

Company Registration No: 2981652

BIRKENHEAD PORT LIMITED

**Report and Financial Statements
For the year ended 31 March 2022**

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REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I McLaren
C Veritiero
M Whitworth

COMPANY SECRETARY

F A Khan

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
Liverpool
L21 1LA

AUDITOR

BDO LLP
Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT
United Kingdom

STRATEGIC REPORT

The directors present their Strategic Report, Directors' Report and the audited financial statements of the Company for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is the Statutory Harbour Authority for Twelve Quays at Birkenhead Docks.

RESULTS AND DIVIDENDS

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements, and are discussed further in the business review below.

The directors proposed and paid interim dividends of £9.0m (2021: £6.0m).

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS

Summary of results

The Company's results and financial position are set out in the profit and loss account and balance sheet respectively.

Net assets were £4.5m at 31 March 2022 (2021: £3.4m). In addition to the profit for the financial year of £10.1m (2021: £7.1m), the net asset position has moved as a result of the payment of interim dividends of £9.0m (2021: £6.0m).

Summary of key performance indicators

The directors use annual budgets as the basis for measuring Company performance.

The directors have monitored the progress of the overall Company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators for the continuing business.

	2022	2021	Absolute Change	% Change	Method of calculation
Turnover (£m)	10.2	7.2	3.0	41.7	Year-on-year change
Tonnage throughput (million)	3.4	2.7	0.7	25.9	Year-on-year change using standard tonnage measures for the Ports industry

Because of the limited nature of the Company's activities, further key performance indicators are not presented. The level of business activity was in line with expectations. It is anticipated that the present level of business activity will be at least maintained.

The results for the year ended 31 March 2022 include the continuing effect of disruption caused by the global COVID-19 pandemic, which disrupted sailings to and from the Twelve Quays RoRo terminal at Birkenhead Docks.

PRINCIPAL RISKS AND UNCERTAINTIES

Birkenhead Port Limited is a subsidiary of Peel Ports Group Limited. Peel Ports Group Limited and its subsidiaries ("the Group") operate as the Statutory Harbour Authority for the Port of Liverpool, the Manchester Ship Canal, the River Mersey, parts of the area along and around the River Clyde, Ardrossan Harbour, Twelve Quays at Birkenhead Docks and Heysham Port. In addition, the Group operates Great Yarmouth Port as an agent of Great Yarmouth Port Authority, the Statutory Harbour Authority for that port, on a long-term basis. Container facilities, freight forwarding and cargo handling services are also provided at Dublin Port under concession. References to "the Group" below are in respect of the Peel Ports Group group of companies, which the Company is part of.

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****COVID-19**

At the time of preparing this annual report, there is cautious optimism that the worst of the COVID-19 pandemic is now behind us and that there will be a period of greater stability and normality. However, should new variants emerge that result in the reinstatement of measures, then the Group has shown itself capable of responding with agility to both risks and opportunities.

The pandemic provided an unhelpful backdrop to trading in the year ended 31 March 2022, particularly the emergence of the more infectious omicron variant, and required continuing focus on measures to safeguard employees while operating as close to normal as possible. The measures taken in the prior year, the less severe nature of the latest variants and the successful roll out of the UK's vaccine programme meant that Group operations were subject to significantly less disruption than in the previous financial year.

Ukraine

At the time of preparing this report, the war in Ukraine is continuing following the territorial invasion by Russia. Most governments, including that of the UK, have imposed economic sanctions on Russia and this has placed certain obligations on the Group's ports with respect to vessels that seek to enter their areas of jurisdiction. The Group engages with the Department for Transport and other statutory bodies to ensure that the Group complies with the sanctions. This may result in disruption to the handling of certain commodities, though it is not anticipated this will have a material effect on the Group.

Operational*Health and safety – landside*

The nature of the Group's activities is such that many operational tasks are hazardous, however, it is our view that all hazards can be controlled and all injuries can be prevented. All cargoes passing over the quay need to be handled with care and in accordance with risk assessments and safe systems of work. The Board of Directors is committed to ensuring that the Group complies with all appropriate health and safety requirements and to achieving continuous improvement to the effectiveness of the Group's health and safety management. The safety of its workforce, and anyone who enters the working environment, is an essential part of the Group's overall strategy.

It is Peel Ports' policy that health and safety should be placed to the fore in the conduct of our operations. This was particularly evident in the Group's response to the COVID-19 pandemic.

The Group's operational approach to health and safety matters is overseen by an Environment, Health and Safety Governance Committee, chaired by the Group Chief Executive Officer. From April 2022, this Committee was joined by Unite the Union's National Officer to further enhance the engagement with employee representatives on health and safety priorities.

The investment that the Group has made in recent years was recognised externally in June 2020, when Port Skills and Safety announced their annual benchmarking results for 2020, ranking Peel Ports in first place for the lowest rate of significant injuries as measured by lost-time incidents. Peel Ports also delivered the highest rate of hazard reporting, which evidences the proactive approach our employees take in order to mitigate risks. The Group has continued to rank highly in subsequent benchmarking surveys.

For the year ended 31 March 2022, the Group had targeted a Total Recordable Injury Rate (TRIR) of 0.55. TRIR includes lost time incidents, restricted workday incidents and medical treatment incidents. This target was achieved with a final TRIR of 0.53, which is also an improvement against the 0.65 recorded in the previous financial year. The Group will continue to set challenging targets so as to drive a culture of continuous improvement in this area.

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Operational (continued)***Health and safety – landside (continued)*

The Group has continued to enhance its focus on health and safety in the year ended 31 March 2022, with further investment in staff development, training and safety equipment. A new three-year Environment, Health and Safety strategy was announced in March 2022. The strategy is based on eight themes, including the further development of mental health initiatives. Also, following a successful programme within Peel Ports' container businesses, STC Insiso have been engaged to deliver SuperVision training for team leaders across the Group. Among many other initiatives, Peel Ports has committed to supporting all union safety representatives with NEBOSH certificate training on a voluntary basis.

With respect to equipment, following the enhancement of the Group's "Work at Height" standards, an improved hard hat, commonly known as the Rock Dynamo Plus with an integrated chin strap, was issued. This provides a significantly higher standard of head protection compared to a standard industrial helmet. In January 2022, the EHS element of the Group's SAP deployment went live, which will provide for more integrated reporting of EHS matters. Further initiatives are planned with the objective of continuing the progress made so far in reducing the incidence of injury and ill-health.

Continued and targeted investment in this area will make a significant contribution to:

- Reducing the risk of injury to employees and others who enter the Group's working environment;
- Protecting the health of employees;
- Building a strong and effective safety culture among employees at every level; and
- Demonstrating full compliance with all statutory requirements in this area.

This investment is intended to maintain Peel Ports' reputation as a 'responsible operator' amongst all stakeholders, including the communities in which the Group operates.

Health and safety – marine

Marine incidents, which could include vessels colliding or foundering, have the potential to cause injury or loss of life. The Group has in place several safety processes, including risk assessments, vessel traffic services, pilotage and hydrography to mitigate this risk.

Several of the Group's subsidiary port companies are Statutory Harbour Authorities with some also being designated Competent Harbour Authorities. As a Statutory Harbour Authority, they have a duty to conserve the harbour so that it is fit for use as a port and a duty of reasonable care to see that the harbour is in a fit condition for a vessel to utilise it safely.

In addition, as a Competent Harbour Authority, it has a duty to assess what, if any, pilotage services are required to secure the safety of ships, and to provide services as deemed necessary.

A local port marine safety management system, operated within the wider Group Marine Safety Management System, which is derived from formal risk assessments developed from formal hazard observations, is the principal control measure in place to ensure the entire operation is run at as low a risk as is reasonably practicable. A programme of internal marine safety management system audits, supported by external audits and an independent designated person, are utilised to maintain the integrity of the system. Each port maintains a Marine and Coastguard Agency (MCA) endorsed oil spill response plan with distinctive tiered plans, supported by external contractors at notice, depending on the size of the incident. A regular series of exercises to test readiness underpin these responses. A Group Emergency Plan, supported by Local Port Emergency Plans, lays out the organisation of the emergency response.

Capital expenditure projects

The efficient management of the Group's projected capital expenditure will impact on the ability of the Group to complete projects on time and deliver the expected financial returns. In addition to the Group's own experience of completing capital projects, additional personnel with experience of managing major construction projects are recruited from time to time to mitigate this risk.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational (continued)

Resilience of operational assets

The nature of ports is such that operations are reliant on the infrastructure of those ports, including quaysides, lock gates, cranes and warehousing. The Group invests significantly in capital maintenance in order to mitigate the risk of major infrastructure failure which could adversely affect the operations of the respective ports.

Cyber security

As well as the risk to our physical infrastructure, like most businesses, the Group faces risks associated with a cyber security breach. Threats can vary in their complexity and sophistication and can potentially have a negative impact on organisations of all sizes. Although the Group has successfully avoided any significant disruption from threats to date, a steady increase in the number of phishing scams and malicious software creation, mean that the Group will continue to be at risk of cyber-attack that could compromise the Group's IT environment. Over a number of years, the Group has increased its investment in this area to put in place appropriate resilience and recovery measures as well as a comprehensive employee training programme to raise awareness and defend against malicious attacks. This is reinforced by regular tests to ensure that employees remain vigilant. We employ a range of industry-standard security products, both internally and on our network perimeters. Formal security and IT conditions of use policies are established, which define security standards and acceptable use.

The Group has a dedicated Cyber Security and Information Security team who are responsible for identifying and resolving security incidents, and for advising on group policy with regards to information security. Strong relationships are maintained with the National Cyber Security Centre and the Cyber Compliance Team of the Department for Transport, and the Group is represented on the Maritime Information Exchange, which facilitates the sharing of threats and intelligence amongst members of the UK maritime security industry.

Technology and innovation

The rate of development of technology and innovation continues to be a strategic risk, and opportunity, for many businesses. The construction of the Liverpool2 container-handling terminal at the Port of Liverpool provided an opportunity to future-proof aspects of our port-wide technology. We have also invested in other technology that has improved the effectiveness and resilience of operations, including a group-wide vessel traffic management system and the deployment of a business-wide Enterprise Resource Planning ('ERP') system.

General Data Protection Regulation ('GDPR')

Non-compliance with GDPR, and before it the Data Protection Act 2018, continues to be a significant regulatory risk facing the Group. The Group has put in place appropriate policies and procedures, comprehensive training and reference materials and issued reminders through signage and intranet/IT screen background messages. Compliance with the GDPR is overseen by the Group's Data Protection Officer.

Commercial

Brexit

The UK left the EU on 1 January 2021. To date, the Group has not encountered any material adverse impacts that might be directly attributable to Brexit. Prior to the date of departure from the EU, the Group had reviewed its operations in readiness for Brexit and obtained Authorised Economic Operator status for each of its principal ports. Available UK Government funding to invest further in port infrastructure, including to facilitate post-Brexit border checks, was awarded to a number of the Group's ports in the year ended 31 March 2021; work is well progressed on those projects with completion expected during the year ending 31 March 2023. However, in April 2022 the UK Government postponed the post-Brexit border checks on goods arriving into the UK from the EU.

Dependency of the Group's ports on economic activity

The regional ports within the Group each form part of a wider transport infrastructure. The key operational risks and uncertainties relate to the dependency upon the economic activity of the businesses and consumers within the geographic proximity of the ports. These consumers and businesses generate the trade which flows through the ports and when they are subject to economic cycles or, at the extreme, to failure, there is an unavoidable impact on the ports. In addition, the Group may be exposed to declining volumes in certain sectors, downward pricing pressure or the loss of major contracts. This potential risk is particularly the case as the global economy continues to deal with the effects of the COVID-19 pandemic and the war in Ukraine.

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Commercial (continued)***Dependency of the Group's ports on economic activity (continued)*

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the ports. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another. In addition, the Group benefits from a high proportion of secure revenue from customers on long-term contracts at its port operations and has no significant concentration of revenue or profits dependent on any one customer. Further, the Group continues to invest in maintaining and developing its facilities and services to meet the needs of its current and future customers.

Financial*Liquidity, cash flow and interest risks*

The key financial risk arises from the level of long-term debt held by the Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 1 April 2022 and 30 September 2046 ("long-term debt") amount to £2,284.3m (2021: £2,145.5m). The cash flow risk arising in connection with interest charges is mitigated through the use of interest rate and index-linked swaps.

The directors consider that the combination of the swap instruments, stable trading of the ports business, effective working capital management and the investment in the asset base assists in managing the risks arising from the level of debt and variability in interest rates. The Group's bank loans and swap instruments are spread over a large number of banks. As at 31 March 2022, within the current facility agreements, there were undrawn funds of £175.0m available in addition to cash of £108.1m on the Group's balance sheet. In addition, the Group has in place £130.0m of debt service reserve liquidity facilities to cover annual interest costs. Consideration of this in the context of going concern can be found in note 3.

Credit risk

Financial risk also arises from credit extended to customers. This risk is mitigated by using strict credit control procedures, the imposition of appropriate credit limits and obtaining third party credit references. The Group's ports play an essential role in maintaining the UK's (and Global) supply chains, including the supply of essential supplies to organisations such as the National Health Service. It is, therefore, important that the Group is able to secure payments due from customers in order to ensure it can operate effectively and pay suppliers on a timely basis. The Group engages proactively with customers to mitigate the risks arising and takes appropriate action when necessary. The Group has no material concentration of credit risk.

Investment activity is reviewed on a regular basis and cash and cash equivalents are placed with approved counterparties, whose credit ratings are in accordance with internal treasury policies.

The Group monitors the credit rate of derivative counterparties on a regular basis and ensures no positions are entered into with counterparties with credit ratings that are below assigned limits.

Capital risk

Group keeps its funding structure under review with the objective of maximising shareholder value and the capacity to meet its operational requirements and to facilitate the execution of its strategy. The Group's external loan covenants impose certain restrictions on the Group relating to capital which are regularly monitored by management. The Group's management carefully monitors the headroom against its covenants and a number of potential actions could be taken in the event that these are necessary. These include, among other things, aggressive management of working capital, deferral of uncommitted capex, deferral of recruitment activity and other cost reduction measures. The Group was in compliance with these covenants during 2021 and 2022. As referred to in note 3 to the financial statements, there is significant headroom in the forecast covenants.

Going concern

As referred to in note 3 to the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Environmental***Operations*

The Group is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and considering possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

Climate change

Climate change has become an increasingly important consideration across the world and is an important principal risk to which the Group has to respond. The Climate Change Act 2011 required certain of the Group's ports to complete a risk assessment and submit a climate change adaption report to DEFRA. The Group continues to monitor and consider the risks identified in those reports.

The UK Government has made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. In November 2021, the Group announced its intention to be a Net Zero company by 2040. To achieve these targets, there will need to be significant changes across the economy and, by extension, the ports that serve it and the Group will need to identify and implement initiatives that support these objectives. For example, in the UK as a whole this is likely to result in the long-term reduction in tonnages of oil related cargoes and a move away from diesel and petrol cars to electric and other forms of low carbon transport. Existing vessels' propulsion systems will need to transition to lower carbon options, an event mitigated within the Group's shipping division in recent years by the entering into of long-term charters for the hire of modern-built and more environmentally friendly vessels. The Group will need to adopt new technologies and deal with currently unforeseen legislative changes, as well as facilitate the green transition through ports in areas such as offshore wind.

The Group's rolling three year plan includes initiatives that will help support the response to risks associated with climate change, including the use of technology and energy efficiency solutions. A member of the Executive Management Board holds the responsibility for environmental matters and leading the Group's green initiatives, which is fully supported by the rest of the Board.

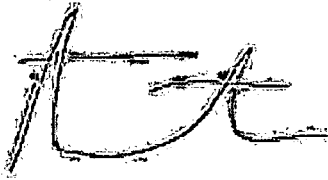
The Net Zero commitment is supported by a Climate Change Steering Group that brings together leaders from across the business to oversee the Group's efforts to prevent or minimise greenhouse gas emissions. Their area of focus includes:

- Educating the business on the facts surrounding climate change;
- Adapting our operations to reduce our carbon footprint;
- Embracing new, low carbon technologies;
- Promoting energy efficiency;
- Seeking opportunities from renewable energy;
- Exploring shoreside power provision for vessels;
- Transitioning from diesel to electric vehicles;
- Using alternative and low-carbon fuels for plant and equipment;
- Considering the embodied carbon of new infrastructure;
- Sustainable procurement and engagement with our supply chain; and
- Quantifying and enhancing carbon sequestration opportunities.

Among the initiatives already taken, the Group is close to having replaced half of its vehicle fleet with electric vehicles, with the remainder anticipated during the year ending 31 March 2023. In addition, the Group is undertaking trials of greener fuels and electric alternatives for operational plant and machinery and investing in sustainable infrastructure, including energy efficient cranes and intelligent lighting, and driving sustainability through our supply chain. The Group expects to continue working on initiatives that will reduce its carbon footprint during the year ending 31 March 2023.

STRATEGIC REPORT (CONTINUED)

On behalf of the Board

A handwritten signature in black ink, appearing to be 'M Whitworth', written over a horizontal line.

M Whitworth
Director
5 August 2022

DIRECTORS' REPORT

This report contains the statutory information disclosed in addition to that set out in the separate Strategic Report. Information relating to the future development of the business and financial risk management, which would otherwise be included in the Directors' Report, is included in the Strategic Report.

DIRECTORS

The directors of the Company who served during the year and thereafter are listed on page 1. C Veritiero was appointed as a director on 1 April 2022, and I McLaren was appointed as a director on 30 May 2022. I G L Charnock resigned as a director on 1 April 2022.

The Company maintains directors' and officers' liability insurance, which provides insurance cover for the directors and officers of the Company against liabilities that they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

RECOMMENDED DIVIDENDS

No final dividend is proposed (2021: £nil).

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

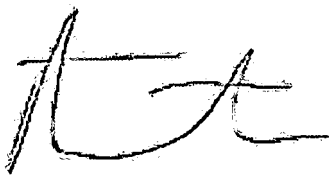
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be deemed appointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board



M Whitworth
Director
5 August 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRKENHEAD PORT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Birkenhead Port Limited ("the Company") for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We remain 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.

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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRKENHEAD PORT LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report the 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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. There included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the UK Companies Act 2006; the taxation legislation; those that relate to the payment of employees; and industry related such as compliance with health and safety legislation. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRKENHEAD PORT LIMITED (CONTINUED)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, accounting treatment for revenue recorded as miscellaneous income and as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, in particular review of manual journal entries posted to revenue and cash accounts, journals posted to the least used accounts, journals posted by specific user, journals posted on the weekends and journals including specific keywords;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Review of minutes of Board meetings throughout the period.

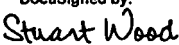
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

D8CD362D513C4D9...

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

5 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BIRKENHEAD PORT LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2022

	Note	2022 £m	2021 £m
TURNOVER			
Cost of sales	3	10.2 (0.1)	7.2 (0.1)
OPERATING PROFIT AND PROFIT BEFORE TAXATION	7	10.1	7.1
Taxation	8	-	-
PROFIT FOR THE FINANCIAL YEAR		10.1	7.1

The above results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

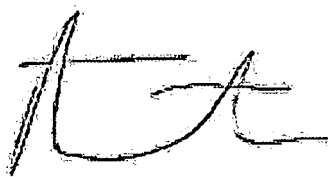
The Company has no recognised gains and losses other than those included in the results above.

	2022 £m	2021 £m
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10.1	7.1

BIRKENHEAD PORT LIMITED**BALANCE SHEET**
As at 31 March 2022

	Note	2022 £m	2021 £m
CURRENT ASSETS			
Debtors	9	62.6	52.5
		<u>62.6</u>	<u>52.5</u>
CREDITORS: amounts falling due within one year	10	(58.1)	(49.1)
		<u>(58.1)</u>	<u>(49.1)</u>
NET ASSETS		<u>4.5</u>	<u>3.4</u>
CAPITAL AND RESERVES			
Called-up share capital	11	-	-
Profit and loss account		<u>4.5</u>	<u>3.4</u>
TOTAL SHAREHOLDER'S FUNDS		<u>4.5</u>	<u>3.4</u>

The financial statements of Birkenhead Port Limited (company registration number 2981652) were approved and authorised for issue by the Board of Directors on 5 August 2022 and were signed on its behalf by:



M Whitworth
Director

BIRKENHEAD PORT LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 March 2022

	Called-up share capital £m	Profit and loss account £m	Total £m
As at 31 March 2020	-	2.3	2.3
Profit and total comprehensive income for the financial year	-	7.1	7.1
Dividends (note 11)	-	(6.0)	(6.0)
	<hr/>	<hr/>	<hr/>
As at 31 March 2021	-	3.4	3.4
Profit and total comprehensive income for the financial year	-	10.1	10.1
Dividends (note 11)	-	(9.0)	(9.0)
	<hr/>	<hr/>	<hr/>
As at 31 March 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

2. STATEMENT OF COMPLIANCE

The financial statements of Birkenhead Port Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") as issued by the Financial Reporting Council, and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The directors have obtained confirmation from the directors of Peel Ports Group Limited that the Group will provide such financial support as is necessary to ensure that the Company will be able to meet its third-party liabilities as they fall due during the twelve months following the date of the signing of the 2022 financial statements. In considering the appropriateness of the going concern basis of preparation, the directors have considered consolidated forecasts for Peel Ports Group Limited, which include the Company, for the next twelve months from the date of signing the 2022 financial statements. These include detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the next twelve months after taking account of reasonably possible changes in trading performance. The Company is party to the cross-guarantee of the debt facility of Peel Ports Group Limited group ("the Group").

In considering the assumptions and conclusions of Group's management in making their assessment of going concern on a Group basis, the directors are cognisant of the following going concern disclosure, which appears in the financial statements of Peel Ports Group Limited for the year ended 31 March 2022:

- "the directors prepare and update detailed annual budgets and two year projections that support the going concern assessment. For the period extending at least 12 months from the date of signing of these accounts, the Group has modelled different scenarios in the absence of further mitigating actions that show that the Group has sufficient headroom to withstand significant downward pressure on results from reduced volumes or customer opportunities not being converted, both in terms of available liquidity and the Group's covenant ratios. 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 reductions in variable staff and other variable costs to match reduced activity, a decreased level of capital expenditure or the deferment/cancellation of shareholder distributions;
- at the balance sheet date, the Group has net liabilities of £1,868.2m (2021: £1,885.8m) which are principally attributed to two factors. Firstly, the reorganisation of the Group in 2006 which was accounted for under merger accounting principles and resulted in the creation of a merger relief reserve of £506.1m. Secondly, the fair value of the Group's derivative financial instruments, primarily interest rate and index-linked cross currency swaps, which have a net liability of £931.3m (2021: £998.1m);

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- as at 31 March 2022, the Group had borrowings of £2,161.3m (2021: £2,022.5m), which are subject to covenant restrictions. No breaches have occurred in the historical period or are forecast to occur. After taking account of potential changes in trading performance, the Group's forecasts and projections indicate that it is expected to continue to comply with covenant requirements for a period of at least 12 months from the date of approval of the financial statements;
- presented as falling due within one year in the financial statements is £268.4m of US private placement notes that are due for repayment in December 2022. Reflecting the benefit of the derivative financial instrument that fixes the value of the US Dollar debt into Sterling, the actual repayment amount in Sterling in December 2022 will be £220.0m. The Group completed the raising of a £350m private placement facility in March 2022 that will be drawn down in June and December 2022. The December 2022 drawdown will be used to repay the debt that falls due for repayment in that month;
- in addition to the above repayment, there is £10.0m of other bank loans that are due for repayment in the year ending 31 March 2023 and a further £2.3m due for repayment in the six months ending 30 September 2023; all other loans and loan note instruments have repayment dates between 1 October 2023 and 30 September 2046;
- in the year ended 31 March 2022, turnover from continuing operations increased by £113.0m to £617.8m, group operating profit before exceptional costs increased by £56.5m to £206.2m despite the disruption to supply chains caused by the COVID-19 global pandemic and the war in the Ukraine. This reflected a strong focus on cost management and the continuing benefit of having a diversified service offering and robust customer base;
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance net tangible fixed asset additions of £122.8m (2021: £124.9m) (cash outflow);
- as at the balance sheet date, the Group held £108.1m (2021: £87.8m) of cash balances and had undrawn loan facilities of £175.0m available; a further £130.0m of liquidity facility is available for the payment of interest. During the year ended 31 March 2022, the Group raised £135.0m from new loans and private placement notes with maturities ranging from 12 to 15 years. As noted above, the Group also raised an additional £350m of private placement notes that will be drawn in June and December 2022;
- there is confidence that the Group has the resources and flexibility to respond timely to events as they occur; the Group's robust business model is underpinned by long-term customers with a high percentage of secure, and typically RPI-linked, revenue and management has demonstrated its ability to take appropriate steps to mitigate as far as possible the downside scenarios presented by the disruption to global supply chains caused by the COVID-19 pandemic and the war in the Ukraine;
- management have concluded that the Group should generate sufficient EBITDA and cash to continue as a going concern and avoid breaching its loan covenants. 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."

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose:

- A reconciliation of the number of shares outstanding at the beginning and end of the year;
- A statement of cash flows;
- Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
- Key management personnel compensation in total.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

All revenue recorded excludes value added tax and consideration is given as to the collectability of any amounts due from customers.

Revenue from the provision of ports services comprises rates and dues, cargo handling charges, infrastructure charges, marine operations, utilities and fuel, service fees, port related rental income and other sundry income. Revenue from the provision of these services is recognised when the service is provided.

Contracts with customers are typically long-term in nature and often include minimum volume guarantees which, if not achieved by the customer, result in additional revenue to the Company to cover the shortfall. These shortfall revenues are recognised at the point that the underperformance on the contract can be reliably measured and the underperformance is reasonably certain, taking into account the period and other terms specified in the contract.

Port related rental income comprises property rental income and rental premiums, which is recognised on a straight-line basis over the lease term unless another systematic basis of recognition is more appropriate.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current 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 timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as an interest expense.

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgements, 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 period. These are based on management's best knowledge of the amount, event or actions, taking into account historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As has been noted elsewhere in this annual report, continuous effects of the COVID-19 global pandemic and the war in Ukraine have caused unprecedented disruption to economies around the world and this has created significant uncertainty for all companies. Consideration has been given as to how this might impact the critical accounting judgements and estimates of the Company, with no material areas having been identified.

(i) Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key sources of estimation uncertainty

The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. DIRECTORS' EMOLUMENTS

No directors received any emoluments in respect of their services to the Company (2021: £nil). Directors who are remunerated by other undertakings in the Peel Ports Group Limited group of companies are not disclosed in these financial statements. Those directors have to account in turn to those undertakings. Additionally, the emoluments of directors who are remunerated for services to the Group as a whole are not disclosed in these financial statements. It is not practicable to allocate their remuneration between their services to the Company, to the other companies in the group or to their Group role.

6. EMPLOYEE INFORMATION

The Company had no employees during the year or the previous year and as a result incurred no employee costs (2021: £nil).

7. OPERATING PROFIT AND PROFIT BEFORE TAXATION

The auditor's remuneration for audit work, carried out on behalf of the Company, in the year to 31 March 2022, of £4,000 (2021: £4,000) was borne by a fellow subsidiary undertaking. Fees paid to the Company's auditor, BDO LLP, for services other than the statutory audit are not disclosed in the financial statements of the Company as the financial statements of the Company's intermediate parent, Peel Ports Group Limited, are required to disclose non-audit fees on a consolidated basis.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

8. TAXATION

	2022 £m	2021 £m
Current tax		
UK corporation tax	-	-

Reconciliation of total tax charge

Total tax was lower (2021: lower) than that arising from applying the standard rate of UK corporation tax of 19% (2020: 19%). The differences are explained below:

	2022 £m	2021 £m
Profit before taxation	10.1	7.1
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2021: 19%)	1.9	1.3
Group relief claimed without payment	(1.9)	(1.3)
Total tax	-	-

9. DEBTORS

	2022 £m	2021 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	62.6	52.5

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £m	2021 £m
Amounts owed to group undertakings	58.1	49.1

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. CALLED-UP SHARE CAPITAL

	2022 £	2021 £
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2

Equity dividends

	2022 £m	2021 £m
Interim ordinary dividends	9.0	6.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

12. GROUP BORROWING FACILITY

The Company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under bank and private placement loans by certain group companies. As at 31 March 2022, this amounted to £2,161.3m (2021: £2,022.5m).

13. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Peel Ports Operations Limited. The ultimate parent company is Peel Ports Holdings (CI) Limited, a company incorporated in the Cayman Islands. Peel Ports Group Limited is the largest and smallest group company for which publicly available consolidated financial statements are prepared. The financial statements of Birkenhead Port Limited form part of the consolidated financial statements of Peel Ports Group Limited which are available to the public from its registered office:

The Company Secretary
Peel Ports Group Limited
Maritime Centre
Port of Liverpool
L21 1LA.

14. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Peel Ports Holdings (CI) Limited, the immediate parent company of Peel Ports Group Limited.