Registered number: 01960484

SOUTHAMPTON CONTAINER TERMINALS LIMITED

Annual report and financial statements

For the Year Ended 31 December 2022

SOUTHAMPTON CONTAINER TERMINALS LIMITED

Company Information

Directors	R B Woods M Rosenberg R A H Abdulla E T A Schulze A Shaoul A Bowen (appointed 11 July 2023) N P Loader (resigned 11 July 2023)
Company secretary	Z El Chami (appointed 17 July 2023) M Alhashimy (resigned 17 July 2023)
Registered number	01960484
Registered office	16 Palace Street London SW1E 5JQ`
Trading Address	Western Docks Southampton SO15 1DA
Independent auditor	KPMG LLP, Statutory Auditor Chartered Accountants Gateway House Tollgate Chandlers Ford Eastleigh SO53 3TG

SOUTHAMPTON CONTAINER TERMINALS LIMITED

Contents

Strategic report
For the Year Ended 31 December 2022

Introduction

We provide our customers with fast, reliable and secure services to move containers safely through the strategically located port of Southampton.

Our aim is to be the leading UK container terminal for excellent customer service. We will achieve this by:

- delivering consistently high levels of productivity
- being receptive and flexible to our customers' needs
- developing a culture of engagement and teamwork
- focusing on continuous improvement

Principal activities and business review

The profit and loss account and other comprehensive income for the year are set out on pages 13 and 14.

The main activities of the Company are unchanged. Southampton Container Terminals Limited (trading as DP World Southampton) provides container and other cargo handling services at the Port of Southampton.

The Directors consider the Company's financial position to be strong and stable.

2022 saw a gradual return to normal conditions after challenges caused by Covid-19 in 2020 and 2021.
The pandemic materially affected shipping lines ability to have the right containers in the right place at the right time, likewise customers were not able to remove containers from the port due to constraints in their domestic supply chain. Both factors led to very high levels of storage revenue. This largely normalised during 2022.

Container handling volumes showed a 4.0% decline on 2021 however turnover increased by 2.5% due to higher storage and ancillary revenue. This led to a decrease of 8.6% in operating profit and 8.7% on profit before tax compared to 2021.

For customers, DP World offers a competitive alternative to Felixstowe with a unique offer to those shipping lines wishing to develop a two-port solution for their customers – Southampton Container Terminals Limited (trading as DP World Southampton) with its south coast location, good road/rail/feeder links and high productivity levels is in a strong position to benefit from such initiatives along with DP World London Gateway.

As a result of the strong commercial positioning derived from its combined U.K port offering The Alliance, a consortium of container shipping lines, continues to use both Southampton Container Terminals Limited (trading as DP World Southampton) and DP World London Gateway as their two-port strategy within the UK.

Business and financial risks

Business Risks

Economic risks and the possibility of recession remain our biggest concern in 2023-2024. Volumes and associated income closely follows the performance of the wider UK economy. Given the macro economic uncertainty, the outlook remains difficult to forecast, however we expect the normalisation of energy prices and easing outlook for inflation to be generally helpful to our trading results.

Up to the date of this report, the Coronavirus (COVID-19) pandemic has not had a material impact on the financial results of the Company.

On the 24th February 2022 Russia launched an invasion of Ukraine. The impact of the war on the Company's trade from a shipping perspective has been minimal as there are no Russian ships or shipping lines that call at the terminal and the Company does not have any suppliers that will impact the business as a result of the war. This therefore has no negative results on the Company.

The war in Ukraine has had an impact on UK inflation because of increased costs from fuel, electricity and labour prices. The impact on electricity prices has been part mitigated by adding some new charges for energy in in the form of an energy adjustment mechanism to cover some of the increased costs. This was put in place in January 2022 as a result of increased fuel and energy costs prior to the war. This is expected to cover more than 50% of the increased costs. Other landside charges have been introduced to cover other cost increases, such as the fuel duty recovery which will compensate for the removal of the red diesel subsidy.

The speed at which supply chains normalise will most likely impact the future level of storage income and it is likely that Profit Before Tax will be lower in 2023 than experienced in 2022.

Financial Risks

The Company mostly purchases and sells in sterling. The Directors do not actively manage the remaining foreign currency risk exposures on the purchase and selling of goods overseas as these are not considered to be material.

The Company does not trade in interest rate or currency derivatives.

Given the minimal exposure of financial risk to the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. Policies set by the Board of Directors are implemented by the Company's finance department.

As a result of minimal exposure to financial risk and no investment in financial securities it is accepted that there is minimal price risk.

A number of measures are in place to ensure trade debtors do not exceed standard credit terms. These include regular meetings with finance and commercial departments to discuss issues relating to debt collection. This is an area in which the company is highly focused and is in constant communication with its customers.

The Company has low liquidity risk due to its strong attention to converting the debtor balances into cash to ensure there are sufficient liquid funds to pay its short-term liabilities.

Based on the latest cash flow forecast for 2023 and 2024 which indicates positive cash balances, the Directors believe that no overdraft facility will be required during the period to 31 December 2024.

Directors' statement of compliance with duty to promote the success of the Company

The Directors of the Company must act in a way, as defined in section 172 of the Companies Act 2006. This requires Directors to act in way which would promote the success of the Company and consider the following matters:

(a) the likely long-term consequences of decisions;
(b) the need to foster the Company's business relationships with suppliers, customers and others;
(c) the impact of the Company's operations on the community and the environment;
(d) the desirability of the Company maintaining a reputation for high standards of business conduct;
(e) the need to act fairly; and
(f) the interests of the company's employees

As part of their induction to the Company, a Director is made aware of their duties, by the Group Secretary. The following paragraphs summarise how the Directors fulfil their duties:

Long-term decisions - The Directors systematically review and monitor a Company risk register with respect to regulatory, legislative, financial and political risk and act accordingly to mitigate any long-term risks. Details of the principal risks and uncertainties can be found within this report.

Business Relationships – The Company's strategy is to grow and develop business relationships. The Directors do this by maintaining strong relationships with both suppliers and customers.

Community and Environment – The operations of the Company may have impacts on the environment and the Directors consider this when making decisions including reviewing the cargo and chemicals that the Company handles prior to their arrival and take appropriate action and care when handling dangerous materials to prevent incidents before they happen.

Maintaining a reputation for high standards of business conduct and to act fairly - The Directors periodically consider changes in health and safety legislation, anti-bribery and modern slavery legislative within the Company.

Interests of the Company's employees - The Directors promote a safe working environment for our employees and operate a global health and wellbeing programme.

By order of the board.

A S

A Shaoul
Director

Date: 19 December 2023

Directors' report
For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £28,588 thousand *(2021 - £28,642 thousand).*

Dividends of £58.0m were paid during 2022, £8.0m in March, and £50.0m in December *(2021: £5.8m).*

A dividend of £Nil was received from Community Network Services Limited during 2022 *(2021:£Nil).*

Directors

The directors who served during the year were:

R B Woods
M Rosenberg
R A H Abdulla
E T A Schulze
A Shaoul
N P Loader (resigned 11 July 2023)

Political and charitable donations

No political donations were made during the year *(2021: £Nil).*

As part of the Company's commitment to the community in which it operates donations of £33,803 were made during the year *(2021:£23,983)* to registered charities.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company's activities are to provide container and cargo handling services at the Port of Southampton. The company has prepared cash flow forecasts which the directors have reviewed covering a period to 31 December 2024. These forecasts indicate the Company will be able to continue to operate within the cash balances it has in place. The Company is currently experiencing high energy costs and higher than expected inflation. To mitigate the higher energy costs the Company has managed to pass this onto its customers through a number of new charges including Fuel Duty Recovery (to cover the removal of the red diesel subsidy) and Energy Adjustment Mechanism. In addition, its customer tariffs are linked to inflation which helps to reduce the impact of higher inflationary pressures.

A dividend of £8.0m was paid in March 2022 based on the 2021 results *(£5.8m in May 2021)*, in addition an additional deficit contribution of £2.0m was paid to the SCT pension scheme *(2021: £1.45m)*.

A further dividend of £50.0m was paid in December 2022, in addition an additional deficit contribution of £9.5m was paid to the SCT pension scheme.

No dividend is due to be paid 2023.

For the first three quarters of 2023 the company has recorded strong profits due to high storage revenues compared to the budget in the first half of the year. The company has significant cash balances, despite the dividend and pension payments in 2022.

Consequently, the directors are confident that the company will have resources to continue to meet its obligations as they fall due and continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Engagement with employees

The Directors believe in keeping employees informed on matters relevant to the business through an established system of briefings and memoranda by management and the quarterly newsletter.

Engagement with suppliers, customers and others

Our customers include major shipping lines, freight forwarders and hauliers. We work closely with them to understand their evolving needs so we can improve and adapt to meet them.

We depend on the capability and performance of our suppliers and contractors to help deliver the products and services we need for our operations and customers.

We consult with local people to gain valuable perspectives on the ways in which our activities could impact the local community or environment.

Disabled employees

The Company has a policy of giving full and fair consideration to applications for employment from registered disabled people. In cases where disablement occurs whilst at work, Company policy is, as far as possible, to continue employment and to arrange for any necessary retraining and facilities. Opportunities for training, career development and promotion apply equally across the Company to disabled and non-disabled employees alike.

Directors indemnity insurance

All Directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties.

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the Directors Report.

Directors' indemnity insurance is provided by the UK holding Company, The Peninsular and Oriental Steam Navigation Company such qualifying third party indemnity insurance remains in force as at the date of approving the Directors' report.

Greenhouse gas emissions, energy consumption and energy efficiency action

DP World UK's carbon emissions are now verified by Lloyds Register - (ISO14064) Carbon Emissions Verification.

The Company's greenhouse gas emissions and energy consumption for the year were 7,531,715 kg CO2 *(2021:19,745,598 kg CO2)**. The main driver in the reduction was the switch from diesel to HVO.

* previously quoted as 17,369,754kg CO2, subsequently amended following the ISO14064 audit in 2022.

The above data was calculated using invoiced electricity data from our landlord ABP. This data included the green and grey energy provided by ABP on a monthly basis. Red diesel and HVO data was also calculated using invoiced data provided by suppliers which included the number of litres used. CO2 calculations used the UK Government GHG Conversion Factors for company reporting and AIB for market based residual fuel mixes. These were agreed with global office.

The provision of green energy (electricity) data continued throughout 2022. Green electricity % came from 100% renewable sources. Emissions factor ZERO. It should be noted that the % of green / grey energy supplied in 2022 with the renewable proportion increasing to 78%. This did not align with previous years due to the closure of a local geothermal plant meaning reliance was placed upon green energy supplied by the grid.

Because we obtain our electricity via the Port supply, thus directly through ABP (our landlord), we do not have any control as to who we choose to be our supplier. ABP have a split electricity supply between Drax (green) & Engie (grey) and the supplied % of each provider varies on a month-by-month basis. In the short and medium term, this won't change and we'll remain part green / part grey with regards to electricity usage. This is still under investigation and discussions continue with ABP.

• Fleet vehicles – Ongoing program of Electric vehicles
• The ongoing purchase of Hybrid Straddle Carriers [65 hybrids by 2026]
• 2022-2023 - Purchase 7 hybrid straddles, decommission 7 older machines.
• 2023-2024 - Purchase 13 hybrid straddles, decommission 13 older machines.
• Alternative Fuel – HVO [Hydrotreated Vegetable Oil] was rolled out across straddle fleet in 2022
• Reefer gantries converted from diesel generator to mains electric in 2022/2023
• Electric Straddle Carriers - Feasibility study was completed by the engineering projects team in 2022

As a ratio the companies greenhouse emissions are 4.19kg per TEU *(2021: 10.55 kg per TEU*).*

* previously quoted as 9.28kg per TEU, subsequently amended following the ISO14064 audit in 2022.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP, Statutory Auditor will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 19 December 2023 and signed on its behalf.

E T A Schulze
Director

Directors' responsibilities statement
For the Year Ended 31 December 2022

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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 auditors' Report to the Members of SOUTHAMPTON CONTAINER TERMINALS LIMITED

Opinion

We have audited the financial statements of SOUTHAMPTON CONTAINER TERMINALS LIMITED ("the Company") for the year ended 31 December 2022 which comprise the Statement of Profit and Loss, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related 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 going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included;

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures and inquiry procedures to identify any unusual or unexpected relationships.
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries and the ability to understate revenue in the period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to revenue and cash where the opposite entry was posted to unusual or unexpected accounts.
- Selecting a sample of revenue invoices posted pre and post yearend and tracing them to supporting documentation to test whether revenue was recognised in the correct period.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, GDPR compliance and certain aspects of Company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Harry Mears (Senior statutory auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

Gateway House
Tollgate
Chandlers Ford
Eastleigh
SO53 3TG

20 December 2023

Profit and loss account
For the Year Ended 31 December 2022

	Note	2022 £000	*2021 £000*
Turnover	3	178,237	*173,817*
Cost of sales		(86,634)	*(77,891)*
Gross profit		91,603	*95,926*
Administrative expenses		(46,250)	*(44,780)*
Other operating income	4	5,005	*3,948*
Operating profit	6	50,358	*55,094*
Interest receivable and similar income	10	1,491	*60*
Interest payable and similar expenses	11	(16,609)	*(16,558)*
Profit before tax		35,240	*38,596*
Tax on profit	12	(6,652)	*(9,954)*
Profit for the financial year		28,588	*28,642*

The notes on pages 20 to 47 form part of these financial statements.

All activities in the current and prior year are continuing.

Statement of comprehensive income
For the Year Ended 31 December 2022

	Note	2022 £000	*2021 £000*
Profit for the financial year		28,588	*28,642*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes		(9,486)	*15,631*
Movement of deferred tax relating to pension surplus/(deficit)		526	*(3,519)*
Other items of other comprehensive income		1,822	-
Current tax arising on gains / (losses) in the pension scheme		1,362	*615*
		(5,776)	*12,727*
Total comprehensive income for the year		22,812	*41,369*

The notes on pages 20 to 47 form part of these financial statements.

Balance sheet
As at 31 December 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	13		672		*832*
Tangible assets	14		455,251		*450,193*
Investments	15		1,182		*1,182*
			457,105		*452,207*
Current assets					
Stocks	16	3,350		*2,586*	
Debtors: amounts falling due within one year	17	35,988		*26,070*	
Current asset investments	19	10,561		*10,454*	
Cash at bank and in hand	18	55,698		*88,030*	
		105,597		*127,140*	
Creditors: amounts falling due within one year	20	(75,829)		*(65,518)*	
Net current assets			29,768		*61,622*
Total assets less current liabilities			486,873		*513,829*
Creditors: amounts falling due after more than one year	21		(362,504)		*(349,435)*
			124,369		*164,394*
Provisions for liabilities					
Deferred taxation		(10,399)		*(10,804)*	
			(10,399)		*(10,804)*
Net assets excluding pension asset/liability			113,970		*153,590*
Pension asset/liability	28		4,176		*(256)*
Net assets			118,146		*153,334*

Balance sheet (continued)
As at 31 December 2022

	Note	2022 £000	*2021 £000*
Capital and reserves			
Called up share capital	24	3,725	*3,725*
Profit and loss account	25	114,421	*149,609*
		118,146	*153,334*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2023.

A Shaoul
Director

E T A Schulze
Director

The notes on pages 20 to 47 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	3,725	149,609	153,334
Comprehensive income for the year			
Profit for the year	-	28,588	28,588
Actuarial losses on pension scheme	-	(8,960)	(8,960)
Other items of other comprehensive income	-	1,822	1,822
Current tax arising on gains in the pension scheme	-	1,362	1,362
Other comprehensive income for the year	-	(5,776)	(5,776)
Total comprehensive income for the year	-	22,812	22,812
Contributions by and distributions to owners			
Dividends: Equity capital	-	(58,000)	(58,000)
Total transactions with owners	-	(58,000)	(58,000)
At 31 December 2022	3,725	114,421	118,146

The notes on pages 20 to 47 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	3,725	116,125	119,850
Comprehensive income for the year			
Profit for the year	-	28,642	28,642
Actuarial gains on pension scheme	-	12,112	12,112
Current tax arising on (losses) / gains in the pension scheme	-	(1,437)	(1,437)
Other comprehensive income for the year	-	10,675	10,675
Total comprehensive income for the year	-	39,317	39,317
Contributions by and distributions to owners			
Dividends: Equity capital	-	(5,833)	(5,833)
Total transactions with owners	-	(5,833)	(5,833)
At 31 December 2021	3,725	149,609	153,334

The notes on pages 20 to 47 form part of these financial statements.

1. Accounting policies

Southampton Container Terminals Limited, trading as DP World Southampton (the "Company") is a private Company limited by shares incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure in conformity with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The largest group of companies for which consolidated financial statements are prepared and which are publicly available and in which the Company is consolidated is DP World Limited (formerly DP World PLC). The consolidated financial statements of DP World Limited (formerly DP World PLC) are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from address as stated in note 30.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases ;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of DP World PLC (Formerly DP World Limited) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date

1. Accounting policies (continued)

and the amounts reported for revenues and expenses during the year. The directors consider the critical judgements, estimates and assumptions for the year ended 31 December 2022 includes pension assumptions, intangible assets, useful economic life and capitalisation. Please refer to relevant accounting policy notes for more details.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company's activities are to provide container and cargo handling services at the Port of Southampton. The company has prepared cash flow forecasts which the directors have reviewed covering a period to 31 December 2024. These forecasts indicate the Company will be able to continue to operate within the cash balances it has in place. The Company is currently experiencing high energy costs and higher than expected inflation. To mitigate the higher energy costs the Company has managed to pass this onto its customers through a number of new charges including Fuel Duty Recovery (to cover the removal of the red diesel subsidy) and Energy Adjustment Mechanism. In addition, its customer tariffs are linked to inflation which helps to reduce the impact of higher inflationary pressures.

A dividend of £8.0m was paid in March 2022 based on the 2021 results (£5.8m in May 2021), in addition an additional deficit contribution of £2.0m was paid to the SCT pension scheme (2021: £1.45m).

A further dividend of £50.0m was paid in December 2022, in addition an additional deficit contribution of £9.5m was paid to the SCT pension scheme.

No dividend is due to be paid 2023.

For the first three quarters of 2023 the company has recorded strong profits due to high storage revenues compared to the budget in the first half of the year. The company has significant cash balances, despite the dividend and pension payments in 2022.

Consequently, the directors are confident that the company will have resources to continue to meet its obligations as they fall due and continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1. Accounting policies (continued)

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Investments in equity

Investments in subsidiaries are carried at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, except where more than 3 month notice is required to access funds, these are included in current asset investments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

Buildings, dock structures, roads and quays	- 5 to 25 years
Plant and equipment	- 5 to 25 years
Motor vehicles	- 3 to 5 years
Computer equipment	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Right of use assets are depreciated over a useful economic life equal to the relative lease term.

1.6 Intangible assets

Intangible assets refer principally to computer software and are carried at cost less accumulated amortisation. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of those involved in the software development. Expenditure which enhances or extends the performance of identifiable computer software products beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 10 years.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised software costs - 3 to 10 years

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle.

1. Accounting policies (continued)

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.
Lifetime expected credit losses (ECL) are calculated using a provision matrix, which includes global economic factors. In addition, major customers are given a weighting based on their payment history as a management adjustment to the the calculated ECL .

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that has maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return

1. Accounting policies (continued)

on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of a group wide defined benefit pension scheme, the SCT Pension Scheme. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by Southampton Container Terminals Limited (trading as DP World Southampton).

1.10 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease

1. Accounting policies (continued)

1.10 Leases (continued)

payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.5.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Revenue

The Company's revenue mainly consists of port related services (containerised stevedoring and ancillary services).

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for the performance of a service. Revenue is net of discounts, rebates, VAT and other sales taxes or duty. Revenue from providing containerised stevedoring, other containerised services and non containerised services is recognised on the completion of the service (on vessel departure). Storage charges are accrued on a daily basis.

1.13 Expenses

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

1. Accounting policies (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether there are any indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration include the economic viability and expected future financial performance of an asset.

Other key sources of estimation uncertainty include:

Tangible fixed assets (see note 14)
Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets, and residual values, are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product lifecycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred tax (see note 23)
Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that the underlying temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of the tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

3. Revenue

All the Company's revenue is generated from the principal activities in the UK.

Turnover from contracts with customers

(i) In the following tables, revenue is disaggregated by primary geographical market, major service lines and timing of revenue recognition.

	2022	*2021*
	£000	*£000*
An analysis of turnover by class of business is as follows:		
Handling of containers	98,822	*96,576*
Ancillary services	79,415	*77,241*
	178,237	*173,817*

	2022	*2021*
	£000	*£000*
An analysis of turnover by destination:		
United Kingdom	178,237	*173,817*
	178,237	*173,817*

	2022	*2021*
	£000	*£000*
Timing of revenue recognition		
Goods and services transferred at a point in time	130,073	*124,978*
Goods and services transferred over time	48,164	*48,839*
	178,237	*173,817*

4. Other operating income

	2022 **£000**	*2021* *£000*
Other operating income	4,857	*3,698*
Government grants receivable	148	*250*
	5,005	*3,948*

Other operating income consists of recharges to Community Network Services Limited including payroll and other costs incurred.

5. Leases

Company as a lessee

The land the company operates on is leased from Associated British Ports, in addition there are a number of smaller leases relating to items such as coffee machines, photocopiers etc

Lease liabilities are due as follows:

	2022	*2021*
	£000	*£000*
Not later than one year	25,979	*23,588*
Between one year and five years	87,601	*82,968*
Later than five years	269,456	*261,106*
	383,036	*367,662*

Contractual undiscounted cash flows are due as follows:

	2022	*2021*
	£000	*£000*
Not later than one year	25,979	*23,588*
Between one year and five years	103,846	*94,138*
Later than five years	495,932	*500,111*
	625,757	*617,837*

There is no significant liquidity risk to the business based on projections into the foreseeable future.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022	*2021*
	£000	*£000*
Interest expense on lease liabilities	16,524	*16,258*

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £000	*2021* *£000*
Depreciation of tangible fixed assets	26,784	*26,170*
Amortisation of intangible assets, including goodwill	272	*364*
Defined contribution pension cost	1,322	*1,124*
Defined benefit pension cost	2,834	*3,426*
Government grants	(148)	*(250)*

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022 £000	*2021* *£000*
Auditors' remuneration	100	*75*

8. Directors' remuneration

	2022 £000	*2021* *£000*
Directors' emoluments	367	*286*
Amounts receivable under long-term incentive schemes	69	*70*
	436	*356*

Directors' remuneration in 2022 relates to Ernst Schulze (UK CEO),N.P Loader (UK COO) and Alan Shaoul (UK CFO). Directors remuneration does not include salary payments made to non- executive directors appointed by the Company's shareholders, since any qualifying services in respect of the Company are considered to be incidental and part of these directors overall management responsibilities within DP World. Directors remuneration does not include salary payments made to other executive directors who are employed within the DP World group.

The highest paid Director received emoluments of £184,096 *(2021: £117,379*) and pension contributions of £13,993 *(2021: £Nil)*.

There is 1 director accruing benefits under money purchase schemes *(2021: Nil)*.

9. Employees

	2022 £000	*2021 £000*
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	36,665	*33,454*
Staff national insurance	2,967	*2,602*
Pension scheme charge	2,834	*3,426*
Other pension costs (Defined Contribution Scheme)	1,322	*1,124*
	43,788	*40,606*

	2022 £000	*2021 £000*
The average monthly number of employees, including the directors, during the year was as follows:		
Operations	385	*377*
Engineering	131	*131*
Administration	55	*53*
	571	*561*

10. Interest receivable

	2022 £000	*2021 £000*
Bank interest receivable	1,338	*60*
Pension interest receivable	153	-
	1,491	*60*

11. Interest payable and similar expenses

	2022 £000	2021 £000
Other loan interest payable	85	76
Interest on lease liabilities	16,524	16,258
Other interest payable	-	224
	16,609	16,558

Other interest payable relates to interest on the IAS 19 liability in 2021.

12. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	6,531	5,985
Adjustments in respect of previous periods	-	318
	6,531	6,303
Total current tax	6,531	6,303
Deferred tax		
Origination and reversal of timing differences	92	1,428
Changes to tax rates	29	2,298
Adjustments in respect of prior years	-	(75)
Total deferred tax	121	3,651
Taxation on profit on ordinary activities	6,652	9,954

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 **£000**	*2021* *£000*
Profit on ordinary activities before tax	35,240	*38,596*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	6,696	*7,333*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16	*13*
Depreciation for year in excess of capital allowances	(89)	*68*
Adjustments to tax charge in respect of prior periods	-	*242*
Increase on tax rate on deferred tax balances	29	*2,298*
Total tax charge for the year	6,652	*9,954*

Deferred tax charge recognised in other comprehensive income

	2022 £000	2021 £000
Remeasurements of defined benefit liability	(526)	3,500

Factors that may affect future tax charges

The UK corporation tax rate was retained at 19% from 1 April 2022. The measure was announced in the Budget held on 3 March 2021 and was substantively enacted on 24 May 2021.
In the 2021 Budget held on 3 March 2021, it was announced that the main UK corporation tax rate will increase to 25% from 1 April 2023. The Finance Act 2021, which incorporates this announcement, was substantively enacted on 24 May 2021. Accordingly, the deferred tax balances have been measured using a tax rate of 25% (2021:19%)

13. Intangible assets

	£000
Cost	
At 1 January 2022	5,011
Additions - external	112
Disposals	(85)
At 31 December 2022	5,038
Amortisation	
At 1 January 2022	4,179
Charge for the year on owned assets	272
On disposals	(85)
At 31 December 2022	4,366
Net book value	
At 31 December 2022	672
At 31 December 2021	*832*

14. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2022	465,469	145,263	610,732
Additions	29,971	1,920	31,891
Disposals	(2,547)	(2,569)	(5,116)
At 31 December 2022	492,893	144,614	637,507
Depreciation			
At 1 January 2022	89,505	71,034	160,539
Charge for the year on owned assets	3,491	9,159	12,650
Charge for the year on right-of-use assets	14,100	34	14,134
Disposals	(2,491)	(2,576)	(5,067)
At 31 December 2022	104,605	77,651	182,256
Net book value			
At 31 December 2022	388,288	66,963	455,251
At 31 December 2021	*375,964*	*74,229*	*450,193*

Included in Long-term leasehold property additions is £23,000k in respect of right of use assets. Included in Plant and machinery additions is £25k, and disposals of £52k in respect of right of use assets. The carrying value of right of use assets is £351,214k in Long-term leasehold property and £93k in Plant and machinery.

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	1,182
At 31 December 2022	1,182

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Community Network Services Limited	England	Ordinary	99.5
Solent Container Services Limited	England	Ordinary	100
SCT Pension Trustees Limited	England	Ordinary	99
SCT Nominees Limited	England	Ordinary	100
UK EDI Limited (indirectly owned)	England	Ordinary	100

16. Stocks

	2022 £000	*2021 £000*
Spares and consumables	3,350	*2,586*
	3,350	*2,586*

17. Debtors

	2022 £000	2021 £000
Trade debtors	21,210	18,668
Amounts owed by group undertakings	10,374	3,057
Other debtors	1,978	1,742
Prepayments and accrued income	2,426	2,603
	35,988	26,070

18. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	55,698	88,030
	55,698	88,030

19. Current asset investments

	2022 £000	2021 £000
Short term deposit	10,561	10,454
	10,561	10,454

The account is a rolling 95 day deposit account, which cannot be accessed earlier than the 95 day notice period.

20. Creditors: Amounts falling due within one year

	2022 **£000**	*2021* *£000*
Trade creditors	6,300	*3,216*
Amounts owed to group undertakings	20,012	*13,955*
Corporation tax	5,263	*8,315*
Other taxation and social security	1,456	*1,467*
Lease liabilities	25,979	*23,588*
Other creditors	158	*527*
Accruals and deferred income	16,661	*14,450*
	75,829	*65,518*

21. Creditors: Amounts falling due after more than one year

	2022 **£000**	*2021* *£000*
Lease liabilities	357,057	*344,074*
Other creditors	5,447	*5,361*
	362,504	*349,435*

22. Financial instruments

The only financial instruments that the Company holds are cash and trade debtors

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company believes there is very minimal credit risk due to the fact that there are strong credit control processes in place with regular credit control meetings with management, good relationships with the Company's customers with some of those customers paying by direct debit. Past experience has shown there is a limited requirement for a credit risk provision, however in line with group policy a credit risk provision has been made in 2022. The maximum exposure to credit risk at the year end is considered to be £1,112k *(2021: £1,826k)*

The aging of trade receivables at the balance sheet date was

	£000 2022	*£000* 2021
Not past due	11,930	*10,777*
Past due 0-30 days	6,060	*7,513*
Past due 31-120 days	3,047	*427*
More than 120 days	173	*(49)*
	21,210	*18,668*

The Company considers the credit quality of the Not past due to be strong, based on knowledge of its customer base and from past experience. However in line with group policy a credit risk provision has been made in 2022.

Financial assets

Financial assets measured at fair value through profit or loss	55,698	*88,030*
Financial assets that are debt instruments measured at amortised cost	44,330	*33,389*
	100,028	*121,419*

Financial liabilities

Financial liabilities measured at amortised cost	(45,227)	*(33,236)*

23. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	11.237	11,116	11,237	11,116
Employee benefits	(597)	(63)	-	-	(597)	(63)
IFRS16	(211)	(219)	-	-	(211)	(219)
Other	(30)	(30)	-	-	(30)	(30)
Deferred Tax (assets) / liabilities	(838)	(312)	11,237	11,116	10,399	10,804

Movement in deferred tax during the year

	1 January 2022	Recognised in income	Recognised in equity	31 December 2022
	£000	£000	£000	£000
Tangible fixed assets	11,116	121	-	11,237
Employee benefits	(63)	-	(534)	(597)
IFRS16	(219)	-	8	(211)
Other	(30)	-	-	(30)
	10,804	121	(526)	10,399

Movement in deferred tax during the prior year

	1 January 2021	Recognised in income	Recognised in equity	31 December 2021
	£000	£000	£000	£000
Tangible fixed assets	7,321	3,795	-	11,116
Industrial buildings	157	(157)	-	-
Employee benefits	(3,628)	-	3,565	(63)
IFRS16	(154)	-	(65)	(219)
Other	(62)	32	-	(30)
	3,634	3,670	3,500	10,804

24. Share capital

	2022 £000	*2021 £000*
Authorised		
50,000,000 *(2021 - 50,000,000)* Ordinary Shares shares of £0.10 each	5,000	*5,000*
Allotted, called up and fully paid		
37,250,000 *(2021 - 37,250,000)* Ordinary Shares shares of £0.10 each	3,725	*3,725*

25. Reserves

Profit and loss account

	Profit and loss account £000
As at 31 December 2020	116,125
Actuarial gain on defined benefit pension plan	12,112
Tax on pension scheme recognised in other comprehensive income	(1,437)
Retained profit for the financial year	28,642
Dividend Paid	(5,833)
At 31 December 2021	149,609

	Profit and loss account £000
As at 31 December 2021	149,609
Actuarial loss on defined benefit pension plan	(8,960)
Other OCI Adjustments	1,822
Tax on pension scheme recognised in other comprehensive income	1,362
Retained profit for the financial year	28,588
Dividend paid	(58,000)
At 31 December 2022	114,421

26. Contingent liabilities

On September 2022 an incident occurred at the business unit which required the Health and Safety Executive to visit the Company. The investigation is ongoing and the outcome uncertain. The directors believe that any fine, in the event one is levied, would be capable of being dealt with by prudent fiscal management.

27. Capital commitments

During the year ended 31 December 2022, the Company entered into contracts to purchase property, plant and equipment of £2,252k (*2021: £1*,968k), all of which are due within one year.

28. Pension commitments

The Company operates a Defined benefit pension scheme.

Profile of the Scheme

The defined benefit obligation includes benefits for active members (current employees), deferred members (former employees) and current pensioners.

Broadly, about 40% of the liabilities are attributable to active members, 16% to deferred members and 44% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the durations is around 16 years reflecting the approximate split of the defined benefit obligation between active members (duration of 22 years), deferred pensioners (duration of 17 years) and current pensioners (duration 10 years).

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the scheme was carried out by a qualified actuary as at 5 April 2022 and it showed a deficit of £9.5 million. Following that valuation the Company agreed to pay:

- 18.5% pa of pensionable salaries for future accrual of benefits and the cost of insuring certain death in service benefits;

- Contributions of £3,600,000 pa to eliminate the Technical Provisions deficit, payable monthly up to and including November 2022, plus a further payment of £2,000,000 related to a dividend payment to the shareholder made in March 2022, with a further one-off payment of £9,500,000 payable in December 2022;

- Contributions appropriate to cover administration costs up to a maximum of £230,000 pa; and

- The Pension Protection Fund levy and other levies collected by the Pensions Regulator.

In addition, active members will contribute 12.3% pa of Pensionable Salaries for future accrual of benefits.

The next funding valuation will be carried out with an effective date of 5 April 2025, when the funding of

28. Pension commitments (continued)

the scheme will be reviewed. In the event that the valuation reveals a larger deficit than expected then the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

During the year ended 31 December 2022 the Company paid contributions of £16,544,000 to the Scheme. Company contributions to the Scheme in the year to 31 December 2023 are estimated to be £1,481,000.

Reconciliation of present value of plan liabilities:

	2022 £000	2021 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	194,090	*206,695*
Current service cost	2,531	*3,002*
Interest cost	3,824	*2,864*
Actuarial gains / (losses)	(68,692)	*(14,248)*
Contributions	960	*1,016*
Benefits paid	(6,986)	*(5,239)*
At the end of the year	125,727	*194,090*

Reconciliation of present value of plan assets:

	2022 £000	2021 £000
At the beginning of the year	193,834	*187,598*
Current service cost	(248)	*(383)*
Interest cost	3,977	*2,642*
Actuarial gains / (losses)	(78,178)	*1,383*
Contributions paid by employer	16,544	*6,817*
Benefits paid	(6,986)	*(5,239)*
Contributions paid by employee	960	*1,016*
At the end of the year	129,903	*193,834*

28. Pension commitments (continued)

Composition of plan assets:

	2022 £000	2021 £000
Cash and cash equivalents	5,602	3,544
Equities and other growth assets	46,478	67,932
Corporate bonds	30,967	24,440
LDI	40,152	81,793
Insured pensions	1,372	1,815
Property	5,332	14,429
Total plan assets	129,903	193,953

	2022 £000	2021 £000
Fair value of plan assets	129,903	193,834
Present value of plan liabilities	(125,727)	(194,090)
Net pension scheme asset / (liability)	4,176	(256)

Total

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022 %	2021 %
Discount rate	4.8	2.0
Future salary increases	2.5	2.5
Future pension increases	2.9	3.0
RPI Inflation	3.0	3.1
CPI Inflation	2.3	2.3
Mortality rates		
- for a male aged 65 now	21.9	21.4
- at 65 for a male aged 45 now	23.2	22.7
- for a female aged 65 now	24.2	23.2
- at 65 for a female member aged 45 now	25.7	24.7

28. Pension commitments (continued)

Transfer take-up	No allowance	No allowance
Cash commutation	Members assumed to take 2/3rds of their maximum cash lump sum at retirement	Members assumed to take 2/3rds of their maximum cash lump sum at retirement

Sensitivity analysis

The key assumptions used for IAS 19/FRS 101 are: discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows.

	2022 £000	2021 £000
Discount rate-0.1% pa decrease	1,858	3,831
Inflation-0.1% pa increase	695	1,444
Long term rate of mortality-1.5% pa increase (0.25%pa in 2021)	777	2,098

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

The Scheme operates a cap on pensionable salary increase of 2.5% pa and therefore the results are not particularly sensitive to changes in the assumption for the rate of increase in salaries. There is no medical cost trend assumption as this relates to post-retirement medical benefits rather than the defined benefit obligation. The sensitivity to changes in the assumptions for pension increases is included in the inflation sensitivity above.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,322,456 *(2021:£1,123,967)*. This includes life assurance of £197,049 *(2021:£160,189)*.

29. Related party disclosures

The Company has taken advantage of the exemption from disclosing transactions with entities which are wholly owned by the group. There are no related party transactions with respect to directors of the business.

30. Ultimate parent Company and parent Company of larger group

The smallest Group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is The Peninsular and Oriental Steam Navigation Company, its ultimate United Kingdom parent undertaking, and U.K. controlling party, a Company incorporated by Royal Charter and therefore not registered, copies of whose accounts can be obtained from: The Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.

The largest group of Companies for which consolidated financial statements are prepared and which are publicly available and in which the Company is consolidated is DP World Limited (formerly DP World PLC) a Company limited by shares incorporated in Dubai.

In the opinion of the Directors, the ultimate controlling parent undertaking as at 31 December 2022 was Port & Free Zone World FZE, which owns 100% of DP World Limited (formerly DP World PLC).

Port and Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent Company of the Company but which does not exert control over the Company.

Both Port & Free Zone World FZE and Dubai World Corporation have their registered offices at Jebel Ali Free Zone, P.O Box 17000, Dubai, United Arab Emirates.