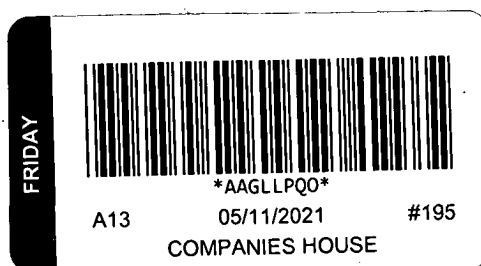


Registration number: 04538639

P&O Ferrymasters Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



P&O Ferrymasters Holdings Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited	7 to 11
Profit and Loss Account	12
Statement of Other Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 29

P&O Ferrymasters Holdings Limited

Company Information

Directors	CN Cassidy T Runge D Stretch
Company secretary	CN Cassidy
Registered office	Wherstead Park Wherstead Ipswich Suffolk IP9 2WG
Auditor	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR

P&O Ferrymasters Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company was that of a holding company. In 2020 the Company acquired an additional 131 "B" shares at £96 per share in Maritime Cargo Processing plc, a UK leading Community Systems Provider (CSP); and formed a new European subsidiary in Czech republic.

Fair review of the business

The company is a holding company for subsidiary companies operating in transportation and logistics services throughout Europe.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the company as a holding company concern the valuation of the investments it holds in subsidiary undertakings. Underperformance in the trading of the company's subsidiaries could give rise to indicators of impairment in these investments. Therefore by extension the principal risks and uncertainties faced by the company as a holding company are the principal risks and uncertainties faced by its subsidiaries ('the Group') as trading companies:

Economic risk

- The risk of interest rates and/or inflation having an adverse impact on served markets.
- The risk of increased unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the group and its principal customers.
- The risk of adverse exchange movements.
- The risk of bad debts as a result of the current adverse economic climate.
- The risk of political unrest leading to economic downturn.
- The risk of cash flow pressure due to extended customer payment terms.
- The risk of unrecoverable cost increases due to changing legislation.

These risks are managed by innovative product sourcing and strict control of costs.

COVID 19

During the month of December 2019 the Covid-19 virus began to spread across the globe with cases in the UK and EU reaching thousands by March 2020. This unprecedented situation has caused a worldwide economic and public health crisis. As at the date of approval of this Annual Report and financial statements the extent of this crisis is uncertain but is expected to be material.

Competition risk

The directors of the company and subsidiaries manage competition risk through close attention to customer service levels and product innovation.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Approved by the Board on 3 November 2021 and signed on its behalf by:

P&O Ferrymasters Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Chris Cassidy

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CN Cassidy
Director

P&O Ferrymasters Holdings Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Business review

Review of the business

The result for the year, after taxation, is a profit of £4,893 (2019: loss of £45,083). The directors have not recommended a final dividend (2019: £nil). No interim dividends were paid in the year (2019: £nil).

Incorporation

The company was incorporated on 18 September 2002.

Directors of the company

The directors who held office during the year and up to the date of signing the accounts were as follows:

B Belder (resigned 31 May 2020)

J Bell (resigned 10 August 2020)

CN Cassidy

T Runge (appointed 1 June 2020)

D Stretch (appointed 1 September 2020)

Political donations

The Company made no political contributions or charitable donations during the year (2019 £nil).

Going concern

Notwithstanding net current liabilities of £28,678,838 as at 31st December 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through downside cases and if required funding from its ultimate parent company, DP World Limited, to meet its liabilities as they fall due for that period

Those forecasts are dependent on DP World Limited continuing to provide financial support during that period. DP World Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due 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.

Directors liabilities

Relevant personnel at P&O Ferrymasters Holdings Limited are covered by the Directors and Officers Liability Insurance arranged by Port and Free Zone World with Chubb Insurance and others. The main limit is US\$100 million which applies to either a single claim or to cap the total claims submitted within an insured period.

P&O Ferrymasters Holdings Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

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 auditor is unaware, and the director has taken all 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 auditor is aware of that information.

Matters covered in the Strategic Report

The Strategic Report includes the following disclosures that would otherwise have been included in the Directors' Report:

Business review

Principal risks and uncertainties

Reappointment of auditor

The auditor KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 3 November 2021 and signed on its behalf by:

Chris Cassidy

.....
CN Cassidy
Director

Registered Office address : Wherstead Park, Wherstead, Ipswich, Suffolk, IP9 2WG.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 related 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited

Opinion

We have audited the financial statements of P&O Ferrymasters Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Profit or Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 at least a year 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.

Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited (continued)

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.

Identifying and responding to risks of material misstatement due to fraud (continued)

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Obtaining a sample of invoices and related delivery documentation around the year end to assess whether revenue has been recorded in the appropriate period.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited (continued)

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 and through discussion with the directors (as required by auditing standards), and discussed with the directors 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 or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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.

Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited (continued)

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 6, 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.

**Independent Auditor's Report to the members of P&O Ferrymasters Holdings Limited
(continued)**

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.



Kelly Dunn (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 3 November 2021

P&O Ferrymasters Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		<u>(13,679)</u>	<u>(2,389)</u>
Operating loss		(13,679)	(2,389)
Other interest receivable and similar income	4	18,608	-
Interest payable and similar charges	5	<u>(36)</u>	<u>(42,694)</u>
Profit/(loss) before tax		<u>4,893</u>	<u>(45,083)</u>
Profit/(loss) for the year		<u><u>4,893</u></u>	<u><u>(45,083)</u></u>

The above results were derived from continuing operations.

The notes on pages 16 to 29 form an integral part of these financial statements.

P&O Ferrymasters Holdings Limited

Statement of Other Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Profit/(loss) for the year		<u>4,893</u>	<u>(45,083)</u>
Total comprehensive income for the year		<u><u>4,893</u></u>	<u><u>(45,083)</u></u>

P&O Ferrymasters Holdings Limited

(Registration number: 04538639)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	39,018,953	39,004,234
Current assets			
Debtors	10	1,357,791	1,382,342
Cash at bank and in hand		<u>2,145</u>	<u>26,744</u>
		1,359,936	1,409,086
Creditors: Amounts falling due within one year			
Trade and other payables	12	<u>(30,038,774)</u>	<u>(30,078,098)</u>
Net current liabilities		<u>(28,678,838)</u>	<u>(28,669,012)</u>
Net assets		<u>10,340,115</u>	<u>10,335,222</u>
Capital and reserves			
Called up share capital	11	15,596,080	15,596,080
Profit and loss account		<u>(5,255,965)</u>	<u>(5,260,858)</u>
Shareholders' funds		<u>10,340,115</u>	<u>10,335,222</u>

Approved by the Board on 3 November 2021 and signed on its behalf by:

Chris Cassidy

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CN Cassidy

Director

P&O Ferrymasters Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Retained earnings £	Total £
At 1 January 2020	15,596,080	(5,260,858)	10,335,222
Profit for the year	-	4,893	4,893
Total comprehensive income	-	4,893	4,893
At 31 December 2020	15,596,080	(5,255,965)	10,340,115

	Share capital £	Retained earnings £	Total £
At 1 January 2019	15,596,080	(5,215,775)	10,380,305
Loss for the year	-	(45,083)	(45,083)
Total comprehensive income	-	(45,083)	(45,083)
At 31 December 2019	15,596,080	(5,260,858)	10,335,222

The notes on pages 16 to 29 form an integral part of these financial statements.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Wherstead Park
Wherstead
Ipswich
Suffolk
IP9 2WG
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on the historical cost basis.

The Company is exempt by virtue of the Companies Act 2006 (479A) 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. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in sterling because that is the currency of the primary economic environment in which the company operates.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a Cash Flow Statement and related notes
- 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
- Disclosures in respect of the compensation of Key Management Personnel and
- Disclosures of transactions with a management entity that provides key management personnel services to the company

As the consolidated financial statements of P&O Ferries Division Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

Going concern

Notwithstanding net current liabilities of £28,678,838 as at 31 December 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through downside cases and if required funding from its ultimate parent company, DP World Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on DP World Limited continuing to provide financial support during that period. DP World Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due 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.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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.

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 following temporary differences are not provided for: differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

Investments

Investments in subsidiaries and joint ventures are held at cost less any applicable provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated or aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. Impairment losses are recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits.

Impairment

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 and 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 the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 11 - 'Amounts due to related parties': whether the balance owed to the parent company is repayable in the foreseeable future, in the absence of a formal loan agreement.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 8 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

4 Other interest receivable and similar income

	2020
	£
Interest income on group loan balance	<u>18,608</u>

5 Interest payable and similar charges

	2020	2019
	£	£
Other finance costs	<u>(36)</u>	<u>(42,694)</u>

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Directors' remuneration

The directors are also directors/employees of, and were paid by, other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors/employees of the other group undertakings.

7 Auditor's remuneration

Fees for audit and non-audit services provided by KPMG LLP to the company have been borne by other group undertakings.

	2020 £	2019 £
Audit of these financial statements	<u>4,250</u>	<u>4,250</u>

8 Income tax

Tax credited in the Profit and Loss Account

	2020 £	2019 £
Current tax income		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	<u>-</u>	<u>-</u>
Current tax income	<u>-</u>	<u>-</u>
Deferred tax expense		
Arising from origination and reversal of temporary differences	<u>-</u>	<u>-</u>
Deferred tax expense	<u>-</u>	<u>-</u>
Total tax expense/(income)	<u>-</u>	<u>-</u>

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Income tax (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit/(loss) before tax	4,893	(45,083)
Corporation tax at standard rate	930	(8,566)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	2,571	-
Deferred tax not recognised	-	163,155
(Decrease) from transfer pricing adjustments	(154,050)	(154,272)
Overseas exempt distributions	231,401	-
Deferred tax expense relating to changes in tax rates or laws	(80,852)	-
Other tax effects for reconciliation between accounting profit and tax expense	-	(317)
Total tax (credit)/charge	-	-

An increase in the UK corporation tax rate from 17% to 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, and the UK deferred tax asset as at 30 September 2020 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

Deferred tax

No deferred tax is recognised on the tax losses as the Board do not believe that there will be future taxable profits against which the company can utilise these losses. The losses available to the Company are :

	2020 £	2019 £
Tax losses		
At beginning of year	4,042,608	1,555,493
Non-trade loan relationship debits	792,217	-
Management expenses	145	30
Prior year tax losses	-	2,487,085
At end of year	4,834,970	4,042,608

The unrecognised deferred tax asset on these losses is £687,243 (2019: £264,434).

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments

Subsidiaries	£
Cost or valuation	
At 1 January 2020	47,019,384
Revaluation	179
Additions	<u>14,540</u>
At 31 December 2020	<u>47,034,103</u>
Provision	
At 1 January 2020	<u>8,019,296</u>
At 31 December 2020	<u>8,019,296</u>
Carrying amount	
At 31 December 2020	<u>39,014,807</u>
At 31 December 2019	<u>39,000,088</u>

In 2020, the Company acquired an additional 131 "B" Shares at £96 per share from Martime Cargo Processsing and formed a new subsidaury P&O Ferrymasters Czech.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments (continued)

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
P&O Ferrymasters Limited*	Transportation and logistics services	Northern Ireland United Kingdom	73.24%	73.24%
Pandoro Limited	Dormant	United Kingdom	100%	100%
P&O Ferrymasters NV	Transportation and logistics services	Belgium	99.98%	99.98%
P&O Ferrymasters SRL	Transportation and logistics services	Italy	100%	100%
P&O Ferrymasters SA	Transportation and logistics services	Spain	100%	99.98%
P&O Ferrymasters GmbH	Transportation and logistics services	Germany	100%	100%
P&O Ferrymasters KFT	Transportation and logistics services	Hungary	100%	100%
P&O Ferrymasters SRL	Transportation and logistics services	Romania	95%	95%
P&O Ferrymasters Sp. z o. o.	Transportation and logistics services	Poland	100%	100%
P&O Ferrymasters LLC	Transportation and logistics services	Ukraine	100%	100%
PO Ferrymasters Taşımacılık Lojistik ve Ticaret A.Ş	Transportation and logistics services	Turkey	100%	100%
P&O Ferrymasters s.r.o.	Transportation and logistics services	Czech	100%	0%

* indicates direct investment of P&O Ferries Division Holdings Limited.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments (continued)

The registered addresses of the Company's subsidiary undertakings are:

P&O Ferrymasters Limited
Unit 2, Mackean Logistics Centre, Larne Harbour, Larne, Co Antrim, BT40 1AJ

Pandoro Limited
Wherstead Park, Wherstead, Ipswich, Suffolk, IP9 2WG

P&O Ferrymasters NV
Leopold II Dam 13, Havenham, 8380 Zeebrugge, Belgium

P&O Ferrymasters SRL
Via Caviglia 11, I-20139 Milan, Italy

P&O Ferrymasters SA
Avinguda dels Vents, 9-13 Esc. A, 4o 4a, Edificio Blurbis, 08917 Badalona (Barcelona), Spain

P&O Ferrymasters GmbH
Jander Strasse 9, High Tech Park, 68199 Mannheim, Germany

P&O Ferrymasters KFT
Bocskai ut 134 - 146, Building C2, 1113 Budapest, Hungary

P&O Ferrymasters SRL
Iuliu Maniu Avenue nr 7, 5th Floor, Room B, Unit U, Sector 6, 061102 Bucharest, Romania

P&O Ferrymasters Sp. z o. o.
ul. Porcelanowa 17, 40-246 Katowice, Poland

P&O Ferrymasters LLC
5 Dimitrova Street, Building 2, 03680 Kiev, Ukraine

P&O Ferrymasters Taşımacılık Lojistik ve Ticaret A.Ş
Barbaros mah. Çiğdem sok. No:1 Kat:8, Ataşehir - Istanbul, Turkey

P&O Ferrymasters s.r.o.
Na Florenci 1332/23, Nové Město, 110 00 Prague, Czech

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments (continued)

Joint ventures

£

Cost or valuation

At 1 January 2020

4,146

At 31 December 2020

4,146

Carrying amount

At 31 December 2020

4,146

At 31 December 2019

4,146

Details of the joint ventures as at 31 December 2020 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
S.C. Intermodal Vest S.R.L	Rail Terminal Operator	Romania	50%	50%

The address of S.C. Intermodal Vest S.R.L is :

- Oradea, Str. Petei, nr 2, 410507, Bihor County, Romania

10 Trade and other receivables

	2020	2019
	£	£
Receivables from related parties	688,752	792,442
Loans to related parties	660,905	582,246
Prepayments	8,134	7,654
Total trade and other receivables	<u>1,357,791</u>	<u>1,382,342</u>

The 'Receivables from related parties' are due from P&O Ferrymasters Limited, a company in which P&O Ferrymasters Holdings Limited owns 73.24% of the ordinary share capital. There is no formal loan agreement in place and so it is classified as due within one year. There is no interest charged on this balance owed.

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Trade and other receivables (continued)

Details of non-current trade and other receivables

All of the 'Loans to related parties' are classified as non current. S.C. Intermodal Vest S.R.L shall repay the loan in part or in whole (together with any accrued interest outstanding thereon) as, and when they have the capacity to do so. In any event, they shall pay within 2 to 10 years. The prepayments relate to interest due on this loan balance.

11 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary of £1 each	15,596,080	15,596,080	15,596,080	15,596,080

12 Trade and other payables

	2020 £	2019 £
Trade payables	3,985	-
Accrued expenses	5,562	5,562
Amounts due to related parties	30,029,227	30,072,536
	<u>30,038,774</u>	<u>30,078,098</u>

The 'Amounts due to related parties' relate to the balance that is owed to the parent company P&O Ferries Division Holdings Limited and is not repayable in the foreseeable future. There is no formal loan agreement in place and so it is classified as due within one year. There is no interest charged on this loan.

13 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is P&O Ferries Division Holdings Limited. (Registration number 06038090).

These financial statements are available upon request from:

The Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ

P&O Ferrymasters Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Parent of group in whose consolidated financial statements the company is consolidated (continued)

The registered office of P&O Ferries Division Holdings Limited is:

Channel House
Channel View Road
Dover
Kent
CT17 9TJ

14 Parent and ultimate parent undertaking

The company's immediate parent is P&O Ferries Division Holdings Limited.

The ultimate parent is DP World Limited, a company incorporated in Dubai.

The most senior parent entity producing publicly available financial statements is P&O Ferries Division Holdings Limited.

The ultimate controlling party is Dubai World Corporations, a company incorporated in Dubai. This is the largest group of companies for which consolidated financial statements are prepared in which P&O Ferrymasters Holdings Limited is consolidated. The statements of this Corporation are not publicly filed.