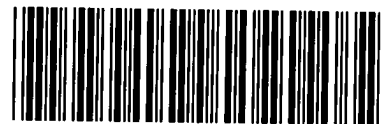


Company Registration No: 4560438

PEEL PORTS HOLDINGS LIMITED

**Report and Financial Statements
For the year ended 31 March 2021**

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REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I G L Charnock
M Whitworth

COMPANY SECRETARY

F A Khan

REGISTERED OFFICE

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Liverpool
L21 1LA

AUDITOR

BDO LLP
Statutory Auditor
3 Hardman Street
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STRATEGIC REPORT

The directors present their Strategic Report, Directors' Report and the audited financial statements of the Company for the year ended 31 March 2021.

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 £237.3m at 31 March 2021 (2020: £295.9m). In addition to the profit for the year of £108.6m (2020: £26.6m), the net asset position has changed because of the payment of interim dividends of £50.0m (2020: £104.0m). The profit for the year of £108.6m (2020: £26.6m) is after recognising gains on derivative financial instruments of £76.6m (2020: losses of £68.2m).

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

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

COVID-19

When the report and accounts for the year ended 31 March 2020 were signed in September 2020, the Group was, like many businesses at that time, managing its way through an unprecedented period in its history. The global COVID-19 pandemic had brought about national lockdowns around the world and disrupted global economies and supply chains in ways not seen before. The timing of the pandemic meant that it affected the results of the Group in the final month of the year ended 31 March 2020 and the report for that year gave an expectation that it would undoubtedly affect the results of the group for the subsequent financial year. With the vaccine roll out under way nationally and globally, the cautious optimism expressed in September 2020 appears to have a firmer basis when it is repeated in September 2021.

Although the nature and extent of the disruption may have been unprecedented when it first took hold in early 2020, the Group had previously shown itself to be agile in responding to past economic shocks, including the global financial crisis of 2008, and it moved quickly to put in place measures to mitigate the effects of the pandemic as soon as they became apparent.

As was the case at the time that the 2020 report was prepared, the priority for the Board and the management team continues to be the health and well-being of the Group's employees. Even before the pandemic, significant investment had been made in improving measures designed to keep employees, and other port users, safe in the workplace. That investment meant that the Group was as well prepared as it could be to respond to something it could not at the time have reasonably foreseen.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

COVID-19 (continued)

As a major ports group, however, it was and continues to be essential to the UK economy and key sectors and organisations, including the National Health Service, that the Group continues to operate as close to normal as possible while maintaining its core focus on health and safety.

The early steps to introduce extensive cleaning routines and availability of hand sanitiser have continued throughout the pandemic. Signage was installed reminding employees and visitors to observe good personal hygiene and to maintain suitable social distancing measures. Masks continue to be worn when moving around the Group's premises and some office-based employees have worked from home where practicable to do so. The Group continues to enforce formal policies regarding the reporting of potential symptoms and the requirement to self-isolate. Regular reporting of potential cases to the Executive Management Board continues, allowing for this to be monitored.

Regular communications throughout the pandemic 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 necessitated the Group deploying many of its business continuity procedures and this demonstrated the value of investment in technology, including that necessary to allow employees to work remotely where required.

From a commercial perspective, the strength of the Group is, as it has been for many years, its diversification. It is still the case, despite the disruption to supply chains, 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.

The steps taken in the early stages of the year ended 31 March 2021, and commented on in the 2020 annual report, included the curtailing or delaying of non-essential expenditure, including development capital expenditure and the raising of a further £50.0m of finance to provide additional liquidity. The final shareholder dividend for the year ended 31 March 2020, traditionally paid in the summer, was cancelled. Additionally, in order to respond to reduced volumes, the Group had to take some difficult decisions and this resulted in some employees being made redundant. This was not a decision taken lightly; the Board and management team are proud of the growth achieved by the Group and the impact it has had on employment opportunities, stemming from investments made in the business. It was necessary, however, to align our cost base with our revised outlook for the UK economy. As an example of the effect that the pandemic has had, and that the Group had to respond to, there were no cruise vessel calls at Greenock Ocean Cruise Terminal throughout the financial year, after a record number of calls in the preceding year. At the time of preparing this report, it is still not known when, and to what extent, confidence will return to the cruise industry.

Since the 2020 accounts were signed, the Group has continued to curtail or delay non-essential expenditure. The annual pay increase to employees that was deferred initially was awarded with effect from December 2020, but only to those employees who earned less than a certain threshold. That decision was intended to ensure appropriate recognition for those port operatives who had continued to work throughout the pandemic, keeping the business and the essential UK supply chain going. Through a strong focus on credit and careful treasury management, the Group was able to commit to paying its suppliers in accordance with agreed terms wherever possible and to continue to pay the scheduled deficit repair contributions to the defined benefit pension schemes to which it is party.

Commercial opportunities will still present themselves, and we are engaging proactively 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.

Operational

Health and safety - landside

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

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational (continued)

Health and safety (continued)

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

The Group's operational approach to health and safety matters is overseen by an Environment, Health and Safety Governance Committee, chaired by the Group Chief Executive Officer.

The investment that the Group has made in recent years was recognised externally in June 2020, when Port Skills and Safety announced their annual benchmarking results for 2019, ranking Peel Ports in first place for the lowest rate of significant injuries as measured by lost-time incidents. Over the last three years, the Group recorded a 70% decrease in lost-time incidents.

For the year ended 31 March 2021, Peel Ports had targeted fewer than four one-day lost time incidents (LTIs) across the Group as a component of a five-year strategy to reduce LTIs to zero. We are pleased to confirm that our target was met for the year ended 31 March 2021, and we remain on track towards achieving the five-year objective.

The Group has continued to enhance its focus on health and safety in the year ended 31 March 2021, with continued investment in staff development, training, safety equipment and a comprehensive survey of employees' views on environment, health and safety matters being undertaken. This feedback has been incorporated into our port improvement plans on every port and terminal. Further initiatives are planned with the objective of continuing the progress made so far in reducing the incidence of injury and ill-health.

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

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

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

Health and safety – marine

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

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

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

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

Capital expenditure projects

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

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Operational (continued)***Resilience of operational assets*

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

Cyber security

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

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

Technology and innovation

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

General Data Protection Regulation ('GDPR')

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

Commercial*Brexit*

The UK left the EU on 1 January 2021. To date, the Group has not encountered any material adverse impacts that might be directly attributable to Brexit.

Prior to the date of departure from the EU, the Group had reviewed its operations in readiness for Brexit and obtained Authorised Economic Operator status for each of its principal ports. Available UK Government funding to invest further in port infrastructure has been awarded to a number of the Group's ports in the year ended 31 March 2021, and work is well progressed on those projects.

The Group's main concern with respect to Brexit was the actual and potential economic uncertainty and the effect that might have on UK ports, though any negative effect is likely to be less apparent while the global economy is also recovering from the global COVID-19 pandemic. However, the Group is well diversified both by geography and by commodity and its business fundamentals are robust. This provides a resilient base from which it can respond to challenges and opportunities as they arise.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Commercial (continued)

Dependency of the Group's ports on economic activity

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

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

Financial

Liquidity, cash flow and interest risks

The key financial risk arises from the level of long-term debt held by the Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 1 April 2021 and 30 September 2046 ("long-term debt") amount to £2,145.5m (2020: £2,143.3m). 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 2021, within the current facility agreements, there were undrawn funds of £175.0m available in addition to cash of £87.8m 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.

Credit risk

Financial risk also arises from credit extended to customers. This risk is mitigated by using strict credit control procedures, the imposition of appropriate credit limits and obtaining third party credit references. The disruption caused by COVID-19 has increased the potential risk that customers may not pay or may pay later than agreed terms. The Group's ports play an essential role in maintaining the UK's (and Global) supply chains, including the supply of essential supplies to organisations such as the National Health Service. It is, therefore, important that the Group is able to secure payments due from customers in order to ensure it can operate effectively and pay suppliers on a timely basis. The Group engages proactively with customers to mitigate the risks arising and takes appropriate action when necessary. The Group has no material concentration of credit risk.

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

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

STRATEGIC REPORT (CONTINUED)**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Financial (continued)***Capital risk*

The Group keeps its funding structure under review with the objective of maximising shareholder value and the capacity to meet its operational requirements and to facilitate the execution of its strategy. The Group's external loan covenants impose certain restrictions on the Group relating to capital which are regularly monitored by management. The Group's management carefully monitors the headroom against its covenants and a number of potential actions could be taken in the event that these are necessary. These include, among other things, aggressive management of working capital, deferral of uncommitted capex, deferral of recruitment activity and other cost reduction measures. The Group was in compliance with these covenants during 2020 and 2021 and although headroom was lower in 2021 than in the prior year, this was in line with expectations and reflective of the anticipated trading challenges in the year ended 31 March 2021. As referred to in note 3 to the financial statements, there is significant headroom in the forecast covenants.

Going concern

As referred to in note 3 to the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This has also taken into account the potential risks associated with the global COVID-19 pandemic. As reported above, the Group 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 £135m of finance has been raised in June 2021.

Environmental*Operations*

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

Climate change

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

The UK Government has made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. To achieve this, there will need to be significant changes across the economy and, by extension, the ports that serve it. For example, this is likely to result in the long-term reduction in tonnages of oil related cargoes and a move away from diesel and petrol cars to electric and other forms of low carbon transport. Existing vessels' propulsion systems will need to transition to lower carbon options, an event mitigated within the Group's shipping division in recent years by the entering into of long-term charters for the hire of modern-built and more environmentally friendly vessels. The Group will need to adopt new technologies and deal with currently unforeseen legislative changes.

The Group's five year plan includes initiatives that will help support the response to risks associated with climate change, including the use of technology and energy efficiency solutions.

In the year ended 31 March 2021, the Group extended the remit of a member of the Executive Management Board to include environmental matters and a number of initiatives have commenced, including work on port air quality studies. The Group expects to continue working on initiatives that will contribute to helping tackle climate change in the year ending 31 March 2022.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT

The Company is a wholly owned subsidiary of Peel Ports Group Limited, in whose accounts for the year ended 31 March 2021 the statement is presented.

The directors of the Company are also directors of Peel Ports Group Limited.

The directors of the Company consider that the directors of Peel Ports Group Limited have due regard to the long-term interests of the Company when making decisions and that the engagement with, and consideration of the interests of, the Group's stakeholders, also reflects the position of the Company.

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.

In discharging its S172 duties, the Board of Directors ("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.

As the Board of Directors includes representatives of the Group's three shareholders¹, Peel Group, DWS and Australian Super, they are more directly able to engage on matters relevant to them. In so doing, the Board is also cognisant of the importance of considering the needs of other stakeholders when making decisions.

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 Executive Management Board is chaired by the Group Chief Executive Officer and attended by the Group Chief Financial Officer, both of whom are also directors and attend meetings of the Board. The Executive Management Board also comprises senior group management, including the Group Director overseeing Health and Safety and Environmental Matters, as well as the senior management responsible for each of the Ports and Shipping segments. Within the Ports segment, each port cluster group has its own management teams with delegated levels of authority. Engagement with stakeholders may take place at a port cluster level, business segment level or at senior group management level, depending on the nature of the stakeholder relationship and delegated levels of responsibility. This approach is intended to ensure alignment of engagement and decision-making with the long-term strategic objectives of the Group and greater responsiveness to the needs of stakeholders. Through the participation of the Chief Executive Officer and Chief Financial Officer at Shareholder Board and Executive Management Board level, together with reports and attendance at meetings by other members of senior management, the Board is able to exercise oversight and challenge as appropriate.

¹ The shareholder investments in the Group's ultimate parent company (Peel Ports Holdings (CI) Limited) are through immediate investor companies that are referenced in these financial statements, being Peel Ports Investments (IOM) Limited (Peel Group), Infrastructure JVCo (Lime) S.a.r.l. (Deutsche Wealth Services) and AS Infra PP Pty Ltd (Australian Super).

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

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.

The Board are aware that they set the tone for the overall control environment across the whole Group and, therefore, they review and, where appropriate, approve key policies such as anti-bribery and corruption, the policy on modern slavery, the Group's code of conduct and the supplier code of conduct. These policies are designed to ensure that the Group maintains the highest standards of conduct in its business dealings with stakeholders and internally within the Group. The Group's policies are disseminated to all employees when they join the Group and to existing employees through regular communication and training where appropriate. They are also available on the Group's intranet and, where appropriate, on the Group's external website.

Principal decisions taken by the Board

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).

Principal decisions taken by the Board during the year ended 31 March 2021, and how they have had regard to the interests of stakeholders, include:

Responding to the COVID-19 pandemic

As set out above, the Group has taken, and continues to take, measures to respond to the global COVID-19 pandemic. Many of these required decisions to be taken by the Board, some of which were difficult and required trade-offs between competing stakeholder expectations. These were often taken in fast changing circumstances against a backdrop of unprecedented national and global uncertainty. With the benefit of hindsight, as with the response of governments around the world and those of many other companies, other decisions may have been taken or decisions may have been taken at different times. However, the Group's management, and its Board, focused on a number of guiding principles when making those decisions. These included the continuing priority focus on the health and safety of our employees and all of those individuals who work within its facilities and the knowledge that, as an essential part of the UK and Ireland's national supply chains, it was essential that the business continued to operate as close to normal as possible. Through the considerable efforts of the Group's employees and its suppliers, the vital role that Peel Ports plays in keeping commodities moving has continued throughout the pandemic.

The Group has had to withstand a number of economic downturns over the last decade, including the Global Economic Crisis, but the effects of the COVID-19 pandemic have been unprecedented. In Scotland, for example, the record number of cruise vessel visits recorded in prior years fell to nil overnight, with no vessel calls handled in the year ended 31 March 2021. While the cruise industry is optimistic it will return to pre-pandemic levels, there are understandable uncertainties as to when, and by what extent, confidence will return.

STRATEGIC REPORT (CONTINUED)**SECTION 172 STATEMENT (CONTINUED)****SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)****Principal decisions taken by the Board (continued)***Responding to the COVID-19 pandemic (continued)*

Through careful treasury management, the Group has sought to continue to pay suppliers on time and to continue to fulfil its agreed contributions to the defined benefit pension schemes to which it is a party. However, difficult decisions have had to be taken with respect to the restructuring of business operations and this has meant that many valued colleagues have left the business in the year. In addition, the decision as to the annual pay rise that would have been applied in June 2020 was deferred until later in the calendar year, when it was decided to award an inflationary increase to employees except those earning above a certain threshold. In reaching that decision, the Board had wanted to balance a responsible response to the continuing economic uncertainty and outlook with the importance of rewarding the many employees who, as “key workers” had continued to operate its port terminals and provide other essential labour throughout the pandemic. The final shareholder dividend for the year ended 31 March 2020, which would normally have been paid in the summer of 2020, was cancelled.

Management, and the Board, are committed to returning the Group to growth and to allow it to resume delivering improved benefits to the stakeholders on whom it relies. The Board have approved a budget for the year ending 31 March 2022 that sets out a plan, incorporating initiatives set out in the previously approved five year strategic business plan, to grow the business while still acknowledging the continuing levels of uncertainty arising from the global pandemic and its effect on economic activity.

Disposal of Marine Support Services segment

The Group disposed of the Marine Support Services segment on 23 July 2020. The Marine Support Services segment was increasingly seen as non-core to the primary focus of the Group, which is to provide port and shipping services. The decision to dispose of Marine Support Services will allow the Board to focus more on decisions relating to core activities, which is more aligned with the long-term strategy of the continuing Group.

Investment in port infrastructure to support customers

As an infrastructure business, the Group considers very carefully the likely consequences of any major decision it makes in the long-term, with the overall objective of generating and preserving value. The Board reviews and, where appropriate, approves capital projects that exceed a certain monetary threshold in a comprehensive manner, considering the rationale for investment in the context of the long-term cash flows anticipated to be generated by the project, the likely impact upon the Group’s relationships with its customers and employees, and the risk profiles of the relevant market, customers and suppliers. The impact that the investment would have on the Group’s existing infrastructure assets is also a key consideration.

The disruption caused by the pandemic has meant that capital expenditure has been lower than it would otherwise have been in the year ended 31 March 2021, with capital projects either cautiously scaled back or deferred so as to better match capital cash outflows with the level of business activity and associated cash generation, while reflecting the unprecedented level of economic uncertainty that the pandemic has caused. However, the Group has still invested a total of £124.9m (2020: £124.8m) in net capital expenditure in the year ended 31 March 2021.

During the year ended 31 March 2021, the Board approved a number of proposals to invest in port assets that directly and indirectly support customers who use those ports. This has included the replacement of lock gates and enhancements to the grain terminal at the Port of Liverpool, investment in a warehouse alongside the Manchester Ship Canal to support a new contract with a customer and the installation of a new terminal operating system to support container operations in Greenock and Dublin. Although subject to board approval in a prior period, the Group has continued to invest in the Liverpool2 container terminal and the roll out of an ERP system during the year ended 31 March 2021.

When considering such proposals, the Board receives detailed papers that includes the proposal’s business case and key financial information, a statement as to the effect that the proposal will have on energy usage, customer expectations and business risks and opportunities. Where a proposal involves significant capital expenditure to support a particular customer, the Board will consider whether it is supported by a long-term commitment from the customer that is aligned with the Group’s long-term revenue and growth objectives.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

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

Stakeholders

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. If an employee is not comfortable raising an issue with the Group directly, they can engage indirectly (and anonymously) via an Ethics Hotline, details of which are set out in the Group's Code of Conduct.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits. Page 3 sets out steps that the Group have taken with respect to ensuring the health and well-being of our employees. In addition, the Board engaged with employees during the year ended 31 March 2021 through the undertaking of a Health and Safety Climate Survey. Surveys such as this, also known as employee engagement or culture surveys, are used to measure employee engagement and perceptions of the working environment. Safety climate describes how people feel about safety and offers insight into an organisation's culture. The results of the survey, which was completed anonymously, are used to inform the Board as to how to develop and improve the overall culture of the organisation. Following the survey, guidance was issued or reissued to employees in certain areas to respond to matters raised, for example how office-based staff can report an incident (injury, environmental incident, security, near-miss Incident or hazard observation).

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.

Although the majority of those who provide labour services to the Group are employees, there are many individuals who are engaged through third party labour providers. Such workers are often under our supervision and will be party to many of the same stakeholder engagement considerations as direct employees, including through their inclusion in Health and Safety statistics.

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 and in respect of preparing the Group's ports for the UK's departure from the European Union.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

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

Stakeholders (continued)

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.

More recently, the Group has introduced a Supplier Code of Conduct that suppliers are asked to sign up to. This covers areas such as compliance with laws and regulations, health and safety and working conditions, environmental matters, child labour, forced labour, freedom of association, discrimination, wages and benefits, working hours, bribery, confidentiality, data protection, conflicts of interest and local communities.

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. By their nature, ports are busy places with the transit of goods and services in and out. As a responsible operator, it is important that we manage these interactions in a way that minimises the external impacts to our local communities. This is a continual process as we refine and review our working practices and look to keep improving. Unfortunately, in some instances, our activities give rise to concerns and complaints from our local communities. We will always investigate these complaints and look for opportunities to reduce these external impacts. Often a complaint is found to be caused by something that has changed and, in some instances, that change is short-term, such as changes in the dominant wind direction or a particular visitor to a site. In other instances, we may be able to change or adapt our operations to reduce an impact, whilst keeping operations ongoing. For our larger ports, we have engaged in the port Master Planning process and produced port plans. These plans are consulted on with the local stakeholders and help to coordinate medium-term planning. These documents clearly set out our strategic plans for our sites and help to inform port users, employees and local communities as to how they can expect to see the port develop over the following years.

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 annual Group Environment Plan sets out a number of initiatives to manage the effect that the business has on the environment, including the development of port air quality strategies, sustainable procurement policies and resource management policies as well as initiatives around waste management, storage of fuels and chemicals, drainage, conservation of nature, wildlife and habitats, and the beneficial use of dredge material.

One of our biggest opportunities to reduce our environmental impact is to look at our procurement and capital investment programmes. What we buy has a direct relationship on what we consume and ultimately generate as waste. By influencing our purchasing decisions, we can potentially change our buying habits and reduce our environmental impact. Looking at the whole-life costs of a purchase we can look past the upfront purchase price and consider both the running and disposal costs of the purchase. We may also look to favour or rule out certain purchases due to their environmental credentials. This will apply to all purchases and contracts we engage in (including leasing).

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

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

Stakeholders (continued)*Environment (continued)*

Our capital investment programme is where we are investing for the long-term in our sites. The decisions we make during the capital investment process impacts our operations for years to come. It is therefore important that we take the opportunity to design in efficiencies (best available technologies, controls etc.) from the start of a project. By reviewing and adapting our current processes we can ensure that we look at and have the opportunity to design in both sustainable development principles and consideration of the environmental impacts of our operations.

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.

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. Of particular note in the year ended 31 March 2021 has been our engagement with the Department for Transport and other bodies in support of the UK's preparations for leaving the European Union. At a port level, there has also been constructive engagement with bodies such as HMRC and Border Force to secure Authorised Economic Operator status. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Financial investors

Through the group's wholly-owned subsidiary companies, Peel Ports PP Finance Limited and Peel Ports Limited, the Group raises debt and undertakes related hedging with a wide range of counterparties. This includes private placement borrowing, which is undertaken by Peel Ports PP Finance Limited, and bank borrowing, which is undertaken by Peel Ports Limited.

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. Where matters to be discussed are in respect of shareholder reserved matters, those relating to the conduct of the shareholders' agreement, these are discussed at meetings of the Board of Directors of the Group's immediate parent undertaking, Peel Ports Holdings (CI) Limited, in respect of which the shareholders are each represented among the directors and in which company each invests directly. The Group Chief Executive Officer and Group Chief Financial Officer, both of whom are directors of Peel Ports Group Limited, attend meetings of the Peel Ports Holdings (CI) Limited Board, but they are not directors of that company. 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
3 September 2021

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 (2020: £nil).

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

On behalf of the Board



I G L Charnock
Director
3 September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 may differ 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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Peel Ports Holdings Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Companies Act 2006 reporting

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

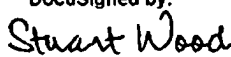
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT
United Kingdom

3 September 2021

PEEL PORTS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Income from shares in group undertakings	7	108.0	156.0
OPERATING PROFIT	8	108.0	156.0
Net interest income/(expense)	9	0.6	(129.4)
PROFIT BEFORE TAXATION		108.6	26.6
Taxation	10	-	-
PROFIT FOR THE FINANCIAL YEAR		108.6	26.6

The above results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

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

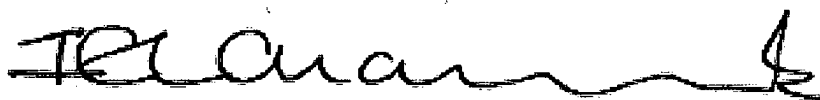
	2021 £m	2020 £m
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	108.6	26.6

PEEL PORTS HOLDINGS LIMITED

BALANCE SHEET
As at 31 March 2021

	Note	2021 £m	2020 £m
FIXED ASSETS			
Investments	11	948.6	948.6
CURRENT ASSETS			
Debtors - due in less than one year	12	692.6	644.2
Debtors - due in more than one year	12	183.3	186.1
		875.9	830.3
CREDITORS: amounts falling due within one year	13	(282.8)	(221.2)
NET CURRENT ASSETS		593.1	609.1
TOTAL ASSETS LESS CURRENT LIABILITIES		1,541.7	1,557.7
CREDITORS: amounts falling due after more than one year	14	(1,779.0)	(1,853.6)
NET LIABILITIES		(237.3)	(295.9)
CAPITAL AND RESERVES			
Called-up share capital	17	65.9	65.9
Profit and loss account		(303.2)	(361.8)
TOTAL SHAREHOLDER'S DEFICIT		(237.3)	(295.9)

The financial statements of Peel Ports Holdings Limited (company registration number 4560438), were approved and authorised for issue by the Board of Directors on 3 September 2021 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 2021

	Note	Called-up share capital £m	Profit and loss account £m	Total £m
As at 1 April 2019		65.9	(284.4)	(218.5)
Total comprehensive income for the year		-	26.6	26.6
Dividends	17	-	(104.0)	(104.0)
		<u>65.9</u>	<u>(284.4)</u>	<u>(218.5)</u>
As at 31 March 2020		65.9	(361.8)	(295.9)
Total comprehensive income for the year		-	108.6	108.6
Dividends	17	-	(50.0)	(50.0)
		<u>65.9</u>	<u>(361.8)</u>	<u>(295.9)</u>
As at 31 March 2021		<u>65.9</u>	<u>(303.2)</u>	<u>(237.3)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 £237.3m (2020: £295.9m). 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 2021 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 2021 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 2021:

- "the directors prepare and update detailed annual budgets, two year projections, and five year strategic plans. As the five year strategic plan was prepared before the outbreak of the global COVID-19 pandemic, management have re-reviewed that plan and adopted a revised outlook that reflects the disruption caused by the pandemic. For the period extending at least 12 months from the date of signing of these accounts, the Group has modelled different scenarios in the absence of further mitigating actions that show that the Group has sufficient headroom to withstand significant 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, a decreased level of capital expenditure or the postponement/cancellation of shareholder distributions;
- at the balance sheet date, the Group has net liabilities of £1,885.8m (2020: £1,946.2m) 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 £998.1m (2020: £1,083.0m);

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- as at 31 March 2021, the Group has borrowings of £2,022.5m (2020: £2,020.3m), 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 £9.6m of bank loans which are due for repayment in the year ending 31 March 2022 and a further £2.3m due for repayment in the six months ending 30 September 2022, the Group's loans and loan note instruments have repayment dates between 1 October 2022 and 30 September 2046;
- the payment of swap accretion, held as a liability of £40.8m as at 31 March 2021, is scheduled to be paid on 1 October 2021 from available facilities; payment of the accretion was deferred from 1 October 2020 to provide the Group with additional liquidity in the immediate period following the outbreak of the COVID-19 pandemic;
- in the year ended 31 March 2021, although turnover from continuing operations decreased from £555.6m to £504.8m, group operating profit before exceptional costs from continuing operations increased by £0.7m to £149.7m despite the disruption to supply chains caused by the COVID-19 global pandemic. This reflected a strong focus on cost management and the continuing benefit of having a diversified service offering and robust customer base;
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance tangible fixed asset additions of £145.1m (2020: £128.9m) (cash outflow);
- at the balance sheet date the Group held £87.8m (2020: £91.1m) of cash balances and had undrawn loan facilities of £175.0m 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 £135m 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; and
- 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 Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

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

- a) 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 2021

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 2021

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.

Share capital

Ordinary shares are classified as equity.

Distributions to equity holders

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

Related party transactions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 caused significant uncertainty for all companies. Consideration has been given as to how this might impact the critical accounting judgements and estimates of the Company, with no material areas having been identified.

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

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

(ii) Key sources of estimation uncertainty

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 directors received any emoluments in respect of their services to the Company (2020: £nil). Directors who are remunerated by other undertakings in the Peel Ports Group Limited group of companies are not disclosed in these financial statements. Those directors have to account in turn to those undertakings. Additionally, the emoluments of directors who are remunerated for services to the Group as a whole are not disclosed in these financial statements. It is not practicable to allocate their remuneration between their services to the Company, to the other companies in the group or to their Group role.

6. EMPLOYEE INFORMATION

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

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2021 £m	2020 £m
Dividends received from subsidiary undertakings	108.0	156.0

8. OPERATING PROFIT

The auditor's remuneration for audit work of £1,500 (2020: £1,500) was borne by a fellow group undertaking. Fees paid to the Company's auditor, BDO LLP, for services other than the statutory audit are not disclosed in the financial statements of the Company as the financial statements of the Company's parent, Peel Ports Group Limited, are required to disclose non-audit fees on a consolidated basis.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. NET INTEREST EXPENSE

	Note	2021 £m	2020 £m
a) Interest payable and similar charges			
Loans from group undertakings		(64.2)	(64.1)
Accretion on index-linked swaps	16	(6.2)	(11.1)
Amortisation of debt issue costs	15	(1.8)	(2.5)
		<u>(72.2)</u>	<u>(77.7)</u>
 b) Interest expense on financial instruments measured at fair value through profit or loss			
Losses on derivative financial instruments	16	<u>-</u>	<u>(57.1)</u>
 c) Interest receivable and similar income			
Group interest receivable and similar income		<u>4.7</u>	<u>5.4</u>
 d) Interest income on financial instruments measured at fair value through profit or loss			
Losses on derivative financial instruments	16	<u>68.1</u>	<u>-</u>
	Note	2021 £m	2020 £m
Net interest income/(expense)			
Total interest payable and similar charges	9(a)	(72.2)	(77.7)
Interest income/(expense) on financial instruments measured at fair value through profit or loss	9(b,d)	68.1	(57.1)
Interest receivable and similar income	9(c)	<u>4.7</u>	<u>5.4</u>
		<u>0.6</u>	<u>(129.4)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

10. TAXATION

a) Analysis of tax in the year

	2021 £m	2020 £m
Current tax		
UK corporation tax	-	-
Total tax	-	-

b) Reconciliation of total tax

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

	2021 £m	2020 £m
Profit before taxation	108.6	26.6
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2020: 19%)	20.6	5.1
Non-taxable dividend income	(18.4)	(29.6)
Deferred tax not recognised	(2.7)	22.4
Group relief surrendered without payment	0.5	2.1
Total tax	-	-

c) Factors affecting future tax charges

The Government announced in the Budget on 3 March 2021 that the UK rate of corporation tax would rise to 25% from 1 April 2023. As the increase had not been substantially enacted at the balance sheet date, the deferred tax balance in these financial statements is stated at 19%, the current rate of corporation tax.

d) Deferred tax

At 31 March 2021, the Company had deferred tax assets not recognised of £90.6m (2020: £87.9m) relating to derivative financial instruments. The Company also had gross tax losses of £96.1m (2020: £66.4m) available for carry forward.

11. INVESTMENTS

	Investment in subsidiary undertaking £m
Cost	
As at 1 April 2020 and 31 March 2021	1,148.2
Provision for impairment	
As at 1 April 2020 and 31 March 2021	199.6
Net book value	
As at 31 March 2021 and 31 March 2020	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 2021

11. INVESTMENTS (CONTINUED)

Subsidiary	Principal activity
Peel Ports Limited (1)	Treasury Company
Peel Ports Investments Limited (1)	Intermediate Holding Company
Peel Ports PP Finance Limited (5)	Treasury Company
Peel Ports Finance Limited (5)	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
Ardrossan Harbour Company Limited (3)	Regional Port Operator
Birkenhead Port Limited (1)	Regional Port Operator
B.G. Freight Line B.V. (2)	Shipping
B.G. Freight Line Limited (4)	Shipping
Clydeport Operations Limited (3)	Regional Port Operator
Coastal Container Line Limited (6)	Shipping
Dublin Container and Transport Services Limited (4)	Container Services
Great Yarmouth Port Company Limited (1)	Regional Port Operator
Heysham Port Limited (1)	Regional Port Operator
Ligna Biomass Limited (1)	Biomass Facility Operator
Marine Terminals Limited (7)	Stevedoring
Peel Ports (IDS) Limited (1)	Investment Holding
Port of Sheerness Limited (1)	Regional Port Operator
Peel Ports Logistics Limited (1)	General Cargo Services Provider
Seaforth Power Limited (1)	Electricity Supply to the Port of Liverpool
The Manchester Ship Canal Company Limited (1)	Regional Port Operator
The Mersey Docks and Harbour Company Limited (1)	Regional Port Operator
The Mersey Docks and Harbour Company (RSCT) Limited (1)	Container Terminal Operator

Intermediate holding companies

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

B.G. Freight Line Holding B.V. (2)	Medway Ports Limited (1)
Clydeport Limited (3)	Merlin Ports Limited (1)
Imari Limited (4)	Peel Ports Containers Limited (1)
Ligna Biomass Holdings Limited (1)	Peel Ports Investments Limited (1)
Maritime Centre Limited (1)	Peel Ports Operations Limited (1)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

11. INVESTMENTS (CONTINUED)

Indirectly held subsidiary undertakings (continued)

Dormant or non-trading companies

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

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

Indirectly held joint venture undertakings

The joint venture undertakings held within the sub-group of companies at 31 March 2021 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 (1)	Non-trading
The Mersey Docks and Harbour Company (L2) Limited (1)	Container Terminal Operator
MDHC Container Services Limited (1)	Labour and Other Services Provider

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

Registered offices

Reference	Address
1	Maritime Centre, Port of Liverpool, Liverpool, L21 1LA, UK
2	Den Hamweg 30, 3089KK, Rotterdam, The Netherlands
3	16 Robertson Street, Glasgow, G2 8DS, UK
4	South Bank Quay, Pigeon House Road, Ringsend, Dublin 4, Ireland
5	c/o Maples Corporate Services Ltd, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
6	c/o Elliott Duffy Garrett, 40 Linenhall Street, Belfast, BT2 8BA, UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. INVESTMENTS (CONTINUED)

Disposals in the year ended 31 March 2021 – subsidiary undertakings

On 23 July 2020, Peel Ports Investments Limited, a subsidiary undertaking, disposed of its investment in the Marine Support Services segment, including investments in A&P Falmouth Limited, A&P Tees Limited, A&P Tyne Limited, Atlantic & Peninsula Australia Pty Limited, Cammell Laird Shiprepairers & Shipbuilders Limited, A&P Shipbuilders Limited, Atlantic Engineering & Laboratories Limited, Marine Designs Limited, Newway Industrial and Environmental Services Limited, The Falmouth Docks & Engineering Company, A&P GH 2006 Limited, A&P Group Limited, A&P Ship Repairers Limited, Atlantic & Peninsula Marine Services Limited, A&P Birkenhead Properties Limited, A&P Defence Limited, A&P Southampton Limited, A&P Wallsend Limited and Hydropower Services Limited.

Disposals in the year ended 31 March 2021 – joint venture undertakings

On 30 March 2021, Port of Sheerness Limited, an indirectly held subsidiary undertaking, disposed of its joint venture investment in Estuary Services Limited to its joint venture partner, Port of London Authority, for £1. Prior to the disposal the Group received a dividend from the joint venture of £1.6m out of accumulated undistributed reserves. Profit or loss arising on the disposal of the investment is not material for the financial statements.

12. DEBTORS

	2021 £m	2020 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	692.6	644.2
Amounts falling due after more than one year:		
Amounts owed by group undertakings – loans	183.3	186.1
	<u>875.9</u>	<u>830.3</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

	2021 £m	2020 £m
Amounts owed to group undertakings – loans (note 15)	149.3	145.6
Amounts owed to group undertakings	64.7	2.8
Derivative financial instruments (note 16)	28.0	22.1
Derivative financial instruments (accretion on index-linked swaps) (note 16)	40.8	50.7
	<u>282.8</u>	<u>221.2</u>

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

	2021 £m	2020 £m
Amounts owed to group undertakings - loans (note 15)	993.8	995.8
Derivative financial instruments (note 16)	783.9	857.8
Derivative financial instruments (accretion on index-linked swaps) (note 16)	1.3	-
	<u>1,779.0</u>	<u>1,853.6</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

15. LOANS AND OTHER BORROWINGS

	2021	2020
	£m	£m
(a) Loans and other borrowings		
Amounts owed to group undertakings - loans	1,143.1	1,141.4
	<u>1,143.1</u>	<u>1,141.4</u>
(b) Maturity of loans and other borrowings as presented in the notes to these financial statements		
Financial liabilities falling due within one year	149.3	145.6
Financial liabilities falling due after more than one year	993.8	995.8
	<u>1,143.1</u>	<u>1,141.4</u>
	<u>1,143.1</u>	<u>1,141.4</u>
	2021	2020
	£m	£m
(c) Maturity of loans and other borrowings		
In one year or less or on demand	149.3	145.6
In more than one year, but not more than two years	225.9	6.0
In more than two years, but not more than five years	379.3	537.2
In more than five years not by instalments	388.6	452.6
	<u>1,143.1</u>	<u>1,141.4</u>
	<u>1,143.1</u>	<u>1,141.4</u>
Financial liabilities, net of unamortised issue costs and finance charges allocated to future periods	<u>1,143.1</u>	<u>1,141.4</u>
Unamortised debt issue costs	<u>3.2</u>	<u>5.0</u>

Financial liabilities

The Company has borrowed £1,146.4m (2020: £1,146.4m) from a subsidiary company, Peel Ports Limited. The loans include an interest-free facility of £146.3m (2020: £146.3m) which is repayable on demand and term loans of £5.5m (2020: £3.2m) which are due for repayment within one year, net of unamortised debt issue costs of £2.5m (2020: £3.9m). These are disclosed within creditors falling due within one year. Term loans totalling £994.5m (2020: £996.9m) 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 £0.8m (2020: £1.1m). 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 (2020: £nil). Amortised debt issue costs in the year totalled £1.8m (2020: £2.5m) (note 9). At 31 March 2021, the Company had £3.2m (2020: £5.0m) of unamortised debt issue costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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 credit of £61.9m (2020: charge of £68.2m) 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 2021, the fair value of the Company's derivative financial instruments was a net liability of £854.0m (2020: £930.6m), which includes £42.1m (2020: £50.7m) in respect of the accretion on index-linked swaps.

	2021 Liabilities £m	2020 Liabilities £m
At 31 March		
Interest rate swaps	256.5	320.9
Index-linked swaps	555.4	559.0
	811.9	879.9
Accretion on index-linked swaps	42.1	50.7
	854.0	930.6
Presentation of fair values		
<i>Derivative financial instruments</i>		
Creditors falling due within one year (note 13)	28.0	22.1
Creditors falling due after more than one year (note 14)	783.9	857.8
	811.9	879.9
<i>Accretion on index-linked swaps</i>		
Creditors falling due within one year (note 13)	40.8	50.7
Creditors falling due after more than one year (note 14)	1.3	-
	42.1	50.7
	854.0	930.6

As explained in note 3, the Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. FRS 102 does not require derivative fair values to reflect the entity's own credit risk and, therefore, the Company has chosen to apply a policy to exclude this when determining fair values. In addition, as LIBOR is shortly to be replaced by SONIA (the Sterling Overnight Interbank Average rate), SONIA has been used to calculate the fair values in these financial statements. The effect of these policy choices individually and collectively results in a higher fair value liability than would be the case otherwise. This is considered to more fairly reflect the Company's liability position as at the balance sheet date.

Interest rate swaps

At 31 March 2021, the Company was party to fixed interest rate swaps over £364.2m (2020: £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 £256.5m (2020: £320.9m), of which £14.6m (2020: £13.5m) is included in creditors falling due within one year and £241.9m (2020: £307.4m) is included in creditors falling due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Index-linked swaps

At 31 March 2021, the Company was also party to index-linked swaps over £352.0m (2020: £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 3.1%. In addition, the terms of the index-linked swaps provide for interim accretion payments to be made, based on the movement in the UK RPI. An accretion payment of £14.7m was made during the year ended 31 March 2021 (2020: none). The next accretion payment is scheduled to be paid in October 2021. As at 31 March 2021, the amount accrued for accretion payments, and presented in creditors falling due within one year, is £40.8m (2020: £50.7m) and in creditors falling due after more than one year of £1.3m (2020: £nil).

The fair value of the index-linked swaps, which at 31 March 2020 was a liability of £555.4m (2020: £559.0m), of which £13.4m (2020: £8.6m) is included in creditors falling due within one year and £542.0m (2020: £550.4m) is included in creditors falling due after more than one year.

17. CALLED-UP SHARE CAPITAL

	2021 £m	2020 £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

	2021 £m	2020 £m
Interim ordinary dividends	50.0	104.0

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. As at 31 March 2021, this amounted to £2,022.5m (2020: £2,020.3m).

19. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

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

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

20. ULTIMATE CONTROLLING PARTY

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