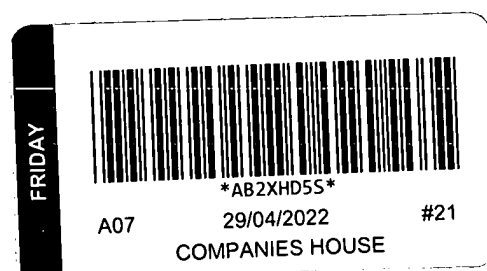


**ASSOCIATED BRITISH PORTS HOLDINGS LIMITED**

**(Company Number 01612178)**

**ANNUAL REPORT AND ACCOUNTS 2021**



# **ASSOCIATED BRITISH PORTS HOLDINGS LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2021**

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## Strategic report

The directors present their strategic report for the year ended 31 December 2021.

### 1. Principal activity and strategy

The principal activity of the company is as an intermediate holding company within the group owned by the company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ"). 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 in the United Kingdom ("UK"). The group also provides other transport facilities and related services including the Hams Hall rail freight terminal. The group's principal operating subsidiary undertaking is Associated British Ports, a direct subsidiary undertaking of the company. The group owns and operates 21 general cargo ports within the UK.

### 2. Important events of the year

The directors advise that no important events occurred in relation to the company during 2021.

### 3. Performance

During the year the company made a net profit of £230.2m (2020: £90.1m). The company's income is derived from interest on amounts due from parent and subsidiary undertakings. The primary driver of performance is the ability of the wider group's main trading group, ABPA Holdings Limited ("ABPAH"), to generate cash flows, as indicated by the following:

	2021	2020
	£m	£m
<b>ABPA Holdings Limited</b>		
Consolidated EBITDA <sup>1</sup>	310.2	288.8
Cash generated by operations	304.7	319.1

<sup>1</sup> Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated in accordance with the definitions set out in the group's credit facilities and after excluding certain items

### 4. Position at the end of the year

As at 31 December 2021, the company had net assets of £2,061.5m (2020: £2,031.3m), which includes amounts due from parent and subsidiary undertakings of £1,956.9m (2020: £1,922.6m).

### 5. Principal risks and uncertainties

The company's main source of risk and uncertainty is the profitability of the wider trading group ultimately owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Subject to the profitability of the wider group, the company has limited risk because it predominantly interacts only with fellow group companies. The nature of the interactions is set out in notes 8, 10 and 14 to the accounts.

#### 5.1 Financial risk management

The company's main financial risks are liquidity, credit and capital risk. Treasury matters for the company and the wider group owned by ABPJ are controlled centrally in accordance with policies approved by the Board of the company. The company's liquidity and capital risks, along with credit risk relating to cash, are managed by its immediate parent undertaking, ABP Acquisitions UK Limited. For further details of the company's financial risk management objectives and policies, see note 9 to the accounts.

#### 5.2 Trading group risks and uncertainties

The company's future viability and risk management are ultimately dependent upon the performance of the wider trading group ultimately owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Further details of these can be found in the Annual Report and Accounts of ABPAH.

**Strategic report (continued)****6. Future outlook**

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

**7. Section 172 Statement**

The Board recognises the importance of stakeholder engagement in delivering the long-term and sustainable success of the company. When making decisions, particularly of a strategic nature, the directors have regard to the likely long-term impact and also their responsibilities and duties to stakeholders. ABP's key stakeholders are its employees, customers, local and national government, suppliers, the communities in which ABP operates and the environment.

To support the directors and assist them in complying with their duties, management is required to provide feedback on their engagement with relevant stakeholders which the Board takes into account when considering matters and making decisions. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary. The following section outlines how we engage with, and have regard to, each of our key stakeholder groups.

**7.1 Employees**

ABP's employees are fundamental to our success and we cannot continue to grow without an engaged, safe, well trained workforce. Obtaining feedback and views from our employees enables us to continuously improve and develop, particularly in relation to our health and safety processes and practices.

<i>How ABP measures</i>	
<ul style="list-style-type: none"> <li>• Lost working days, accident book rates</li> <li>• Annual leavers</li> <li>• Gender diversity and pay gap</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement survey responses</li> <li>• 'Spot-Its'</li> <li>• Whistleblowing reports</li> </ul>
<i>How ABP engages</i>	
<ul style="list-style-type: none"> <li>• Weekly newsletter on updates from around the business</li> <li>• Direct engagement with trade unions</li> <li>• Regular employee 'Town Halls'</li> <li>• Circulating regular guidance and 'Q&amp;As' on Covid-19, alongside safety alerts and 'toolbox' talks.</li> </ul>	<ul style="list-style-type: none"> <li>• Actioning and reviewing near misses, incidents or concerns identified through the 'Spot-It!' portal</li> <li>• Anonymous employee engagement survey with associated action plans</li> <li>• Sharing regular information on financial and economic factors affecting the performance of the group</li> </ul>
<i>How the Board complements the engagement efforts</i>	
<ul style="list-style-type: none"> <li>• CEO and CFO led briefings to enable direct feedback and questions</li> </ul>	<ul style="list-style-type: none"> <li>• Regular visits to ports by Board members to engage directly with the local workforce</li> </ul>
<i>Actions/Decisions and Outcomes</i>	
<ul style="list-style-type: none"> <li>• Virtual delivery of Beyond Zero 2021 with a focus on improving mental health and the implementation of 'Thrive' behavioural safety training</li> <li>• Implementing home working during the pandemic for office based staff and steps taken to safely reopen offices</li> </ul>	<ul style="list-style-type: none"> <li>• Joining the Diversity in Maritime (Women in Maritime) Charter programme</li> <li>• Signing the Mental Health in Maritime Pledge</li> <li>• Re-launch of the Employee Assistance Programme</li> </ul>

**7.2 Customers**

ABP's future success is dependent on the maintenance and development of its relations with current and potential customers. ABP works closely with our customers at port, regional and corporate level to understand their needs and develop facilities and services to meet their requirements.

**Strategic report (continued)**

## 7.2 Customers (continued)

<i>How ABP measures</i>	
• Direct customer feedback during discussion on joint projects	• Output from the customer engagement survey
<i>How ABP engages</i>	
• Regular dialogue with our customers to understand current and future challenges	• Publication of the Annual Review and bi-annual 'Report' magazine
• Port user groups to provide a forum for feedback and discussion on key topics	
<i>How the Board complements the engagement efforts</i>	
• Meeting with key customer representatives	• Customer representatives presenting directly to the Board
<i>Actions/Decisions and Outcomes</i>	
• Reopening of cruise services in a safe way in conjunction with operators	• Attending industry events alongside customers and partners

## 7.3 Local Authorities and National Government

ABP has a unique position as the UK's largest port operator and is an essential part of the supply chain for key industries throughout the UK. Government policy in respect of matters such as trade and the environment impact the way that businesses operate and accordingly, engagement with local and national government helps ABP to understand topical issues and to work with both government and our customers on areas of shared interest.

<i>How ABP measures</i>	
• Using our strong relationships with local authorities ('LAs') to ensure solutions are delivered within planning requirements	• Feedback from discussions on projects, consultations and applications for grant funding
<i>How ABP engages</i>	
• Directly with leading government departments, including the DfT and the Cabinet Office	• With executive agencies of the government including the Maritime and Coastguard Agency, the Marine Management Organisation and the UK Hydrographic Office.
• Through regular dialogue with LAs and Local Enterprise Partnerships	
<i>How the Board complements the engagement efforts</i>	
• Directors meet with local and national government representatives	• Consideration of engagement and views of local and national government when reviewing project proposals
• ABP hosts port visits for local and national political stakeholders	
<i>Actions/Decisions and Outcomes</i>	
• Working closely with government on key industry issues, including in relation to the Covid-19 pandemic and Brexit	• Working with LAs and Local Enterprise Partnerships to submit successful Freeport bids
• Holding engagement and thought leadership events including BEIS Build Back Greener panel and Aldersgate Group environmental and climate discussions.	• Attendance at political party conferences, sponsoring roundtable discussions and webinars and speaking at online conferences on relevant policy

**Strategic report (continued)****7.4 Suppliers**

ABP relies on its suppliers to provide products and services that enable us to deliver our strategy. We seek to engage the best supply chain partners to sustainably deliver value and performance for the business and we regularly work with local and small businesses in our port communities.

We recognise that strong relationships, regular communication and engagement with our suppliers are key to delivering our projects in a timely and cost-efficient manner and ensuring that specifications are aligned with the needs of the business and our customers.

<i>How ABP measures</i>	
<ul style="list-style-type: none"> <li>By seeking regular feedback from suppliers in respect of payment processes and use of the supplier portal</li> </ul>	
<i>How ABP engages</i>	
<ul style="list-style-type: none"> <li>Through the use of a supplier portal to enable organisations to register and tender for contracts, complete due diligence and correspond directly with ABP</li> </ul>	<ul style="list-style-type: none"> <li>Through close collaboration with suppliers and contractors to ensure projects are delivered on time and in budget</li> </ul>
<i>How the Board complements the engagement efforts</i>	
<ul style="list-style-type: none"> <li>Reviewing and approving policies on credit risk and whistleblowing</li> </ul>	<ul style="list-style-type: none"> <li>Receiving reports on project progress updates</li> </ul>
<i>Actions and Decisions</i>	
<ul style="list-style-type: none"> <li>Developing framework agreements with suppliers to ensure cost efficiency and quality of services</li> </ul>	<ul style="list-style-type: none"> <li>Providing support to suppliers during the Covid-19 pandemic</li> </ul>

**7.5 Communities**

ABP recognises the importance of local communities to its continued success and the impact its decisions can have on those communities across its port estate. We seek to develop relationships based on mutual trust and respect and to understand the issues that matter locally.

<i>How ABP measures</i>	
<ul style="list-style-type: none"> <li>Donations to charities and local/national community organisations</li> </ul>	<ul style="list-style-type: none"> <li>Tracking social and environmental incidents</li> </ul>
<i>How ABP engages</i>	
<ul style="list-style-type: none"> <li>Feedback from communities and local residents on significant project proposals</li> </ul>	<ul style="list-style-type: none"> <li>Through sponsorship and fundraising by ABP and its employees for a number of charities and community organisations</li> </ul>
<i>How the Board complements the engagement efforts</i>	
<ul style="list-style-type: none"> <li>Through allocation of budget to support community and charity projects</li> <li>Investment in sites to mitigate the effect of habitat loss</li> </ul>	<ul style="list-style-type: none"> <li>The impact on local communities is one of the aspects taken into account whenever project proposals are considered by the Board</li> </ul>
<i>Actions/Decisions and Outcomes</i>	
<ul style="list-style-type: none"> <li>ABP sponsorship of marathons in Southampton, Newport and the Humber.</li> <li>Beach cleaning and tree planting initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Donating laptops to help with home schooling during the pandemic</li> </ul>

**Strategic report (continued)****7.7 Environment**

ABP is committed to developing its business to meet the needs of its customers in a sustainable way, with due regard for both its operations and the environment. Engaging with stakeholders is key to supporting our planning and licence applications and ensuring we are able to meet legislative requirements. When planning projects, ABP also works with stakeholders to ensure sustainability and mitigate or reduce the impact of its projects on the environment where possible.

Further information on energy consumption, including disclosures under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, can be found in the annual report and accounts of ABPA Holdings Limited.

*How ABP measures*

- Topping the UK leader board of companies committed to solar power (Project Solar)
- Tracking key carbon greenhouse gas reduction metrics
- ISO 14001 and 50001 Energy Management certification across all ports and terminals

*How ABP engages*

- Engaging with key environmental stakeholders, the Environment Agency, the Department for Environment, Food & Rural Affairs and the Marine Management Organisation in respect of major projects and initiatives
- Attendance at local port user groups to understand the key issues faced by port users and give feedback on how any environmental issues or concerns are being addressed.

*How the Board complements the engagement efforts*

- Development of the ABP strategy which includes renewable energy generation and storage as a key strategic direction
- Continued investment in renewable energy projects and infrastructure

*Actions/Decisions and Outcomes*

- Establishment of the 'Future Ports: Wales Vision' for the decarbonisation of our Welsh ports
- Member of the Zero Carbon Humber initiative
- Purchase of Electric rubber tyre gantries and forklift trucks

**7.8 Lenders**

The group raises debt and undertakes related hedging with a number of counterparties. Sources of debt and facilities include public capital markets issuances, loans and private placements. We recognise the importance of providing these stakeholders with information to ensure they are kept up to date with the development, growth and strategy of the business and continue to recognise the benefits of investing in ABP.

*How ABP measures*

- Through positive relationships with lenders and an understanding of the main drivers behind investing in ABP
- Reporting by rating agencies

*How ABP engages*

- By providing regular information on the group's performance, major investments and other forward looking data to lenders
- By directly engaging with lenders through an annual update as well as regular calls and meetings as required.

## Strategic report (continued)

### 7.8 Lenders (continued)

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#### *How the Board complements the engagement efforts*

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- By agreeing the strategy for the long-term capital requirements and the financing methods available.
- 

#### *Actions/Decisions and Outcomes*

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- Continuing to manage ABP's debt portfolio in line with the Board agreed strategy
- 

## 8. Principal and Strategic Decisions

Outlined below are details of a number of principal and strategic decisions which have been taken by the Board during the year and how they have had regard to the interests of stakeholders.

### 8.1 Safety and Security Investment

*Stakeholders, Issues and Factors Considered: Employees, Customers, Suppliers, Safety*

The safety and security of all our port users is of key importance to ABP. Across the 21 ports, ABP has c.12,000 acres of developed and undeveloped land and river/seabeds, ensuring this remains secure and protected is a large undertaking and represents a significant investment by the business. This is particularly important in high-risk areas, including containers and cruise ship operations. Ensuring only authorised people are accessing the port is crucial to maintaining safety and to meet our regulatory responsibilities.

In 2021, following a rigorous and thorough tendering process, the Board approved the award of a large contract to provide security staffing across all of ABP's ports, including the resource intensive cruise operations. By building a positive partnership with the supplier, both parties are able to succeed in providing a high-quality service which meets the needs of ABP and its stakeholders.

When deciding to award this significant contract, the directors considered a range of factors, weighing the cost of the contract against the quality of service. Consideration was also given to the benefits the service would provide to employees and customers and the need to ensure the staff employed by the contractor would receive appropriate remuneration, training and support.

### 8.2 Historic Area Regeneration

*Stakeholders, Issues and Factors Considered: Local Communities and Residents, Local Authorities, Charities*

ABP has land which is of historical and national importance and forms part of the heritage of local communities. Over the last c.6 years, ABP has worked closely with the Local Authority ('LA'), Historic England and a charitable trust to collectively develop a sustainable strategy to regenerate and re-purpose a number of buildings located in a conservation area within the port boundary.

During 2021, the Board considered a proposal to grant a long-term lease to the LA at a peppercorn rent in addition to capital to reconnect utilities to support re-letting. Alongside the reduced rent, the LA successfully bid for funding from Arts Council England to support the regeneration of three dilapidated buildings in the area. The intention is to develop community creative workspaces including studios, workshops and exhibition space. This scheme compliments other similar leases which have been granted in the area e.g. one to a local charitable trust and it is hoped that further regeneration of other properties in the area will be possible in the future.

When considering the proposal, directors considered the positive impact the regeneration would have on the local community and area, which was a key focus for the Local Authority and Historic England. In addition, the directors believe that ABP will also benefit in the long-term should the scheme be successful, with new tenants being attracted to the area supporting future revenue generation.



**Strategic report (continued)**

**8.3 Customer Investment**

*Stakeholders, Issues and Factors Considered: Customers, Infrastructure Investment*

Throughout the year, the Board has considered and approved a number of capital expenditure projects which support customers across the regions. One such example was the directors' approval of a project to contribute significant capital expenditure to build a new customer facility on our port estate, with the potential to expand in the future. The new facility would enable the transfer of the customer's operation, providing them with long-term security and potential for growth. This was balanced by entering into a long-term customer contract and lease to generate a long-term revenue stream and increase ABP's market share.

Additional capital expenditure was also approved to ensure current customers were not negatively impacted by the scheme. Alternative facilities and road infrastructure would allow existing operations to be relocated and all affected tenants and customers will be consulted as required by the planning process. The Board received in depth management proposals following internal assessments, environmental modelling and negotiation with the customer. ABP will also utilise its existing habitat compensation scheme to offset any environmental loss which may occur as part of this project, in line with the Habitats Regulation.

**Important Events after the reporting period**

Since the balance sheet date the political unrest between Russia and Ukraine has heightened, culminating with a territorial invasion of Ukraine by Russian armed forces. This situation has continued to escalate and most governments, including that of the UK, have imposed economic sanctions on Russia. Associated British Ports ("ABP"), the principal operating entity in the wider group owned by the company's ultimate parent undertaking ABP Jersey Ltd ("ABPJ"), may be impacted by the consequence of these sanctions and by the resulting reduced trade flows with Russia. As these sanctions were not in place at the balance sheet date, management have concluded that the economic impact of the Ukraine / Russia conflict is a non-adjusting post balance sheet event.

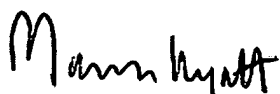
The wider group owned by ABPJ is carefully monitoring the fast changing nature and extent of the economic sanctions on Russia and is liaising with the relevant authorities (including the Department for Transport - DfT) and statutory bodies to ensure the company is compliant with any such sanctions. There is a risk that these sanctions could impact ABP's commercial contracts, which could disrupt business operations, which could as a result adversely impact the group's EBITDA.

At the time of signing the balance sheet for the year ending 31 December 2021, the DfT asked all ports in the UK not to provide access to any ship which they have reason to believe is:

- Owned, controlled, chartered, or operated by any person connected with Russia
- Owned, controlled, chartered or operated by Designated Persons
- Flying the Russian flag
- Registered in Russia.

The wider group is proactively considering the exposure to customers fitting the above mentioned criteria and the impact any such contracts would have in the financial results and headroom against its loan covenants. Based on initial findings of customers impacted by the current restrictions in place and the information presently available, the group does not expect the impact of the sanctions to cause it to default on its covenants or to otherwise threaten the viability of the group or of the company.

By Order of the Board



**MM Wyatt, Director**  
**15 March 2022**

**Directors' report**

The directors present their report and the audited accounts of the company (number 01612178) for the year ended 31 December 2021.

**Registered office**

The company's registered office is 25 Bedford Street, London, WC2E 9ES.

**Directors**

The directors who served during the year and to the date of this report were as follows:

Barr, RN		
Bryce, JA		
Bugeja LE	(resigned 1 June 2021)	
Burganov K	(appointed 15 March 2022)	
Butcher, PG	(appointed 24 June 2021)	
Machiels, EPM		
Maheshwari, P		
Newell, HM	(resigned 15 March 2022)	
Noergaard, B		
Nolan, PMG		
Pedersen, HL		
Pestak, GS		
Pugh, SN	(appointed 24 June 2021)	
Quinlan, AJ		
Rishton, J	(resigned 30 April 2021)	
Wyatt, MM		
Burganov K	(alternate to AJ Quinlan)	(appointed 10 March 2021)
Burganov K	(alternate to HM Newell)	(appointment as alternate to HM Newell ceased on resignation of HM Newell on 15 March 2022)
Butcher, PG	(alternate to JA Bryce and B Noergaard)	
Butcher, PG	(alternate to LE Bugeja)	(appointment as alternate to LE Bugeja ceased on resignation of LE Bugeja on 1 June 2021)
Butcher, PG	(alternate to SN Pugh)	(appointed 24 June 2021)
Gawron, AA	(alternate to R Barr, EPM Machiels and P Maheshwari)	(appointed 24 June 2021 and resigned on 15 March 2022)
Jabbour, M	(alternate to R Barr, EPM Machiels and P Maheshwari)	(appointed 15 March 2022)
Paris J-FM	(alternate to G Pestak)	
Yashnikov, D	(alternate to R Barr, EPM Machiels and P Maheshwari)	(resigned 1 April 2021)

**Directors' indemnities**

ABP (Jersey) Limited 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 s.234 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.

**Dividends**

The company has paid an interim dividend of £200.0m. The directors do not recommend the payment of a final dividend.

**Directors' report (continued)**

**Future outlook**

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

**Matters disclosed in the strategic report**

The directors have chosen to disclose the following matters in the strategic report:

- Financial risk management objectives and policies and details of the company's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures; and
- Important events after the reporting period
- Engagement with suppliers, customers and others in a business relationship with the company and the principal and strategic decisions taken during the year.

**Auditor re-appointment**

In accordance with s.487 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 he or she 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;
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- each director is aware that it is an offence to make a knowingly false statement.

By Order of the Board



**AM Morgan**

**Secretary**

**25 Bedford Street, London, WC2E 9ES**

**15 March 2022**

**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 UK adopted International Accounting Standards ("IAS"). 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:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 IASs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether IAS, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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

**Opinion**

We have audited the financial statements of Associated British Ports Holdings Limited (the company) for the year ended 31 December 2021 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 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

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

We have nothing to report in this regard.

**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 directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

**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.

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

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

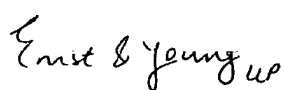
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006 and UK adopted international accounting standards).
- We understood how Associated British Ports Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit and Risk Committees and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility of fraud. We also considered performance targets and their influence on efforts made by management to manage Key Performance Indicators. Where this risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with regulations, enquiries of Legal Counsel and of Management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**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.



Lloyd Brown (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
18 March 2022

**Income statement for the year ended 31 December**

	Note	2021 £m	2020 £m
Administrative expenses	2,3	2.7	(10.7)
<b>Operating profit/(loss)</b>		<b>2.7</b>	<b>(10.7)</b>
Finance income	5	<b>254.1</b>	125.3
<b>Profit before taxation</b>		<b>256.8</b>	114.6
Taxation charge	6	<b>(26.6)</b>	(24.5)
<b>Profit for the year attributable to equity shareholders</b>		<b>230.2</b>	90.1

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.



**ASSOCIATED BRITISH PORTS HOLDINGS LIMITED ANNUAL REPORT AND ACCOUNTS 2021**

**Balance sheet as at 31 December**

	Note	2021 £m	2020 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	146.5	146.5
Trade and other receivables	8	632.7	648.1
		<b>779.2</b>	<b>794.6</b>
<b>Current assets</b>			
Trade and other receivables	8	1,329.5	1,277.1
Cash & cash equivalents		-	-
		<b>1,329.5</b>	<b>1,277.1</b>
<b>Total assets</b>		<b>2,108.7</b>	<b>2,071.7</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(30.3)	(30.5)
Provisions	11	(14.7)	(9.3)
		<b>(45.0)</b>	<b>(39.8)</b>
<b>Non-current liabilities</b>			
Trade and other payables	10	(2.2)	(0.6)
		<b>(2.2)</b>	<b>(0.6)</b>
<b>Total liabilities</b>		<b>(47.2)</b>	<b>(40.4)</b>
<b>Net assets</b>		<b>2,061.5</b>	<b>2,031.3</b>
<b>Shareholders' equity</b>			
Share Capital	12	77.5	77.5
Share Premium		130.6	130.6
Capital redemption reserve		25.5	25.5
Retained Earnings		1,827.9	1,797.7
<b>Total shareholders' equity</b>		<b>2,061.5</b>	<b>2,031.3</b>

The financial statements were approved by the Board on 15 March 2022 and signed on its behalf by:



**MM Wyatt**  
**Director**

ASSOCIATED BRITISH PORTS HOLDINGS LIMITED ANNUAL REPORT AND ACCOUNTS 2021

Statement of cash flows for the year ended 31 December

	Note	2021 £m	2020 £m
<b>Cash flows from operating activities</b>			
Cash generated by operations	13	-	-
Interest received	14	13.0	24.6
<b>Net cash inflow from operating activities</b>		<b>13.0</b>	<b>24.6</b>
<b>Cash flows from financing activities</b>			
New loans advanced		(197.0)	(49.5)
Loans repaid		184.0	24.9
<b>Net cash outflow from financing activities</b>		<b>(13.0)</b>	<b>(24.6)</b>
<b>Change in cash and cash equivalents during the year</b>			
		-	-
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

## Statement of changes in equity for the year ended 31 December

	Share capital £m	Share premium £m	Capital redemption reserve £m	Accumulated losses £m	Total £m
At 1 January 2021	77.5	130.6	25.5	1,797.7	2,031.3
Profit for the year	-	-	-	230.2	230.2
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	230.2	230.2
Transfers within reserves	-	-	-	-	-
Dividend	-	-	-	(200.0)	(200.0)
<b>At 31 December 2021</b>	<b>77.5</b>	<b>130.6</b>	<b>25.5</b>	<b>1,827.9</b>	<b>2,061.5</b>

	Share capital £m	Share premium £m	Capital redemption reserve £m	Accumulated losses £m	Total £m
At 1 January 2020	77.5	130.6	25.5	1,707.7	1,941.2
Profit for the year	-	-	-	90.1	90.1
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	90.1	90.1
Transfers within reserves	-	-	-	-	-
Dividend	-	-	-	-	-
<b>At 31 December 2020</b>	<b>77.5</b>	<b>130.6</b>	<b>25.5</b>	<b>1,797.7</b>	<b>2,031.3</b>

**Capital redemption reserve**

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

## 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. The financial statements provide comparative information in respect of the previous period.

##### *Going concern basis*

The directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the company will have adequate resources to continue to trade for the foreseeable future. In particular the directors have considered the following:

- The company has net current assets of £1,284.5m, including amounts due from parent undertakings of £1,317.8m; and
- The company has net assets of £2,061.5m, including amounts due from subsidiary undertakings of £632.2m

The company's future viability is ultimately dependent upon the performance of the wider trading group owned by the company's immediate parent undertaking, ABPA Holdings Limited ("ABPAH"), and group management's decisions on the flow of capital.

The group's business plan was developed taking in consideration the developments of the Covid-19 pandemic and its impact on business performance. Management continues to monitor the impact of the virus and potential business impacts and do not expect it to adversely impact the going concern assumption, based on the significant proportion of revenue that is contractually guaranteed, limited impact from the pandemic on 2020 and 2021 performance, and the company's ability to take effective mitigating actions to counter downside scenarios. The company has demonstrated the ability to deliver cost control measures and cost saving initiatives and to establish strict criteria for capital investment. Management will continue to forecast the company's results as new information becomes available and have modelled different scenarios, including a severe downside scenario, where headroom against the leverage covenant becomes limited within the going concern period, before mitigating actions are applied. If the actual results are significantly worse than forecast, the group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include further reductions in variable staff and other variable costs to match reduced activity, delaying or holding back its capital programme, reassess amounts distributed to shareholders and, if the downside period persists, structurally reviewing costs for further savings. As a result of the successful actions taken in the past and having identified contingency plans to react to potential adverse scenarios, management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.1 Basis of preparation (continued)

##### *Going concern basis (continued)*

Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the group. As at 31 December 2021, the group had access to £350m of committed and undrawn borrowing facilities, which are available for between one and three years. Debt maturities are spread over a range of dates, ensuring the group is not exposed to a material refinancing in any one year (see note 9 on financial risk management). In addition, the group has in place £160m of debt service reserve liquidity facilities to cover annual interest costs. These are renewed annually.

Given the nature, maturity dates and counterparties of these liabilities (as set out in note 9), as well as the group's track record of its ability to refinance debt and generate cash flows, notwithstanding the impact of the Covid-19 pandemic, the directors are confident that the company has the ability to continue to meet its liabilities as they fall due for the period 30 June 2023 and therefore the financial statements have been prepared on a going concern basis.

##### *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 group are included in the consolidated financial statements of its intermediate parent undertaking, ABPA Holdings Limited, which are available from 25 Bedford Street, London, WC2E 9ES.

##### *Statement of compliance*

These financial statements have been prepared in accordance with UK adopted International Accounting Standards.

#### 1.2 Changes in accounting policies

##### **New standards and amendments adopted**

##### ***Interest Rate Benchmark Reform – Phase 2, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The company has adopted these amendments from 1 January 2021. There was no impact on the financial statements as there are no financial assets or liabilities subject to a benchmark floating rate.

No other new standards effective for the first time for the annual reporting period commencing 1 January 2021 have a material impact on the consolidated financial statements of the company.

## 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**

The IASB and IFRIC have issued a number of standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company's current financial year. The directors do not anticipate that the adoption of these new 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 the company's financial statements 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 the directors' best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

##### **Judgements**

In the process of applying the company's accounting policies, the directors have made the following judgement which has the most significant effect on the amounts recognised in the financial statements:

##### **Recoverability of financial assets**

Group receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Ultimate realisation of principal balances depends on the performance of ABPA Holdings Limited's ("ABPAH") underlying trading group and the ability of the UK-wide ports and transport operations to generate cash flows. For the year ended 31 December 2021 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, as disclosed in the strategic report of £310.2m and cash generated by operations of £304.7m. The group's strategic plan indicates that a strong performance is forecast to continue in the future. Further attention is drawn to the company's and group's approach to risk and capital management which is set out in the company's strategic report.

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

#### 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.

##### **Financial instruments**

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held in order to collect contractual cash flows; and

**Notes to the financial statements**

**1. Accounting policies (continued)**

**1.4 Significant accounting policies (continued)**

**Financial instruments (continued)**

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Group and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (“ECLs”).

At each reporting date, the company performs an impairment analysis for all group and other receivables to measure the allowance for ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for default events that are possible within the next 12 months. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is calculated for credit losses expected over the remaining life of the exposure, irrespective of the expected timing of the default. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

The provision for expected credit losses 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.

**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 of disposal 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 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.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.4 Significant accounting policies (continued)

##### Impairment of non-financial assets (continued)

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.

##### 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. 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.

##### Provisions

Provisions are recognised when the company has an obligation in respect of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. Provisions are discounted when the time value of money is considered material.

##### 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. Operating Profit

Operating profit is stated after (crediting)/charging:

	2021 £m	2020 £m
Expected credit losses of trade and other receivables (released)/provided	(6.4)	8.2

## 3. Administrative expenses

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

	2021 £'000	2020 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	5	5

## 4. Directors and employees

Staff costs are analysed as follows:

	2021 £m	2020 £m
<b>Staff costs</b>		
Wages and salaries	3.1	1.8
Social security costs	0.5	0.3
<b>Total staff costs</b>	<b>3.6</b>	<b>2.1</b>

The monthly average number of people employed during the year was two (2020: two).

Directors' emoluments are analysed as follows:

	2021 £m	2020* £m
<b>Emoluments paid to directors of the company</b>		
Short-term employee benefits	2.9	2.7
Post-employment benefits	0.1	0.1
<b>Total directors' emoluments</b>	<b>3.0</b>	<b>2.8</b>

\*Comparative amounts have been restated to conform to current presentation.

Emoluments comprise amounts paid to the directors of the company by the company, with one director being paid by an immediate subsidiary undertaking.

Key management compensation is analysed as follows:

	2021 £m	2020* £m
<b>Key management compensation</b>		
Short-term employee benefits	2.9	2.7
Post-employment benefits	0.1	0.1
<b>Total key management compensation</b>	<b>3.0</b>	<b>2.8</b>

\*Comparative amounts have been restated to conform to current presentation.

Key management comprises the directors of the company.

Three (2020: three) directors of the company are eligible to join the Legal & General Workplace Mastertrust Pension Plan. At 31 December 2021, no (2020: no) director is a member of the Legal & General Workplace Mastertrust Pension Plan and two (2020: two) directors received an allowance for contributions towards their own pension arrangements unconnected with the group.

## Notes to the financial statements

## 4. Directors and employees (continued)

	2021 £m	2020 £m
<b>Highest paid director</b>		
Short-term employee benefits	1.4	1.3
Post-employment benefits	0.1	0.1
<b>Total highest paid director</b>	<b>1.5</b>	<b>1.4</b>

For further disclosure of amounts paid to the shareholders for the directors of the company, refer to note 14.

## 5. Finance income

	2021 £m	2020 £m
Interest on amounts due from parent undertaking	88.7	83.8
Interest on amounts due from subsidiary undertaking	35.4	41.5
Dividend income	130.0	-
<b>Net finance income</b>	<b>254.1</b>	<b>125.3</b>

## 6. Taxation

	2021 £m	2020 £m
<b>Analysis of charge for the year</b>		
Current tax	26.6	24.5
<b>Taxation</b>	<b>26.6</b>	<b>24.5</b>

Current taxation for the current and prior year represents a charge for group relief surrendered to parent undertaking, with amounts being deducted from amounts due from related parties. For further details see note 14.

The taxation charge (2020: charge) for the year is lower (2020: higher) than the standard rate of taxation in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £m	2020 £m
<b>Profit before taxation</b>	<b>256.8</b>	<b>114.6</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	48.8	21.8
Effects of:		
Items not chargeable to tax	(22.2)	-
Items not deductible for tax	-	2.7
<b>Total tax charge for the company</b>	<b>26.6</b>	<b>24.5</b>

## Notes to the financial statements

## 6. Taxation (continued)

<b>Effective tax rate</b>	<b>10.4%</b>	<b>21.4%</b>
<b>Total tax charge for the company</b>	<b>26.6</b>	<b>24.5</b>
Effects of permanent differences:		
Related party debt - disregarded	(2.5)	(2.7)
Dividend income	24.7	-
<b>Tax charge for the company after removing permanent differences</b>	<b>48.8</b>	<b>21.8</b>
<b>Tax rate after permanent differences</b>	<b>19.0%</b>	<b>19.0%</b>

The items not deductible for tax related mostly to related party debts.

## 7. Investments

Details of subsidiary undertakings are provided in note 16.

	<b>Interest in subsidiary undertakings</b>	
	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
At 1 January	146.5	146.5
<b>At 31 December</b>	<b>146.5</b>	<b>146.5</b>

## 8. Group and other receivables

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current</b>		
Amounts due from subsidiary undertakings	633.2	648.1
Provision for expected credit losses on intercompany receivables	(0.5)	-
<b>Total non-current group and other receivables</b>	<b>632.7</b>	<b>648.1</b>
<b>Current</b>		
Amounts due from parent undertaking	1,317.8	1,276.8
Amounts due from subsidiary undertaking	5.9	5.9
Provision for expected credit loss on intercompany receivables	(1.3)	(8.2)
Other receivables	7.1	2.6
<b>Total current group and other receivables</b>	<b>1,329.5</b>	<b>1,277.1</b>

Non-current amounts due from subsidiary undertakings primarily relate to a loan receivable from Associated British Ports, the company's immediate subsidiary undertaking. Current amounts due from parent undertaking relates to a balance with ABP Acquisitions UK Limited.

Amounts due from subsidiary and parent undertakings are not overdue for repayment and are not considered to be impaired. Management has undertaken an impairment analysis model to estimate the Expected Credit Losses (ECL) that are possible from default events over the next twelve months and an allowance for impairment of £1.8m has been recognised. For further details see note 14.

The most sensitive inputs to the impairment analysis is the probability of default ("PD") based on industry averages, which for 2021 meant a marginal PD of 0.12%, and the Loss Given Default ("LGD"), also based on industry averages, which for 2021 meant a LGD of 80%.

## Notes to the financial statements

### 8. Group and other receivables (continued)

An increase in the PD of 0.5% pts would increase the ECL by £7.7m. Additionally, an increase in the LGD of 10% pts would increase the ECL by £0.2m.

Other receivables comprise amounts due from external insurers for insurance claims which have been accepted by the insurers but not settled. These amounts are not overdue for payment and are not considered to be impaired.

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company does not hold any collateral as security. The company's receivables are denominated in sterling.

### 9. 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 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 Associated British Ports and ABP Acquisitions UK Limited approximates to their carrying amounts as interest charged is linked to the group's weighted average cost of debt.
- The fair value of cash and cash equivalents, current group and other receivables and current group and other payables approximates to their carrying amounts due to the short-term maturities of these instruments.

#### 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. The Board of the company monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge 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 ABP (Jersey) Limited ("ABPJ"), aims to manage these risks to an acceptable level.

#### *Liquidity risk*

Liquidity risk is managed by the wider group, owned by ABPJ, 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 committed 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:

## Notes to the financial statements

## 9. Financial instruments (continued)

## Financial risk management (continued)

	2021 £m	2020 £m
Not later than one year	30.3	30.5
More than one year but not more than two years	2.2	0.6
<b>Total payments</b>	<b>32.5</b>	<b>31.1</b>

The company did not have direct access to any undrawn borrowing facilities at 31 December 2021 (2020: £nil). The company can access committed undrawn borrowings through its immediate parent undertaking, ABP Acquisitions UK Limited as set out in the table below:

	2021 £m	2020 £m
Expiring in:		
More than one year but not more than two years	-	-
More than two years but not more than five years	350.0	400.0
<b>Undrawn borrowing facilities</b>	<b>350.0</b>	<b>400.0</b>

*Credit risk*

Credit risk with banks and financial institutions is managed by the group. The group monitors the credit risk of banking counterparties, tracking credit default swap rates and credit ratings of actual and potential counterparties.

An impairment analysis is performed at each reporting date to determine the expected credit losses. The analysis reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecasts of future economic conditions. Based on the impairment analysis the provision for loss allowance measured at an amount equal to the 12-month expected credit losses for the year ended 31 December 2021 was £1.8m (2020: £8.2m).

Given the counterparties of group and other receivables, as set out in note 8, the directors consider the company's exposure to credit risk, other than amounts already provided for, to be minimal. The maximum exposure to credit risk at 31 December 2021 for group and other receivables is the carrying value of each class of receivable.

*Capital risk*

The company finances itself with retained earnings of £1,827.9m (2020: £1,797.7m). The company's immediate parent undertaking, ABP Acquisitions UK Limited, also has committed but undrawn facilities totalling £350.0m (2020: £400.0m). 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.

## Notes to the financial statements

## 10. Group and other payables

	2021 £m	2020 £m
Amounts due to subsidiary undertakings	29.6	29.6
Accruals	0.7	0.9
<b>Total group and other payables - current</b>	<b>30.3</b>	<b>30.5</b>
	2021 £m	2020 £m
Accruals	2.2	0.6
<b>Total group and other payables – non-current</b>	<b>2.2</b>	<b>0.6</b>

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company's payables are denominated in sterling.

## 11. Provisions

	2021 £m	2020 £m
At 1 January	9.3	8.0
Charged during the year	6.3	2.2
Utilised in the year	(0.9)	(0.9)
<b>At 31 December</b>	<b>14.7</b>	<b>9.3</b>
Expected utilisation within one year	14.7	9.3

Provisions are designated as current liabilities.

The provisions relate to liabilities for certain third party claims relating primarily to property, employer's liabilities and general third party liabilities that are made against other group undertakings that are accepted and settled when appropriate by the company.

## 12. Share capital

	2021 £m	2020 £m
<b>Issued and fully paid</b>		
310,010,453 (2020: 310,010,453) ordinary shares of £0.25 each	77.5	77.5

## Notes to the financial statements

## 13. Cash flows from operations

Reconciliation of profit before taxation to cash generated by operations:	2021 £m	2020 £m
Profit before taxation	256.8	114.6
Interest income	(124.1)	(125.3)
Dividend income	(130.0)	-
Increase in provisions	5.4	1.3
Operating cash flows before movements in working capital	8.1	(9.4)
(Increase)/decrease in trade and other receivables	(9.3)	10.0
Increase/(decrease) in trade and other payables	1.2	(0.6)
<b>Cash generated by operations</b>	-	-

## 14. Related party transactions

During the year 14 (2020: 14) 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 the fees earned during the year were as follows:

	2021 £	2020 £
OMERS Infrastructure (on behalf of Borealis ABP Holdings B.V. and Borealis Ark Holdings B.V.)	105,000	105,000
Cheyne Walk Investment Pte Limited	70,000	70,000
Kuwait Investment Authority	-	35,000
Wren House Infrastructure GP LLP (acting in its capacity as general partner of Wren House Infrastructure LP) <sup>1</sup>	35,000	-
CPPIB (Hong Kong) Limited (on behalf of itself and 9348654 Canada Inc.) <sup>1</sup>	132,712	125,669

<sup>1</sup> All share classes held by Kuwait Investment Authority were transferred to Wren House Infrastructure LP, an English Limited Partnership wholly controlled by Kuwait Investment Authority, on 18 August 2021, as part of an intragroup reorganisation. The transaction did not impact the percentage holdings of any other shareholder.

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:

Name	Relationship
ABP Acquisitions UK Limited	Immediate parent 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
Immingham Bulk Terminal Limited	Immediate subsidiary undertaking
American Port Services Holdings Limited	Immediate subsidiary undertaking
Amports Vehicle Terminals Limited	Intermediate subsidiary undertaking
Amports Contract Personnel Limited	Intermediate subsidiary undertaking
Amports Cargo Services Limited	Intermediate subsidiary undertaking

## Notes to the financial statements

## 14. Related party transactions (continued)

The company has the following loan receivable with the related party:

Entity	Due date	Rate per annum	2021 £m	2020 £m
Associated British Ports	2040	6.9%	591.9	606.8

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:

Associated British Ports	2021 £m	2020 £m
Intercompany receivable at start of the year	606.8	591.4
Dividend Received	130.0	-
Increase in receivable	16.7	23.4
Interest charged – 6.9% per annum (2020: 6.9%)	35.4	41.5
Interest received	(13.0)	(24.6)
Net cash received	(184.0)	(24.9)
Intercompany receivable at end of the year	591.9	606.8

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

	2021 £m	2020 £m
ABP Acquisitions UK Limited	1,317.8	1,276.9
American Port Services Holdings Limited	4.5	4.5
Immingham Bulk Terminal Limited	1.4	1.4
Amports Holdings Limited	(25.1)	(25.1)
Amports Vehicle Terminals Limited	(1.2)	(1.2)
Amports Contract Personnel Limited	(0.4)	(0.4)
Amports Cargo Services Limited	(2.9)	(2.9)
<b>Total current balances</b>	<b>1,294.1</b>	<b>1,253.2</b>
	2021 £m	2020 £m
ABP (Aldwych) Limited	0.2	0.2
ABP Nominees Limited	41.1	41.1
<b>Total non-current balances</b>	<b>41.3</b>	<b>41.3</b>



## Notes to the financial statements

## 14. Related party transactions (continued)

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

<b>ABP Acquisitions UK Limited</b>	<b>2021 £m</b>	<b>2020 £m</b>
Intercompany receivable at start of the year	1,276.9	1,194.7
Dividend declared	(200.0)	-
Decrease in receivable	(44.8)	(51.1)
Net cash paid	197.0	49.5
Interest charged – 6.9% per annum (2020: 6.9%)	88.7	83.8
Intercompany receivable at end of the year	1,317.8	1,276.9

<b>Immingham Bulk Terminal Limited</b>	<b>2021 £m</b>	<b>2020 £m</b>
Intercompany receivable at start of the year	1.4	-
Increase in receivable	-	1.4
Intercompany receivable at end of the year	1.4	1.4

## 15. Contingent liabilities

	<b>2021 £m</b>	<b>2020 £m</b>
Contingent liabilities under claims, indemnities and guarantees:		
Guarantees in respect of group borrowings	2,250.3	2,245.5
Guarantees in respect of undrawn group borrowings	510.0	565.0
Total cross guarantees by group companies	2,760.3	2,810.5
<b>Total borrowings and undrawn facilities of group of which company is a member</b>	<b>2,760.3</b>	<b>2,810.5</b>

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

The group self-insures and certain potential liabilities retained by the company are covered by letters of credit totalling £1.4m (2020: £1.4m). The company is not required to secure any cash reserves against these letters of credit.

## Notes to the financial statements

## 16. Subsidiary undertakings

All subsidiaries have a registered address of 25 Bedford Street, London, WC2E 9ES 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 ABP, the company's powers in respect of which are governed by the Transport Act 1981 and Southampton Port Security Authority Limited, which is limited by guarantee). All ordinary shares have voting rights in the same proportion to the shareholding.

	% held by Company
<b>Subsidiary undertakings: Ports and transport</b>	
ABP Security Limited	100
Associated British Ports	(see below) <sup>1</sup>
Immingham Bulk Terminal Limited	100
W.E. Dowds (Shipping) Limited	100
<b>Subsidiary undertakings: Property</b>	
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100
Millbay Development Company Limited	100
<b>Subsidiary undertakings: Group services</b>	
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited <sup>1</sup> (domiciled in Guernsey)	100
UK Dredging Management Limited	100
W.E.D. (Services) Limited	100
<b>Subsidiary undertakings: Dormant</b>	
ABP (Aldwych) Limited	100
ABP (No. 1) Limited	100
ABP (Pension Trustees) Limited	100
ABP Connect Limited	100
ABP Marchwood Limited	100
ABP Nominees Limited	100
ABP Quest Trustees Limited	100
ABP Safeguard Limited	100
ABP Secretariat Services Limited	100
ABP Southampton Properties Limited	100
Aldwych Logistics Investments Limited	100
American Port Services Holdings Limited	100
Amports Cargo Services Limited	100
Amports Contract Personnel Limited	100
Amports Holdings Limited	100
Amports Vehicle Terminals Limited	100
Associated British Ports Investments Limited	100
Auto Shipping Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100
Grosvenor Buchanan Properties Limited <sup>2</sup> (domiciled in Scotland)	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside Asset Management Limited	100

<sup>1</sup>Under the Transport Act 1981, Associated British Ports Holdings Limited, the company's intermediate subsidiary undertaking, 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 25 Bedford Street, London, WC2E 9ES.

## Notes to the financial statements

## 16. Subsidiary undertakings (continued)

	% held by Company
<b>Subsidiary undertakings: Dormant</b> (continued)	
Grosvenor Waterside Group Limited	100
Grosvenor Waterside Developments Limited	100
Humber Pilotage (C.H.A.) Limited	100
Ipswich Port Limited	100
Marine Environmental Research Limited	100
Northern Cargo Services Limited	100
RPM Industrial Site Services Limited	100
Slater's Transport Limited	100
Southampton Free Trade Zone Limited	100
Southampton Port Security Authority Limited	(see below) <sup>3</sup>
The Teignmouth Quay Company Limited	100
Whitby Port Services Limited	100

<sup>1</sup> Registered address is Frances House, Sir William Place, St. Peter Port, Guernsey, GY1 4HQ.

<sup>2</sup> Registered address is Associated British Ports, Port Office, Ayr, Ayrshire, KA8 8AH.

<sup>3</sup> This company is a subsidiary undertaking limited by guarantee.

## 17. Ultimate parent undertaking and controlling parties

The company is a private company limited by shares registered in England and Wales. Its immediate parent undertaking is ABP Acquisitions UK Limited.

Its intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"). ABPAH produces IFRS consolidated financial statements that are available from its registered office at 25 Bedford Street, London, WC2E 9ES. 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"), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

## Notes to the financial statements

## 17. Ultimate parent undertaking and controlling parties (continued)

ABPJ is owned by a consortium of investors as shown below:

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
<b>2021</b>			
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
CPPIB (Hong Kong) Limited (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by 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
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

All share classes held by Kuwait Investment Authority were transferred to Wren House Infrastructure LP, an English Limited Partnership wholly controlled by Kuwait Investment Authority, on 18 August 2021, as part of an intragroup reorganisation. The transaction did not impact the percentage holdings of any other shareholder.

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
<b>2020</b>			
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
CPPIB (Hong Kong) Limited (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
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
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>