) would result in no requirement for an impairment as the present value of future cash flows would be increased by £3.0m (2022: £6.5m).

Capitalisation of development costs

Included within development costs, are capitalised development costs in respect of the Milford Waterfront and Pembroke Dock Marine projects and any other 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 Directors identified certain Milford Waterfront development costs of £0.3m (2022: £1.0m) and Pembroke Dock Marine development costs of £4.4m (2022: £nil) where there was a high degree of uncertainty over their projected recoverable value and these were written off to the profit and loss account accordingly. Remaining development costs as at 31 December 2023 include £0.1m (2022: £17.8m) for Pembroke Dock Marine (with the majority of this project completed in the year) and other 'assets in the course of construction' with costs of £1.8m (2022: £0.2m) as described in note 10.

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

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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, the Directors 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 £2.7m as at 31 December 2023 (2022: £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 19 for further information.

Revaluation of assets

Investment properties are classified on the basis of the FRS 102 definition and are 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 10.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. TURNOVER

Analysis of turnover by class of business is stated below:

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Ship, passenger and goods dues	17.3	19.2	17.3	19.2
Marine services	6.5	4.8	6.5	4.8
Pilotage services (note 8)	8.0	8.2	8.0	8.2
Rents	3.3	3.1	2.1	2.1
Miscellaneous income	0.1	0.1	0.1	0.1
Solar income	1.7	1.1	0.3	0.2
Leisure	4.4	2.9	-	-
	41.3	39.4	34.3	34.6

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

4. FINANCE COSTS (NET)

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Interest payable and similar expenses	1.2	0.2	1.1	-
Less: other interest receivable	-	-	(0.9)	(0.4)
Net interest on defined benefit pension liability	0.4	0.4	0.1	0.4
Finance costs (net)	1.6	0.6	0.3	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5. PROFIT BEFORE TAXATION

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

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Staff costs (note 7)	16.4	16.7	15.3	16.0
Depreciation of tangible fixed assets (note 10)	4.3	4.2	3.6	3.7
Impairment of tangible fixed assets (note 10)	7.7	7.5	7.7	7.5
Grant amortisation (note 18)	(4.3)	(0.6)	(4.3)	(0.6)
Hire and operating leasing charges	0.1	-	0.1	-
Loss on disposal of tangible fixed assets	0.6	-	0.6	-

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

	Group		Port	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Auditor's remuneration:				
- Audit of Group accounts	131	110	89	110
- Audit of pension schemes	29	27	29	27
- Tax compliance services	22	20	14	13
- Tax advisory services	15	31	15	16

Audit of Group accounts in the Group figures include audit fees for the subsidiary companies.

6. REMUNERATION OF KEY PERSONNEL

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

	Group and Port	
	2023 £'000	2022 £'000
Fees - Non-Executive Directors	155	146
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Directors	527	405
Pension costs - Executive Directors	41	35
Senior Management Team	607	830
	1,330	1,416

There are no Directors to whom retirement benefits are accruing under defined benefit schemes at the year-end (2022: none).
There are 3 Directors to whom retirement benefits are accruing at the year-end (2022: 3).

	2023 £'000	2022 £'000
Remuneration of the highest paid Director	214	187

Employer contributions in respect of retirement benefits for the highest paid Director of £11k were paid in the year (2022: £10k).

	2023 No.	2022 No.
The average monthly number of Directors during the year was as follows:	10	9

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7. STAFF COSTS

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Wages and salaries	13.1	12.0	12.2	11.4
Social security costs	1.5	1.4	1.4	1.3
Pension costs (note 19)	1.8	3.3	1.7	3.3
	16.4	16.7	15.3	16.0

The above includes amounts paid to Directors as disclosed in note 6.

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:

	2023	2022	2023	2022
	No.	No.	No.	No.
Operational staff	160	150	110	106
Office staff	96	98	96	98
	256	248	206	204

8. 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	
	2023 £'m	2022 £'m
Turnover		
Providing pilotage services	7.8	8.1
Issue and use of pilotage exemption certificates	0.2	0.1
	8.0	8.2
	£'m	£'m
Expenditure		
Providing services of a pilot	3.8	3.6
Providing, maintaining and operating pilot boats	2.4	2.4
Administration and other costs	2.5	1.8
	8.7	7.8

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. TAX ON PROFIT

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
(a) Analysis of charge for the year				
Current tax				
Total current tax charge	1.7	2.3	1.4	2.2
Adjustment in respect of previous periods	(1.0)	(0.1)	(1.0)	(0.1)
	0.7	2.2	0.4	2.1
Deferred tax				
Origination and reversal of timing differences	0.5	(0.8)	0.6	(0.7)
Adjustment in respect of previous periods	1.1	(0.5)	(0.1)	(0.5)
Effect of changes in tax rates	-	(0.2)	-	(0.3)
Total deferred tax charge/(credit)	1.6	(1.5)	0.5	(1.5)
Tax charge per profit and loss account	2.3	0.7	0.9	0.6
Deferred tax per statement of comprehensive income	0.9	(2.8)	0.9	(2.8)

(b) Factors affecting tax charge for the year

The tax charge for the current and previous period differs from the applicable rate of corporation tax rate of 23.52% (2022: 19%). The differences are explained below:

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Profit before tax	1.3	2.7	1.1	1.5
Profit multiplied by the applicable rate	0.3	0.5	0.3	0.3
Expenses not deductible	2.9	1.2	2.7	1.4
Income not taxable	(0.9)	(0.2)	(1.0)	(0.2)
Effects of group relief/other reliefs	-	-	-	-
Adjustment in respect of previous periods	-	(0.6)	(1.1)	(0.6)
Tax rate changes	-	(0.2)	-	(0.3)
Current tax charge for the year	2.3	0.7	0.9	0.6

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

10. 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
Cost or valuation							
At 1 January 2023	37.2	19.0	21.6	31.3	43.2	2.0	154.3
Additions	0.2	0.4	26.7	0.1	1.6	-	29.0
Disposals	(0.5)	-	-	-	(3.3)	-	(3.8)
Transfers	33.3	(0.4)	(37.7)	2.4	2.4	-	-
Revaluation	-	-	-	(1.2)	-	-	(1.2)
At 31 December 2023	70.2	19.0	10.6	32.6	43.9	2.0	178.3
Accumulated depreciation and Impairment losses							
At 1 January 2023	22.3	3.3	3.6	0.4	20.2	2.0	51.8
Impairment	2.2	0.8	5.1	(0.4)	-	-	7.7
Charge for the year	1.6	0.5	-	-	2.2	-	4.3
Disposals	(0.4)	-	-	-	(1.7)	-	(2.1)
At 31 December 2023	25.7	4.6	8.7	-	20.7	2.0	61.7
Net book value							
At 31 December 2023	44.5	14.4	1.9	32.6	23.2	-	116.6
At 31 December 2022	14.9	15.7	18.0	30.9	23.0	-	102.5

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
Cost or valuation							
At 1 January 2023	37.2	7.4	21.6	17.8	36.5	2.0	122.5
Additions	0.2	0.4	26.7	0.1	1.5	-	28.9
Disposals	(0.5)	-	-	-	(3.3)	-	(3.8)
Transfers	33.3	(0.4)	(37.7)	2.4	2.4	-	-
Revaluation	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2023	70.2	7.4	10.6	20.2	37.1	2.0	147.5
Accumulated depreciation and Impairment losses							
At 1 January 2023	22.3	3.1	3.6	0.4	18.1	2.0	49.5
Impairment	2.2	0.8	5.1	(0.4)	-	-	7.7
Charge for the year	1.6	0.3	-	-	1.7	-	3.6
Disposals	(0.4)	-	-	-	(1.7)	-	(2.1)
At 31 December 2023	25.7	4.2	8.7	-	18.1	2.0	58.7
Net book value							
At 31 December 2023	44.5	3.2	1.9	20.2	19.0	-	88.8
At 31 December 2022	14.9	4.3	18.0	17.4	18.4	-	73.0

NOTES TO THE FINANCIAL STATEMENTS

As part of the annual impairment review, the Board identified certain development projects with costs of £4.7m (2022: £1.0m), specialised marine assets of £2.2m (2022: £4.8m) and freehold land and property £0.8m (2022: £1.7m), 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 due to the post-Brexit trade environment. 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 £3.0m (2022: £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 2023 of 10.5% (2022: 10%). An increase in the discount rate of 0.1% (2022: 0.1%) has the impact of reducing the present value of future cash flows at 31 December 2023 by £18,000 (2022: £56,000). A reduction of the discount rate to 4.4% (2022: 5.0%) would result in no requirement for an impairment as the present value of future cash flows would be increased by £3.0m (2022: £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 2023. 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 £32.6m (2022: £30.9m) with leasehold investment property (all long leasehold) of £1.3m (2022: £1.2m). In the Port investment property amounted to £20.2m (2022: £17.4m) with leasehold investment property (all long leasehold) of £1.0m (2022: £1.0m). The depreciated historical cost of the Group's investment properties held at fair value is £43.0m and for the Port is £27.2m.

II. 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 2023

11. FIXED ASSET INVESTMENTS (continued)

Port

Investments in subsidiary undertakings

	2023	2022
	£'m	£'m
Cost at 1 January and 31 December	21.5	21.1
Reversal of impairment in subsidiary	-	0.4
Carrying value at 31 December	21.5	21.5

The reversal of impairment 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

	2023	2022
	£'m	£'m
Cost at 1 January	12.9	9.6
Additions	0.3	3.3
Carrying value at 31 December	13.2	12.9

The addition 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 has a term of 6 years remaining, 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.

12. STOCKS

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Stock of raw materials and consumables	0.5	0.4	0.4	0.4
	0.5	0.4	0.4	0.4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13. DEBTORS

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Amounts falling due within one year:				
Trade debtors	4.8	4.9	4.6	4.7
Other debtors	3.0	2.8	2.9	2.6
Prepayments	3.3	1.2	1.5	1.2
Accrued income	0.9	0.4	0.5	0.3
Corporation tax	0.8	-	0.8	-
Amount due from Group undertakings	-	-	0.2	0.2
	12.8	9.3	10.5	9.0

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 (2022: £nil). For the Port, amounts falling due in more than one year are shown in note 17 (2022: £nil). Prepayments in the group include an advance payment made on the construction of a new investment property for the subsidiary Havens Head Retail Park Limited.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Bank loans (note 16)	0.5	3.0	0.5	3.0
Trade creditors	1.2	4.0	0.9	3.8
Pension contributions	0.4	0.3	-	-
Social security	0.4	0.4	0.4	0.4
Corporation tax	-	1.9	-	1.8
Other creditors	0.7	0.5	0.4	0.3
Accruals	5.4	4.4	5.1	4.1
Deferred income	4.4	5.3	4.2	5.0
Deferred grants (note 18)	0.6	7.2	0.6	7.2
Amount owed to Group undertakings	-	-	10.4	11.4
	13.6	27.0	22.5	37.0

Amounts owed to group undertakings do not bear interest, are secured and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Bank loans (note 16)	14.5	-	14.5	-
Deferred grants (note 18)	29.3	-	29.3	-
	43.8	-	43.8	-

The HSBC bank facility which was due to expire during 2023, was extended for five years to 2028 on 20 April 2023 and is secured over certain fixed assets of the Group. Interest is charged monthly at a commercial margin over the SONIA rate. As part of the extension of the bank facility arrangements, a new 5-year term loan of £15m was drawn down with repayments on a 20 year amortisation rate beginning May 2024.

16. BORROWINGS

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Bank loans	15.0	3.0	15.0	3.0
	15.0	3.0	15.0	3.0
Due within one year	0.5	3.0	0.5	3.0
Due after more than one year	14.5	-	14.5	-
	15.0	3.0	15.0	3.0
Analysis of bank loan repayments:				
Due within one year	0.5	3.0	0.5	3.0
Due after more than one year	14.5	-	14.5	-
	15.0	3.0	15.0	3.0

The bank loans/facilities included above comprise the following:

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Due to:				
HSBC	15.0	3.0	15.0	3.0
Total	15.0	3.0	15.0	3.0

The HSBC bank facility in the prior year was drawn under a revolving credit facility which was renewed in the current year and extended for five years to 2028. It is secured over certain fixed assets of the Group and interest was charged monthly at a commercial margin over the SONIA rate. As mentioned in note 15 above, the new loan is a 5 year term loan of £15m for the Group and Port, with repayments on a 20 year amortisation rate beginning May 2024.

Pursuant to the Milford Haven Port Authority Harbour Revision Order 2000, the Port was authorised as at 31 December 2023 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 2023

17. PROVISIONS FOR LIABILITIES & CHARGES

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Deferred tax liability/(asset) at 1 January	0.2	(1.1)	-	(1.4)
Adjustment in respect of prior years	1.1	(0.5)	-	(0.5)
Charge/(credit) to profit and loss account	0.5	(1.0)	0.5	(0.9)
(Credit)/charge to statement of comprehensive income	(0.9)	2.8	(0.9)	2.8
Deferred tax liability/(asset) at 31 December	0.9	0.2	(0.4)	-

The deferred tax asset in the Port in the current year is shown in debtors due after one year on the balance sheet.

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Accelerated capital allowances	2.4	1.2	1.1	1.0
Deferred tax arising in relation to retirement benefit	(1.5)	(1.0)	(1.5)	(1.0)
Deferred tax liability/(asset)	0.9	0.2	(0.4)	-
- of which recoverable after one year	(1.5)	(1.0)	(1.5)	(1.0)
- of which due to be payable after one year	2.4	1.2	1.1	1.0

18. ACCRUALS AND DEFERRED INCOME

	Group and Port	
	2023 £'m	2022 £'m
Deferred capital grants:		
At 1 January	7.2	0.5
Additions	27.0	7.3
Released to profit and loss account	(4.3)	(0.6)
At 31 December	29.9	7.2
- of which due to be released in one year	0.6	7.2
- of which due to be released after one year	29.3	-

During the year, the Port received capital investment grants of £26.9m (2022: £6.7m), capital grants of £0.1m (2022: £0.6m) and revenue grants, for expenditure which is included within the operational expenses of the Port, totalling £0.1m (2022: £0.3m). As per the grant policy, capital grants have been released in the period as performance criteria have been fulfilled. As per note 10, some capital investment grants received in the period have been released as the grant is associated with an investment property which is not depreciated. Some capital grants included in prior year as current have been assessed as capital investment grants (class 3) on completion, and are now held in non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. 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. The scheme went through a buy-out in December 2023 and has no asset, liabilities or members at 31 December 2023.
- (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 (2022: £1.4m). There were no outstanding contributions payable to the fund at the end of the year (2022: £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 2024.

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 £201k (2022: £150k) for the Group and £181k (2022: £144k) 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 £13k (2022: £33k). 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 £740k (2022: £660k) and will continue to pay for the remaining 5 years of the 2013, 16-year deficit plan and remaining 5 years of the 2019, 8-year deficit plan. An amount of £765k will be payable in respect of all deficit plans for this scheme in 2024.

FRS 102 Employee benefits

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

	2023			2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
Inflation rate	3.1%	3.3%	3.0%	3.2%	3.4%	3.2%
Discount rate for scheme liabilities	4.5%	4.8%	4.5%	4.8%	5.1%	4.9%
Rate of increase in salaries	n/a	n/a	2.2%	n/a	n/a	2.3%
Rate of increase for deferred pensions and pensions in payment	2.5%	2.7%	2.2%	2.6%	2.7%	2.3%
CARE revaluation	3.0%	n/a	n/a	2.6%	n/a	n/a

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. EMPLOYEE BENEFITS (continued)

The mortality assumptions used were as follows:

	MHPARBS Years	2023 MDCSBS Years	PNPF Years	MHPARBS Years	2022 MDCSBS Years	PNPF Years
Longevity in years at age 65 for current pensioners:						
- Men	21.2	18.7	22.5	21.7	18.7	21.6
- Women	23.7	23.4	24.5	24.1	23.4	24.0
Longevity in years at age 65 for future pensioners:						
- Men	22.1	19.3	24.0	22.7	19.3	22.6
- Women	24.8	24.1	26.4	25.3	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 2023

19. 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 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Operating expenses						
Current service cost	1.2	0.2	0.1	3.0	-	0.1
	1.2	0.2	0.1	3.0	-	0.1
Other finance charges						
Net interest cost	0.3	-	0.1	0.3	-	0.1
Total	1.5	0.2	0.2	3.3	-	0.2
Recognised in other comprehensive income	(2.0)	-	(2.0)	11.0	-	1.4

Port

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Operating expenses						
Current service cost	1.2	0.2	0.1	3.0	-	0.1
	1.2	0.2	0.1	3.0	-	0.1
Other finance charges						
Net interest cost	-	-	0.1	0.2	-	0.1
Total	1.2	0.2	0.2	3.2	-	0.2
Recognised in other comprehensive income	(1.6)	-	(2.0)	10.0	-	1.4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. EMPLOYEE BENEFITS (continued)

The analysis of the assets in the schemes was:

Group

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	27.0	-	4.2	27.0	0.1	4.0
Alternatives	1.3	-	-	1.4	-	-
Bonds	-	-	6.1	-	0.3	6.2
Cash	1.2	-	0.1	1.0	-	0.1
Annuity contracts	0.1	-	-	0.1	2.6	-
Gilts	12.5	-	-	10.6	-	-
Total market value of assets	42.1	-	10.4	40.1	3.0	10.3
Present value of scheme liabilities	(49.9)	-	(15.1)	(46.5)	(2.8)	(13.6)
Pension (liability)/asset	(7.8)	-	(4.7)	(6.4)	0.2	(3.3)
Related deferred tax	0.3	-	1.2	(0.1)	-	0.8
Net pension (liability)/asset	(7.5)	-	(3.5)	(6.5)	0.2	(2.5)

Port

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
Equities	27.0	-	4.2	27.0	0.1	4.0
Alternatives	1.3	-	-	1.4	-	-
Bonds	-	-	6.1	-	0.3	6.2
Cash	1.2	-	0.1	1.0	-	0.2
Annuity contracts	0.1	-	-	0.1	2.6	-
Gilts	12.5	-	-	10.6	-	-
Investment in SLP	6.7	-	-	6.8	-	-
Total market value of assets	48.8	-	10.4	46.9	3.0	10.4
Present value of scheme liabilities	(49.9)	-	(15.1)	(46.5)	(2.8)	(13.6)
Pension (liability)/asset	(1.1)	-	(4.7)	0.4	0.2	(3.2)
Related deferred tax	0.3	-	1.2	(0.1)	-	0.8
Net pension (liability)/asset	(0.8)	-	(3.5)	0.3	0.2	(2.4)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. EMPLOYEE BENEFITS (continued)

Movements in the fair value of scheme assets was:

Group

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	40.1	3.0	10.4	57.9	4.4	14.2
Interest income	2.0	0.2	0.5	1.1	0.1	0.3
Actuarial gains/(losses)	(0.2)	0.1	0.2	(19.0)	(1.3)	(3.5)
Benefits paid	(2.2)	(0.2)	(1.4)	(2.2)	(0.2)	(1.3)
Settlement payments	-	(3.1)	-	-	-	-
Members' contribution	0.3	-	-	0.3	-	-
Contributions paid by employer	2.1	-	0.7	2.0	-	0.7
At 31 December	42.1	-	10.4	40.1	3.0	10.4
Actual return on plan assets	1.7	0.3	0.6	(17.9)	(1.2)	(3.2)

Port

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	46.9	3.0	10.4	66.1	4.4	14.2
Interest income	2.2	0.2	0.5	1.3	0.1	0.3
Actuarial gains/(losses)	0.2	0.1	0.2	(20.0)	(1.3)	(3.5)
Benefits paid	(2.2)	(0.2)	(1.4)	(2.2)	(0.2)	(1.3)
Settlement payments	-	(3.1)	-	-	-	-
Members' contribution	0.3	-	-	0.3	-	-
Contributions paid by employer	1.4	-	0.7	1.4	-	0.7
At 31 December	48.8	-	10.4	46.9	3.0	10.4
Actual return on plan assets	2.4	0.3	0.6	(18.7)	(1.2)	(3.2)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. EMPLOYEE BENEFITS (continued)

Reconciliation of present value of scheme liabilities:

Group and Port

	At 31 December 2023			At 31 December 2022		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	46.5	2.8	13.6	74.0	4.1	19.3
Current service cost	1.3	0.2	-	3.1	-	0.1
Members' contribution	0.3	-	-	0.3	-	-
Interest cost	2.2	0.2	0.6	1.4	-	0.4
Benefits paid	(2.2)	(0.2)	(1.3)	(2.2)	(0.2)	(1.3)
Settlement payment	-	(3.1)	-	-	-	-
Actuarial (gains)/losses	1.8	0.1	2.2	(30.1)	(1.1)	(4.9)
At 31 December	49.9	-	15.1	46.5	2.8	13.6

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £2.3m (2022: £1.6m gain). The Port equivalent is £0.9m loss (2022: £2.7m gain).

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

Group

	2023	2022	2021	2020	2019
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(65.0)	(62.9)	(97.4)	(98.6)	(81.4)
Plan assets	52.5	53.5	76.5	73.0	63.6
Net liability recognised in balance sheet	(12.5)	(9.4)	(20.9)	(25.6)	(17.8)
Total actuarial gains and losses recognised in the statement of comprehensive income	(4.0)	12.4	6.1	(6.7)	(3.9)

Port

	2023	2022	2021	2020	2019
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(65.0)	(62.9)	(97.4)	(98.6)	(81.4)
Plan assets	59.2	60.3	84.8	81.5	72.1
Net liability recognised in balance sheet	(5.8)	(2.6)	(12.6)	(17.1)	(9.3)
Total actuarial gains and losses recognised in the statement of comprehensive income	(3.6)	11.4	6.4	(6.4)	(3.5)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20. 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.

21. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	2023	2022
	£'m	£'m
Operating profit	4.1	1.9
Impairment of tangible fixed assets (note 10)	7.7	7.5
Loss/(profit) on sale of tangible fixed assets	0.5	-
Depreciation charges (note 10)	4.3	4.2
Capital grants released (note 18)	(4.3)	(0.5)
Operating cash flow before movement in working capital	12.3	13.1
Increase in stocks (note 12)	(0.1)	-
Increase in debtors (note 13)	(0.8)	(2.8)
(Decrease)/increase in creditors (note 14)	(2.5)	3.9
Difference between pension charge and cash contributions (note 19)	(1.3)	0.5
Tax paid	(3.3)	(0.8)
Cash generated by operations	4.3	13.9

Net debt reconciliation

	1 January 2023	Cash flows	31 December 2023
	£'m	£'m	£'m
Cash at bank and in hand	7.7	12.4	20.1
	7.7	12.4	20.1
Bank loans – due within one year	(3.0)	3.0	-
New bank loan	-	(15.0)	(15.0)
Net cash	4.7	0.4	5.1

22. CAPITAL COMMITMENTS

	2023	2022
	£'m	£'m
Contracted for but not provided in the financial statements	5.5	16.5

In the year, the Group has committed to costs relating to the construction of a pilot boat. In the prior year, costs related to the construction of a slipway and laydown area as part of Pembroke Dock Marine, completed in 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

23. OPERATING LEASES

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

	Group		Port	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
- within one year	2.7	2.7	1.6	1.7
- between one and five years	6.5	6.4	3.7	3.0
- after five years	9.4	9.6	9.3	9.6
	18.6	18.7	14.6	14.3

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.

24. RESERVES

Revaluation Reserve

This reserve records any (i) excess of fair value over depreciated historic cost for investment properties and (ii) any excess of depreciated replacement cost revaluations of other property, plant and equipment in the Group and the Port and, at the balance sheet date, amounted to £22.3m (2022: £24.2m) for the Group and £25.7m (2022: £26.5m) 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. In the year, £0.7m (2022: £nil) of this reserve has been transferred to the profit and loss account reserve in the Group, for disposal of some fixed assets which had excess of depreciated replacement cost revaluations.

Profit and loss account

This records cumulative profit and loss.

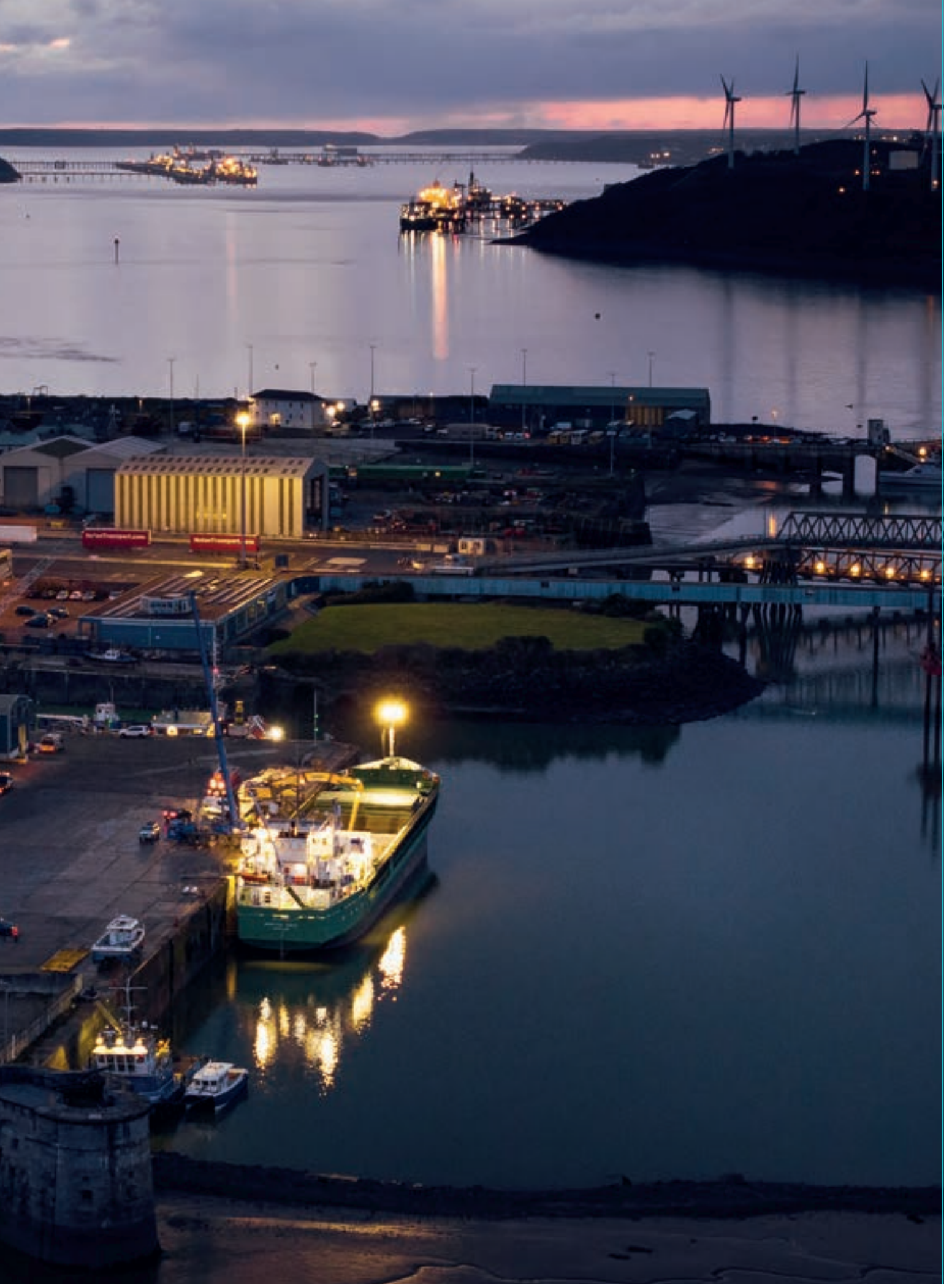
25. MINORITY INTEREST

	2023
Group	£'m
At 1 January and 31 December	0.1

26. ULTIMATE CONTROLLING PARTY

The Port of Milford Haven is a trust port, a statutory entity that was brought into existence by a specific Act of Parliament – The Milford Haven Conservancy Act 1958. Like the Memorandum and Articles of Association of a conventional trading company, these Acts are the constitution for the Port, defining what it may or may not do, and how it governs itself in terms of appointing its Board and conducting its affairs. The Acts confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation, the power for directing vessels and powers of compulsory acquisition. It also confers obligations, such as the obligation to maintain, improve, protect and regulate navigation, and rights, such as the right to levy charges.

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





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