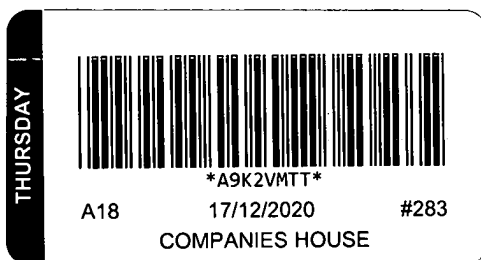


Company Registration No: 4560438

PEEL PORTS HOLDINGS LIMITED

**Report and Financial Statements
For the year ended 31 March 2020**



REPORT AND FINANCIAL STATEMENTS

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Directors' responsibilities statement	8
Independent auditor's report	9
Profit and loss account	11
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I G L Charnock
M Whitworth

COMPANY SECRETARY

F A Khan

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
Liverpool
L21 1LA

AUDITOR

Deloitte LLP
Statutory Auditor
Horton House
Exchange Street East
Liverpool
L2 3PG

STRATEGIC REPORT

The directors present their Strategic Report, Directors' Report and the audited financial statements of the Company for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is an intermediate holding Company of the Peel Ports Group Limited group of companies. The principal operating income associated with the Company is the income from shares in Group undertakings.

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. Net liabilities were £295.9m at 31 March 2020 (2019: £218.5m). In addition to the profit for the year of £26.6m (2019: £44.6m), the net asset position has changed because of the payment of interim dividends of £104.0m (2019: £122.7m). The profit for the year of £26.6m (2019: £44.6m) is after recognising losses on derivative financial instruments of £68.2m (2019: £66.5m).

Because of the Company's role as an intermediate holding company there are no other measures that are considered to be key performance indicators.

The directors consider both the level of business and the year-end financial position to be satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

Covid-19

The global Covid-19 pandemic has brought about a period of unprecedented uncertainty and disrupted global economies and supply chains in ways not seen before. This affected the results of the Company's subsidiary undertakings in the final month of the year ended 31 March 2020. It will also undoubtedly have an effect on the results of the subsidiary undertakings for the year ending 31 March 2021. This will also be the case for the Group that the Company is part of ('Peel Ports Group' or 'the Group').

However, the Group has shown itself to be agile in responding to past economic shocks, including the global financial crisis, and it has moved quickly to put in place measures to mitigate to the fullest extent possible the effects of the pandemic.

First and foremost, the most immediate need was to quickly consider and respond to the risks that the pandemic brought to the health and well-being of the Group's employees. As a major ports group, it was essential to the UK economy and key sectors and organisations, including the National Health Service, that the Group could continue to operate as close to normal as possible while maintaining our core focus on health and safety. Extensive cleaning and availability of hand sanitiser was initiated quickly. Signage was installed reminding employees and visitors to wash hands regularly and to maintain suitable social distancing measures. Visitors to the port and non-essential travel by employees was discouraged. Formal policies regarding the reporting of potential symptoms and the requirement to self-isolate were introduced and regular reporting of potential cases to the Executive Board allowed for this to be monitored. As lockdown measures were introduced, employees were encouraged to work from home where practicable and appropriate support was put in place for employees who were considered to be vulnerable. Regular communications have kept employees and third parties up to date as to how the Group is responding to the situation as it develops and as guidance is issued by the UK Government and regulatory authorities.

Continuing to operate as close to normal as possible during the pandemic has necessitated the Group deploying many of its business continuity procedures and has shown the value of investment in technology, including that required to allow employees to work remotely where required.

At the time of preparing this report, the countries in which the Group operate are starting to return to something approaching normality, though it is clear that continued vigilance is required and the Group is ensuring it plays its part in that regard.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Covid-19 (continued)

From a commercial perspective, although there has been unprecedented disruption to supply chains, it is still the case that the vast majority of goods by volume imported and exported from the UK are moved by sea. Peel Ports is the second largest ports group in the UK, and one of the most diversified, meaning that the Group plays an essential role in supporting the recovery of the UK and global economies.

More immediately, the Group has curtailed or delayed non-essential expenditure, including development capital expenditure, and taken the opportunity to raise a further £50.0m of finance to provide additional liquidity. In order to respond to reduced volumes the Group has had to take some difficult decisions and this has resulted in some employees being made redundant. This was not a decision taken lightly; the Group is proud of the growth in its employee numbers stemming from growth in the business. It was necessary, however, to align the cost base with the revised outlook for the economy. It is hoped that as the economy recovers the Group will be able to return to growing job opportunities within the Group.

Commercial opportunities will still present themselves, and the Group is engaging proactivity with customers and potential customers alike to identify ways in which we can provide Group-wide solutions for those companies looking to optimise their supply chains.

Liquidity, cash flow and interest risks

The key financial risk arises from the level of long-term debt held by the Company and the wider Peel Ports Group Limited Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 1 April 2020 and 30 September 2046 ("long-term debt") amount to £2,143.3m (2019: £2,006.3m). 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 2020, within the current facility agreements, there were undrawn funds of £115.0m available in addition to cash of £91.1m on the Group's balance sheet. In addition, the Group has in place £110.0m of debt service reserve liquidity facilities to cover annual interest costs. Consideration of this in the context of going concern, and the additional risks arising from Covid-19, can be found in note 3.

Going concern

As referred to in note 3 to the financial statements, the directors have a reasonable expectation that the Company 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. This has also taken into account the potential risks associated with the global Covid-19 pandemic.

As reported above, the Group that the Company is a part of moved quickly to mitigate the financial effects of the disruption caused by the pandemic, including the curtailing and deferment of non-essential expenditure, including development capital expenditure, accessing the Government's business interruption financial assistance packages and job retention schemes and putting in place a more concerted focus on the recovery of trade debtors. Although the Group has significant resources available to it, a further £50m of finance has been raised in June 2020.

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES

Section 172 ('S172') of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, with respect to Peel Ports Group Limited, S172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Group.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

In discharging its S172 duties, the Board has had regard to the factors set out above, although at times some factors may have been given greater weighting than others.

Appropriate regard was also given to other factors considered relevant to the decision being made, for example our relationship with regulators, industry bodies and other business relationships. We acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities. However, by giving consideration to key stakeholder groups and aligning our activities with our strategic plan, as well as the Group's culture and values, we aim to balance those different perspectives in the best interests of the Group over the long term.

We identify our key stakeholders as employees, defined benefit pension schemes, customers, suppliers, communities, the environment, government, local authorities and regulators, financial investors and shareholders.

The Board will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders, and of the Group, means that stakeholder engagement often takes place at an operational level. The Board considers information from across the organisation to help it understand the impact of the Group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance.

We consider the principal decisions to be those decisions taken by the Board directly, which should not be delegated to either management or a committee of the Board, and which may have a potentially material impact on the Group's strategy, a stakeholder group or the long-term value creation of the Group. We have grouped the Board's principal decisions into the following categories:

- financial results (the full and half year results);
- capital allocation (the approval of the annual budget, the recommendation of the full-year dividend and declaration of an interim dividend);
- material funding and treasury matters;
- tax strategy;
- M&A activity;
- review of matters reserved for the Board;
- Board member changes;
- material supplier contracts;
- strategy review (the review of the Group's five year business plan); and
- Group statements (the approval of the Group's modern slavery statement and gender pay report).

Details of the Group's key stakeholders and how we engage with them are set out below.

Employees

Our employees are key to our success and we want them to be safe, well trained and successful individually and as a team. We engage with our employees in a number of ways, including face-to-face briefings, newsletters, an intranet, social media and through engagement with unions.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits.

Examples of ways in which the Group has responded to the expectations of employees include our response to Covid-19, with the emphasis on safe working practices, having continuous improvement of health and safety practices at the core of everything we do, publication of gender pay reports and development opportunities such as apprenticeship programmes.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

Defined benefit pension schemes

The Group is party to a number of defined benefit pension schemes, including industry-wide schemes such as the Pilots National Pension Fund. We take seriously our commitments to these pension schemes, which serve to provide benefits for current and former employees of the Group. We engage with these pension schemes on a regular basis through trustee meetings and involvement in industry-wide groups such as the Association of Participating Bodies of the Pilots National Pension Fund. Key areas of focus include the funding of the pension schemes and the covenant strength of the companies that provide this funding.

The Group continues to fulfil its funding commitments and, through focusing on the growth and financial strength of the business, continues to maintain and build its covenant strength.

Customers

We aim to deliver a high level of service to our customers. We build strong lasting relationships and spend time with them to understand their needs and listen to how we can improve our offer and service to them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

The Group has responded to the expectations and requirements of its customers through investment in major capital expenditure projects, such as the Liverpool2 container terminal, the Wellmarsh development at the Port of Sheerness and the acquisition of land at King George V Dock in Glasgow.

Suppliers

The Group's procurement function is engaged with building strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include building long-term partnerships, fair terms and conditions and health and safety. The Board recognises that relationships with key suppliers are important to the Group's long-term success.

Twice yearly in-scope group companies report on payment practices and terms, with payments within agreed terms an important objective for the group. The Group also works with suppliers on ensuring compliance with the Modern Slavery Act, the Group's statement on which can be found on its website.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support and resolve any concerns that local communities may have with regard to the operation of our ports, create opportunities to recruit local people and help to look after the environment.

Our ports employ a significant number of people from the communities in which they are based. We engage constructively with local community groups and individuals where they may have concerns regarding our operations, so we can be a good neighbour to those who live near our ports. We also support local charities and community projects.

Environment

The environment has been considered to be strongly related to communities and they are often considered together, although we are ever more conscious that the environment also impacts our customers and suppliers and is of increasing importance to our employees as well. The Group is committed to developing its business to meet the needs of its customers in a sustainable way, with initiatives such as reducing our carbon footprint through better energy management and recycling schemes. The Group also engages with key environmental stakeholders such as the Environmental Agency, the Department for Environment, Food and Rural Affairs and the Marine Management Organisation. Engaging with these stakeholders is important to ensure that planning and licenses are granted and that we are able to meet legislative requirements.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

Government, local authorities and regulators

We engage with the government, local authorities and regulators through a range of industry consultations and meetings to communicate our views to policy makers relevant to our business. When planning development projects, we work closely with local authorities to ensure that an appropriate solution is delivered for our customers within planning requirements. Key areas of focus are compliance with laws and regulations and health and safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Financial investors

We rely on the support of our financial investors and we aim to maintain a timely, open and constructive dialogue with them. In addition to twice yearly presentations on the financial performance of the Group and key developments, we engage with our financial investors on an ad hoc basis through a Financial Investor relationship programme. Key areas of focus are the use to which we put financial investment, financing and refinancing opportunities, the Group's ability to pay interest payments/debt repayments when they fall due and covenant compliance.

Shareholders

As owners of our Group we rely on the support of shareholders and their opinions are important to us. Our shareholders' appoint representatives to sit on the Board of the Group's immediate parent undertaking, Peel Ports Holdings (CI) Limited, and matters relevant to the Group are discussed in meetings of that board. Discussions with shareholders cover a wide range of topics including environment, health and safety ('EHS'), financial performance, strategy, outlook and governance.

On behalf of the Board



I G L Charnock
Director
11 September 2020

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, 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. J Whittaker resigned as a director on 4 August 2020 and T E Allison resigned as a director on 17 August 2020.

The Company maintains directors' and officers' liability insurance, which provides insurance cover for the directors and officers of the Company and its subsidiaries 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 (2019: £nil).

SUBSEQUENT EVENTS

Subsequent to the year-end, a subsidiary undertaking completed the disposal of the Marine Support Services segment.

EMPLOYEE ENGAGEMENT

The Company has no employees other than the directors and, therefore, has nothing to report in respect of employee engagement activity during the year.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director of the Company at the date of approval of this report confirms 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 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.

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

On behalf of the Board



I G L Charnock
Director
11 September 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is 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 differs from legislation in other jurisdictions.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Peel Ports Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS HOLDINGS LIMITED (CONTINUED)

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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.



Rachel Argyle (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Liverpool, United Kingdom
11 September 2020

PEEL PORTS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Income from shares in group undertakings	7	156.0	173.2
OPERATING PROFIT	8	156.0	173.2
Net interest expense	9	(129.4)	(128.6)
PROFIT BEFORE TAXATION		26.6	44.6
Taxation	10	-	-
PROFIT FOR THE FINANCIAL YEAR		26.6	44.6

The above results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

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

	2020 £m	2019 £m
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26.6	44.6

PEEL PORTS HOLDINGS LIMITED

BALANCE SHEET
As at 31 March 2020

	Note	2020 £m	2019 £m
FIXED ASSETS			
Investments	11	<u>948.6</u>	<u>948.6</u>
CURRENT ASSETS			
Debtors - due in less than one year	12	644.2	633.1
Debtors - due in more than one year	12	<u>186.1</u>	<u>201.0</u>
		830.3	834.1
CREDITORS: amounts falling due within one year	13	<u>(221.2)</u>	<u>(181.7)</u>
NET CURRENT ASSETS		<u>609.1</u>	<u>652.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,557.7	1,601.0
CREDITORS: amounts falling due after more than one year	14	<u>(1,853.6)</u>	<u>(1,819.5)</u>
NET LIABILITIES		<u>(295.9)</u>	<u>(218.5)</u>
CAPITAL AND RESERVES			
Called-up share capital	17	65.9	65.9
Profit and loss account		<u>(361.8)</u>	<u>(284.4)</u>
TOTAL SHAREHOLDER'S DEFICIT		<u>(295.9)</u>	<u>(218.5)</u>

The financial statements of Peel Ports Holdings Limited (company registration number 4560438), were approved and authorised for issue by the Board of Directors on 11 September 2020 and signed on its behalf by:



I G L Charnock
Director

PEEL PORTS HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020**

	Note	Called-up share capital £m	Profit and loss account £m	Total £m
As at 1 April 2018		65.9	(206.3)	(140.4)
Total comprehensive income for the year		-	44.6	44.6
Dividends	17	<u>-</u>	<u>(122.7)</u>	<u>(122.7)</u>
As at 31 March 2019		65.9	(284.4)	(218.5)
Total comprehensive income for the year		-	26.6	26.6
Dividends	17	<u>-</u>	<u>(104.0)</u>	<u>(104.0)</u>
As at 31 March 2020		<u>65.9</u>	<u>(361.8)</u>	<u>(295.9)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. GENERAL INFORMATION

The Company is a private limited 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 Peel Ports Holdings 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, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

As shown in the balance sheet the Company has net liabilities of £295.9m (2019: £218.5m). 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 2020 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 2020 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, including those arising from the global Covid-19 pandemic. 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 2020:

- "the directors prepare and update detailed annual budgets, two year projections, and five year strategic plans. As these were prepared before the outbreak of the global Covid – 19 pandemic, management have reforecast the Group's projected results and modelled different scenarios in the absence of further mitigating actions that show that the Group has sufficient headroom to withstand significant further 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 further reductions in variable staff and other variable costs to match reduced activity.
- at the balance sheet date, the Group has net liabilities of £1,946.2m (2019: £1,772.5m) 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 £1,032.3m (2019: £960.4m);

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- as at 31 March 2020, the Group has borrowings of £2,020.3m (2019: £1,883.3m), 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;
- other than £6.8m of bank loans which are due for repayment in the year ending 31 March 2021, the Group's loans and loan note instruments have repayment dates between 1 April 2021 and 30 September 2046;
- the four-yearly payment of swap accretion, held as a liability of £50.7m as at 31 March 2020, is scheduled to be paid on 1 October 2020 from available facilities;
- in the year ended 31 March 2020, turnover increased by £32.8m to £792.3m, despite the effects of three named storms in February and the disruption to supply chains caused by the Covid-19 global pandemic in February and March 2020. Group operating profit before exceptional costs decreased from £169.9m to £153.6m, though this reflects a £25.8m increase in the depreciation charge in the year ended 31 March 2020 due to the Group's continued investment in capital expenditure and the write down of certain obsolete assets following a comprehensive review undertaken as the Group moved to a new financial system. The Group continues to benefit from 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 tangible fixed asset additions of £128.9m (2019: £102.2m) (cash outflow) and to invest £7.3m in the acquisition of Quality Freight (UK) Limited in May 2019;
- at the balance sheet date the Group held £91.1m (2019: £101.3m) of cash balances and had undrawn loan facilities of £115.0m available; a further £110.0m of liquidity facility is available for the payment of interest. Subsequent to the year-end, the Group has raised a further £50m of finance, providing additional liquidity.
- Despite the significant disruption to the global economy caused by the global Covid-19 pandemic, the above considerations together with the Group's robust business model underpinned by long-term customers with a high percentage of secure, and typically RPI-linked, revenue and the ability of management to take appropriate steps to mitigate as far as possible the downside scenarios presented by the pandemic, provides confidence that the Group has the resources and flexibility to respond timely to events as they occur. The group has already instigated certain costs saving and capital expenditure reduction initiatives.
- As a result of the actions already taken to date and further contingency plans to react to a more adverse scenario, management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants. 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 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) A reconciliation of the number of shares outstanding at the beginning and end of the year;
- b) A statement of cash flows;
- c) 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
- d) Key management personnel compensation in total.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary of Peel Ports Group Limited, which prepares consolidated financial statements that are publicly available.

Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in pound sterling and rounded to millions.

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Revenue recognition

Interest income on financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is included in net interest expense in the profit and loss account.

Dividend income is recognised when the right to receive payment is established.

Finance costs

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

Taxation

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 exception:

- 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed asset investments

Fixed asset investments are stated at cost to the Company less any provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair value or nominal value of shares issued.

Income from investments in subsidiary undertakings is included in the profit and loss account when dividends have been declared.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, the Covid-19 global pandemic has 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 with the most likely significant affect being in respect of the valuation of derivative financial instruments. Movements in swap rates and expectations around inflation and interest rates during the period affected by the global Covid-19 pandemic had minimal effect on the fair value of derivative financial instruments in the year ended 31 March 2020, though the uncertainty caused by the global pandemic means that volatility might be expected in the year ending 31 March 2021.

(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

Interest rates, inflation rates, exchange rates, discount rates and other assumptions used to determine the fair value of the Group's derivative financial instruments (note 16)

The fair value of the Company's derivative financial instruments requires judgement to determine the appropriate rates to use when calculating discounted cashflows to compare against the nominal value of the instrument. The Company engages a specialist third-party firm to calculate fair values.

Further information on the Company's derivative financial instruments can be found in note 16.

5. DIRECTORS' EMOLUMENTS

No director received any emoluments for their services to the Company (2019: £nil).

6. EMPLOYEE INFORMATION

The Company had no employees during the year or the previous year.

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020 £m	2019 £m
Dividends received from subsidiary undertakings	156.0	173.2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

8. OPERATING PROFIT

The auditor's remuneration for audit work of £1,500 (2019: £1,500) was borne by a fellow group undertaking. Fees paid to the Company's auditor, Deloitte 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 parent, Peel Ports Group Limited, are required to disclose non-audit fees on a consolidated basis.

9. NET INTEREST EXPENSE

	Note	2020 £m	2019 £m
a) Interest payable and similar charges			
Loans from group undertakings		(64.1)	(39.9)
Accretion on index-linked swaps	16	(11.1)	(13.2)
Amortisation of debt issue costs	15	(2.5)	(2.8)
Amounts payable under derivative contracts		-	(25.0)
		<u>(77.7)</u>	<u>(80.9)</u>
b) Interest expense on financial instruments measured at fair value through profit or loss			
Losses on derivative financial instruments	16	<u>(57.1)</u>	<u>(53.3)</u>
c) Interest receivable and similar income			
Group interest receivable and similar income		<u>5.4</u>	<u>5.6</u>
Net interest expense			
Total interest payable and similar charges	9(a)	(77.7)	(80.9)
Interest expense on financial instruments measured at fair value through profit or loss	9(b)	(57.1)	(53.3)
Interest receivable and similar income	9(c)	<u>5.4</u>	<u>5.6</u>
		<u>(129.4)</u>	<u>(128.6)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

10. TAXATION

a) Analysis of tax in the year

	2020 £m	2019 £m
Current tax		
UK corporation tax	-	-
Total tax	-	-

b) Reconciliation of total tax

Total tax is lower (2019: lower) than that arising from applying the standard rate of UK corporation tax of 19% (2019: 19%). The differences are explained below:

	2020 £m	2019 £m
Profit before taxation	26.6	44.6
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	5.1	8.5
Non-taxable dividend income	(29.6)	(32.9)
Deferred tax not recognised	22.4	13.3
Group relief surrendered without payment	2.1	11.1
Total tax	-	-

c) Factors affecting future tax charges

The Government announced in the Budget on 11 March 2020 that the proposed reduction in the rate of corporation tax to 17% from 1 April 2020 would not take place. Accordingly, the deferred tax balances in these financial statements are stated at 19%, the current rate of corporation tax.

d) Deferred tax

At 31 March 2020, the Company had deferred tax assets not recognised of £87.9m (2019: £64.7m) relating to derivative financial instruments. The Company also had gross tax losses of £66.4m (2019: £nil) available for carry forward.

11. INVESTMENTS

	Investment in subsidiary undertaking £m
Cost	
As at 1 April 2019 and 31 March 2020	1,148.2
Provision for impairment	
As at 1 April 2019 and 31 March 2020	199.6
Net book value	
As at 31 March 2020 and 31 March 2019	948.6

Directly held subsidiary undertakings

Details of the Company's subsidiary undertakings, all of which are wholly owned except as denoted otherwise, are provided below. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

11. INVESTMENTS (CONTINUED)

Subsidiary	Principal activity
Peel Ports Limited (3)	Treasury Company
Peel Ports Investments Limited (3)	Intermediate Holding Company
Peel Ports PP Finance Limited (8)	Treasury Company
Peel Ports Finance Limited (8)	Non-trading

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Peel Ports Group Limited, which prepares consolidated financial statements that are publicly available.

Indirectly held subsidiary undertakings

Details of the Company's indirectly held subsidiary undertakings, all of which are 100% owned, except as denoted otherwise, are provided below. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

Trading companies

Subsidiary	Principal activity
A&P Falmouth Limited* (1)	Marine Support Services
A&P Shipbuilders Limited* (1)	Property ownership
A&P Tees Limited* (1)	Marine Support Services
A&P Tyne Limited* (1)	Marine Support Services
Atlantic Engineering & Laboratories Limited* (9)	Engineering Services
Ardrossan Harbour Company Limited (6)	Regional Port Operator
Atlantic & Peninsula Australia Pty Limited* (2)	Marine Support Services
Birkenhead Port Limited (3)	Regional Port Operator
B.G. Freight Line B.V. (4)	Shipping
B.G. Freight Line Limited (7)	Shipping
Cammell Laird Shiprepairers & Shipbuilders Limited* (5)	Marine Support Services
Clydeport Operations Limited (6)	Regional Port Operator
Coastal Container Line Limited (10)	Shipping
Dublin Container and Transport Services Limited (I) (7)	Container Services
Great Yarmouth Port Company Limited (3)	Regional Port Operator
Heysham Port Limited (3)	Regional Port Operator
Ligna Biomass Limited (3)	Biomass Facility Operator
Marine Designs Limited* (1)	Marine Support Services
Marine Terminals Limited (7)	Stevedoring
Neway Industrial and Environmental Services Limited* (5)	Cleaning Services
Peel Ports (IDS) Limited (3)	Investment Holding
Peel Ports Limited (3)	Treasury Company
Peel Ports PP Finance Limited (8)	Treasury Company
Port of Sheerness Limited (3)	Regional Port Operator
Quality Freight (UK) Limited (3)	General Cargo Services Provider
Seaforth Power Limited (3)	Electricity Supply to the Port of Liverpool
The Falmouth Docks and Engineering Company* (1)	Marine Support Services
The Manchester Ship Canal Company Limited (3)	Regional Port Operator
The Mersey Docks and Harbour Company Limited (3)	Regional Port Operator
The Mersey Docks and Harbour Company (RSCT) Limited (3)	Container Terminal Operator

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

11. INVESTMENTS (CONTINUED)

Indirectly held subsidiary undertakings (continued)

Intermediate holding companies

Each of the following companies act as intermediate holding companies within the sub-group of companies:

A&P GH 2006 Limited* (1)	Ligna Biomass Holdings Limited (3)
A&P Group Limited* (1)	Maritime Centre Limited (3)
A&P Ship Repairers Limited* (1)	Medway Ports Limited (3)
Atlantic & Peninsula Marine Services Limited* (9)	Merlin Ports Limited (3)
B.G. Freight Line Holding B.V. (4)	Peel Ports Containers Limited (3)
Clydeport Limited (6)	Peel Ports Investments Limited (3)
Imari Limited (7)	Peel Ports Operations Limited (3)

Dormant or non-trading companies

Each of the following companies is either dormant or does not trade:

A&PA Property Ltd (3)	Birkenhead West Float No 7 Newco Ltd (8)
A&P Birkenhead Properties Ltd * (1)	Coastal Line Container Terminal Ltd (7)
A&P Defence Ltd * (1)	De Facto 1693 Ltd (3)
A&P Dry Docks Ltd (3)	Eastport UK Cargo Handling Ltd (3)
A&P Ports & Properties Ltd (3)	Ellesmere Newco Ltd (8)
A&PPP 2006 Ltd (3)	Hydropower Services Ltd * (1)
A&P Southampton Ltd * (1)	Irwell Newco Ltd (8)
A&P Tyne Properties Ltd (3)	James Scott & Co (Dublin) Ltd (7)
A&P Wallsend Ltd * (1)	Peel Ports Finance Ltd (8)
B.G. Freight Line (Agency) B.V. (4)	Peel Ports Freight Ltd (3)
B.G. Freight Line Shipping B.V. (4)	Peel Ports Land & Property Investments (No. 2) Ltd (3)
Birkenhead East Float (North Vittoria) Newco Ltd (8)	Peel Ports Trustees Ltd (3)
Birkenhead East Float (South Vittoria) Newco Ltd (8)	Port Falmouth Ltd (3)
Birkenhead East Float Newco Ltd (CI) (8)	Portia World Travel Ltd (3)
Birkenhead West Float No 1 Newco Ltd (8)	Runcorn Newco Ltd (8)
Birkenhead West Float No 2 Newco Ltd (8)	Scott Lithgow Shiprepairers & Shipbuilders Ltd * (5)
Birkenhead West Float No 3 Newco Ltd (8)	Seaforth Stevedoring Ltd (3)
Birkenhead West Float No 4 Newco Ltd (8)	Seawing Landguard International Ltd (3)
Birkenhead West Float No 5 Newco Ltd (8)	TR Shipping Services Ltd (10)
Birkenhead West Float No 6 Newco Ltd (8)	

*75% owned

Indirectly held joint venture undertakings

The joint venture undertakings held within the sub-group of companies at 31 March 2020 were as follows. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

Joint venture	Principal activity
Clarke Chapman Portia Port Services Limited (3)	Non-trading
Estuary Services Limited (3)	Port Facilities
The Mersey Docks and Harbour Company (L2) Limited (3)	Container Terminal Operator
MDHC Container Services Limited (3)	Labour and Other Services Provider

The group had a 50% shareholding in each of the joint venture undertakings above.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

11. INVESTMENTS (CONTINUED)

Registered offices

Reference	Address
1	c/o A&P Tyne Limited, Wagonway Road, Hebburn, Tyne & Wear, NE31 1SP, UK
2	c/o William Buck, Level 29, 66 Goulburn Street, Sydney, NSW 2000, Australia
3	Maritime Centre, Port of Liverpool, Liverpool, L21 1LA, UK
4	Den Hamweg 30, 3089KK, Rotterdam, The Netherlands
5	Cammell Laird Shipyard, Campbeltown Road, Birkenhead, Wirral, CH41 9BP, UK
6	16 Robertson Street, Glasgow, G2 8DS, UK
7	South Bank Quay, Pigeon House Road, Ringsend, Dublin 4, Ireland
8	c/o Maples Corporate Services Ltd, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
9	5 Abbots Quay, Monks Ferry, Birkenhead, CH41 5LH, UK
10	c/o Elliott Duffy Garrett, 40 Linenhall Street, Belfast, BT2 8BA, UK

12. DEBTORS

	2020 £m	2019 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	644.2	633.1
Amounts falling due after more than one year:		
Amounts owed by group undertakings – loans	186.1	201.0
	<u>830.3</u>	<u>834.1</u>

The loans to other group undertakings bear interest at LIBOR plus margin and are repayable over terms ranging from 3 to 20 years.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £m	2019 £m
Amounts owed to group undertakings – loans (note 15)	145.6	165.8
Amounts owed to group undertakings	2.8	-
Derivative financial instruments (note 16)	22.1	15.9
Derivative financial instruments (accretion on index-linked swaps) (note 16)	50.7	-
	<u>221.2</u>	<u>181.7</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £m	2019 £m
Amounts owed to group undertakings - loans (note 15)	995.8	973.1
Derivative financial instruments (note 16)	857.8	806.8
Derivative financial instruments (accretion on index-linked swaps) (note 16)	-	39.6
	<u>1,853.6</u>	<u>1,819.5</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

15. LOANS AND OTHER BORROWINGS

	2020 £m	2019 £m
(a) Loans and other borrowings		
Amounts owed to group undertakings - loans	1,141.4	1,138.9
(b) Maturity of loans and other borrowings as presented in the notes to these financial statements		
Financial liabilities falling due within one year	145.6	165.8
Financial liabilities falling due after more than one year	995.8	973.1
	1,141.4	1,138.9
	2020 £m	2019 £m
(c) Maturity of loans and other borrowings		
In one year or less or on demand	145.6	165.8
In more than one year, but not more than two years	6.0	5.3
In more than two years, but not more than five years	537.2	584.5
In more than five years not by instalments	452.6	383.3
	1,141.4	1,138.9
Financial liabilities, net of unamortised issue costs and finance charges allocated to future periods	1,141.4	1,138.9
Unamortised debt issue costs	5.0	7.5

Financial liabilities

The Company has borrowed £1,146.4m (2019: £1,146.4m) from a subsidiary company, Peel Ports Limited. The loans include an interest-free facility of £146.3m (2019: £146.3m) which is repayable on demand and term loans of £3.2m (2019: £24.8m) which are due for repayment within one year, net of unamortised debt issue costs of £3.9m (2019: £5.3m). These are disclosed within creditors falling due within one year. Term loans totalling £996.9m (2019: £975.2m) fall due for repayment between 1 April 2021 and 10 December 2037 and are disclosed within creditors falling due after more than one year, net of unamortised debt issue costs of £1.1m (2019: £2.1m). The loans principally bear interest at LIBOR plus varying rates of margin. The terms principally mirror those of loans taken out by Peel Ports Limited with third party financial institutions.

Issue costs

During the year, the Company incurred no debt issue costs (2019: £nil). Amortised debt issue costs in the year totalled £2.5m (2019: £2.8m) (note 9). At 31 March 2020, the Company had £5.0m (2019: £7.5m) of unamortised debt issue costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative financial instruments with other group companies to hedge against interest rate volatility, which is explained further below. Although the instruments represent hedge arrangements, the Company does not apply hedge accounting and, therefore, movements in the fair value of such instruments are recognised in the profit and loss account. A charge of £68.2m (2019: charge of £66.5m) has been recognised in the year in respect of the change in the fair value of the interest rate and index-linked swaps (including the accretion on the index-linked swaps) (note 9).

At 31 March 2020, the fair value of the Company's derivative financial instruments was a net liability of £930.6m (2019: £862.3m), which includes £50.7m (2019: £39.6m) in respect of the accretion on index-linked swaps.

	2020 Liabilities £m	2019 Liabilities £m
At 31 March		
Interest rate swaps	320.9	266.4
Index-linked swaps	559.0	556.3
	<hr/> 879.9	<hr/> 822.7
Accretion on index-linked swaps	50.7	39.6
	<hr/> 930.6	<hr/> 862.3
 Presentation of fair values		
<i>Derivative financial instruments</i>		
Creditors falling due within one year (note 13)	22.1	15.9
Creditors falling due after more than one year (note 14)	857.8	806.8
	<hr/> 879.9	<hr/> 822.7
<i>Accretion on index-linked swaps</i>		
Creditors falling due within one year (note 13)	50.7	-
Creditors falling due after more than one year (note 14)	-	39.6
	<hr/> 50.7	<hr/> 39.6
	<hr/> 930.6	<hr/> 862.3

Interest rate swaps

At 31 March 2020, the Company was party to fixed interest rate swaps over £365.0m (2019: £365.0m) of notional principal of loans from Peel Ports Limited, with fixed rates between 5.0% and 5.6% and maturity dates of between 2036 and 2041. These instruments hedge the Company's exposure to interest rate movements on the Company's loans from Peel Ports Limited. The fair value calculated in respect of the swaps was a liability of £320.9m (2019: £266.4m), of which £13.5m (2019: £12.5m) is included in creditors falling due within one year and £307.4m (2019: £253.9m) is included in creditors falling due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Index-linked swaps

At 31 March 2020, the Company was also party to index-linked swaps over £352.0m (2019: £352.0m) of notional principal under which the Group receives a LIBOR floating rate of interest and pays interest at varying initial rates which increase over the term of the swaps by the movement in the UK Retail Prices Index ("UKRPI"). The swaps mature in 2036. The initial rate of interest was between 1.9% and 2.62%. In addition, the terms of the index-linked swaps provide for accretion payments to be made every four years commencing in October 2016, based on the movement in the UKRPI over each four-year period. There were no accretion payments in the year ended 31 March 2020 (2019: none). The next accretion payment is scheduled to be paid in October 2020. As at 31 March 2020, the amount accrued, and presented in creditors falling due within one year, is £50.7m (2019: £39.6m presented in creditors falling due after more than one year).

The fair value of the index-linked swaps, which at 31 March 2020 was a liability of £559.0m (2019: £556.3m), of which £8.6m (2019: £3.4m) is included in creditors falling due within one year and £550.4m (2019: £552.9m) is included in creditors falling due after more than one year.

17. CALLED-UP SHARE CAPITAL

	2020 £m	2019 £m
Allotted, called-up and fully paid		
65,914,571 ordinary shares of £1 each	65.9	65.9

There are no restrictions on the distribution of dividends and the repayment of capital.

Equity dividends paid

	2020 £m	2019 £m
Interim ordinary dividends	104.0	122.7

18. 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. At 31 March 2020, this amounted to £2,020.3m (2019: £1,883.3m).

19. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The directors regard Tokenhouse Limited as the ultimate holding company and Peel Holdings (Ports) Limited as the immediate parent company.

The largest and smallest group of undertakings of which the Company is a member that produces publicly available consolidated financial statements is Peel Ports Group Limited. Its Group financial statements are available from its registered office:

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

20. ULTIMATE CONTROLLING PARTY

Tokenhouse Limited, a company incorporated in the Isle of Man, is controlled by the Billown 1997 Settlement trust. By virtue of its controlling interest in Peel Ports Holdings (CI) Limited, the immediate parent company of Peel Ports Group Limited, and the majority voting power held by the directors appointed by that company's immediate parent undertaking, Peel Ports Investments (IOM) Limited, the Company considers the Billown 1997 Settlement trust to be the ultimate controlling party.

21. SUBSEQUENT EVENTS

Subsequent to the year-end, a subsidiary undertaking completed the disposal of the Marine Support Services segment. The disposal will not affect the carrying value of the Company's investment holdings.