

DIRECTORS' REPORT AND ACCOUNTS

HUMBER PILOTAGE (C.H.A.) LIMITED
(Registered Number 41972)

31 DECEMBER 1994



HUMBER PILOTAGE (C.H.A.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

The directors present their report and the audited accounts of the company for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year under review was to provide pilotage and related services for the Humber pilotage area. The company's parent undertaking, Associated British Ports, is designated under the Pilotage Act 1987 as the Competent Harbour Authority which is charged with providing such services.

PROFIT AND APPROPRIATIONS

	£'000
Profit available for appropriation	940
Dividends proposed	<u>(900)</u>
Retained profit transferred to reserves	40
	=====

STATUTORY INSTRUMENT 1988 (PILOTAGE ACCOUNTS)

Appendix 1 to these accounts sets out the 1994 Operating Results in the form prescribed by Regulation 4, Statutory Instrument 1988 No 2216, The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

REVIEW OF BUSINESS

The company has continued to trade at a satisfactory level.

FIXED ASSETS

Information relating to changes in tangible operating assets is given in Note 7 to the accounts.

DIRECTORS

The directors who held office during the year were as follows:

D Dunn	(Chairman)
M G Fell	
C Silvester	
Captain P P Hames	(Appointed 15 November 1994)
Captain J R W Myers	
C C Wilkin OBE	(Resigned 30 September 1994)

HUMBER PILOTAGE (C.H.A.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

DIRECTORS' SHARE INTERESTS

No director had any beneficial interest in the shares of the company during the year. The beneficial, including family, interests of the directors in the share capital of Associated British Ports Holdings PLC are shown below:

	<u>Ordinary Shares of 25p each</u>		<u>Ordinary Shares of 25p each held by the Trustees of the Employee Share Ownership Scheme</u>		<u>Ordinary Shares of 25p each subject to Options under the Savings- Related and Executive Share Option Schemes</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
D Dunn	15,796	15,390	3,360	3,882	123,116	113,116
M G Fell	-	-	-	-	51,088	61,088
C Silvester	14,206	13,880	2,594	2,166	67,237	55,640
Capt P P Hames	-	*-	-	*-	-	*-
Capt J R W Myers	14,164	11,630	3,360	3,882	23,508	4,836
	=====	=====	=====	=====	=====	=====


* As at date of appointment.

The numbers of shares have been amended to reflect the 1 for 1 scrip issue in April 1994.

AUDITORS

A resolution to re-appoint Price Waterhouse as auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board


J S BURDEN
Secretary

1 March 1995

Registered Office

50 Queen Street
HULL
HU1 1XB

HUMBER PILOTAGE (C.H.A) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors confirm that the financial statements comply with the above requirements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HUMBER PILOTAGE (C.H.A) LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HUMBER PILOTAGE (C.H.A) LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1994 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

1 March 1995

HUMBER PILOTAGE (C.H.A.) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
TURNOVER	1(2)	12,418	10,957
Cost of sales		(10,424)	(9,605)
GROSS PROFIT		1,994	1,352
Administrative expenses		(621)	(517)
OPERATING PROFIT	2	1,373	835
Interest	4	(6)	12
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,367	847
Taxation	5	(427)	(222)
PROFIT FOR THE YEAR		940	625
Dividends	6	(900)	(620)
AMOUNT TRANSFERRED TO RESERVES		40	5
RESERVES BROUGHT FORWARD		1,936	1,931
RESERVES CARRIED FORWARD		1,976 =====	1,936 =====

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £940,000 in the year ended 31 December 1994 and of £625,000 in the year ended 31 December 1993.

The notes on pages 7 to 12 form part of these accounts.

HUMBER PILOTAGE (C.H.A.) LIMITED

BALANCE SHEET - 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
FIXED ASSETS			
Tangible operating assets	7	2,585	2,172
CURRENT ASSETS			
Stores and materials	8	59	55
Debtors	9	1,914	1,296
Cash at bank and in hand		<u>342</u>	<u>402</u>
		2,315	1,753
CREDITORS (due within one year)	10	(2,874)	(1,920)
NET CURRENT LIABILITIES		<u>(559)</u>	<u>(167)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,026	2,005
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(20)	(20)
DEFERRED GRANT INCOME		<u>-</u>	<u>(19)</u>
NET ASSETS		2,006	1,966
		=====	=====
CAPITAL AND RESERVES			
Issued share capital	12	30	30
Profit and loss account		<u>1,976</u>	<u>1,936</u>
SHAREHOLDERS' FUNDS		2,006	1,966
		=====	=====

The notes on pages 7 to 12 form part of these accounts.


D Dunn

DIRECTOR

APPROVED BY THE BOARD
ON 1 MARCH 1995

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

(2) Turnover

Turnover represents the gross amounts received and receivable for services provided during the year from continuing activities exclusive of VAT.

(3) Fixed assets - tangible operating assets

Tangible operating assets are included at cost.

Depreciation is provided on the straight line method by reference to the expected useful lives of the various types of asset. No depreciation is charged in respect of freehold land.

The asset lives used are:

Freehold buildings	-	50 years
Long leasehold buildings and jetty	-	50 years
Short leasehold improvements	-	50 years
Vessels	-	10 - 15 years
Plant and equipment	-	15 - 30 years
Motor vehicles	-	2 - 3 years

In 1994 the vessels' asset lives were extended from 10 to 15 years resulting in a reduction of £91,000 in the depreciation charge.

(4) Stores and materials

Stores and materials are stated at the lower of cost and net realisable value.

(5) Deferred grant income

The company has received an EC grant to defray the cost of certain fixed assets. As these assets have been replaced in 1994, the unamortised balance of the grant remaining has been transferred to the profit and loss account.

(6) Deferred taxation

Deferred taxation is only provided on timing differences when it is expected that the potential tax liability will be payable in the foreseeable future.

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

1 ACCOUNTING POLICIES (continued)

(7) Retirement benefits

The ABP Group operates a number of defined benefit type pension schemes. The majority of the scheme members are in funded schemes with the assets being held in separate trustee administered funds. The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

2 PROFIT BEFORE INTEREST AND TAXATION

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Profit before interest and taxation is stated after charging/(crediting):		
Wages and salaries	1,295	1,241
Social security costs	103	99
Other pension costs	83	76
Depreciation	294	282
Grant release	(19)	(3)
Auditors' remuneration	4	4
Voluntary severance	36	71
	=====	=====

3 DIRECTORS AND EMPLOYEES

(1) Directors' emoluments

Directors' emoluments were as follows:

Management remuneration including pension contributions	9	4
	=====	=====

Excluding pension contributions, the emoluments of the directors were:

Chairman	-	-
	=====	=====
Highest paid director	6	4
	=====	=====

The directors received remuneration in the range:

	Number	Number
£0 - £5,000	5	5
£5,001 - £10,000	1	-

(2) Average number of employees (including directors)

64	63
=====	=====

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

3 DIRECTORS AND EMPLOYEES (continued)

(3) Retirement benefits

Independent actuaries carry out valuations of both the funded pension schemes and the unfunded pension liabilities. A valuation of three funded schemes, which provide pension benefits for approximately two thirds of ABP Group employees, is being undertaken as at 31 December 1994. The actuary's reports will be received and reviewed during 1995. The previous valuation of the three funded schemes was carried out as at 31 December 1991 using the Attained Age method. The market value of the assets of the schemes as at that date was £205 million. The actuarial value of the assets represented 140% of the benefits which had accrued to members after allowing for future expected increases in earnings but before any additional liabilities which may arise.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The valuations as at 31 December 1991 assumed that the investment return will exceed salary increases by 2% per annum and exceed future pension increases by 3.5% per annum.

The total pension cost for the company in respect of the year ended 31 December 1994 was £83,000 (1993 - £76,000).

4 INTEREST

	<u>1994</u> £'000	<u>1993</u> £'000
Interest receivable from parent undertaking	12	17
Interest payable to parent undertaking	<u>(18)</u>	<u>(5)</u>
	(6)	12
	=====	=====

5 TAXATION

	<u>1994</u> £'000	<u>1993</u> £'000
Based on the profit on ordinary activities for the year:		
Group relief payable at 33% (1993 - 33%)	427	222
	=====	=====

6 DIVIDENDS

	<u>1994</u> £'000	<u>1993</u> £'000
Dividends proposed - £30.00 per share (1993 - £20.67 per share)	900	620
	=====	=====

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

7 TANGIBLE OPERATING ASSETS

	Freehold land and buildings £'000	Long leasehold buildings and jetty £'000	Short leasehold improvements £'000	Vessels £'000	Plant, equipment and motor vehicles £'000	Total £'000
<u>Cost</u>						
At 1 January 1994	56	676	89	2,143	588	3,552
Additions	-	-	154	8	635	797
Disposals	-	-	-	(162)	(101)	(263)
At 31 December 1994	56	676	243	1,989	1,122	4,086
	=====	=====	=====	=====	=====	=====
<u>Depreciation</u>						
At 1 January 1994	23	289	11	755	302	1,380
Charge for the year	-	18	3	110	163	294
Disposals	-	-	-	(111)	(62)	(173)
At 31 December 1994	23	307	14	754	403	1,501
	=====	=====	=====	=====	=====	=====
<u>Net book amounts</u>						
At 31 December 1994	33	369	229	1,235	719	2,585
	=====	=====	=====	=====	=====	=====
At 31 December 1993	33	387	78	1,388	286	2,172
	=====	=====	=====	=====	=====	=====

The short leasehold improvements relate to premises which the company is renting from its parent undertaking, under a short-term tenancy.

Freehold land of £28,000, included in the cost of tangible operating assets, is not subject to a depreciation charge.

Future capital expenditure

	1994 £'000	1993 £'000
Contracted, but not provided for at 31 December	6	-
Authorised but not contracted at 31 December	38	422
	44	422
	=====	=====

8 STORES AND MATERIALS

	1994 £'000	1993 £'000
Spare parts	52	48
Gas and heating oil	7	7
	59	55
	=====	=====

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

9 DEBTORS

	<u>1994</u> £'000	<u>1993</u> £'000
Trade debtors	1,841	1,248
Amounts owed by group undertakings	1	2
Other debtors	67	45
Prepayments and accrued income	<u>5</u>	<u>1</u>
	1,914	1,296
	=====	=====

10 CREDITORS (due within one year)

	<u>1994</u> £'000	<u>1993</u> £'000
Trade creditors	50	44
Capital expenditure	15	1
Amounts owed to group undertakings	740	397
Other creditors and accruals	742	636
Group tax relief payable	427	222
Proposed dividend	<u>900</u>	<u>620</u>
	2,874	1,920
	=====	=====

11 DEFERRED TAXATION

	<u>1994</u>		<u>1993</u>	
	<u>Amount provided</u> £'000	<u>Maximum potential liability</u> £'000	<u>Amount provided</u> £'000	<u>Maximum potential liability</u> £'000
Arising in respect of capital allowances	20	403	20	386
	=====	=====	=====	=====

12 ISSUED SHARE CAPITAL

	<u>1994</u> £'000	<u>1993</u> £'000
Authorised, issued, called up and fully paid 30,000 Ordinary shares of £1 each	30	30
	=====	=====

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> £'000	<u>1993</u> £'000
Profit for the year	940	625
Dividends	<u>(900)</u>	<u>(620)</u>
Net increase in shareholders' funds	40	5
Shareholders' funds at 1 January	<u>1,966</u>	<u>1,961</u>
Shareholders' funds at 31 December	2,006	1,966
	=====	=====

HUMBER PILOTAGE (C.H.A.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

14 OPERATING LEASES

Commitments during the next financial year in respect of operating lease payments (land and buildings - nil) are as follows:

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Other leases		
Leases which expire within the year	3	2
Leases which expire within 2 - 5 years	4	8

15 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Associated British Ports Holdings PLC, which is registered in England. The company's immediate parent undertaking is Associated British Ports. Copies of the group accounts can be obtained from:

Associated British Ports Holdings PLC
150 Holborn
London
EC1N 2LR

HUMBER PILOTAGE (C.H.A.) LIMITED

APPENDIX I

OPERATING RESULTS - YEAR ENDED 31 DECEMBER 1994

Operating results in the form prescribed by Regulation 4, Statutory Instrument 1988 No 2216, The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

(1) REVENUE

	£'000
Charges in respect of:	
(a) Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	11,788
(b) Use of Pilotage Exemption Certificates issued as authorised by section 10(3) of the Pilotage Act 1987	<u>630</u>
Total revenue	12,418 =====

(2) EXPENDITURE

Expenditure incurred in:	
(a) Providing the services of a Pilot	8,632
(b) Providing, maintaining and operating pilot boats	1,784
(c) Meeting liabilities under Part III of the Pilotage Act 1987	-
(d) Administration and other costs not included in (a) - (c) above in respect of pilotage functions	<u>629</u>
Total expenditure	11,045 =====
OPERATING PROFIT	1,373
INTEREST PAID (NET)	(6)
TAXATION	<u>(427)</u>
	940
PROPOSED DIVIDEND	<u>(900)</u>
NET PROFIT TRANSFERRED TO RESERVES	40 =====