

**PD Ports Acquisitions (UK) Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2020**

Registered number in England and Wales: 05641351

THURSDAY



\*AA8R5VZ7\*

A14

15/07/2021

#101

COMPANIES HOUSE

## Contents

	Pages
Strategic Report	2-4
Directors' Report	5-7
Independent Auditor's Report	8-17
Income Statement	18
Statement of Total Comprehensive Income	18
Balance Sheet	19
Statement of Changes in Shareholders' Equity	20
Cash Flow Statement	21
Notes to Cash Flow Statement	22
Statement of Accounting Policies	23-26
Notes to the Financial Statements	27-36

## Strategic Report

For the year ended 31 December 2020

The Directors present their Annual Report on the affairs of PD Ports Acquisitions (UK) Limited (the "Company"), together with audited Financial Statements for the year ended 31 December 2020.

### Principal activities and business review

The principal activity of the Company is that of an intermediate holding company and financing company. The Company is a member of the group headed by PD Ports Limited (the "Group").

The Company generated a loss of £15,876,000 (2019: £9,273,000) in the year. The result for the year reflects the finance charges incurred on bank loans and the loan from a related party undertaking.

The Balance Sheet shows that the net assets of the Company were £226,062,000 as at 31 December 2020, compared with net assets of £241,938,000 at 31 December 2019. The movement year on year reflects the loss in the year.

Given the nature of its business and operating structure, the Directors are of the opinion that analysis using other key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

### Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors are fully aware of their responsibilities to promote the success of the Company for the benefit of its members in accordance with s172 of the Companies Act 2006 and have acted in accordance with these responsibilities during the year.

The following disclosures describe how the Board of Directors have had regard to the matters set out in section 172(1) (a-f) in respect of the Company's stakeholders and forms the Directors' Statement required under Section 414CZA of the Companies Act 2006.

### Matters set out in section 172(1) (a-f)

The Company's business is managed by the Group Board. The Group Board is responsible for overseeing the performance of the Group's business and for making the major decisions relating to matters of both strategic and tactical importance to the furtherance of the Group's activities. It meets four times a year, and the agenda for the meetings includes the following items at a minimum: Health & Safety and compliance matters, approvals for capital expenditure, review of key projects and commercial initiatives and financial update. The Group's monthly and quarterly results are reviewed by board members on conference calls and the annual business planning process is undertaken with engagement from board members, culminating in the approval of the Business Plan by the full board at its last meeting of the year.

## Strategic Report (continued)

For the year ended 31 December 2020

### Matters set out in section 172(1) (a-f) (continued)

As an infrastructure business, the Group considers very carefully the likely consequences of any major decision it makes in the long term, with the overall objective of generating and preserving value. The Group Board therefore reviews capital projects in a comprehensive manner, considering the rationale for investment in the context of the long-term cash flows anticipated to be generated by the project, the likely impact upon the Group's relationships with its customers and employees, and the risk profiles of the relevant market, customers and suppliers. The impact that the investment would have on the Group's existing infrastructure assets is also a key consideration.

The Group Board are aware that they set the tone for the overall control environment across the whole Group. They, therefore, monitor the Anti-Bribery and Corruption and Code of Conduct policies which are in place, and which are designed to ensure that the Group maintains the highest standards of conduct in its business dealings with all stakeholders, and internally within the Group. This is disseminated across all employees through training programmes which are undertaken annually and is embedded in our policies for dealing with customers and suppliers. The Group has a whistleblower hotline, to facilitate any employee raising concerns on any matter directly to the Group Board, who investigate and resolve all such issues on a timely basis.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks and uncertainties affecting the Company are considered to be interest rates and liquidity. The Group ensures that the Company is able to service its debt by managing cash generated by operations of subsidiaries and distributing throughout the group as required. Interest rate and debt service risks are managed across the Group with more details given in note 11.

### Macro-economic risks

The Company and Group is, in common with most other businesses, subject to macro-economic risks outside of its control.

As a consequence of the discovery and spread of the COVID-19 virus across the world, there was a sudden and sharp reduction in the level of global economic activity with effect from the first quarter of 2020, the impact of which continued throughout the year and subsequently, up to the current date. Whilst global GDP fell in 2020, the Group did not suffer significant adverse impacts to either its total volumes or its financial results as a result of COVID-19. The key risk to the Group would be if the pandemic caused any long-term changes to internal and external demand for goods and hence led to reduced volumes passing through its facilities. Given the recovery in global trade in the second half of 2020 and the current economic indicators, combined with the vaccination programmes now being implemented, this is considered unlikely. The Directors consider that, in its position as the owner and operator of infrastructure assets critical to the continuation of the UK's ability to trade with other countries and with its experience over the past year, the Group has a high level of resilience against any permanent or long-term adverse impact caused by the current pandemic.

## Strategic Report (continued)

For the year ended 31 December 2020

### Macro-economic risks (continued)

On 30 December 2020, the EU-UK Trade and Cooperation Agreement was signed between the European Union and the United Kingdom. It has been applied provisionally since 1 January 2021, when the previous transition arrangements ended, and it provides for 100% tariff liberalisation for the movement of goods between the UK and the European Union. The Directors have considered the impact of this agreement upon the Group's business, and do not consider that it will have a material adverse impact on the Group's ability to continue to trade successfully under its current business model.

The Group monitors and manages these business risks through a series of regular meetings of the Group and divisional management to discuss operational, strategic and risk issues, as well as through meetings of the Group Risk Committee which assesses the major risks and key controls designed to manage these risks. The financial risk management policies and objectives are set out in more detail in the Statement of Accounting Policies.

### Future Developments

The Directors anticipate that the Company will continue as a holding company for the foreseeable future.

Approved by the Board and signed on its behalf by:



J F Calje  
Director  
Registered office  
17-27 Queen's Square  
Middlesbrough  
TS2 1AH  
Registered number 05641351

16 April 2021

## Directors' Report

For the year ended 31 December 2020

### 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 period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 Company and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. 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.

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

### Directors

The Directors who served during the year and since, except as noted, are set out below:

G Montesi

P L Sim

D J Robinson

J F Calje

J M Hopkinson

F Ortiz

J Kelly (resigned 10 January 2020)

**Directors' Report (continued)**  
For the year ended 31 December 2020

**Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

**Dividends**

The Company has not declared any dividends in respect of the year ended 31 December 2020 or since the year end (2019 nil).

**Strategic report**

The Directors are responsible for preparing a Strategic Report in accordance with S414C(11) of the Companies Act 2006. The Directors have chosen to include the following information within the Strategic Report as opposed to in this report:

- Principal activity and business review;
- Principal risks and uncertainties, including financial risk management objectives and policies; and
- Future developments.

**Employee engagement**

The statement on employee engagement is included in the s172 disclosures within the Strategic Report on pages 2-4.

**Business Relationships**

The statement on business relationships is included in the s172 disclosures within the Strategic Report on pages 2-4.

**Auditor and disclosure of information to the auditor**

Each Director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report as defined in the Companies Act 2006) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of the S418 of the Companies Act, 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and consequently they have been re-appointed accordingly.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-4, which also sets out the principal risk and uncertainties facing the Company.

Directors' Report (continued)  
For the year ended 31 December 2020

**Going concern (continued)**

The key component of the Group's financial structure at the year-end was the Term Loan and associated facilities ('the Syndicated Bank Facilities'), held by the Company. The facilities available total £470.0m. The debt is repayable in full at maturity in December 2024. As at 31 December 2020, the amount outstanding on the facilities was £411.8m. The key financial covenant ratio in the facilities is the leverage ratio, which, at 31 December 2020, stood at 4.98x, compared with a default covenant of 9.50x, and hence the Group had significant headroom against the default covenant at that date.

In addition to its debt facilities the Group also had a cash balance of £10.5m as at 31<sup>st</sup> December 2020 to support its overall liquidity position.

The Group has a loan from a related party, which, as at 31 December 2020, amounted to £49.2m. This loan is also held by the Company and has a maturity date of July 2024, with no capital repayments due until that date.

The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios on all of its borrowing agreements, and to assess the level of future headroom expected against the respective financial covenants. The Group's projections, taking account of reasonably possible changes in trading performance, show continued future compliance with the relevant covenants and that the Group has sufficient resources to settle all of its liabilities as they fall due.

As a consequence, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the signing of the Financial Statements and consider that the use of the going concern basis of accounting is appropriate in drawing up the Financial Statements.

Approved by the Board and signed on its behalf by:



J F Calje  
Director  
Registered office:  
17-27 Queen's Square  
Middlesbrough,  
TS2 1AH  
United Kingdom  
Registered number 05641351  
16 April 2021



Independent Auditor's Report  
For the year ended 31 December 2020

**Independent Auditor's Report to the Members of PD Ports Acquisitions (UK) Limited**  
**Opinion**  
Report on the audit of the Financial Statements

**1. Opinion**

In our opinion the Financial Statements of PD Ports Acquisitions (UK) Ltd ('the Company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Income Statement
- the Statement of Total Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement
- the Notes to Cash Flow Statement
- the Statement of Accounting Policies; and
- the related Notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

**2. 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 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 as applied to listed entities, 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.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

### 3. Summary of our audit approach

---

**Key audit matters** The key audit matters that we identified in the current year were:

- Recoverability of the intercompany debtor.

Within this report, key audit matters are identified as follows:

Newly identified

- ⬆ Increased level of risk
  - ↔ Similar level of risk
  - ⬇ Decreased level of risk
- 

**Materiality** The materiality that we used in the current year was £1,151,000 which was determined on the basis of 0.51% of net assets.

---

**Scoping** Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

---

**Significant changes in our approach** No significant changes in approach from prior year.

---

### 4. 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.

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessed the financial results of the PD Ports Ltd Consolidated results for the year ended 31 December 2020, PD Ports Acquisition (UK) Limited is a subsidiary of the Group, and therefore its ability to service its own debt obligations and operate as a going concern is inherently linked to the Group's overall performance given PD Ports Acquisitions (UK) Limited is a holding company within the Group.
- Evaluated the PD Ports Limited Group expected future performance including management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the Group. This also included challenging management's assessment of the ongoing impact of Brexit and Covid-19 in the current economic environment.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**4. Conclusions relating to going concern (continued)**

- Assessed the historical accuracy of management's forecasts by comparing the actual results to forecasts with a particular focus on recent results given the Covid-19 pandemic. We also challenged management's future forecasts assessing liquidity and covenant headroom over the going concern period.
- Challenged management's sensitivity analysis to establish what impact a potential worst case scenario would have on the Group including an assessment of any mitigations management could put in place should there be any liquidity issues due to this worse-case scenario.

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 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.

**5. Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**5.1 Recoverability of the Intercompany Debtor**

<b>Key audit matter description</b>	<p>Receivables from fellow subsidiary undertakings within the Group are stated in the statement of financial position at £378,199k (£109,823k) as at 31 December 2020. Further details are included within Accounting Policies and note 7 of the financial statements.</p> <p>There is level of judgement involved in determining the recoverability of these receivables from other Group subsidiaries based on the financial position and future prospects of the individual subsidiaries and Group as a whole. The overall performance of the Group will impact the servicing and recoverability of the debtor receivable held within the company.</p> <p>This is also important because PD Ports Acquisitions UK Ltd has a shareholder loan with a related party, BIP PD Ports Capital Management SARL, which represents loan notes listed on the International Stock exchange Authority Ltd (A Non-EEA regulated market in the Channel Islands). It also has a bank loan of £411,772k. Given it is a non-trading company it relies upon recovering its intercompany debtor balance in order to service these debt obligations.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We assessed the recoverability of the Intercompany balance by evaluating the performance and position of the fellow subsidiary undertakings within the Group with whom the company has an intercompany debtor balance with.</p> <p>Given the Company's primary purpose is to act as a treasury management subsidiary within the Group, recoverability of its Intercompany debtor is driven by the financial performance of the Group therefore we assessed the Group position by :</p> <ul style="list-style-type: none"><li>• Evaluating the PD Ports Ltd Group audited consolidated accounts as at 31 December 2020 which had total net assets of £219,354k and a positive cash position of £10,455k. The Group also made a profit after tax of £51,824k for the year ended 31 December 2020.</li><li>• Evaluated management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the group undertakings, our understanding of the future performance of the business and assessed the potential risk of management bias; and</li><li>• Challenged management's sensitivity analysis to establish what impact a reasonable worst case scenario would have on future position of the group. Challenging management's assessment of the ongoing impact of Brexit and Covid-19 in the current economic environment and the overall liquidity position of the Group.</li></ul> <p>We also assessed the relevant control over management's review of the recoverability of the intercompany debtor.</p>
<b>Key observations</b>	<p>Based on the work performed we are satisfied the intercompany debtor balance is recoverable.</p>

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

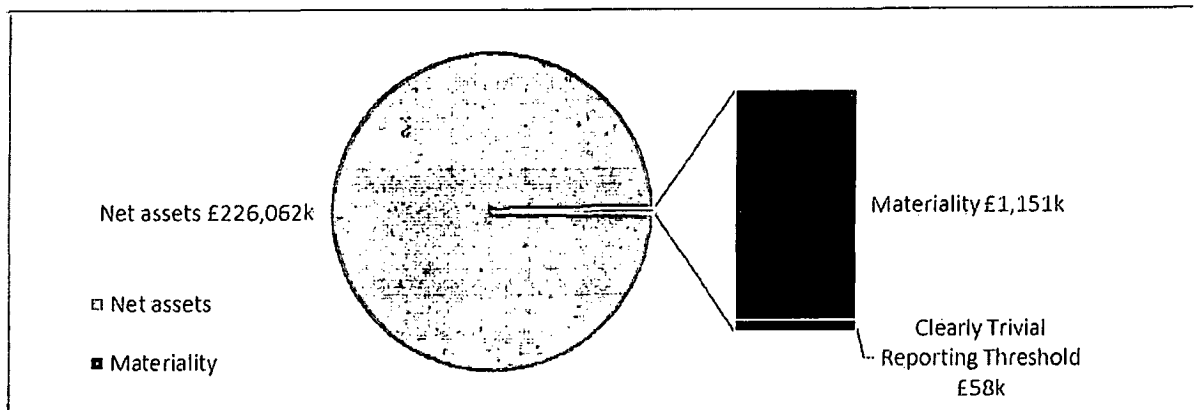
## 6. Our application of materiality

### 6.1 Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

<b>Materiality</b>	£1,151,000 (2019: £880,000)
<b>Basis for determining materiality</b>	0.51% (2019: 0.36%) of net assets
<b>Rationale for the benchmark applied</b>	We determined materiality based on net assets as this is the key metric used by management, as this entity is a holding and financing company, holding investments in other group entities as well as this debt balance. The increase in materiality in the current year is due to an increase in the component materiality cap as a proportion of group materiality.



### 6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the company's overall control environment;
- Our past experience of the audit; and
- The low level of misstatements both corrected and uncorrected in the prior period.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**6.3 Error reporting threshold**

We agreed with the Directors that we would report to the Directors all audit differences in excess of £58,000 (2019: £44,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

**7. An overview of the scope of our audit**

**7.1 Scoping**

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

**7.2 Our consideration of the control environment**

We did not adopt a controls reliance approach across our audit but did assess the relevant controls in relation to management override of controls and Intercompany debtor recoverability. With the involvement of our I.T specialists we obtained an understanding of the I.T. environment and relevant I.T. controls.

**8. Other information**

The other information comprises the information included in the annual report, other than the Financial Statements and our auditors report thereon. The Directors are responsible for the other information 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 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 respect of these matters.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**9. Responsibilities of directors**

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

In preparing the Financial Statements, the Directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

**10. Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**11. 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.

**11.1 Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of management and directors about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**11.1 Identifying and assessing potential risks related to irregularities (continued)**

- The matters discussed among the audit engagement team including relevant internal specialists, such as tax regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had:

- A direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation;
- In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

**11.2 Audit response to risks identified**

As a result of performing the above, we identified recoverability of the intercompany debtor as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- Reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- Enquiring of management, the directors and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



## **Independent Auditor's Report (continued)**

For the year ended 31 December 2020

### **Report on other legal and regulatory requirements**

#### **12. 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

#### **13. Matters on which we are required to report by exception**

##### **13.1 Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

##### **13.2 Directors' remuneration**

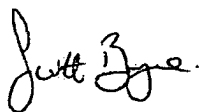
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Independent Auditor's Report (continued)  
For the year ended 31 December 2020

**14. 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.



**Scott Bayne FCA (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

Leeds

United Kingdom

16 April 2021

## Income Statement

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Other operating expenses		(3)	-
<b>Operating loss</b>		<b>(3)</b>	<b>-</b>
Interest receivable and other similar income	1	9	-
Interest payable and similar charges	2	(18,358)	(9,273)
<b>Loss before taxation</b>	3	<b>(18,352)</b>	<b>(9,273)</b>
Taxation	5	2,476	-
<b>Loss for the year</b>		<b>(15,876)</b>	<b>(9,273)</b>

## Statement of Total Comprehensive Income

For the year ended 31 December 2020

	2020 £'000	2019 £'000
Loss for the year	(15,876)	(9,273)
<b>Total comprehensive expense for the year</b>	<b>(15,876)</b>	<b>(9,273)</b>

In both periods, the result was derived wholly from continuing operations

The accompanying notes are an integral part of this Income Statement.

Balance Sheet  
As at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Investment in subsidiaries	6	365,137	365,137
<b>Current assets</b>			
Trade and other receivables	7	378,199	109,823
Current tax receivable		2,476	-
Cash and cash equivalents		2,238	-
		<b>382,913</b>	<b>109,823</b>
<b>Total assets</b>		<b>748,050</b>	<b>474,960</b>
<b>Current liabilities</b>			
Trade and other payables	8	70,343	98,578
Borrowings	9	548	-
		<b>70,891</b>	<b>98,578</b>
<b>Non-current liabilities</b>			
Borrowings	10	451,097	134,444
		<b>451,097</b>	<b>134,444</b>
<b>Total liabilities</b>		<b>521,988</b>	<b>233,022</b>
<b>Net assets</b>		<b>226,062</b>	<b>241,938</b>
<b>Shareholders' equity</b>			
Called up share capital	12	260,579	260,579
Retained deficit		(34,517)	(18,641)
<b>Equity attributable to holders of the parent</b>		<b>226,062</b>	<b>241,938</b>

The accompanying notes are an integral part of this Balance Sheet.

The Financial Statements of PD Ports Acquisitions (UK) Limited registered number 05641351, on pages 18 to 36 were approved by the Board of Directors and authorised for issue on 16 April 2021. These were signed on its behalf by:

  
J F Calje  
Director

**Statement of Changes in Shareholders' Equity**  
**For the year ended 31 December 2020**

	Called up Share Capital £'000	Retained Deficit £'000	Total £'000
As at 1 January 2019	260,579	(9,368)	251,211
Total comprehensive expense for the year	-	(9,273)	(9,273)
As at 31 December 2019	260,579	(18,641)	241,938
Total comprehensive expense for the year	-	(15,876)	(15,876)
As at 31 December 2020	260,579	(34,517)	226,062

Cash Flow Statement  
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Net cash flows used in operating activities</b>	(i)	<b>(15,628)</b>	<b>(9,411)</b>
<b>Cash flows from/(used in) investing activities</b>			
Loans made to related parties		(268,376)	-
<b>Net cash flows used in investing activities</b>		<b>(268,376)</b>	<b>-</b>
<b>Cash flows from/(used in) financing activities</b>			
New loans raised		411,772	9,411
Repayment of borrowings		(113,156)	-
Fees paid on new bank loans raised		(12,374)	-
<b>Net cash flows from financing activities</b>		<b>286,242</b>	<b>9,411</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,238</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>	(ii)	<b>2,238</b>	<b>-</b>

Notes to the Cash Flow Statement  
For the year ended 31 December 2020

	2020 £'000	2019 £'000
(i) Loss for the year	(15,876)	(9,273)
Adjustments for:		
Net finance costs	18,349	9,273
Tax charge	(2,476)	-
Operating cash flows before movements in working capital	(3)	-
(Decrease)/increase in payables	-	764
Cash generated (used in)/from operations	(3)	764
Interest paid	(15,625)	(9,411)
Tax paid	-	(764)
<b>Net cash flows used in operating activities</b>	<b>(15,628)</b>	<b>(9,411)</b>
	2020 £'000	2019 £'000
(ii) <b>Cash and cash equivalents</b>		
Cash and bank balances	2,238	-

Cash and cash equivalents comprise cash and bank balances. The Company had no outstanding bank overdrafts and the carrying amount of these assets is approximately equal to their fair value.

	As at 1 January 2020 £'000	Cash flow £'000	Other non-cash changes £'000	As at 31 December 2020 £'000
iii) <b>Changes in liabilities arising from financing activities</b>				
Borrowings due after more than one year	134,444	314,153	2,500	451,097
Borrowings due within one year	-	-	548	548
Loan from related party	98,254	(27,911)	-	70,343
<b>Net financial liabilities</b>	<b>233,698</b>	<b>286,242</b>	<b>3,048</b>	<b>521,988</b>

Other changes comprise interest payable and fee amortisation.

## Statement of Accounting Policies

For the year ended 31 December 2020

The principal accounting policies, all of which have been applied consistently throughout the year, are set out below:

### **General information and basis of preparation**

The Company is incorporated as a private company limited by shares in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office address is disclosed on page 7. The nature of the Company's operations and its principal activities are set out on page 2.

The functional and presentational currency of the Company is considered to be sterling because that is the currency of the primary economic environment in which the Company operates.

The Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are made on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of PD Ports Limited, which prepares Consolidated Financial Statements which are publicly available.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, which also sets out the principal risk and uncertainties facing the Company. The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projections, taking into account reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. After making enquiries of Group management, the Directors are not aware of any circumstances that would impact on the ability of the Group to provide the Company with any working capital and long term finance that it is projected to require.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the Directors' Report in the Financial Statements.



## Statement of Accounting Policies (continued)

For the year ended 31 December 2020

### **Adoption of new or revised standards**

#### **Future adoption of new or revised standards**

Several new or revised Standards and Interpretations have been issued and will apply in future years. Consequently the Company did not adopt any of these standards in these financial statements. The adoption of these standards is not expected to have a material impact on the Company's financial statements in future years.

### **Critical accounting judgements and key sources of estimation uncertainty**

In the opinion of the Directors, due to the nature of the Company there are no key sources of estimation uncertainty or areas of critical accounting judgement that the Directors have made in the process of applying the Company's accounting policies.

### **Investments**

Investments are initially measured at cost, including transaction costs. At each Balance Sheet date, the Company reviews the carrying value of investments to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised as an expense immediately and a reversal of an impairment loss is recognised as income immediately. Dividends receivable are recorded gross in the Income Statement when they are received.

### **Trade and other payables**

Trade payables are not interest-bearing and are stated at their nominal value. This is equivalent to fair value.

### **Taxation**

The tax credit/expense represents the sum of the current tax and deferred tax receivable or payable.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit, as reported in the Income Statement, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The provision for current tax is computed using the single best estimate of likely outcome approach, taking into account the uncertainties regarding the tax treatment of items which may not have been fully agreed with the relevant tax authorities. The assessments on such items is reviewed on a regular basis, taking appropriate advice, and, to the extent that the likely or final outcome is different from that previously estimated, any differences are provided in the year in which such a revised estimate is made.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date and is recognised when it is considered probable that there will be a future cash outflow.

Statement of Accounting Policies (continued)  
For the year ended 31 December 2020

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset only if (a) the Group has a legally enforceable right to offset current tax assets against current tax liabilities and (b) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2020

### Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

#### (a) Financial assets

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through the income statement, fair value through other comprehensive income or amortised cost as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs. The company's financial assets include trade and other receivables. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost. The company recognises a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The company always recognises lifetime ECL (expected credit losses) for trade receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

#### (b) Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified at amortised cost or at fair value through the income statement as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Obligations for loans and borrowings and trade creditors are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost.

#### (c) Finance charges

Finance charges, including direct issue costs, are accounted for on an accruals basis, using the effective interest method and are amortised to the Income Statement over the life of the associated loans.

Notes to the Financial Statements  
For the year ended 31 December 2020

**1 Investment income**

	2020 £'000	2019 £'000
Interest receivable	9	-

**2 Finance costs**

	2020 £'000	2019 £'000
<b>Interest payable and similar charges</b>		
Loans from related party undertaking	(5,412)	(9,273)
Bank loans	(10,446)	-
Amortisation of issue costs	(2,500)	-
	<u>(18,358)</u>	<u>(9,273)</u>

**3 Loss before taxation**

Fees payable to the Company's auditor for the audit of the annual financial statements of £5,302 (2019: £5,000) were met by other group companies. There were no fees (2019: £nil) payable to the Company's auditor for other services provided.

**4 Staff costs**

*a) Directors' remuneration and interest*

Messrs Hopkinson and Calje were paid wholly by PD Ports Management Limited, which is a fellow group Company. It is not practicable to determine the proportions of such emoluments which were attributable to these Directors' services to the Company. The emoluments of the Directors are disclosed below:

	2020 £'000	2019 £'000
Emoluments	837	677

The Company did not contribute during the year to the defined benefit pension arrangements of any Directors (2019: nil) and did not contribute to the defined contribution pension arrangements of any Director (2019: nil).

*b) Employee costs*

In both years, there were no employees other than the executive Directors.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2020

### 5 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on loss for the year	2,476	-
Total current tax	2,476	-
Deferred tax	-	-
	<u>2,476</u>	<u>-</u>

#### Factors affecting the tax credit in the year

The tax assessed for the year is different from the standard rate of UK corporation tax of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	(18,352)	(9,273)
Loss multiplied by the standard of corporation tax in the UK of 19% (2019: 19%)	3,487	1,762
Effects of:		
UK transfer pricing	(155)	(624)
Interest disallowed under BEPS Action 4	(856)	(1,138)
Total taxation	<u>2,476</u>	<u>-</u>

The disallowed interest is due to the impact of BEPS action 4 which took effect from 1 April 2017. No deferred tax asset has been recognised in respect of this disallowed interest as it is uncertain that there will be sufficient profits to allow a deduction in the future.

#### Factors that may affect future tax charges

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that this reduction would not occur and the Corporation Tax Rate would be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the Balance Sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%. There were no deferred tax assets or liabilities at the year end, therefore the rate change would have no impact on these Financial Statements.

There is no expiry date on timing differences unused tax losses or tax credits

Notes to the Financial Statements (continued)  
For the year ended 31 December 2020

**6 Investments**

£'000

**Cost**

Shares in subsidiary undertakings at 1 January 2020 and at 31 December 2020

365,137

**Net book value**

At 31 December 2019 and 31 December 2020

365,137

The Company has direct and indirect investments in the following companies, all of which (with the exception of THPA Finance Limited) are registered and operate in the United Kingdom, and whose registered office is that of the Company, as set out on page 7.

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
PD Ports Management Limited (+)	Holding company	100%
PD Ports Group Limited	Holding company	100%
PD Portco Limited	Holding company	100%
PD Teesport Limited	Port operations, conservancy and property	100%
PD Group Management Limited	Management services	100%
PD Port Services Limited	Port operations	100%
Tees and Hartlepool Pilotage Company Limited	Pilotage	100%
THPA Finance Limited	Investment holding company	100%
Ports Holdings Limited	Investment holding and leasing company	100%
PD Shipping & Inspection Services Limited	Port operations	100%
PD Ports Properties Limited	Property management	100%
PD Ports Hull Limited	Leasing company	100%
PD Intermodal Solutions	Port operations	100%
PD Freight Solutions Limited	Port operations	100%
Groveport 2012 Limited	Holding company	100%
Groveport Logistics Limited	Port operations	100%
PD Ports Finance Limited	Leasing company	100%
THPA Group Services Limited	Labour supplier	100%
Cleveland Wharves Limited	Dormant	100%
Storefreight Ltd	Dormant	100%
R Durham & Sons Limited	Dormant	100%
Consolidated Land Services Limited	Dormant	100%
Consolidated Land Services (Scunthorpe) Limited	Dormant	100%
Allied Transport Limited	Dormant	100%
Sellers & Batty Limited	Dormant	100%
North Lincs Haulage Co Limited	Dormant	100%

Notes to the Financial Statements (continued)  
For the year ended 31 December 2020

**6 Investments (continued)**

<b>Subsidiary undertakings</b>	<b>Principal activity</b>	<b>Percentage of ordinary shares held</b>
Consolidated Engineering Limited	Dormant	100%
THPA Pension Trustees Limited	Dormant	100%
THPA Pension Trustees (1976) Limited	Dormant	100%
Associated Waterway Services Limited	Dormant	100%
East Coast Port Services Limited	Dormant	100%
PD Shipping Ltd	Dormant	100%
Humber Terminals Limited	Dormant	100%
PD Wharfage Ltd	Dormant	100%
PD Warehousing Limited	Dormant	100%
International Marine Management (Bond) Ltd	Dormant	100%
Maltak Limited	Dormant	100%
Roxburgh Henderson & Co Limited	Dormant	100%
Peterhead Towage Limited	Dormant	100%
F W Allen & Ker Limited	Dormant	100%
Glasgow Bulk Handling Limited	Dormant	100%
PD 2007 Limited	Dormant	100%
Northern Gateway Limited	Dormant	100%
C & C Agencies Limited	Dormant	100%
Worldwide Travel (Wales) Limited	Dormant	100%
Victoria Harbour Limited	Dormant	100%
Holidays & Sports Travel Ltd	Dormant	100%
Benj Ackerley & Son Limited	Dormant	100%
PD Agency Ltd	Dormant	100%
Italian General Shipping Limited	Dormant	100%
General Freight Ltd	Dormant	100%
Groveport Pension Trustees Limited	Dormant	100%
L.S.D. Transport (1944) Ltd	Dormant	100%

THPA Finance Limited is incorporated in, and operates in, the Cayman Islands. Its registered office is c/o Intertrust, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

Investments held directly by the Company are denoted with (+).

Notes to the Financial Statements (continued)  
For the year ended 31 December 2020

**7 Trade and other receivables**

	2020 £'000	2019 £'000
<b>Current receivables</b>		
Amounts owed by related parties	378,199	109,823
	<u>378,199</u>	<u>109,823</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Further information relating to amounts from related parties is set out in note 13 to the financial statements. Amounts owed to related parties are unsecured, interest free and have no fixed payment date.

**8 Trade and other payables**

	2020 £'000	2019 £'000
Loan from related parties	70,343	98,254
Accruals	-	324
	<u>70,343</u>	<u>98,578</u>

The Directors consider that the carrying amount of accruals and other payables approximates to their fair value. Further information relating to amounts from related parties is set out in note 13 in the Financial Statements. Amounts owed to related parties are unsecured, interest free and have no fixed payment date.

**9 Current borrowings**

	2020 £'000	2019 £'000
<b>Secured</b>		
Interest payable	548	-

**10 Non-current borrowings**

	2020 £'000	2019 £'000
<b>Secured</b>		
Loans from related party	49,199	134,444
Bank loans	401,898	-
	<u>451,097</u>	<u>134,444</u>



## Notes to the Financial Statements (continued)

For the year ended 31 December 2020

### 10 Non current borrowings (continued)

	2020 £'000	2019 £'000
Borrowings are repayable as follows:		
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	451,097	-
Between four and five years	-	134,444
	<u>451,097</u>	<u>134,444</u>
On demand or within one year (note 9)	-	-
	<u>451,097</u>	<u>134,444</u>

On 20 December 2019, the Company entered into a new financing agreement with 2 banks, under which it secured a five year term loan and revolving facilities amounting to £470,000,000. The purpose of the financing was to facilitate the refinancing of the Group's long-term debt. On 17 January 2020, the Company drew down the term loan of £395,000,000, and subsequently drew down £12,000,000 of the Revolving Credit Facility and £4,772,000 of the Capital Investment Facility. The new banking facilities are repayable in full on 19 December 2024, and are also subject to a number of covenants, both financial and non-financial.

The Bank Loans included a Term Loan of £395,000,000 (2019: £nil), Revolving Credit Facility of £12,000,000 (2019: £nil), and Capital Investment Facility of £4,772,000 (2019: £nil), all of which is repayable in full on 19 December 2024. This debt attracts interest at variable rate of LIBOR plus a margin of 2.25%.

The loans from related party represent a loan from PD Ports Finco Limited, which was partly repaid in the year. The balance comprises an interest-bearing loan of £49,199,000 (2019: £91,975,000) and non-interest bearing loan of £nil (2019: £42,469,000). The loan is unsecured and is fully repayable in July 2024. This debt attracted interest at variable rate of LIBOR plus a margin of 7.5% (2019: 7.5%).

The capitalised fees of £9,874,000 (2019: £nil), within non-current borrowings, represent the fees incurred in raising the Bank Loans detailed above. The fees are amortised over the period of the respective facilities.

The Company had no foreign currency exposures at 31 December 2020 or at 31 December 2019.

The Company's undrawn committed borrowing facilities at 31 December 2020 amounted to £58,228,000 (2019: £470,000,000). Included within the comparative figure was an undrawn committed borrowing facility amounting to £470,000,000, which was contracted in December 2019 and was only available to be used to repay in full the securitised loan notes and the Term and Revolving Facility, and subsequently for the funding of capital investment and general working capital.

Notes to the Financial Statements (continued)  
For the year ended 31 December 2020

## 11 Financial Instruments

### Financial risk management objectives

The operations of the Company expose it to a number of financial risks, including:

- capital risk;
- liquidity risk;
- interest rate risk; and
- credit risk.

On 20 November 2009, the Company was acquired by PD Ports Limited, a subsidiary of Brookfield Asset Management Inc. Since this date the entity is exposed to interest rate risk on floating rate loans with a related party. The ultimate parent company and consolidated group is not exposed to interest rate risk on these loans as they are eliminated on consolidation.

### Capital risk management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 8 and 9, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 13. As disclosed within borrowings (note 9), the Company has a shareholder loan in place and this facility is unsecured.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group provides the Company with any working capital and long term finance that it is projected to require.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2020

### 11 Financial Instruments (continued)

#### Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
<b>2020</b>							
Non-interest bearing	0	70,891	-	-	-	-	70,891
Variable interest rate instruments	2.84	6,556	6,556	13,111	490,591	-	516,814
		<u>77,447</u>	<u>6,556</u>	<u>13,111</u>	<u>490,591</u>	<u>-</u>	<u>587,705</u>
	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
<b>2019</b>							
Non-interest bearing	0	98,578	-	-	-	-	98,578
Variable interest rate instruments	8.33	3,713	3,713	7,426	156,103	-	170,955
		<u>102,291</u>	<u>3,713</u>	<u>7,426</u>	<u>156,103</u>	<u>-</u>	<u>269,533</u>

#### Interest rate risk management

The Company is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Where considered appropriate, the risk is managed by the Company maintaining an appropriate mix between fixed and floating rate borrowings, using interest rate swaps and caps. The Company's exposures to interest rates on financial assets and financial liabilities are included in the interest rate sensitivity analysis below.

#### Interest rate sensitivity analysis

The loans from related party, term loan, revolving credit facility and capex facility are variable rate instruments. The remainder of the company's borrowings are fixed rate instruments. If interest rates had been 100bps lower/higher and all other variables remained the same, then profit before taxation for the year ended 31 December 2020 would have increased/decreased by £4,631,000 (2019: £1,340,000).

Notes to the Financial Statements (continued)  
For the year ended 31 December 2020

**Credit risk management**

Credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance Sheet. The Company's credit risk is primarily attributed to its trade receivables, the details of which are set out in note 7. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies.

There are no assets or liabilities in the Balance Sheet that incur a deferred tax asset or liability.

**12 Called-up share capital**

	2020 £'000	2019 £'000
<b>Company</b>		
<i>Allotted, called-up and fully paid</i>		
260,579,000 ordinary shares of £1 each	260,579	260,579

The Company has one class of ordinary shares that carry no right to fixed income.

**13 Related party transactions**

a) Equity interests in related parties

Details of interests in subsidiaries are disclosed in note 6 to the financial statements.

b) Transactions involving key management

The remuneration of key management personnel is disclosed in the Financial Statements of PD Ports Limited.

During the year ended 31 December 2015, the immediate parent company, PD Ports Limited, issued 29,500 'C' shares and 1,500 'D' shares at par, (the 'Employee Shares'). During the year ended 31 December 2017, PD Ports Limited issued a further 3,000 'C' shares of a price of £5.14 each and 10,000 'E' shares at par. The Employee Shares were issued to the PD Ports Limited Employee Share Trust (the 'EBT') which holds the shares on trust for the Participating Employees in accordance with the terms of the Company's Articles of Association, the EBT Trust Deed and the relevant subscription agreements. The Participating Employees are certain of the Group's key management. Further details of the Employee share based payments can be found in the consolidated financial statements of PD Ports Limited.

PD Ports Limited recognised the following in relation to cash settled share based payment transactions:

	2020 £'000	2019 £'000
Closing balance of liability for Employee Shares	-	-
Income arising from decrease in fair value of liability for Employee Shares	-	-

## Notes to the Financial Statements (continued)

For the year ended 31 December 2020

### 13 Related party transactions (continued)

#### c) Transactions involving the parent entity

The Company did not enter into any transactions with PD Ports Limited.

#### d) Transactions involving other related parties

During the year, the Company entered into transactions with subsidiaries and related parties and had balances outstanding at the year end as set out in the table below:

	2020				2019			
	Interest payable £'000	Amounts due from related parties £'000	Amounts due to related parties £'000	Non-current borrowings £'000	Interest payable £'000	Amounts due from related parties £'000	Amounts due to related parties £'000	Non-current borrowings £'000
Subsidiary undertakings	-	378,199	(70,343)	-	-	109,823	(98,254)	-
PD Ports Finco limited	(5,412)	-	-	(49,199)	(9,273)	-	-	(134,444)
	<b>(5,412)</b>	<b>378,199</b>	<b>(70,343)</b>	<b>(49,199)</b>	<b>(9,273)</b>	<b>109,823</b>	<b>(98,254)</b>	<b>(134,444)</b>

No amounts were provided for doubtful debts due from related parties at 31 December 2020 or 31 December 2019. The amounts payable to subsidiary undertakings are interest free and have no final repayment date.

### 14 Ultimate parent undertaking and controlling party

The Company's intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company was PD Ports Limited, a company registered in England and Wales. Copies of the financial statements of this company are available from its registered office, 17-27 Queens Square, Middlesbrough TS2 1AH.

The Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements including the results of the Company, was Brookfield Asset Management Inc., a company incorporated in Canada. Copies of the financial statements of this company are available from its registered office, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.