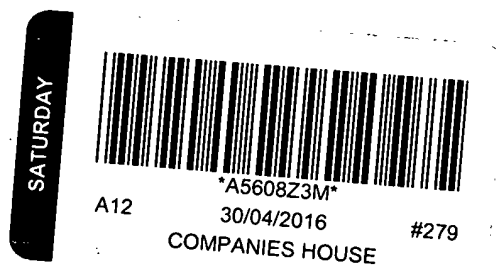


ASSOCIATED BRITISH PORTS HOLDINGS LIMITED

(Company Number 01612178)

ANNUAL REPORT AND ACCOUNTS 2015



ASSOCIATED BRITISH PORTS HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS 2015

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Directors' report

The directors present their report and the audited accounts of the company (number 01612178) for the year ended 31 December 2015.

Principal activity

The principal activity of the company is as an investment holding company.

The principal activities of the group, owned by the company, comprise the ownership, operation and development of port facilities and the provision of related services to ship and cargo owners and other users of seaports in the UK. The group also provides other transport facilities and related services including the Hams Hall rail freight terminal. The group's principal operating subsidiary is Associated British Ports.

The group owns and operates 21 general cargo ports within the UK. In addition, up until 30 October 2015, it owned 49% of Southampton Container Terminals Limited (trading as DP World Southampton, "DPWS").

Important events of the year

Within the year under review, the company's immediate subsidiary undertaking, ABP Insurance Limited ("ABPIL") was liquidated and a return on investment of £2.0m was received. ABPIL was dissolved in January 2016.

Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Future outlook

The directors do not foresee any material changes in the principal activity of the company.

Ownership

The company's ultimate parent company, ABP (Jersey) Limited ("ABPJ"), is owned (directly or through intermediaries, as set out in note 16 to the accounts) by OMERS Administration Corporation, Canada Pension Plan Investment Board, 9348654 Canada Inc., GIC (Ventures) Pte Limited, Kuwait Investment Authority and Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP, acting by their manager Hermes GPE LLP.

Principal risks and uncertainties

A detailed review of the risks and uncertainties relating to the company's operating activities can be found within the strategic report of the company's intermediate parent undertaking, ABPA Holdings Limited ("ABPAH").

The company's main source of risk and uncertainty is the profitability of the underlying trading group. Subject to the profitability of the underlying group, the company has limited risk because it interacts only with fellow group companies. The nature of the interactions is set out in notes 7, 9 and 13 to the accounts. The company's liquidity and capital risks, along with credit risk relating to cash, are managed by its immediate parent company, ABP Acquisitions UK Limited. For further details of the company's financial risk management objectives and policies, see note 8.

Key performance indicators ("KPIs")

Given the nature of its activities, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors' report (continued)**Board of directors and governance**

The board comprises nine non-executive directors who have been appointed as representatives of the group's shareholders together with Messrs James Cooper, Chief Executive Officer, Robert Walvis, Chairman, and Sebastian Bull, Chief Financial Officer. Associated British Ports Holdings Limited is the immediate holding company for Associated British Ports, which is the company's main trading subsidiary. The following table lists the directors of the company during the year and up to the date of these accounts, and lists the group shareholders or their intermediaries that the non-executive directors represent:

Director	Appointed by and changes
<i>Executive</i>	
Mr Sebastian Bull	
Mr James Cooper	
Mr Robert Walvis	
<i>Non-executive</i>	
Mr Philippe Busslinger ²	Borealis International Investments Corporation
Mr Philippe Camu ²	GS Infrastructure Partners (resigned 7 July 2015)
Mr Edward Clarke ^{1,2}	Infracapital Partners LP (resigned 7 July 2015)
Mr John Coghlan	Canada Pension Plan Investment Board and Anchorage Ports LLP (appointed 2 March 2016)
Mr Hakim Drissi Kaitouni	Kuwait Investment Authority (appointed 7 July 2015)
Mr Stewart Hicks ¹	GIC Special Investments Pte Limited
Mr Peter Hofbauer	Canada Pension Plan Investment Board and Anchorage Ports LLP (appointed 7 July 2015; resigned 2 March 2016)
Ms Cressida Hogg	Canada Pension Plan Investment Board (appointed 7 July 2015)
Mr George Kay ²	GIC Special Investments Pte Limited
Mr David Kerr ¹	GIC Special Investments Pte Limited (resigned 6 February 2015)
Mr Peter Lyneham ¹	GS Infrastructure Partners (resigned 7 July 2015)
Mr John McManus ¹	Borealis International Investments Corporation
Mr John Morea	Borealis International Investments Corporation
Mr Robert Wall	Canada Pension Plan Investment Board (appointed 7 July 2015)

¹ Member of audit committee for the year to 31 December 2015

² Member of remuneration and nomination committee for the year to 31 December 2015

In addition, the following served as alternate directors during the year and up to the date of these accounts:

Mr Kenton Bradbury	(alternate to Mr John McManus) (appointed 26 November 2015)
Mr Peter Hofbauer	(alternate to Mr John Coghlan) (appointed 2 March 2016)
Mr Kunal Koya	(alternate to Mr Peter Lyneham) (resigned 7 July 2015)
Mr Stephen Nelson	(alternate to Mr Edward Clarke) (resigned 7 July 2015)
Mr Perry Noble	(alternate to Mr Peter Hofbauer) (appointed 7 July 2015; resigned 2 March 2016)
Mr Michael Rolland	(alternate to Mr John McManus) (resigned 26 November 2015)
Mr Peter Stylianides	(alternate to Mr Hakim Drissi Kaitouni) (appointed 7 July 2015)

An alternate director is a person, appointed by any director (the "appointor"), other than an alternate director, or by resolution of the board, to exercise that director's powers, and carry out that director's responsibilities in relation to the taking of decisions by the directors in their absence.

Directors' report (continued)

An alternate director has the same rights in relation to any directors' meeting, all meetings of committees of directors of which his appointor is a member and directors' written resolution, as the alternate's appointor. Except as the company's articles specify otherwise, alternate directors are deemed for all purposes to be directors; are liable for their own acts and omissions; are subject to the same restrictions as their appointors and are not deemed to be agents of or for their appointors.

Where a director is also an alternate director he has an additional vote on behalf of his appointor who is not participating in a directors' meeting and would have been entitled to vote if they were participating in it. Whether a person acts solely as an alternate, or is a director also acting as an alternate director; for the purposes of determining whether a meeting quorum is present, he will count as one.

Biographies of the current board of directors can be found on the group's external website www.abports.co.uk.

The board meets four (2014: four) times a year and has a specific schedule of matters reserved for its consideration. Appointments to the board of the company are governed by a shareholders' agreement and are considered by the group's remuneration and nomination committee which is chaired by Mr George Kay. Appointments to the remuneration and nomination committee are made by the board and this committee is responsible for keeping under review the remuneration arrangements for the directors of the company and other senior managers within the group.

The audit committee chaired by Mr John McManus meets at least twice a year and is responsible for the appointment of the group's auditors and for keeping under review the group's internal controls and risk management systems. The delivery of the internal audit function is fully outsourced to KPMG LLP. The committee also reviews the group's results prior to their approval and publication and amongst other things is responsible for ensuring that the group continues to comply with the relevant accounting standards and regulations.

Directors' indemnities

The company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ"), maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the company. In addition, the Articles of Association of the company permit the directors and officers of the company to be indemnified in respect of liabilities incurred as a result of their office. Qualifying third party indemnity provisions (as defined by s234 of the Companies Act 2006) for the benefit of directors and officers were in force for all directors and officers during the year and remain in force in relation to certain losses and liabilities which directors and officers may incur (or have incurred) in connection with their duties, powers or office.

Human resources policies

Components of our personnel resources strategy include commitments to the highest possible standards of health and safety, equal opportunities, employee development, clear and fair terms of employment, access to information, provision of market-competitive salaries and benefits, as well as the maintenance of effective relationships with unions and contractors. The wider group, owned by the company's ultimate parent, ABPJ, monitors a range of indicators to assist it with the management of its employees.

The wider group also monitors the ethnic diversity of its employees and is committed to ensuring that all segments of its communities have the opportunity to participate in and contribute towards the success of its business.

Directors' report (continued)

The wider group is also committed to giving full and fair consideration to applicants for employment who are disabled. If an employee becomes disabled during their employment, the group makes every effort to assess opportunities for career development and promotion and to ensure that, wherever possible, the person can either continue in their present role or retrain for a different role.

The group operates incentive schemes available to all employees that seek to reward good group performance.

Annual general meeting

In accordance with s303 of the Companies Act 2006, the members have not required the directors to call an annual general meeting of the company.

Auditor re-appointment

In accordance with s487 of the Companies Act 2006, the auditor is deemed to have been re-appointed and Ernst & Young LLP will therefore continue as auditor to the company.

Audit information

The directors of the company at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and the company's auditor, each of these directors confirms that:

- so far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing his report) of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company exemptions

In preparing the directors' report, the directors have taken advantage of the exemptions available under s415A of the Companies Act 2006 in so far as it relates to filing obligations of companies entitled to the small companies exemptions.

In addition, the directors have taken advantage of the exemption available under s414B not to produce a strategic report.

By Order of the Board



AC Garner
Company Secretary
Aldwych House
71-91 Aldwych
London, WC2B 4HN
7 March 2016

Statement of directors' responsibilities in respect of the preparation of the annual report and accounts

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the company accounts in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the directors must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. In preparing those accounts, the directors are required to:

- present fairly the financial position, financial performance and cashflows of the company;
- select suitable accounting policies in accordance with *IAS 8: Accounting policies, changes in accounting estimates and errors*, and then apply them consistently;
- make judgements that are reasonable;
- 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 as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- state that the company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy, at any time, the financial position of the company at that time and to enable them to ensure that the company accounts 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED

We have audited the financial statements of Associated British Ports Holdings Limited for the year ended 31 December 2015, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH PORTS HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; 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.

Ernst & Young LLP

Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

9 March 2016

Income statement for the year ended 31 December

	Note	2015 £m	2014 £m
Administrative expenses	2	(1.1)	(1.8)
Operating loss		(1.1)	(1.8)
Finance income	4	169.1	94.9
Profit before taxation		168.0	93.1
Taxation charge	5	(19.5)	(17.7)
Profit for the year		148.5	75.4

All results are derived from continuing operations in the United Kingdom.

Statement of comprehensive income for the year ended 31 December

There was no other comprehensive income during the year or prior year. Total comprehensive income is represented by the profit for the year.

Balance sheet as at 31 December

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Investments	6	150.2	152.2
Group and other receivables	7	809.3	636.0
		959.5	788.2
Current assets			
Group and other receivables	7	535.6	557.8
		535.6	557.8
Total assets		1,495.1	1,346.0
Liabilities			
Current liabilities			
Group and other payables	9	(26.0)	(25.9)
Provisions	10	(4.8)	(4.4)
		(30.8)	(30.3)
Non-current liabilities			
Other non-current liabilities		(0.7)	(0.6)
		(0.7)	(0.6)
Total liabilities		(31.5)	(30.9)
Net assets		1,463.6	1,315.1
Shareholder's equity			
Share capital	11	77.5	77.5
Share premium account		130.6	130.6
Other reserves		25.5	40.4
Retained earnings		1,230.0	1,066.6
Total shareholder's equity		1,463.6	1,315.1

The financial statements were approved by the Board on 2 March 2016 and signed on its behalf by:



GSM Bull
Director

Statement of cash flows for the year ended 31 December

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated/(absorbed) by operations	12	0.1	(92.5)
Interest received		28.4	20.1
Net cash inflow/(outflow) from operating activities		28.5	(72.4)
Cash flows from investing activities			
Return on investment on liquidation of subsidiary		2.0	-
Net cash inflow from investing activities		2.0	-
Cash flows from financing activities			
Proceeds from repayment of loans		68.1	96.0
Issue of loans		(98.7)	(23.6)
Dividends received		0.1	-
Net cash (outflow)/inflow from financing activities		(30.5)	72.4
Change in cash and cash equivalents during the year		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

Statement of changes in equity for the year ended 31 December

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Share options reserve £m	Retained earnings £m	Total £m
At 1 January 2014	77.5	130.6	25.5	14.9	991.2	1,239.7
Profit for the year	-	-	-	-	75.4	75.4
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	75.4	75.4
At 31 December 2014	77.5	130.6	25.5	14.9	1,066.6	1,315.1
Profit for the year	-	-	-	-	148.5	148.5
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	148.5	148.5
Transfer on termination of share option schemes	-	-	-	(14.9)	14.9	-
At 31 December 2015	77.5	130.6	25.5	-	1,230.0	1,463.6

Capital redemption reserve

The capital redemption reserve is a reserve to record the nominal value of shares repurchased.

Share options reserve

The share options reserve is a reserve to recognise amounts due in respect of share based payments. During the year this reserve was transferred to retained earnings on termination of the share option schemes.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis.

The financial statements are presented in sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated.

Consolidation exemption

These separate financial statements contain information about Associated British Ports Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under s400 of the Companies Act 2006, from the requirement to prepare and deliver consolidated financial statements, as the results of the company, its subsidiaries and its share of associate up until the date of disposal are included in the consolidated financial statements of its intermediate parent, ABPA Holdings Limited, which are available from Aldwych House, 71-91 Aldwych, London, WC2B 4HN.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and applied in accordance with the Companies Act 2006.

1.2 Changes in accounting policies

New standards and amendments adopted

There were no new accounting standards issued which were effective for the first time for the annual reporting period commencing 1 January 2015. There were no new amendments and improvements effective for the first time for the annual reporting period commencing 1 January 2015 that had an impact on the company.

New standards, amendments and interpretations issued but not yet effective

The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company's current financial year:

Notes to the financial statements

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

New standards, amendments and interpretations issued but not yet effective (continued)

		Effective for accounting periods beginning on or after
IFRS 9	Financial instruments	01.01.2018*
IFRS 14	Regulatory deferral accounts	01.01.2016*
IFRS 15	Revenue from contracts with customers	01.01.2018*
IFRS 16	Leases	01.01.2019*
IFRS for SMEs	2015 Amendments to IFRS for SMEs	01.01.2017
IFRS 10 and IAS 28 (proposed amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Postponed indefinitely*
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment entities: applying the consolidated exception	01.01.2016*
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	01.01.2016
IAS 1 (amendment)	Disclosure initiatives	01.01.2016
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation	01.01.2016
IAS 16 and IAS 41 (proposed amendments)	Agriculture: bearer plants	01.01.2016
IAS 27 (amendment)	Equity method in separate financial statements	01.01.2016
IFRS 4, IFRS 7, IAS 19 and IAS 34	Annual improvements 2012-2014	01.01.2016
IAS 12 (amendment)	Income taxes: recognition of deferred tax assets for unrealised losses	01.01.2017*
IAS 7 (amendment)	Disclosure initiative	01.01.2017*

* Not yet endorsed by the EU

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 that replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together the requirements for a) classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. The new financial instruments standard is effective for accounting periods beginning on or after 1 January 2018.

The company has performed a high level impact assessment of IFRS 9. The preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the company in the future.

a) Classification and measurement

With respect to classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9.

Notes to the financial statements

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated at fair value through profit and loss attributable to changes in the credit risk of that liability. The company does not designate any liabilities at fair value through profit and loss and as such will not be impacted by this change.

The company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

b) Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. This may result in earlier recognition of credit losses. The company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, to determine the extent of the impact.

c) Hedge accounting

This section is not applicable to the company as the company does not have any derivatives.

IAS 7 (Amendment) Disclosure initiative

In January 2016, the IASB issued an amendment to IAS 7. The amendment requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The company is currently assessing the impact of the IAS 7 amendments and plans to adopt the amendment on the required effective date.

The directors do not anticipate that the adoption of the remaining standards, amendments and interpretations will have a material impact on the company's financial statements in the period of initial application.

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1.3 Critical estimates, judgements and assumptions

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 amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The directors believe that there are no areas of the company's accounting policies involving a high degree of complexity nor are there any areas where assumptions and estimates are significant to the financial statements.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Significant accounting policies

The directors consider the following to be the most important accounting policies in the context of the company's operations.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. 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, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount.

1.5 Other accounting policies

Investments

Investments in subsidiaries are stated at cost. The company assesses at each reporting date whether there is any indication that the investment may be impaired.

Cash and cash equivalents

The company defines these as short-term highly liquid investments readily convertible into known amounts of cash. They are normally represented by bank deposits with an original maturity of less than three months less borrowings that are repayable on demand.

Taxation

Current tax, including UK corporation 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.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of all temporary differences, except to the extent that the deferred tax asset or liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit.

Temporary differences are differences between the tax base value of assets and liabilities and their carrying amount as stated in the financial statements. These arise from differences between the valuation, recognition and amortisation bases used in tax computations compared with those used in the preparation of financial statements.

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to facilitate the realisation of such assets.

Financial instruments

Group and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is made when there is objective evidence that the company may not be able to collect all amounts recorded within the balance sheet. The costs of impairment of receivables are recorded within administrative expenses.

Group and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation in respect of a past event, it is more likely than not that a payment (or a non-cash settlement) will be required to settle the obligation and where the amount can reliably be estimated. Provisions are discounted when the time value of money is considered material.

Share capital

Shares are classified as equity or debt or a combination of the two depending on the terms of the instrument. External costs directly attributable to the issue of new shares are apportioned as either debt or equity on the same basis.

Dividends

Dividend receipts and payments are recognised in the period when they become a binding obligation on the paying company.

Notes to the financial statements**2. Administrative expenses**

Remuneration received by Ernst & Young LLP (2014: Ernst & Young LLP) is detailed below and has been borne by a subsidiary undertaking.

	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	3	5

3. Directors and employees

Staff costs are analysed as follows:

	2015 £m	2014 £m
Staff costs		
Wages and salaries	1.4	1.7
Social security costs	0.2	0.2
Pension costs	-	0.1
Total staff costs	1.6	2.0

The company had two employees during the year (2014: two).

Director's emoluments are analysed as follows:

	2015 £m	2014 £m
Emoluments paid to directors of the company		
Short-term employee benefits	1.7	1.7
Post-employment benefits	0.1	0.1
Other long-term benefits	0.7	0.9
Total directors emoluments	2.5	2.7

Emoluments comprise amounts paid to the directors of the company, by the company and its subsidiaries.

Key management compensation is analysed as follows:

	2015 £m	2014 £m
Key management compensation		
Short-term employee benefits	1.7	1.7
Post-employment benefits	0.1	0.1
Other long-term benefits	0.7	0.9
Total key management compensation	2.5	2.7

Key management comprises the directors of the company.

Two directors (2014: one) of the company are eligible to join the Associated British Ports Group Pension Scheme; at 31 December 2015, one director (2014: one) is a member of the defined contribution scheme and one director (2014: one) received an allowance for contributions towards pension schemes unconnected with the group.

Notes to the financial statements

3. Directors and employees (continued)

	2015 £m	2014 £m
Highest paid director		
Short-term employee benefits	0.7	0.7
Post-employment benefits	0.1	0.1
Other long-term benefits	0.4	0.4
Total highest paid director	1.2	1.2

For further disclosure of amounts paid to the shareholders for the directors of the company, refer to note 13.

4. Finance income

	2015 £m	2014 £m
Interest on amounts due from parent undertaking	47.3	41.6
Interest on amounts due from subsidiary undertaking	49.8	43.3
Dividend income	71.9	10.0
Other finance income	0.1	-
Finance income	169.1	94.9

5. Taxation

	2015 £m	2014 £m
Analysis of charge for the year		
Current tax	19.5	17.7
Taxation	19.5	17.7

Current taxation for the current and prior year represents a charge for group relief surrendered by group undertakings, with amounts being deducted from/added to amounts due from related parties. For further details see note 13.

The taxation for the year is lower (2014: lower) than the standard rate of taxation in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £m	2014 £m
Profit before taxation	168.0	93.1
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	34.0	20.0
Effects of:		
Items not chargeable to tax	(14.5)	(2.3)
Total tax charge for the company	19.5	17.7

Notes to the financial statements**6. Investments**

Details of subsidiary undertakings are provided in note 15.

	Interest in subsidiary undertakings	
	2015	2014
	£m	£m
At 1 January	152.2	152.2
Liquidation of ABP Insurance Limited	(2.0)	-
At 31 December	150.2	152.2

7. Group and other receivables

	2015	2014
	£m	£m
Non-current		
Amounts due from subsidiary undertakings	809.3	636.0
Total non-current group and other receivables	809.3	636.0
Current		
Amounts due from parent undertaking	535.6	557.1
Other debtors	-	0.7
Total current group and other receivables	535.6	557.8

Non-current amounts due from subsidiary undertakings primarily relates to a loan receivable from Associated British Ports (“ABP”), the company’s immediate subsidiary. Current amounts due from parent undertaking relates to a balance with ABP Acquisitions UK Limited (“ABPA”). Amounts due from subsidiary and parent undertakings are not overdue for repayment and are not considered to be impaired. For further details see note 13.

Further disclosure of the financial risks related to these financial instruments is disclosed in note 8. The company does not hold any collateral as security. The company’s receivables are denominated in sterling.

8. Financial instruments

The company’s policies regarding financial instruments are set out in the accounting policies in note 1. Risk and numerical disclosure is set out below.

Fair value of financial instruments

The fair value of financial assets and liabilities are an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value. The following methods and assumptions were used to estimate the fair values:

- The fair value of amounts due from ABP and ABPA approximates to their carrying amounts as interest charged is linked to a weighted average cost of debt, which is mainly linked to LIBOR.

Notes to the financial statements

8. Financial instruments (continued)

Financial risk management

Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the board of the company and the board of ABP (Jersey) Limited (“ABPJ”), the company’s ultimate parent undertaking. The Finance Committee, a sub committee of the ABPJ board, monitors treasury matters and approves significant decisions. The treasury function’s purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the group’s business operations and capital structure. The company’s main financial risks are liquidity, credit and capital risk. The wider group owned by the company’s ultimate parent, ABPJ, aims to manage these risks to an acceptable level. The company does not trade in financial instruments.

Liquidity risk

Liquidity risk is managed by the wider group maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the group. Management monitors rolling forecasts of the group’s liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the company’s financial liabilities carried at amortised cost, based on undiscounted contractual payments:

	2015 £m	2014 £m
Not later than one year	26.0	25.9
More than one year but not more than two years	0.3	0.3
More than two years but not more than five years	0.4	0.3
More than five years	-	-
Total payments	26.7	26.5

The company had no derivative financial instruments at either 31 December 2015 or 31 December 2014.

The company did not have direct access to any undrawn borrowing facilities at 31 December 2015 (2014: £nil). The company can access committed undrawn borrowings through its immediate parent undertaking, ABP Acquisitions UK Limited (“ABPA”) as set out in the table below:

	2015 £m	2014 £m
Expiring in:		
More than two years but not more than five years	300.0	240.0
More than five years	100.0	60.0
Undrawn borrowing facilities	400.0	300.0

Credit risk

Credit risk with banks and financial institutions is managed by the wider group. The group monitors the credit risk of banking counterparts, tracking credit default swap rates and credit ratings of actual and potential counterparties. Investments at the year end were all with counterparties with a credit rating of A- or better and the average maturity of deposits was less than 30 days from 31 December 2015.

Notes to the financial statements**8. Financial instruments (continued)****Financial risk management (continued)**

Given the counterparties of group and other receivables, as set out in note 7, and the security provided under intra-group borrowing arrangements, the directors consider the company's exposure to credit risk to be minimal. The maximum exposure to credit risk at the reporting date for group and other receivables is the carrying value of each class of receivable.

Capital risk

The company finances itself with retained earnings of £1,230.0m (2014: £1,066.6m). The company's immediate parent undertaking, ABP Acquisitions UK Limited, also has committed but undrawn facilities totalling £400.0m (2014: £300.0m). The company keeps its funding structure under review with a view to maximising shareholder value and to ensure that it has the resources and the capacity to meet its operational requirements and to facilitate the execution of its strategy.

9. Group and other payables – current

	2015 £m	2014 £m
Amounts due to subsidiary undertaking	25.1	25.1
Accruals	0.9	0.8
Total group and other payables - current	26.0	25.9

Amounts due to subsidiary undertaking relates to Amports Holdings Limited, an immediate dormant subsidiary. For further details see note 13.

Further disclosure of the financial risks related to these financial instruments is disclosed in note 8. The carrying amount of group and other payables approximates to their fair value. The company's payables are denominated in sterling.

10. Provisions

	2015 £m	2014 £m
At 1 January	4.4	-
Commutation transfer in year	-	6.1
Charged to income statement during the year	1.1	-
Utilised in the year	(0.7)	(1.7)
At 31 December	4.8	4.4
Expected utilisation within one year	4.8	4.4

Provisions are analysed between non-current and current as follows:

	2015 £m	2014 £m
Current	4.8	4.4
Non-current	-	-
Total provisions	4.8	4.4

Notes to the financial statements**10. Provisions (continued)**

The provision entirely reflects self insurance for various matters relating primarily to property, employer's liabilities and general third party liabilities associated with its business, which the company self insures. The provision is reviewed and updated in conjunction with an external insurance adviser.

11. Share capital

	2015 £m	2014 £m
Authorised		
500,000,000 (2014: 500,000,000) ordinary shares of 25p each	125.0	125.0
Issued and fully paid		
310,010,453 (2014: 310,010,453) ordinary shares of 25p each	77.5	77.5

12. Cash generated/(absorbed) by operations

Reconciliation of profit before taxation to cash generated/(absorbed) by operations:	2015 £m	2014 £m
Profit before taxation	168.0	93.1
Dividend income	(71.9)	(10.0)
Finance income	(97.2)	(84.9)
Decrease in provisions	(0.4)	(0.4)
Operating cash flows before movements in working capital	(1.5)	(2.2)
Increase in group and other receivables	(1.2)	(90.5)
Increase in group and other payables	2.8	0.2
Cash generated/(absorbed) by operations	0.1	(92.5)

13. Related party transactions

During the year, 19 (2014: 12) of the directors of the company were representatives of the shareholders of the ultimate parent undertaking, ABP (Jersey) Limited. Each shareholder is entitled to receive fees for the services of these directors and may request that the fees are paid directly to a director. The fees earned during the year were as follows:

	2015 £	2014 £
Goldman Sachs International and Goldman Sachs & Co. (on behalf of Admiral Institutional S.à.r.l. and Admiral Global and International S.à.r.l.)	35,863	70,000
Borealis Infrastructure Management Inc. (on behalf of Borealis International Investments Corporation and Borealis (Luxembourg) S.C.A.)	105,000	105,000
Cheyne Walk Investment Pte Limited	73,452	105,000
M&G Investment Management Limited (on behalf of Infracapital ABP SLP LP)	18,171	35,000
Kuwait Investment Authority	16,973	-
Anchorage Ports LLP	16,973	-
Canada Pension Plan Investment Board (on behalf of itself and 9348654 Canada Inc.)	33,945	-

Notes to the financial statements**13. Related party transactions (continued)**

Further details of the shareholders' share ownership are set out in note 16.

The company has entered into related party transactions and/or holds balances with the following related parties:

Related party	Relationship
ABP Acquisitions UK Limited	Immediate parent undertaking
ABP Insurance Limited	Immediate subsidiary undertaking
Associated British Ports	Immediate subsidiary undertaking
Amports Holdings Limited	Immediate subsidiary undertaking
ABP (Aldwych) Limited	Immediate subsidiary undertaking
ABP Nominees Limited	Immediate subsidiary undertaking

The company has a loan receivable from the following related party:

Entity	Due date	Rate per annum	2015 £m	2014 £m
Associated British Ports	2020	8.1%	768.0	594.7

The following table shows the transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year.

	2015 £m	2014 £m
Associated British Ports		
Intercompany receivable at start of the year	594.7	590.6
Increase in receivable	49.4	43.3
Interest charged – 8.1% per annum (2014: 7.7%)	49.8	43.3
Interest received	(28.3)	(20.1)
Dividend receivable	71.8	10.0
Net cash paid/(received)	30.6	(72.4)
Intercompany receivable at end of the year	768.0	594.7

During the year the company also received a dividend of £0.1m from ABP Insurance Limited, its immediate subsidiary undertaking.

The company also has the following current account balances due from/(to) related parties.

	2015 £m	2014 £m
ABP Acquisitions UK Limited	535.6	557.1
Amports Holdings Limited	(25.1)	(25.1)
Total current balances	510.5	532.0
ABP (Aldwych) Limited	0.2	0.2
ABP Nominees Limited	41.1	41.1
Total non-current balances	41.3	41.3

Notes to the financial statements

13. Related party transactions (continued)

The following table shows the current account transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year.

	2015 £m	2014 £m
ABP Acquisitions UK Limited		
Intercompany receivable at start of the year	557.1	481.5
(Decrease)/increase in receivable	(68.8)	34.0
Interest charged – 8.1% per annum (2014: 7.7%)	47.3	41.6
Intercompany receivable at end of the year	535.6	557.1

14. Contingent liabilities

	2015 £m	2014 £m
Contingent liabilities under claims, indemnities and guarantees:		
Guarantees in respect of group borrowings	2,207.1	1,968.7
Guarantees in respect of undrawn group borrowings	540.0	440.0
Total cross guarantees by group companies	2,747.1	2,408.7
Total borrowings and undrawn facilities of group of which company is a member	2,747.1	2,408.7

As part of the security package for borrowing facilities of the wider group, owned by the company's ultimate parent company, certain wider group companies have granted a guarantee and fixed and floating charges over their respective assets including over real property owned by them and shares in subsidiaries (excluding Associated British Ports ("ABP") and its subsidiaries) and various other assets including the company's rights in relation to its principal subsidiary, ABP. No guarantees or security have been granted by ABP or its subsidiaries in respect of such borrowing facilities.

The group, owned by the company, makes contributions to three industry-wide defined benefit pension schemes, which have various funding levels. The group's ability to control these schemes is limited and therefore the impact on the group's future cash flows and cost base from these schemes is uncertain. Further details on these schemes are set out in note 11 of subsidiary undertaking ABP's annual report and accounts.

Cash reserves held in ABP Insurance Limited, the company's immediate subsidiary undertaking, of £2.0m (2014: £2.1m) were transferred upon liquidation of the company. The associated liabilities are held in the company, with issued letters of credit totalling £1.4m (2014: £1.0m). The company is not required to secure any cash reserves against these letters of credit.

Subsidiary undertaking, ABP, has deposited £1.6m (2014: £1.6m) cash into an escrow account regarding a UK customs duty and Value Added Tax dispute with HMRC. No material liability is expected to arise as a consequence of these disputes. This is included in ABP's cash and cash equivalents.

ABP also had £4.7m (2014: £nil) of restricted cash, included within ABP's cash and cash equivalents, with its solicitor relating to the purchase of land on the Humber. The land purchase was completed in January 2016, at which point the restricted cash was used to settle the obligation.

Notes to the financial statements**15. Subsidiary undertakings**

All subsidiaries are domiciled and operate in England and Wales, unless otherwise stated. The company's controlling interest in subsidiary undertakings is represented by ordinary shares (with the exception of Associated British Ports, the company's powers in respect of which are governed by the Transport Act 1981). All shares held are of the same class with voting rights in the same proportion to the shareholding.

	% held by Group
Subsidiary undertakings: Holding/financing	
Aldwych Logistics Investments Limited	100
Subsidiary undertakings: Ports and transport	
Associated British Ports	(see below) ¹
ABP Marchwood Limited	100
ABP Security Limited	100
The Teignmouth Quay Company Limited	100
Subsidiary undertakings: Property	
ABP (Aldwych) Limited	100
Millbay Development Company Limited	100
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100
Subsidiary undertakings: Group services	
ABP Insurance Limited (domiciled in Isle of Man) (dissolved 29 January 2016)	100
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited (domiciled in Guernsey)	100
UK Dredging Management Limited	100
Subsidiary undertakings: Dormant	
ABP Quest Trustees Limited	100
Amports Holdings Limited	100
American Port Services Holdings Limited	100
ABP Infrastructure Grimsby Limited	100
ABP Nominees Limited	100
ABP Safeguard Limited	100
Associated British Ports Investments Limited	100
Colchester Dock Transit Company Limited	100
Grosvenor Waterside Group Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Ipswich Port Limited	100
Slater's Transport Limited	100
Whitby Port Services Limited	100
ABP Secretariat Services Limited	100
ABP (Pension Trustees) Limited	100
Exxtor Shipping Services Limited	100
Humber Pilotage (C.H.A.) Limited	100
Northern Cargo Services Limited	100
Southampton Free Trade Zone Limited	100

¹Under the Transport Act 1981, Associated British Ports Holdings Limited has powers over Associated British Ports ("ABP") corresponding to the powers of a holding company over a wholly owned subsidiary undertaking. ABP's registered office is Aldwych House, 71-91 Aldwych, London, WC2B 4HN.

Notes to the financial statements

15. Subsidiary undertakings (continued)

	% held by Group
Subsidiary undertakings: Dormant	
Grosvenor Waterside Developments Limited	100
Grosvenor Buchanan Properties Limited (domiciled in Scotland)	100
Grosvenor Waterside Asset Management Limited	100
ABP Southampton Properties Limited	100
ABP (No. 1) Limited	100
ABP Connect Limited	100
Marine Environmental Research Limited	100
Amports Cargo Services Limited	100
Amports Vehicle Terminals Limited	100
Amports Contract Personnel Limited	100
Auto Shipping Limited	100

16. Ultimate parent undertaking and controlling parties

The company is a limited liability company registered in England and Wales.

Its intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"), which produces IFRS consolidated financial statements that are available from its registered office at Aldwych House, 71-91 Aldwych, London, WC2B 4HN. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), which produces consolidated financial statements that comply with IFRS and are available from 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

ABPJ is a limited liability company registered in Jersey. The company is owned by a consortium of investors as shown below.

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
2015			
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
Canada Pension Plan Investment Board ¹	33.88	33.88	33.88
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Kuwait Investment Authority	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	100.00	100.00

¹ Included in Canada Pension Plan Investment Board's A Ordinary Shares are 3.88% of A Ordinary shares held by 9348654 Canada Inc., a private Canadian company.

Notes to the financial statements

16. Ultimate parent undertaking and controlling parties (continued)

2014	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
Borealis (Luxembourg) S.C.A. (owned by OMERS Administration Corporation)	-	33.334	33.333
Borealis International Investments Corporation (owned by OMERS Administration Corporation)	33.334	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	33.333	33.333	33.333
Infracapital ABP SLP LP ¹ (owned by Infracapital Partners LP, itself managed by M&G Investment Management Limited)	10.000	10.000	10.000
Admiral Global & International S.à.r.l. (owned by GS Global Infrastructure Partners I, LP and GS International Infrastructure Partners I, LP)	23.000	23.000	22.701
Admiral Institutional S.à.r.l. (owned by GS Institutional Infrastructure Partners I, LP)	0.333	0.333	0.633
	100.000	100.000	100.000

¹ During 2014 Infracapital Nominees Limited transferred its shares in ABP (Jersey) Limited to Infracapital ABP SLP LP

During the year ABP (Jersey) Limited was subject to a number of equity transactions, the first of which involved the sale of the entire shareholdings of Infracapital ABP SLP LP, Admiral Global & International S.à.r.l. and Admiral Institutional S.à.r.l. to Anchorage Ports LLP, a consortium comprising Canada Pension Plan Investment Board ("CPPIB") and entities managed by Hermes GPE LLP.

In a further series of transactions, Borealis International Investments Corporation ("Borealis International") sold 10.00% of their equity holdings to Kuwait Investment Authority (acting through its London Office for and on behalf of the State of Kuwait in respect of the investing of the assets deposited into the account known as the Future Generation Fund), with further transfers from Cheyne Walk Investment Pte Limited ("Cheyne Walk") to Borealis Ark Holdings B.V. and Borealis International, totalling 10.00%. The final tranche of transactions involved the transfer of shareholdings from Anchorage Ports LLP to CPPIB, and further transfers from Cheyne Walk and Borealis International to Anchorage Ports LLP, CPPIB and 9348654 Canada Inc. to arrive at the current shareholdings.

All shares classes held by Borealis (Luxembourg) S.C.A. and Borealis International were transferred to Borealis ABP Holdings B.V., a Netherlands registered wholly owned subsidiary of the OMERS Administration Corporation on 17 December 2015. This final transaction did not impact the percentage holdings of any other shareholder.

In addition to A Ordinary shares, the company's share capital includes participating, non-voting Preference shares and participating, non-voting B Ordinary shares. The Preference shares and B Ordinary shares were transferred in the same proportions as A Ordinary shares throughout the series of transactions. Each shareholder therefore holds each share class in the same proportion. The sole material difference in the apportionment of shareholdings is that 9348654 Canada Inc. is a shareholder of 3.88% A Ordinary shares only and CPPIB's direct holding of A, B Ordinary shares and Preference shares being 30.00%, 33.88% and 33.88% respectively.