



P&O Annual Report 2021

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The Peninsular and Oriental Steam Navigation Company (P&O) is a DP World Company.
16 Palace Street, London SW1E 5JQ, England.
Incorporated by Royal Charter with limited liability. Company Number Z73.

Company Information

Board of directors

Rashed Ali Hassan Abdulla
John Woollacott (appointed on 25 November 2021)
Mohammad Al Hashimy
Mantraraj Dipak Budhdev (resigned on 20 November 2021)

Secretary

Mohammad Al Hashimy

Registered Office

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Incorporated by Royal Charter with limited liability, company number Z73

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Group strategic report for the year ended 31 December 2021

While the world continues to grapple the societal and economic shocks that impacted our way of life, our challenge was to help our customers to navigate their way through these unprecedented times.

Supply chains are being tested, reworked and reforged from moving vaccines to those in need – to vital food supplies and all the other goods that we come to use in the 21st century.

These uncertain economic conditions have shown that digital trade, speed of delivery and transparency for cargo owners to see where their products are at any one time are key in making sure that nations are able to serve their people in difficult times as well as good.

Supply chain congestion, which started at the end of 2020, worsened during the year and spread across all geographies, with South America, China and Europe hardest hit. Operations in our sector were affected globally by continued labour shortages as well as slower operations due to COVID-19 compliance, off-schedule vessel arrival, higher exchanges and yard congestion from longer dwelling empties.

Yet in the face of adversity, resilience and imagination are key. Supply chain disruption has resulted in greater demand from cargo owners for customised solutions and our logistics team have been working closely with customers to provide improved transport connectivity.

We have been proactively managing the flow at our facilities and implemented various initiatives, working closely with customers to better plan and manage berth hours and container exchange. This has resulted in limited disruption at our terminals and allowed for cargo to move efficiently. In parallel, the industry experienced a worsening of carrier schedule reliability. Schedule reliability dropped to a record low in the 3rd quarter 2021, and in the current operating environment, improvements remain elusive. Data shows that only around 34% of vessels arrived on time (within a day) and those that were late, were on average 7.3 days delayed. This marked a new record and to improve reliability, carriers omitted congested ports and hub locations, often diverting cargo to smaller ports.

Our remedy for that was the fact that our ports and terminals are strategically located with close access and strong connectivity to key inland markets. As carriers moved away from congested hubs, our locations often benefitted, with London Gateway attracting new services at the expense of other ports in the UK.

Our faith in the future is undimmed and is backed by our annual survey "Trade In Transition" that seeks the views of over 3,000 supply chain professionals around the world each year. The report showed that 70% of businesses predict trade will recover to pre-pandemic levels more quickly than recovery following the financial crisis of 2008. Some 83% indicated that they are in the process of reconfiguring their supply chains by switching or adding new suppliers, using different logistics providers and/or changing production or purchasing locations.

Business strategy beyond the horizon

In the face of these trends, our long-term business strategy still holds good, and we are on the right path. Our success will depend on how we make trade faster, more controllable, more sustainable and efficient through developments in infrastructure, logistics and innovative applications of digital technology.

Building direct customer relationships with cargo owners, building our capabilities as a data-driven logistics solutions provider and delivering customer value propositions which leverage our unique network of physical assets and comprehensive digital platforms will enable us to offer cargo owners improved visibility, enhanced operational efficiency and reduced waste across their supply chains.

Present and future

In the run up to the biggest retail period of 2021, broken supply chains were headline news. The issue is complex, and we believe disruption will continue until 2023 with restrictions across the world having a lasting effect. There will undoubtedly be a material impact on trade and our business, but we will continue to evolve to enable us to help create a world that is not just rebuilt but built better.

Yet the outlook for 2022 still remains encouraging. From developed economies to emerging markets, we need a connected ecosystem of partners to share knowledge and resources, and to pioneer new solutions. A strong 2021 leaves us well-placed to focus on delivering our 2022 targets, and by working together, we will forge a path to a sustainable future.

Global trade has lifted large parts of the world out of poverty and expanding it in emerging markets will continue to be part of our focus. It has brought prosperity to many developing economies and gave millions of people access to jobs, better education and healthcare.

For example, we remain committed to our role as a trade enabler in Latin America. We are developing terminals to handle a wider range of cargo and to continue improvements – from dredging to increase access for larger vessels

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Group strategic report for the year ended 31 December 2021 *(continued)*

to more competitive port costs to looking for opportunities in new logistics technologies for bulk cargo in fertilisers and energy projects.

We are great believers in solutions and throughout human history we have been shown that “where there’s a will, there’s a way”. In this age of the mind, we are confident that we have many ways to pursue and explore further.

Principal Group activities

The principal activity of The Peninsular and Oriental Steam Navigation Company (“P&O”) and of its subsidiaries (referred to as “the Group”) in the year was the operation and development of container terminals and related logistical operations worldwide (“Ports”). Our aim is to enhance the supply chain efficiency of our customers by effectively handling container, bulk and general cargo across our network.

Review of operations and results

The results of the Group are set out in detail on pages 23 to 28 and in the accompanying notes. The financial position of the Parent Company is set out in detail on page 80 and in the accompanying notes.

The Group’s key financial and other performance indicators during the year were as follows:

	2021	2020	Change
Ports - Container throughput (TEUs’m)	39.7	35.4	12.1%
Profit from continuing operations before taxation (£’m)	353.1	231.2	52.7%
Profit for the year from continuing operations (£’m)	321.6	221.1	45.5%
Adjusted EBITDA (£’m)*	579.7	495.4	17.0%
Return on Capital Employed	9.1%	7.7%	
Net Assets (£’m)	2,854.8	2,509.9	13.7%
Net Debt to equity ratio	53.8%	65.0%	-
Net cash inflow from operating activities (£’m)	428.9	297.9	44.0%
Net cash (outflow)/ inflow from investing activities (£’m)	(91.5)	(71.7)	(27.6%)
Net cash (outflow) from financing activities (£’m)	(232.6)	(167.9)	(38.5%)

*Earnings before separately disclosed items, interest, tax, depreciation and amortization (“Adjusted EBITDA”).

Gross throughput of 39.7 million twenty-foot equivalent units (TEU’s) was up by 12.1% than last year mainly due to stronger performances across the Asia Pacific and India region and Europe, Africa and Middle-east region.

Profit before taxation for the year ended 31 December 2021 was £353.1 m, up by 52.7% from the prior year profit before taxation of £231.2m, mainly due to stronger performance across all the geographical segments.

Profit for the year was £321.6m up by 45.5% from the prior year profit of £221.1m, mainly due to stronger performance across all the geographical segments.

Adjusted EBITDA for the year was £579.7m increased by 17% from the prior year EBITDA of £495.4m, mainly due to stronger performance across all the geographical segments.

Return on capital employed is 9.1% for the year ended 31 December 2021 as compared to 7.7% for the year ended 31 December 2020, due to more than proportionate increase in EBIT during the year compared to capital employed.

Net assets on 31 December 2021 of £2,854.8m increased by 13.7% when compared to £2,509.9m on 31 December 2020, the movements are detailed in the consolidated statement of changes in equity.

Net debt to equity decreased to 53.8% on 31 December 2021 from 65.0% on 31 December 2020, mainly on account of increase in equity due to stronger operating results during the year and decrease in net debt position.

Net cash inflow from operating activities was £428.9m higher by 44% from the prior year, mainly on account of increase in EBITDA.

Net cash used in investing activities was £91.5m, higher by 27.6% from the prior year, mainly due to investment in short term deposits in Europe, Africa and Middle East region, partly offset by increase in dividends received from equity accounted investees in Asia Pacific and India region during the year.

Net cash used in financing activities was £232.6m higher by 38.5% from the prior year, mainly on account of increase in payments made in relation to loans with Group undertakings during the year.

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Group strategic report for the year ended 31 December 2021 *(continued)*

Subsequent to year end, on 10 February 2022, the Group has disposed 26% equity interest in Visakha Container Terminals Private Limited, India.

Principal risks and uncertainties

During 2021, the Group continued to monitor and review the principal business performance risks that could materially affect the Group's business, financial condition and reputation. While other risks exist outside those listed, we have made a conscious effort to disclose those of greatest importance to our business. The Group's risk management process aims to provide reasonable assurance that we understand, monitor and manage the principal uncertainties. A summary of the Group's principal risks, the nature and management of these risks are further described below.

Macroeconomic instability

Risk Description and Impact: - Throughput correlates with GDP growth of the global economy. Market conditions in many of the geographies where we operate can be challenging due to macroeconomic or geopolitical issues, which can potentially impact our volume growth and profitability.

Trend: Decreasing - According to the International Monetary Fund ("IMF"), in 2021 the global economy grew by 6.1%. The war in Ukraine is expected to significantly slowdown the global growth in 2022 with the IMF forecasting a GDP growth of 3.6% as of April 2022.

Risk Management: -

- Our business remains focused on origin and destination cargo, which is less susceptible to economic instability. Although our focus on faster-growing emerging markets may result in volume volatility in the short term, we believe that the medium to long-term prospects remain robust. We aim to deliver high levels of service to meet our customers' expectations and continue to proactively manage costs.
- Multiple sources of funding have been arranged through bank loans, revolving facilities and bonds, to help ensure that the Group is able to meet short and long-term liquidity requirements, facilitating our growth/diversification aspirations.
- We have a well-diversified global portfolio of investments across several jurisdictions, spreading our concentration risk.
- The war in Ukraine is expected to have minimal negative impact on the group as the group doesn't have any direct operations in Russia or Ukraine. Further, the group expects to pass on, to a large extent, the impact of increased cost due to inflation, to the customers.

Customer Attraction and Retention

Risk Description and Impact: - As the Group executes its strategy of developing and growing port-centric logistics and marine services businesses, customer attraction and retention risk must be mitigated.

In addition, the utilisation within our ports and terminals business (our core business area) is influenced by the capacity available to handle container volumes. In some jurisdictions, port authorities tender many projects simultaneously and create capacity beyond medium-term demand, which will lead to overcapacity in that market. An increase in capacity can lead to intensified competition between terminal operators, resulting in weak pricing power, loss of revenue and low return on investment.

Trend: - STEADY

Throughout 2021, COVID-19 has affected carrier schedules, increased dwell times and caused volatile volume performance. Although we have seen a negative impact on volumes in certain locations, this has been offset by growth in the majority of others.

Risk Management: -

- Developing port-centric logistics by adding landside value to our customers. Such investments complement container terminals by increasing our leverage while at the same time independently contributing sustainable revenue addition.
- Investing in digital assets that will deliver the Group's vision to become a trade enabler by taking our customers operations online and reducing paper-based complexities involved in existing processes.
- Developing end-to-end logistics solutions that integrate road, rail, non-vessel owning common carriers; managing businesses and systems to deliver customer-focused solutions.
- Focusing on high levels of customer service to develop sustainable, high-value and trusted customer relationships throughout our portfolio.

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Group strategic report for the year ended 31 December 2021 *(continued)*

Customer Attraction and Retention *(continued)*

- Client management programme in place to build and maintain close relationships with carriers.
- The capital-intensive nature of the container terminal industry means that barriers to entry are typically high. However, in many jurisdictions, where there are ramp-up risks associated with new capacity, we seek terms with the port authorities to restrict the granting of additional capacity until a reasonable level of ramp-up has been achieved.
- We increase capacity in line with demand to avoid overcapacity.
- Our portfolio continues to have a focus on emerging markets that show resilience and growth. We repurpose and refit our ports and terminals in line with market demand. We use technology to improve efficiency and drive new revenue streams, increasing the return on investment in our existing assets.
- We have medium to long-term global contractual agreements with customers to leverage the global footprint that we have, enabling improved efficiencies for both parties. Where necessary, these are reviewed to include additional services that are being provided.

Geopolitical

Risk Description and Impact: - The Group seeks new opportunities and operates across a large number of jurisdictions, resulting in exposure to a broad spectrum of economies, political and social frameworks. Political instability, changes to the regulatory environment or taxation, international sanctions, expropriation of property, civil strife and acts of war can disrupt the Group's operations, increase costs, or negatively impact existing operations, service, revenues and volumes.

Trend: Increasing- This risk has increased due to the ongoing geopolitical tensions and escalations in the Middle East and Africa region, the Russian and Ukraine conflict, as well as civil unrest across Latin America and Asia.

Risk Management: -

- We have a well-diversified global portfolio of investments across a number of geographical jurisdictions, which spreads our risk. We also actively maintain a mix in investments between emerging markets and developed markets to balance our risk return profile.
- Our focus on the more resilient origin and destination cargo also lowers the risk of volatility.

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Group strategic report for the year ended 31 December 2021 (continued)

Geopolitical (continued)

- Our experienced business development team undertakes initial due diligence, and we analyse current and emerging issues.
- Business continuity plans are in place to respond to threats and safeguard our operations and assets.
- Authoritative and timely intervention is made at both national and international levels in response to legislative, fiscal and regulatory proposals that we feel are disproportionate and not in our interests.
- Ongoing security assessments and continuous monitoring of geopolitical developments, along with engagement with local authorities and joint venture partners, ensure we are well-positioned to respond to changes in political environments.

IT Systems, Infrastructure Failure and Cyber Threat

Risk Description and Impact: - We focus on utilizing technologies and data to give us a competitive advantage. It helps us drive efficiencies by ensuring that we understand and operate all our assets to their maximum potential, automating key processes and activities, where possible.

As we continue to embed greater digitalisation into our strategy, we continue to realise significant advantages with regard to customer experience, revenue, and cost. This will enable P&OSNCo to achieve growth targets in an evolving landscape.

However, this, coupled with the increased use of mobile devices, Internet of Things, cloud applications, social media and the evolving sophistication of cyber threats, lead to corporations being targets for malicious and unauthorized attempts to access their IT systems for information and intelligence. Our Group could be compromised by an incident that breaches our IT security. This could result in business disruption, liabilities, claims, loss of revenue, litigation and harm to the Group's reputation.

Trend: - Increasing. The sophistication and frequency at which cyber attacks and information security incidents are occurring within global organisations continues to increase. Phishing, ransomware and denial-of-service (DoS) attacks are prevalent and, as such, we must remain vigilant and be prepared.

Risk Management: -

- We have developed IT strategies that are aligned with business objectives.
- Our Group Technology Governance Framework is based on COBIT5, ISO 27001, TO GAF, PMI and ITIL frameworks.
- Our information security policies, procedures and frameworks are frequently reviewed to mitigate risks and ensure compliance. These are based on international industry standards, such as ISO27001, NIST and CIS.
- We regularly review, update and evaluate all software, applications, systems, infrastructure and security. This includes regular vulnerability assessment and penetration testing.
- All software and systems are upgraded or patched regularly to ensure that we minimise our vulnerabilities.
- Strong authentication mechanisms are implemented to maintain confidentiality, integrity and availability. Our security approach protects confidentiality, integrity and availability of information in all layers of IT infrastructure.
- Our principle is to follow 'Zero Trust Model' before granting access and use least privileged access.
- Data back-up and periodic restoration practices are in place across business units to ensure data availability during unforeseen events.
- Each of our business units have IT disaster recovery plans to support business continuity and conduct regular disaster recovery drills to verify effectiveness.
- Our IT infrastructure is regularly updated or refreshed to keep pace with changing and growing threats and support business applications.
- We conduct cyber-attack simulations to assess awareness of our employees. We provide regular training and awareness courses to ensure employees remain vigilant on cybersecurity when using our computer systems.
- Our infrastructure is monitored 24/7 by third-party Security Operations Centre providers and we also perform threat hunting activities as part of our incident management process.

Health and Safety Risks

Risk Description and Impact: - The industry we operate in has considerable interaction between people and heavy equipment/loads and falls from heights, which expose us to a range of health and safety hazards. The potential impacts could include harm to our people, regulatory action, legal liability, increased costs and damage to our reputation. Our ultimate goal is zero harm to our employees, communities in which we work and stakeholder partners.

These impacts are compounded in emerging markets where fundamental safety cultures may not exist or where regulations are not consistently enforced.

Trend: Increasing- As we continue to diversify and grow our business, this risk will increase, and as such it requires a high amount of prioritisation and focus to achieve our 'zero harm' target. COVID-19 increased the threat of health concerns for our employees that needed careful treatment and monitoring.

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Group strategic report for the year ended 31 December 2021 (continued)

Health and Safety Risks (continued)

Risk Management: -

- Our Board of Directors is fully committed to creating a safety culture throughout the Group. We regularly monitor the implementation of our safety strategy within our business units, which includes employee training, regular audits and management objectives in relation to the safety of our people.
- Ongoing activities and controls to help protect our people during the pandemic. These have included the development of an occupational health programme that details specific controls to reduce health risks and improve pandemic response.
- We maintain up-to-date HSE standards, guidelines and targeted field-based risk programmes, along with extensive safety promotion activities.
- We have in place a comprehensive five-year HSE strategy backed by robust annual plans for all levels of the organisation. We have implemented the HSE Pillars covering Leadership and Engagement, Risk Reduction and Improvement, and Commitments We Live By, which provide the framework to support and influence our work culture and reduce risk. The pillars encompass our vision to eliminate serious injuries and fatalities (SIFs) from our businesses. The pillars also seek a culture of zero harm to ensure everyone goes home safe.
- We continue to record and report all safety impacts within our businesses to the Board and senior management. This includes collecting, analysing, reporting and monitoring data on a monthly basis in order to measure the safety performance of our business units.
- Annual HSE profiling to identify and rate high, medium and low-risk entities across the portfolio.
- Centralised and integrated online HSE management system for live HSE performance tracking and real-time management notifications, including PowerBI dashboards and predictive analytics.
- We investigate all incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.
- Business unit management is responsible for local terminal safety risks and is supported by safety guidelines, procedures and oversight from our local, regional and global safety teams, which coordinate consistent approaches to safety risks.
- A Vendor Code of Conduct has been established to ensure contractor selection criteria is aligned with our safety policies before commencing work at our business units.

Legal and Regulatory

Risk Description and Impact: - Our Group is subject to local, regional and global laws and regulations across different jurisdictions. These laws and regulations are becoming more complex, increasingly stringent and, as such, we are subject to various legal and regulatory obligations. We are expanding geographically and therefore, we are exposed to an increasing number of laws and regulations when operating our businesses. New legislation and other evolving practices (e.g. data protection, competition law and merger control rules) could impact our operations and increase the cost of compliance.

We must fully comply with all these rules, both within our existing operations as well as in our business development opportunities. This is even more critical in our industry that has few players, competitors and customers. Regulators across the world exchange data and scrutinise companies on a global level. Failure to comply with legislation could lead to substantial financial penalties, disruption to business, personal and corporate liability and loss of reputation.

Trend: Steady - This risk has remained stable as we continue to monitor and comply with our legal and regulatory requirements in the countries that we operate.

Risk Management: -

- The Group monitors changes to regulations across its portfolio to ensure that the effect of any changes is minimised, and compliance is continually managed.
- Comprehensive policies, procedures and training are in place to promote legal and regulatory compliance.
- Our legal team has ongoing dialogue with external lawyers to maintain knowledge of relevant legal developments in the markets where we operate.
- There are regular discussions with regions and businesses to proactively be aware of changes in the legal and regulatory environment and be in a position to advise accordingly.
- A Group compliance function has been established to further consolidate compliance with laws and regulations. Each region manages their legal and regulatory compliance locally and reports to Group compliance function at a regular interval.
- A compliance roadmap is in place to better support our evolving business and improves our overall control environment.

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Group strategic report for the year ended 31 December 2021 *(continued)*

Compliance

Risk Description and Impact: - The Group demonstrates high standards of business integrity and ensures compliance with applicable laws and regulations, including but not limited to, anti-bribery and corruption, fraud, data privacy, trade sanctions and anti-trust.

As our business spreads geographically, we are increasingly operating in countries identified as having a higher risk of exposure to these areas of regulation. Failure to comply with these regulations could result in substantial penalties, prosecution and significant damage to our reputation. This could, in turn, impact our future revenue and cash flow. Allegations of corruption or bribery, or violation of sanctions regulations, and breach of data privacy which is becoming more relative to the industry, could also lead to reputation and brand damage with investors, regulators and customers.

Trend: Steady - As we grow our operations and expand into new areas, we have continued to enforce high standards of business integrity. Our compliance framework remains robust and aligned with the growth and development of the Group's operations globally, ensuring that we effectively manage our compliance risks.

We will continue to monitor any new sanctions that are introduced closely to ensure compliance.

Risk Management: -

- The Group has a Code of Ethics and dedicated policies and procedures in place to address bribery, modern slavery and human rights, and adopts a zero-tolerance approach to these areas of risk. Online training and fraud risk awareness workshops have been rolled out across the Group to raise awareness and promote compliance.
- We have an Anti-Fraud Policy and framework in place for preventing, detecting and responding to fraud to meet the stringent requirements of the UK Bribery Act. This is particularly focused on higher-risk regions to ensure the Group's policies are understood and enforced.
- We provide new starters and existing employees with training on anti-bribery and corruption as part of the induction process.
- Our Group compliance function focuses on ensuring that we understand and comply with the applicable laws and regulations.
- We have a Vendor Code of Conduct to ensure vendors comply with our ethical standards and values. We will only engage vendors who agree to adopt and adhere to the Code.
- All business units submit an annual self-assessment to confirm compliance to global policies. Policy compliance is independently assessed by Internal Audit during planned business audits undertaken as part of a risk based approach. Results are reported to the Audit and Risk Committee.
- The Group actively encourages its stakeholders to report any ethics violations or incidents to their supervisors, or via the whistleblowing hotline, accessible through a web-based reporting app or phone number. The Audit and Risk Committee at Holding Company (DP World Ltd) receives an update at each meeting on all reported allegations.

Leadership and Talent

Risk Description and Impact: - The leadership and talent risk are inherent to all businesses. Failure to effectively attract, develop and retain talent in key areas could impact our ability to achieve growth ambitions and operate effectively. To achieve our goal in becoming a data-driven logistics solutions provider, it is essential we have the right leadership and capabilities in place, across all levels and businesses within the Group. Our strategy strives to mitigate these risks by creating an environment where people can thrive and grow as part of a dynamic business.

Trend: Steady - This risk continues to remain stable due to the continued efforts and focus that we place on developing our people.

Risk Management: -

- Attraction and retention strategies are in place for identified scarce skills.
- We promote a safe working environment for our employees and operate a global health and wellbeing programme.
- We continuously monitor and benchmark our remuneration packages in order to attract and retain employees of a suitable calibre and skill set.
- The Group develops and delivers training programmes across all levels, focused on improving operational and managerial competencies.
- We partner with some of the most reputable learning institutions, such as London Business School, Harvard, Erasmus and MIT for the development of our leaders.
- We have entered into agreements with leading global recruitment and executive search firms to support us when needed and are currently enhancing our social media sourcing channels as well as ensuring meaningful content is shared with various communities across the globe.
- Effective performance management remains a high priority. Our global approach and tools are evolving to drive optimal performance, from aligning strategic goals to recognizing and developing our talent.
- We have in place a succession planning strategy for critical roles in the business, which forms part of our talent management process.

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Group strategic report for the year ended 31 December 2021 (continued)

Labour Unrest

Risk Description and Impact: - Labour strikes and unrest, or other industrial disputes, pose a risk to our operational and financial results. In 2021, COVID-19 had the potential to cause significant unrest within our workforce if we didn't continue to quickly respond and manage the situation carefully.

Unions are now communicating trans-nationally and co-ordinating actions against multi-national companies.

Some of our Group's employees are represented by labour unions under collective labour agreements. The Group may not be able to renegotiate agreements satisfactorily when they expire and may face industrial action. In addition, labour agreements may not be able to prevent a strike or work stoppage, and labour disputes may arise even in circumstances where the Group's employees are not represented by labour unions.

Trend: Steady - Despite the associated threats and impacts on our workforce from COVID-19, due to our quick response in protecting our employees, this risk has remained stable. The positive relationships that we maintain with unions and employees has minimised the threat of disruptions.

Risk Management:

- We have an engagement strategy with unions and employees in those areas most affected by disputes. This includes multi-year agreements and clearly assigned responsibilities for maintaining close relationships with unions locally, nationally, and internationally.
- We are proactive and timely in our responses to the needs of the unions. A senior management representative holds a membership role on the European Works Council, which provides a forum to interact directly with union representatives on a timely and continuous basis.
- COVID-19-specific HSE measures were quickly introduced at the start of the pandemic to support in mitigating the threat of labour unrest and disruption.
- We continue to monitor operational downtime arising from local disputes.
- We conduct employee engagement surveys with a formal process for following up on employee concerns.
- We continue to develop a response capability to address and offset the impact of work stoppages as a result of labour disputes within the local regulatory and legal framework we operate under.

Environmental and climate change

Risk Description and Impact: - Our key stakeholders, including investors, customers and regulators continue to place high priority and focus on how we are improving our environmental footprint. If we do not take appropriate steps towards addressing climate change, this could cause reputational damage as well as the potential for loss of customers and access to funding.

There is a growing portfolio of legislation and government regulations aimed at tackling climate change, which could have consequences on our operations at national or regional level. New legislation and other evolving practices could impact our operations and increase the cost of compliance. A breach in any of these regulations may result in the Group facing regulatory action and legal liability, including considerable financial penalties, disruption to business, personal and corporate liability and damage to our reputation.

Environmental assessments required by external parties now commonly require the business to meet international standards that exceed local requirements, particularly in emerging markets.

With climate change causing sea levels to rise, increased temperatures and more extreme weather changes, this could have an impact on our physical assets, equipment and infrastructure, resulting in operational disruptions if left unattended.

Similarly, any spillage or release of a harmful substance may have devastating consequences on the environment and numerous implications for our business. Major incidents related to oil or chemical release may result in the Group being held liable to financial compensation, clean-up costs and potentially have our corporate image permanently damaged.

Trend: Increasing - We have seen our carbon intensity reduce for our Ports & Terminals businesses by equipment electrification, supply of renewable electricity and operational efficiencies.

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Group strategic report for the year ended 31 December 2021 (continued)

Environmental and climate change (continued)

Risk Management: -

- We have a dedicated team responsible for reviewing environmental regulatory risks. It actively engages with policymakers and governments to assist in managing and mitigating any risks associated with regulatory changes.
- We constantly review and update our standards to ensure leading and best practices are applied.
- We have short-term and long-term carbon and environmental management strategies.
- Operational terminals, executives, managers and technical leaders play an important role in developing strategies and actions to combat the adverse potential effects of climate change through planning, modification of infrastructure and retrofitting.
- We continue to monitor and report our carbon emissions to the Board, senior management, and globally to stakeholders.
- The Group's purchasing procedures for new equipment is geared to eco-friendly equipment. Where possible, and depending on local conditions, new rubber tyred gantry (RTGs) purchased are eco-RTG and terminal tractors are energy efficient.
- We review the cargo and chemicals that we handle prior to their arrival and take appropriate action and care when handling dangerous materials to prevent incidents.
- We have developed targeted controls, guidance and training to prepare our terminals for response to any release, large or small, should an incident occur.
- We investigate all environmental incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.

Corporate responsibility, safety and the environment

There are Group policies for health, safety, welfare, environment and social responsibility which are communicated to all staff. Each operating company is required to produce its own policies and management systems to reflect Group policies and best industry practice in its sector of business. The Company also encourages the adoption of similar policies by its significant joint ventures and associates.

Promoting the success of the Group

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

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

As part of their induction to the Group, a Director is made aware of their duties by the Company Secretary.

Long-term decisions - The Directors systematically review and monitor a Group's risk register which is maintained at Holding Company (DP World Ltd) level with respect to regulatory, legislative, financial and political risk and act accordingly to mitigate any long-term risks. Details of the principal risks and uncertainties can be found within this report.

Business Relationships - the Group's strategy is to grow and develop business relationships. The Directors do this by maintaining strong relationships with both suppliers and customers, through the executive management team.

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

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

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

By order of the Board



Mohammad Al Hashimy

Secretary

17 August 2022

Company Number ZC000073

P&O Annual Report

Climate Change Reporting

WE ASPIRE TO NOT ONLY BE THE LEADER IN GLOBAL SMART TRADE LOGISTICS BUT ALSO TO CONTRIBUTE MEANINGFULLY TO THE FIGHT AGAINST CLIMATE CHANGE.

DP World's decarbonisation strategy is managed centrally by the Head Office and the short- and long-term carbon reduction targets are set at the Group level. The tracking, reporting and assurance of the carbon footprint is managed by the Group HSE team. Individual legal or operating entities within DP World Group do not have dedicated absolute carbon emission targets or policies, they are governed by dedicated 5-year action plans and KPIs per operating entity (KPIs include carbon intensity per TEU handled and renewable electricity share). Therefore, DP World Group policies around decarbonisation and other environmental performance metrics apply in the same manner to all operating entities, including POSNCo.

We have made specific commitments to be a net-zero carbon enterprise and we are committed to achieving this by 2040. Our decarbonisation strategy consists of an overarching plan across all divisions (ports and terminals, logistics, economic zones, and marine services) that perform diverse activities. Our ports and terminal division is making steady progress, by following the strategy of maximising efficiency, equipment electrification, supply of renewable electricity, low carbon fuels and carbon compensation. Based on these five pillars of the decarbonisation strategy, capital investments will be targeting equipment change-out, investments in renewable energy assets, blue carbon initiatives and carbon offsetting. This strategy is also in line with the Science Based Targets Initiative (SBTi). We will be enhancing our carbon disclosure further as a result of ongoing efforts to capture Scope 3 emissions assessment for DP World Group, and we have continued to develop a methodology for calculating Scope 3 Emissions, across all business units. We will be working with this data to establish a Scope 3 mitigation strategy and determine whether the magnitude of the Scope 3 emissions meet the criteria to be included in the SBTi validation.

DP World also has plans to work on further refining its business strategy to enable a 'Grow Green' execution throughout the group. The end goal is to decouple business growth from carbon footprint growth and embed carbon intensity and environmental footprint considerations in investment decisions.

2021 Highlights

Major initiatives for us in 2021 continued to focus on both customer-facing initiatives as well as Group level workstreams. At the customer-facing level, we developed a platform that operates as a carbon footprint estimator. This enables our customers to track their emissions and enhance their own reporting needs for their stakeholders. From an internal perspective, we have started the development of a renewable energy register, which maps electricity sources across all operating entities. It identifies where renewable energy is utilised (via self-generation, Power Purchase Agreement or green tariffs), at what cost and where opportunities exist to increase the renewable energy share. This register will help guide our priorities for the future decarbonisation efforts of our portfolio.

2021 was also an important year for our waste management strategy implementation, aiming to prevent and reduce the amount of waste we generate and to recycle and cover the remaining waste. DP World also established plans to eliminate the use of plastic bottles by 2023.

Policies and internal training

Our goal is to make sure the environment is protected and enhanced wherever possible. We operate in a range of different environments around the world, and we strive to reduce the environmental impact of our operations through rigorous planning and management. Group environmental guidelines are in place, which address important aspects for environmental risk mitigation and ensure legal compliance.

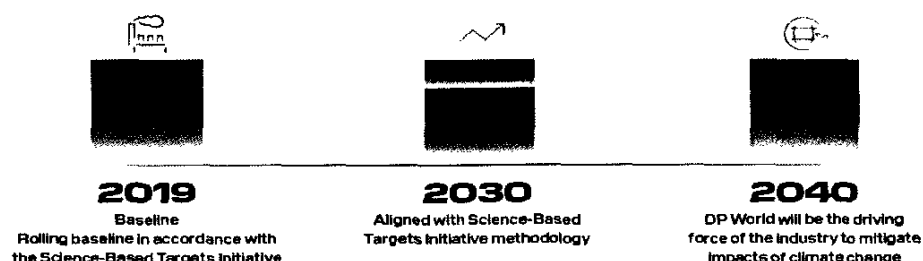
DP World also takes employee training extremely seriously and we are able to leverage our People department's Learning & Development System to embed an Environmental Assessment Course for key internal stakeholders, including local project managers, Heads of Business, HSE managers and Operations / Engineering representatives. This module trains participants on the environmental guidelines the Group has set for Environmental Assessments of new developments, significant works, or acquisitions globally.

Our commitment

Our commitment is achieving net zero carbon emissions by 2040, with intermediate target of 28% reduction of carbon footprint by 2030.

P&O Annual Report

Climate change reporting *(continued)*



Key figures and 2022 targets

POSNCo through its parent DP World, continues to participate in the CDP (formerly the Carbon Disclosure Project) and achieved a leadership score of A- for our 2021 CDP climate change response. Our Green House Gas (GHG) emissions inventory is verified annually by a third party, in accordance with ISO 14064:2006.

For 2022, our targets include the development and roll-out of a water strategy including wastewater. Our waste KPI for 2022 is to show a 4% increase in reclaimed waste from the total generated waste in 2021 across the Group.

In 2022, our Energy and Carbon KPI will be:

- a. 3% reduction in absolute CO₂ emissions across the Group
- b. 5% reduction in intensity CO₂ emissions across the DP World Ports & Terminals
- c. 2% increase in green electricity on 2021 results across the Group

This builds on the progress we made in 2021 including:






Achieving 18% renewable electricity share at Group level, +5.6% in 2021 from 2020

Achieving 13.3 emission intensity (kgCO₂e/ ModTEU) from Ports & Terminals business, -9% in 2021 from 2020

These combined efforts demonstrate our continued focus on reducing both absolute emissions as well as carbon intensity, in line with the recommendations for climate change mitigation made by the Intergovernmental Panel on Climate Change (IPCC).

Reduction pillars

Our approach to decarbonise our operations through implementing current and future reduction measures are grouped into five pillars.

	 EQUIPMENT ELECTRIFICATION & EFFICIENCY	 PROCESS EFFICIENCY & DIGITALISATION	 RENEWABLE ENERGY SUPPLY	 LOW CARBON FUEL SUPPLY	 CARBON COMPENSATION
AMBITION	Reduce diesel and marine fuel consumption	Introduce innovative low-carbon technologies in operations portfolio and maximise efficiency in processes	Procure electricity from renewable energy or carbon-neutral sources	Procure low- or zero-carbon fuels to replace diesel and marine fuel	Compensate the remaining carbon that cannot be avoided with carbon credits or other carbon offsetting method
WE WILL ACHIEVE THIS BY	Applying measures to increase efficiency of equipment or shifting to electricity	Digitalising port operations through innovation (e.g. BoxBay) and improving logistics processes	Pursuing self-generation renewable energy, Power Purchase Agreements (PPA) and green energy tariffs	Procuring biofuels and/or substituting with alternative fuels (hydrogen)	Purchasing carbon credits and nature-based solutions such as blue carbon initiatives under DP World's Ocean Enhancement Programme

P&O Annual Report

Streamlined Energy and Carbon Reporting (SECR)

From the scale of energy required to make and move goods to the resource intensity of logistics, we focus on measuring and managing our direct environmental impacts. Our aim is to proactively contribute to the pressing issue of global climate change.

Limiting industry reliance on high-carbon fossil fuels is a priority. To play our part, we have been putting in place a low-carbon transition plan. These efforts tie in with our focus on promoting the use of renewable energy. From implementing green technology solutions to zero-waste solutions, recycling initiatives and low-carbon innovation, we are closing the loop on logistics. Our business units continue to reduce their energy consumption, conserve energy and maximise energy efficiency by:

- buying eco-equipment;
- eliminating wastage (e.g. idling machinery unnecessarily or lighting areas that are not being worked);
- improving green energy procurement (e.g. zero-emission electricity); and
- purchasing and/or retrofitting equipment with lower-carbon technologies.

We have focused on reducing the energy output per unit of movement across our operations. We have achieved this by increasing efficiency and promoting clean energy. Our goal is to create a zero-emission supply chain across our networks. This will help the communities we serve and create a cleaner society.

Our long-term commitment is to continue our efforts to reduce our carbon emission and energy use through new programmes and initiatives. These will include developing renewable energy strategies, such as on-site renewable energy projects and green energy procurement. We continually review our regulatory risks and engage with policymakers and governments to help manage and mitigate any risks associated with regulatory changes.

Innovation and developing advanced technologies are central to our strategy. Cleaner, more efficient technologies will be crucial as we explore and develop resources in ever more challenging environments. In line with this, investment in new terminals based on low-carbon emission technology was our most substantial business decision. Investing in technology is central to our dynamic and innovative approach to global business.

We established and issued Group Environmental Management Standards. They are based on, and benchmarked to, the principles of ISO 14001: Environmental Management Systems, referring to our highest environmental risks. The standards clearly describe the key tasks, measures and actions that our teams in business units and facilities are required to implement in relation to environmental management.

Across the Group between 2020 and 2021, we saw a 6% increase in CO₂ emissions and handled 15% more TEUs. The increase in TEUs handled can be attributed to increased global trade post COVID and it also shows that across our operating entities we have decreased the carbon intensity per TEU by 7% (from 13.7kgCO₂/modTEU to 12.7kgCO₂/modTEU). Our decarbonisation strategy was launched in 2020 and the priority programs include activities such as equipment electrification, renewable energy supply and low carbon fuels. These programs take place to design and implement, therefore 2020 and 2021 were dedicated to launching them. This background work would not be captured in the absolute emissions reporting as such large engineering programs require time to put equipment in the ground. In 2022 we already see much activity in terms of equipment replacement, sourcing of renewable electricity and usage of biofuels.

P&OSNCo Group – Carbon Emissions

POSNCo Group carbon dioxide equivalent emissions in tonnes by scope:

Emission Scope	2019	2020	2021
Scope 1	149,331	137,050	144,645
Scope 2	81,300	84,418	87,166
Biodiesel	11,962	18,111	22,979
Total Emissions	242,593	239,579	254,790

P&O Annual Report**Streamlined Energy and Carbon Reporting (SECR) (continued)**

Following is the summary of Group's UK based subsidiaries' carbon dioxide equivalent emissions in tonnes by scope:

Emission Scope	2019	2020	2021
Scope 1	19,573	20,399	25,552
Scope 2	21,481	20,411	20,652
Biodiesel	-	-	103
Total Emissions	41,054	40,810	46,307

P&OSNCo Group – Energy Consumption




POSNCo Group energy consumption in giga joules (GJ) by division and source:

Energy Source	2019	2020	2021
Diesel	1,851,441	1,671,606	1,884,550
Electricity	808,901	740,409	824,354
Total Energy	2,660,342	2,412,015	2,708,904

Following is the summary of Group's UK based subsidiaries' energy consumption in giga joules (GJ) by division and source:

Energy Source	2019	2020	2021
Diesel	280,656	292,501	366,386
Electricity	203,226	209,292	235,279
Total Energy	483,882	501,793	601,665

Ports and terminals performance**Emission Intensity (KgCO₂e/ModTEU)**

2021		11.77
2020		12.43
2019		12.10

P&O Annual Report

Report of the directors

The directors present their report and accounts for the year ended 31 December 2021.

Directors

The directors of the Company who held office during the year and to the date of this report were as follows:

Rashed Ali Hassan Abdulla
John Woollacott (appointed on 25 November 2021)
Mohammad Al Hashimy
Mantraraj Dipak Budhdev (resigned on 25 November 2021)

Dividends

The Company did not pay any dividend during 2021 (2020: nil).

Employees

The Company is committed to keeping employees throughout the Group informed of performance, development and progress through its established system of briefings by management, and widely distributed news and information bulletins.

There is a European Works Council, known as the European Council, the purpose of which is to inform and consult with employee representatives on transnational issues. Members are elected in the UK and Ireland and either elected or appointed, in accordance with national laws, in other countries. The Council meets twice a year.

The Company's aim is to meet the objectives of the code of good practice on the employment of disabled people. Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of aptitude and abilities. It remains Company policy to retain employees who become disabled whilst in its service and to provide specialised training where appropriate.

Employees are able to share in the Group's results through performance related bonus schemes which are widely applied in the Group.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 6 to the consolidated financial statement sets out the Group's objectives, policies and processes for managing the Group's financial risk, including capital management, and note 30 provides details of the Group's exposure to credit risk, liquidity risk and interest rate risk arising from financial instruments.

The Board of Directors remain satisfied with the Group's funding and liquidity position.

The Group is monitoring its subsidiary's borrowings closely and has plans to repay these on maturity by means of internally generated cash. On 31 December 2021, the Group had net debt of £1,063.2 million (2020: £1,262.3 million) and has undrawn committed borrowing facilities of £7.5 m (2020: £16 m). Based on the cashflow forecasts prepared for the next 18 months and considering downside scenarios, the Board is confident that the Group will be in a position to repay any debt that falls due within the next 18 months, without any breach of covenants.

The Group has within current receivables an amount of £1,326.4 million (2020: £1,256.9 million) due from its holding company and fellow subsidiaries and believe these to be recoverable. As indicated above, based on the forecast of cash generation from operations for the next 18 months, the Group is not reliant on collection of the above receivable to meet any debt repayment obligation or working capital needs.

Based on the above and having made enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore they consider it appropriate to adopt the going concern basis in preparing the accounts.

P&O Annual Report

Report of the directors (continued)

Directors Indemnity Insurance

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

Such qualifying third-party indemnity insurance is provided and remains in force as at the date of approving the directors' report.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor's are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Mohammad Al Hashimy

Secretary
17 August 2022
Company Number ZC000073
16 Palace Street
London
SW1E 5JQ

P&O Annual Report

Statement of Directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

P&O Annual Report

Corporate Governance

Overview

Good governance and risk management are core to our business achieving its objectives. Our business model integrates best practice in these areas and is the blueprint to achieving our vision as a Group to lead the future of world trade. The Corporate Governance Report has been structured to align with the principles set out in the Corporate Governance Best Practice Standards as detailed in The Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations). It sets out the actions that we have taken in 2021 to implement these practices

Corporate governance framework

The Group adopts the corporate governance framework of the Holding Company (DP World Limited). A detailed *Corporate Governance Report of DP World Limited as reported in its 2021 Annual Report* can be accessed at <https://www.dpworld.com/investors/financials-and-Presentations/financial-reports/annual-reports>.

At POSNCo level, the Board is at the center of our Corporate Governance Framework. It works closely with and is aligned with each of the committees formed by the Group's Holding Company, DP World Limited. The principal DP World Limited Committees include the Remuneration, Audit and Risk, and Nominations and Governance Committees, with formally delegated duties and responsibilities and written terms of reference. From time to time, the Board may set up additional committees to consider specific issues when the need arises. Reports on the activities of the principal DP World Limited Committees and their terms of reference are available on the DP World Limited website, www.dpworld.com. The Deputy Group General Counsel & Company Secretary provides support as the secretary for the principal DP World Limited Committees. The Board considers that the Corporate Governance Framework, which is aligned with that of its Holding Company, DP World Limited, promotes the prudent and sound management of the Company in the long-term interest of the Company and its shareholders and is effective in promoting compliance with the Corporate Governance principles.

The Group's compliance with six principles enshrined in Wates Corporate Governance Principles is described as below: -

1. Purpose and Leadership

A balanced Board with the necessary skills, knowledge and industry experience to lead our Group is key to achieving our strategic objectives and long-term goals. The Board remains committed to effectively leading the Company, ensuring that our business is managed prudently and soundly to drive sustained long-term value for our shareholders. The balance of skills and expertise on our Board will allow us to continue creating value as we expand our horizons and lead the future of world trade.

2. Board composition

The directors of the Company who held office during the year and to the date of this report were as follows:

Mohammad Alhashimy
R.A. Al Qahtani
John Woollacott (appointed on 25 November 2021)
Mantraraj Dipak Budhdev (resigned on 25 November 2021)

3. Director's responsibilities

The Board is responsible for overseeing the management of the Company and approves all its major decisions. Subject to the provisions of the Companies Act 2006, the Articles of Association (the 'Articles') and to directions given by special resolution of the Company, the Board may exercise all the powers of the Company, whether relating to the management of the business or not. The Board meets as and when required for the dispatch of business, or for the purpose of discharging its duties, or at such other times as the Board shall require and is instrumental in planning the medium- and long-term strategy of the Company. Board resolutions are passed by a simple majority of Directors present at a meeting or unanimously in writing.

Matters reserved for consideration by the Board are key matters which include setting the strategic objectives of the Group, declaring dividends, approving major transactions, setting the annual budget for the Group, approving safety and environment policies, insurance, risk management and internal controls. Holding company's (DP World) Board sets out the guidelines for reserved matters, which are cascaded to the Group.

P&O Annual Report

3. Director's responsibilities (*continued*)

Meeting attendance

The Board held a total of three meetings during 2021.

The table below show the number of meetings individual Directors could have attended in 2021, and their actual attendance.

Name of the Director	Attendance	No. of Meetings
Mohammad Al Hashimy	3	3
Rashed Ali Hassan Abdulla	1	3
John Woollacott	0	0
Mantraraj Dipak Budhdev	2	2

4. Opportunities and risk

As the Board, we are ultimately responsible for aligning with the Group's risk appetite and its willingness to accept certain risks in pursuit of achieving the Group's strategic objectives. The Board is also responsible for maintaining appropriate risk management and internal control systems. The Audit and Risk Committee at the Group's Holding Company level assists the DP World Limited Board in discharging its responsibilities with regards to financial reporting, external and internal audits, internal controls and risk management. Audit and Risk Committee is supported by Enterprise Risk Management Committee, which assists the DP World Limited Board in fulfilling its oversight responsibilities in relation to the Principal Risks faced by the Group. This in turn forms the basis on which the Company's Board discharges its own duties.

During 2021, we continued to ensure POSNCo's alignment with the Group's principal risks that could have material effects on our business, financial condition and reputation. The principal risks and our approach to managing them are discussed on pages 3 to 9 of the Strategic Report.

5. Remuneration

The Remuneration Committee formed at Parent Group (DP World Group) level assists the DP World Limited Board in determining the framework and broad policy for the remuneration of the executive directors and other members of senior management. The Board is then responsible for ensuring that this framework is adopted as necessary by the Company.

The reward policy for Executive Directors and senior management (Executive Committee and other experienced managers) is guided by the following key principles:

- Business strategy support: aligned with our business strategy with focus on both short-term goals and the creation of long-term value ensuring alignment to shareholders' interests;
- Competitive pay: ensures competitiveness against our target market;
- Fair pay: ensures consistent, equitable and fair treatment within the organisation; and
- Performance-related pay: linked to performance targets via short- and long-term incentive plans and the pay review process.

6. Stakeholders relationship and engagement

At POSNCo, we are committed to conducting our business in the ways which are responsible and sustainable, in economic, social and environmental terms. Consistent delivery on this commitment demands effective policies and processes of engagement with the full range of stakeholders who influence, and are impacted by, our business operations. By 'engagement' we mean the two-way dialogue which enables us to listen and respond to stakeholder views and concerns on issues which are important to them. The central goal of our stakeholder engagement strategy and related activities is to generate and maintain a positive climate of stakeholder opinion and interaction, based on a sense of involvement and a shared belief in mutually beneficial outcomes.

P&O Annual Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

Opinion

We have audited the financial statements of The Peninsular and Oriental Steam Navigation Company ("the company") for the year ended 31 December 2021 which comprise the Group and Parent Company Balance Sheet, the Group Statement of Income, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows, the Group and Parent Company Statement of Changes in Equity and related notes, including the accounting policies in Notes 3 and 4.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Enquiring of directors and inspection of policy documentation as to the DP World's Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

P&O Annual Report

Fraud and breaches of laws and regulations – ability to detect (*continued*)

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

- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular: the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk that Port and terminal revenue and logistics and maritime services revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing whether the judgment made in making accounting estimates are indicative of a potential bias.
- At the full scope components, selecting a sample of revenue transactions recognised around the year end and agreeing these to supporting documentation to ensure that revenue has been recognised in the correct period.

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

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group audit team to full scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the group level.

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and

P&O Annual Report

Fraud and breaches of laws and regulations – ability to detect (*continued*)

inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

P&O Annual Report

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

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



Julie Breakell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London E14 5GL
17 August 2022

P&O Annual Report
Consolidated income statement
For the year ended 31 December 2021

£ million						
	Year ended 31 December 2021			Year ended 31 December 2020 (restated)*		
	Note	Before separately disclosed items	Separately disclosed items (refer note 9)	Total	Before separately disclosed items	Separately disclosed items (refer note 9)
Group revenue	7	1,109.1	-	1,109.1	953.0	-
Cost of sales		(621.7)	-	(621.7)	(550.6)	-
Gross profit		487.4	-	487.4	402.4	-
Other operating income		59.9	-	59.9	68.3	-
Administrative costs		(221.6)	-	(221.6)	(216.3)	(14.1)
Earnings from equity accounted investees	7, 9	103.7	(0.7)	103.0	93.7	(1.1)
Group operating profit		429.4	(0.7)	428.7	348.1	(15.2)
Profit/ (Loss) on sale and termination of businesses	9	-	2.3	2.3	-	(1.0)
Profit before finance expense		429.4	1.6	431.0	348.1	(16.2)
Finance income	10	19.0	3.2	22.2	25.8	1.9
Finance expense	10	(97.5)	(2.6)	(100.1)	(120.5)	(7.9)
Net finance expense		(78.5)	0.6	(77.9)	(94.7)	(6.0)
Profit/ (loss) before taxation		350.9	2.2	353.1	253.4	(22.2)
Income tax expense	11	(31.1)	(0.4)	(31.5)	(49.7)	39.6
Profit/ (loss) for the year	7	319.8	1.8	321.6	203.7	17.4
Attributable to:						
Owners of the company				298.7		198.4
Non-controlling interests				22.9		22.7

The accompanying notes form an integral part of these consolidated financial statement.

*refer note 11 for nature of restatement

P&O Annual Report
Consolidated statement of comprehensive income
For the year ended 31 December 2021

		£ million	
	Note	2021	2020 (restated)*
Profit for the year		321.6	221.1
Other comprehensive income			
Items that are or may be reclassified subsequently to consolidated income statement:			
Effective portion of changes in fair value of cash flow hedges		26.3	(3.5)
Cash flow hedges - reclassified to income statement		0.7	6.0
Foreign currency translation differences for foreign operations		8.6	1.3
Foreign currency translation differences recycled on disposals		-	(0.9)
Share of other comprehensive income of equity accounted investees		(1.1)	0.6
Current and deferred tax on other comprehensive income		(3.2)	(0.5)
Items that will never be reclassified to consolidated income statement:			
Re-measurements of post-employment benefit obligations	26	19.6	(19.1)
Current and deferred tax on actuarial gains		(2.8)	0.2
Total other comprehensive income for the year		48.1	(15.9)
Total comprehensive income for the year		369.7	205.2
Attributable to:			
Owners of the company		339.8	187.9
Non-controlling interests		29.9	17.3

The accompanying notes form an integral part of these consolidated financial statement.

**refer note 11 for nature of restatement*

P&O Annual Report**Consolidated statement of financial position**
as at 31 December 2021

			£ million
	Note	2021	2020 (restated)*
Non-current assets			
Intangible assets	12	302.5	321.0
Right of use assets	13	393.9	407.0
Property, plant and equipment	14	1,717.0	1,713.3
Investment properties	14A	9.2	9.5
Investments in equity accounted investees	15	610.6	567.7
Other investments	18	0.5	0.5
Trade and other receivables	17	40.3	38.6
Deferred tax assets	16	13.8	11.0
		3,087.8	3,068.6
Current assets			
Inventories	18A	23.5	23.0
Trade and other receivables	17	199.0	199.8
Tax recoverable		12.6	3.2
Loans to group undertakings	17	1,326.4	1,256.9
Cash and cash equivalents	19	472.8	368.7
Investments: Short Term Deposits	19A	70.4	-
		2,104.7	1,851.6
Total assets		5,192.5	4,920.2
Non-current liabilities			
Interest bearing loans and borrowings	20	1,126.0	1,149.6
Lease liabilities	21	411.6	415.7
Trade and other payables	22	70.8	87.1
Loan from group undertakings	22	18.8	48.1
Deferred tax liabilities	16	217.0	229.6
Employee benefits	26	61.5	103.7
Provisions	22A	2.1	2.2
		1,907.8	2,036.0
Current liabilities			
Interest bearing loans and borrowings	20	35.9	33.8
Lease liabilities	21	32.9	31.9
Trade and other payables	22	229.7	200.0
Income tax liabilities		23.6	26.0
Loan from group undertakings	22	71.4	60.7
Employee benefits	26	7.3	6.6
Provisions	22A	29.1	15.3
		429.9	374.3
Total liabilities		2,337.7	2,410.3
Net assets		2,854.8	2,509.9

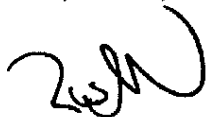
The accompanying notes form an integral part of these consolidated financial statement.

P&O Annual Report**Consolidated statement of financial position (continued)**
as at 31 December 2021

			£ million
	Note	2021	2020 (restated)*
Equity			
Issued capital	24	843.2	843.2
Share premium	24	815.4	815.4
Translation reserve		204.9	204.7
Hedging reserve		(17.4)	(50.5)
Other reserves	24	170.5	170.5
Retained earnings		791.5	485.0
		2,808.1	2,468.3
Non-controlling interests	23	46.7	41.6
Total equity		2,854.8	2,509.9
Total equity and liabilities		5,192.5	4,920.2

The accounts were approved by the board of directors and signed on its behalf on 17 August 2022 by:

**refer note 11 for nature of restatement*



Rashed Ali Hassan Abdulla

Director

DocuSigned by:
John Woodlcott
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Director

The Peninsular and Oriental Steam Navigation Company – Company Number ZC000073

The accompanying notes form an integral part of these consolidated financial statement.

P&O Annual Report

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserve	Retained earnings	Total controlling interest	Non-controlling interest	Total equity
At 1 January 2020	843.2	815.4	199.2	(53.3)	170.5	305.4	2,280.4	46.3	2,326.7
Total comprehensive income for the year	-	-	-	-	-	198.4	198.4	22.7	221.1
Profit for the year (as restated)	-	-	-	-	-	198.4	198.4	22.7	221.1
Total other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-
Total comprehensive income (as restated)	-	-	5.5	2.8	-	(18.8)	(10.5)	(5.4)	(15.9)
Transactions with non-controlling interests	-	-	5.5	2.8	-	179.6	187.9	17.3	205.2
- Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	-	1.5	1.5
Total Transactions with non-controlling interests	-	-	-	-	-	-	-	(25.5)	(25.5)
At 31 December 2020 (restated)*	843.2	815.4	204.7	(50.5)	170.5	485.0	2,468.3	41.6	2,509.9
At 1 January 2021	843.2	815.4	204.7	(50.5)	170.5	485.0	2,468.3	41.6	2,509.9
Total comprehensive income for the year	-	-	-	-	-	298.7	298.7	22.9	321.6
Profit for the year	-	-	-	-	-	298.7	298.7	22.9	321.6
Total other comprehensive income, net of income tax	-	-	0.2	24.1	-	16.8	41.1	7.0	48.1
Total comprehensive income	-	-	0.2	24.1	-	316.5	338.8	29.9	369.7
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	-	(24.8)	(24.8)
Total Transactions with non-controlling interests	-	-	-	-	-	-	-	(24.8)	(24.8)
Other equity movements	-	-	-	9.0	-	(9.0)	-	-	-
At 31 December 2021	843.2	815.4	204.9	(17.4)	170.5	791.5	2,808.1	46.7	2,854.8

The accompanying notes form an integral part of these consolidated financial statements.

*refer note 11 for nature of restatement

Consolidated statement of cash flows

For the year ended 31 December 2021

		£ million	
	Note	2021	2020 (restated)*
Operating activities			
Profit after taxation		321.6	221.1
Adjustments to reconcile profit before taxation to net cash provided by operating activities			
Share of profits of equity accounted investees	15	(103.0)	(92.6)
(Profit)/ Loss on sale and termination of business		(2.3)	(1.0)
Gain on sale of intangibles and property, plant and equipment		(1.1)	-
Impairment loss	9	-	8.0
Net finance expense	10	77.9	100.7
Taxation expense	11	31.5	10.1
Depreciation and amortisation charges		148.0	147.3
Gross cash flows from operations		472.6	393.6
Movement in working capital:			
Change in inventories		(0.7)	(3.1)
Change in trade and other receivables		(0.1)	32.9
Change in trade and other payables		25.7	(33.9)
Change in provisions		62.1	21.3
Income taxes paid		(90.3)	(72.5)
Employee benefits paid		(40.4)	(40.4)
Net cash provided by operating activities		428.9	297.9
Investing activities			
Capital expenditure		(107.0)	(107.7)
Proceeds from disposals of fixed assets		1.3	-
Dividends received from joint ventures and associates	15	73.1	27.2
Interest received		9.0	8.8
Proceeds from disposal of a subsidiary		2.5	-
Investment in short term deposits		(70.4)	-
Net cash used in investing activities		(91.5)	(71.7)
Financing activities			
Drawdown from long-term financing	20	27.0	65.0
Repayments of long-term financing	20	(48.6)	(77.3)
Repayments of lease liabilities	21	(35.9)	(34.4)
Payment of loans with group undertakings (net)		(133.5)	(67.0)
Receipt of loans with group undertakings		45.4	39.7
Net interest paid		(62.2)	(69.9)
Amounts contributed by non-controlling interests		-	1.5
Dividends paid to non-controlling interest		(24.8)	(25.5)
Net cash used in financing activities		(232.6)	(167.9)
Increase in cash and cash equivalents		104.8	58.3
Cash and cash equivalents at beginning of year	19	368.7	317.1
Currency translation differences relating to cash and cash equivalents		(0.7)	(6.7)
Cash and cash equivalents at end of year		472.8	368.7

The accompanying notes form an integral part of these consolidated financial statement.

*refer note 11 for nature of restatement

Notes to the consolidated financial statements (forming part of the financial statements)

1 Reporting entity

The Peninsular and Oriental Steam Navigation Company (the "Company") is a company incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and jointly controlled entities. The parent company financial statements present information about the company as a separate entity and not as a Group.

The Group's holding company, DP World Limited (formerly DP World PLC), includes the Company in its consolidated financial statements. The consolidated financial statements of DP World Limited are prepared in accordance with UK adopted IFRS.

2 Basis of preparation

(a) Statement of compliance

These Group financial statements were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 80 to 110.

The consolidated financial statements were approved by the board of directors on 17 August 2022.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and plan assets in defined pension plans which are measured at fair value.

The methods used to measure fair values are discussed further in note 5.

(c) Funding and liquidity

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 6 to the consolidated financial statement sets out the Group's objectives, policies and processes for managing the Group's financial risk, including capital management, and note 30 provides details of the Group's exposure to credit risk, liquidity risk and interest rate risk arising from financial instruments. The Board of Directors remain satisfied with the Group's funding and liquidity position.

The Group is monitoring its subsidiary's borrowings closely and has plans to repay these on maturity by means of internally generated cash. On 31 December 2021, the Group had net debt of £1,063.2 million (2020: £1,262.3 million) and has undrawn committed borrowing facilities of £7.5 m (2020: £16 m). Based on the cashflow forecasts prepared for the next 18 months and considering downside scenarios, the Board is confident that the Group will be in a position to repay any debt that falls due within the next 18 months, without any breach of covenants.

The Group has within current receivables an amount of £1,326.4 million (2020: £1,256.9 million) due from its holding company and fellow subsidiaries and believe these to be recoverable. As indicated above, based on the forecast of cash generation from operations for the next 18 months, the Group is not reliant on collection of the above receivable to meet any debt repayment obligation or working capital needs.

Based on the above and having made enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore they consider it appropriate to adopt the going concern basis in preparing the accounts.

Notes to the consolidated financial statements *(continued)* *(forming part of the financial statements)*

2 Basis of preparation *(continued)*

(d) Functional and presentation currency

The functional currency of the Company is Pound sterling ("£"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

These consolidated financial statements are presented in Pound sterling ("£"), which in the opinion of management is the most appropriate presentation currency of the company in view of the global presence of the Group. All financial information presented in £ are rounded to the nearest 0.1 million.

(e) Use of estimates and judgements

The preparation of consolidated financial statements is in conformity with International Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant estimates and judgements are listed below:

- i. Estimate of expected future cash flows and discount rates for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
- ii. Estimate of fair value of derivatives for which an active market is not available, is computed using various generally accepted valuation techniques. Such techniques require inputs from observable markets and judgements on market risk and credit risk
- iii. Estimate required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
- iv. Judgement is required in determine whether or not a contract contains a lease.
- v. Judgement in classification of investment as a subsidiary or equity accounted investee.
- vi. Judgement in classifying something as provision or contingent liability or nothing.

Note on impairment review

IAS 36 Impairment of Assets requires that goodwill and intangible assets with indefinite lives are tested for impairment at a minimum every year and other non-financial assets are tested only when there are indicators of impairment that these assets might be impaired.

In the current year, given the impact of COVID-19 pandemic, the Group has updated the assumptions (discount rates and growth rates) and future cash flow projections to test for impairment reflecting the increased level of risk and uncertainty. The value in use of each cash-generating units ("CGU") is compared to the carrying amount to assess any probable impairment.

The value in use is calculated using cash flow projections based on the revised financial budgets covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25-50 years.

Refer note 12 for further details.

3 Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements except for change in presentation of certain other income relating to recharges of shared cost which was earlier presented net in general and administrative expenses, has now been disclosed as part of other income in the comparative and current periods.

a) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated).

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments (borrowings and interest rate swaps) that will be reformed as part of these market-wide initiatives.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

a) New and amended standards and interpretations (continued)

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform (continued)

The Group's main IBOR exposure at 31 December 2021 is indexed to sterling LIBOR and US dollar LIBOR. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average (SONIA) rate and for US dollar LIBOR it is the Secured Overnight Financing Rate (SOFR). Amendments to financial instruments with contractual terms indexed to sterling LIBOR such that they incorporate new benchmark rates were completed by 31 December 2021. The US dollar LIBOR is expected to be published at least till June 2023 with currently no announcement on date of termination of publication. The Group is closing monitoring the international development and has put in place a plan for smooth transition from USD LIBOR to SOFR.

The Group has applied the IBOR Phase 2 IFRS amendments effective from 1 January 2021 which provides practical expedient when an IBOR is replaced with an alternative nearly risk-free interest rate (RFR). Further, the Group continues to apply IBOR Phase 1 reforms for its derivative financial instruments which are linked to US dollar LIBOR.

b) New standards and interpretations not yet effective

Certain new accounting standards and interpretations, as noted below, have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

The above standards are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

4 Significant accounting policies

The accounting policies set out below have been applied consistently in the year presented in these consolidated financial statements and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Business combinations

The acquisition method of accounting is used to account for business combinations including common control transactions by the Group on the date of acquisition. For each significant business combination, the Group engages external, independent and qualified valuers who have the relevant experiences to carry out the fair valuation exercise of the net assets based on market related assumptions and weighted average cost of capital. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets (including previously unrecognised port concession rights) acquired and liabilities (including contingent liabilities and excluding future restructuring) assumed.

In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated income statement.

In case of business combinations under common control, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised directly in equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated income statement.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(iii) Business combination achieved in stages

On business combination achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the date of acquisition with any resulting gain or loss is recognised in profit or loss.

(iv) Change in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid or received and relevant shares acquired or disposed off in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

(v) Disposal of subsidiaries (loss of control)

On the loss of control, the Group derecognises the subsidiary and recognises any surplus or deficit arising on the loss of control in the consolidated income statement. Any retained interest is re-measured at fair value on the date control is lost and is subsequently accounted as an equity-accounted investee or as a FVOCI-equity instrument depending on the level of influence retained.

(vi) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests either at their proportionate share of the acquiree's identifiable net assets at the date of acquisition or at its fair value.

Where a put option is held by a non-controlling interest in a subsidiary, whereby that party can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, but the NCI retain present access to the results of the subsidiary, the Group applies the present access method of accounting to this arrangement. The Group recognises a put option liability at its discounted fair value, being the Group's estimate of the amount required to settle that liability with a corresponding reserve in equity. Any subsequent remeasurements of put option liability due to changes in the fair value of the put liability estimation are recognised in the equity and not in the consolidated income statement.

(vii) Investments in associates and joint ventures (equity-accounted investees)

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in equity-accounted investees are accounted for using the equity method and are initially recorded at cost including transaction costs. The Group's investment includes fair value adjustments (including goodwill) net of any accumulated impairment losses.

At each reporting date, the Group determines whether there is any objective evidence that the investments in the equity-accounted investees are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the same in the consolidated income statement.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from the transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of each entity at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of each entity at the foreign exchange rate ruling at that date. Foreign currency differences are generally recognised in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future.

(ii) Foreign operations

For the preparation of consolidated financial statements, the differences arising on translation of financial statements of foreign operations into £ are recognised in other comprehensive income and accumulated in the translation reserve except to the extent of share of non-controlling interests in such differences. Accumulated translation differences are recycled to profit or loss on de-recognition of foreign operations as part of the gain or loss on such derecognition. In case of partial derecognition, accumulated differences proportionate to the stake derecognised are recycled.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI (other comprehensive income) and accumulated in the translation reserve.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income, to the extent that the hedge is effective.

(c) Financial instruments

(i) Non-derivative financial assets

Under IFRS 9, on initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI') - debt instrument;
- FVOCI - equity instrument; or
- Fair value through profit or loss ('FVTPL').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and also on the basis of the contractual cash flows characteristics of the financial instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes cash and cash equivalents and investments in short term deposits

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, deposits maturing within three months of the date of acquisition of the deposit, net of outstanding bank overdrafts and short-term loans maturing within three months of the draw down.

Investments- Short term deposits

Short term deposits are cash deposits with financial institutions that mature after three months from the date of acquisition with insignificant risk of change in value.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

ii. *Non-derivative financial liabilities*

Classification, initial recognition and measurement

Under IFRS 9, financial liabilities at inception can be classified either at amortised cost or FVTPL.

The Group's non-derivative financial liabilities consist of loans and borrowings, bank overdrafts, amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

The subsequent measurement of non-derivative financial liabilities are carried at their amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

iii. *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments such as interest rate swaps to hedge its cash flows exposed to risk of fluctuations in foreign currencies and interest rates.

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Initial recognition

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognised in the consolidated income statement or the consolidated statement of other comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

On initial designation of the derivatives as the hedging instrument, the Group formally documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedging instrument and hedged item, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other together with the methods that will be used to assess the effectiveness of the hedging relationship.

Subsequent measurement

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in consolidated statement of other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated income statement.

When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated income statement in the same period that the hedged item affects the consolidated income statement.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

iii. *Derivative financial instruments and hedge accounting*

Derecognition

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to the consolidated income statement.

(iv) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to set off on a net basis, or to realise the assets and settle the liability simultaneously.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 4(i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised within 'other income' in the consolidated income statement.

Capital work-in-progress

Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Dredging

Dredging expenditure is categorised into capital dredging and major maintenance dredging. Capital dredging is expenditure which includes creation of a new harbour, deepening or extension of the channel berths or waterways in order to allow access to larger ships which will result in future economic benefits for the Group. This expenditure is capitalised and amortised over the expected period of the relevant concession agreement. Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

(iii) *Depreciation*

Land and capital work in progress is not depreciated. Depreciation on other assets is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and is based on cost less residual value.

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

(d) Property, plant and equipment *(continued)*

Dredging (continued)

(iii) Depreciation *(continued)*

The estimated useful lives of assets are as follows:

Assets	Useful life (years)
Buildings	5 – 50
Plant and equipment	3 – 30
Vessels	5 – 30
Dredging (included in land and buildings)	10 – 99

Dredging costs are depreciated on a straight line basis based on the lives of various components of dredging.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if required.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 4 (i) (i)).

(iv) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries and equity-accounted investees. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the consolidated income statement.

Goodwill is measured at cost less accumulated impairment losses (refer to note 4(i)). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not tested for impairment separately.

(f) Port concession rights

The Group classifies the port concession rights as intangible assets as the Group bears demand risk over the infrastructure assets. Substantially all of the Group's terminal operations are conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 25 and 50 years (excluding the port concession rights relating to associates and joint ventures). The Group commonly starts negotiations regarding renewal of concession agreements with approximately 5 - 10 years remaining on the term and often obtains renewals or extensions on the concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. In addition, such negotiations may result in the re-basing of rental charges to reflect prevailing market rates. However, based on the Group's experience, incumbent operators are typically granted renewal often because it can be costly for a port owner to switch operators, both administratively and due to interruptions to port operations and reduced productivity associated with such transactions. Port concession rights consist of:

(i) Port concession rights arising on business combinations

The cost of port concession rights acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 4(i)). The useful lives of port concession rights are assessed to be either finite or indefinite.

Port concession rights with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the port concession rights may be impaired. The amortisation period and amortisation method for port concession rights with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expenses on port concession rights with finite useful lives are recognised in the consolidated income statement on a straight-line basis.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

(f) Port concession rights (continued)

(ii) Port concession rights arising from Service Concession Arrangements (IFRIC 12)

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor (government or port authorities) controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

Any amounts paid by the operator to the grantor as a consideration for obtaining the rights relating to concession arrangements are also accounted as part of port concession rights. These port concession rights are amortised over the life of the concession period on straight line basis.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with IFRIC 12 'Service Concession Arrangements'. These assets are amortised based on the lower of their useful lives or concession period. Amortisation of port concession rights is recognised in the consolidated income statement as part of 'cost of sales'.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

The estimated useful lives for port concession rights range within a period of 5 - 50 years (including the concession rights relating to equity accounted investees).

(g) Inventories

Inventories mainly consist of spare parts and consumables. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average method and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(h) Leases

(i) Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the consolidated financial statements (continued)**4 Significant accounting policies (continued)****(h) Leases (continued)****(i) Group as a lessee (continued)**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately on statement of financial position.

Variable lease payments that depend on revenue and output are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

(ii) Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

(i) Impairment

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed for impairment whenever there is an indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For impairment testing, the assets are grouped together into smallest group of assets (cash generating unit or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's.

Goodwill and port concession rights with infinite useful lives, as part of their respective cash-generating units, are also reviewed for impairment at each reporting date or at least once in a year regardless of any indicators of impairment. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

(ii) Impairment of non-derivative financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any are held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(k) Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Any excess payment received over par value is treated as share premium. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

(l) Employee benefits

(i) Pension and post-employment benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in the consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer defined benefit schemes where it is not possible to identify the Group's share of the scheme, are charged to the consolidated income statement as they fall due.

(ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(iii) Short-term service benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating loss.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the consolidated income statement.

(n) Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount net of rebate and discount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

(n) Revenue (continued)

The following specific recognition criteria must also be met before revenue is recognised:

Rendering of port related services

The Group's revenue mainly consists of port related services (containerised stevedoring, break bulk, general cargo, and marine services) which are generally carried out in a short span of time. These port related services are contracted with the customers as a single transaction. These port related services have high degree of integration and accordingly, constitute a single distinct performance obligation for the Group. Revenue from these services is recognised at the point in time when the services are rendered to the customer and are usually payable within 30 to 45 days.

The Group also provides container storage services at the request of the customer based on the usage period in the storage yard which constitute a separate distinct performance obligation. Revenue from container storage services is recognised over a period of storage days and are usually payable within 30 to 45 days.

For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities in certain jurisdictions or agreed rates with the customers.

Revenue from maritime and logistics services

Revenue represents the amounts derived from the operation of ferry services, voyage freight income, freight forwarding income, road transport services, warehousing revenue, marine charter revenue and income from mobilisation or demobilisation of marine vessels.

Revenue from ferrying tourists and ferry freight traffic is recognised on disembarkment of the relevant sailing. Road transport revenue is recognised at the point of delivery of the load.

Voyage freight income is recognised as the freight services are rendered and is determined using the load to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date.

Freight forwarding revenue is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date.

Road transport services and warehousing revenue are recognized over a period of time as the performance obligation is satisfied, percentage completion method is used to determine the progress of asset being transferred to the customer.

Revenue from marine charter is recognised on a straight line basis over the period of the lease. Income generated from the mobilisation or demobilisation of the vessel, under the vessel charter agreement, is recognised over the period of the related charter party contract.

Transaction price and payment terms are based on the contracts with the customers.

(o) Finance income and expense

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the consolidated income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the consolidated income statement.

Finance income and expense also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 4(b)(ii)).

Notes to the consolidated financial statements *(continued)*

4 Significant accounting policies *(continued)*

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to a business combination, or items recognised directly in consolidated statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. It also includes any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences arising on the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- the temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

(q) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as an offset against the respective expenses on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(r) Separately disclosed items

The Group presents, as separately disclosed items on the face of the consolidated income statement, those items of income and expense which, because of the nature of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance.

(s) Investment properties

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Port concession rights

Port concession rights acquired in a business combination are accounted at their fair values. The fair value is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Investments in debt securities

The fair values of equity and debt securities are determined by reference to their quoted closing bid price at the reporting date. The fair value of debt securities held to maturity is determined based on the discounted cash flows at a market related discount rate. The fair value of debt securities held to maturity is determined for disclosure purposes only.

(iv) Trade and other receivables/ payables

The fair value of trade and other receivables and trade and other payables approximates to the carrying values due to the short term maturity of these instruments.

(v) Derivatives

The fair value of forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

(vi) Non-derivative financial liabilities

Fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and lease liabilities. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

The fair value of bank balances and cash and bank overdrafts approximates to the carrying value due to the short term maturity of these instruments.

Notes to the consolidated financial statements (continued)

6 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements. Also refer to note 30 for further details.

Risk management framework

The Board of Directors, in conjunction with the Board of Directors of DP World Limited, have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

Trade and other receivables

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has not observed any significant changes to debtor days due to COVID-19, as compared to the previous year.

The Group applies IFRS 9 simplified approach to measure expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a very large number of small balances. These historical loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Thus, expected credit loss rates are based on the payment profile of sales over a period of 60 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. These historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group identified gross domestic product (GDP), global supply/ demand index of container market, global freight rate index of container market, oil prices in international markets and consumer price index (CPI) to be the most relevant factors for performing macro level adjustments in expected credit loss financial model.

Other financial assets

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to equity accounted investees in very limited circumstances and always only for the Group's share of the obligation. The provision of guarantees always requires the approval of senior management.

Notes to the consolidated financial statements (continued)

6 Financial risk management (continued)

Risk management framework (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase. COVID-19 has not impacted the Group's ability to maintain the normal payment cycle.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated income statement.

During the year, COVID-19 had no significant impact on Group's exposure to foreign exchange and interest rate risks.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

(f) Currency risk

The proportion of the Group's net operating assets denominated in foreign currencies is approximately 43.3% (2020: 44.5%) with the result that the Group's consolidated statement of financial position, and in particular owner's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated and using cross currency swaps. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies.

Interest on borrowings is denominated in the currency of the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

A portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using forward foreign currency contracts is undertaken to reduce the short-term effect of currency movements.

When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using forward contracts and currency swaps in order to fix the cost when converted to the functional currency. The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/floating interest rate and bank deposits.

Notes to the consolidated financial statements (continued)

6 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2021, after taking into account the effect of interest rate swaps, approximately 60.1% (2020: 63.5%) of the Group's borrowings are at a fixed rate of interest.

Capital management

The Board's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Equity consists of issued capital, share premium, other reserves, retained earnings, and non-controlling interests. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios such as adjusted net debt/ adjusted equity and adjusted net debt/ adjusted EBITDA in order to support its business and maximise shareholder value. The Group also monitors its interest coverage ratio as well for this purpose.

For calculating these ratios:

- Adjusted net debt is defined as total loans and borrowings including lease liabilities less cash and cash equivalents.
- Adjusted EBITDA is defined in note 7 Segment information.

The Board monitors these ratios without considering the impact of IFRS 16 Leases which require further adjustments to adjusted EBITDA and equity. These modified ratios are also provided as an additional information.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The key performance ratios as at 31 December are as follows:

£ million				
Note	2021*	2020*	2021	2020
	Pre-IFRS 16	Pre-IFRS 16	Post-IFRS 16	Post-IFRS 16
Total interest bearing loans and borrowings	1,161.9	1,183.4	1,161.9	1,183.4
Add: IFRS 16 lease liabilities	-	-	444.5	447.6
Less: cash and cash equivalents	18 (472.8)	(368.7)	(472.8)	(368.7)
Total adjusted net debt	A 689.1	814.7	1,133.6	1,262.3
Total Equity	2,854.8	2,509.9	2,854.8	2,509.9
Add: IFRS 16 adjustments	-	-	-	-
Adjusted equity	B 2,854.8	2,509.9	2,854.8	2,509.9
EBITDA as per segmentation	579.7	495.4	579.7	495.4
Less: IAS 17 leases	(35.9)	(34.4)	-	-
Adjusted EBITDA	C 543.8	461.0	579.7	495.4
Net finance costs before separately disclosed items	D 78.5	94.7	78.5	94.7
Adjusted net debt/ Equity	A/B	0.2	0.3	0.5
Adjusted net debt/ adjusted EBITDA	B/C	5.2	4.9	5.1
Interest cover before separately disclosed items	C/D	6.9	7.4	5.2

* Ratios recomputed without considering the impacts of leases and concession liabilities.

Notes to the consolidated financial statements (continued)

7. Operating segments

The internal management reports which are prepared under EU-IFRS are reviewed by the Board of Directors ('Chief Operating Decision Maker') based on the location of the Group's assets and liabilities. The Group has identified the following geographic areas as its basis of segmentation.

- Asia Pacific and India
- Australia and Americas
- Europe, Africa and Middle East

Each of the above operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker.

In addition to the above reportable segments, the Group also reports unallocated head office costs, finance costs, finance income, tax expense and tax liabilities under the head office segment in line with Group internal management report. In presenting the geographic information, segment revenue, segment results from operation, segment assets and segment liabilities has been allocated based on the geographic location of the entity.

The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA"). Although this is a non-IFRS measure, this will provide additional information to the users of the consolidated financial statements.

The Chief Operating Decision Maker also monitors certain key performance ratios from the perspective of capital management which are disclosed in note 6.

Information regarding the results of each reportable segment is included below.

		£ million				
		2021				
	Note	Asia Pacific and India	Australia and Americas	Europe Africa and Middle East	Head Office	Total group
By region						
Revenue from ports and terminals		251.7	233.3	544.1	-	1029.1
Revenue from logistics and maritime services		31.0	28.5	20.5	-	80.0
Total Revenue		282.7	261.8	564.6	-	1109.1
Segment results		73.1	97.8	259.8	0.3	431.0
Finance income	10	-	-	-	22.2	22.2
Finance expenses	10	-	-	-	(100.1)	(100.1)
Tax expenses	11	-	-	-	(31.5)	(31.5)
Profit/(loss) for the year		73.1	97.8	259.8	(109.1)	321.6
Depreciation and amortisation		31.6	35.4	80.9	0.1	148.0
Impairment losses		-	-	-	-	-
Share of profit of equity accounted investees before separately disclosed items		75.7	(0.1)	28.1	-	103.7
Tax expenses	11	-	-	-	31.5	31.5
Capital expenditure		27.7	29.7	49.7	(0.1)	107.0
Segment assets						
Current and non-current assets		401.8	482.5	967.3	2,703.9	4,555.5
Equity-accounted investments	15	425.2	3.3	182.1	-	610.6
Taxation assets		-	-	-	26.4	26.4
Total assets		827.0	485.8	1,149.4	2,730.3	5,192.5
Segment liabilities						
Current and non-current liabilities		174.4	54.2	177.6	1,690.9	2097.1
Taxation liabilities		-	-	-	240.6	240.6
Total liabilities		174.4	54.2	177.6	1,931.5	2,337.7
Earning before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA")						
Revenue before separately disclosed items		282.7	261.8	564.6	-	1,109.1
Adjusted EBITDA		106.8	133.2	336.8	0.6	577.4
Finance income		-	-	-	19.0	19.0
Finance costs		-	-	-	(97.5)	(97.5)
Tax expense		-	-	-	(31.1)	(31.1)
Depreciation and amortisation		(31.6)	(35.4)	(80.9)	(0.1)	(148.0)
Adjusted net profit		75.2	97.8	255.9	(109.1)	319.8
Adjusted for separately disclosed items	9	(2.1)	0.0	3.9	0.0	1.8
Profit from continuing operations		73.1	97.8	259.8	(109.1)	321.6

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office in line with Group's internal management reporting.

Notes to the consolidated financial statements (continued)

7. Operating segments (continued)

						£ million
						2020
By region	Note	Asia Pacific and India	Australia and Americas	Europe Africa and Middle East	Head Office	Total group
Revenue from ports and terminals		193.7	202.8	474.1	-	870.6
Revenue from logistics and maritime services		28.5	33.3	20.6	-	82.4
Total Revenue		222.2	236.1	494.7	-	953.0
Segment results		128.6	65.7	148.6	(11.0)	331.9
Finance income	10	-	-	-	27.7	27.7
Finance expenses	10	-	-	-	(128.4)	(128.4)
Tax expenses	11	-	-	-	(10.1)	(10.1)
Profit/(loss) for the year		128.6	65.7	148.6	(121.8)	221.1
Depreciation and amortisation		31.4	35.8	79.8	0.3	147.3
Impairment losses		-	-	8.0	-	8.0
Share of profit of equity accounted investees before separately disclosed items		73.7	0.9	19.1	-	93.7
Tax expenses	11	-	-	-	10.1	10.1
Capital expenditure		45.8	7.5	54.4	-	107.7
Segment assets						
Current and non-current assets		407.1	482.3	1894.7	1554.2	4338.3
Equity-accounted investments	15	398.6	4.0	165.1	-	567.7
Taxation assets		-	-	-	14.2	14.2
Total assets		805.7	486.3	2059.8	1568.4	4920.2
Segment liabilities						
Current and non-current liabilities		143.9	40.1	363.8	1606.9	2154.7
Taxation liabilities		-	-	-	255.6	255.6
Total liabilities		143.9	40.1	363.8	1862.5	2410.3
Earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA")						
Revenue before separately disclosed items		222.2	236.1	494.7	-	953.0
Adjusted EBITDA		160.0	103.3	239.8	(7.7)	495.4
Finance income		-	-	-	25.8	25.8
Finance costs		-	-	-	(120.5)	(120.5)
Tax expense		-	-	-	(49.7)	(49.7)
Depreciation and amortisation		(31.4)	(35.8)	(79.8)	(0.3)	(147.3)
Adjusted net profit		128.6	67.5	160.0	(152.4)	203.7
Adjusted for separately disclosed items	9	-	(1.8)	(11.4)	30.6	17.4
Profit from continuing operations		128.6	65.7	148.6	(121.8)	221.1

8. Net operating costs

			£ million
Included within Group operating profit are the following items:			
	2021	2020	
Depreciation and amortisation of prepaid leases, intangible assets and property plant and equipment	148.0	147.3	
Audit fees	1.3	1.1	
Operating lease rental	122.0	98.0	
Hire of plant, machinery and ships	17.0	13.5	
			£ million
Fees paid to the company's principal auditor – KPMG			
	2021	2020	
Fees paid to the company's auditor for the audit of the Company's accounts and its subsidiaries	1.3	1.1	
Non-audit and other assurance services:			
Tax services	0.2	0.5	
All other services	-	0.4	
Total of audit and non-audit services	1.5	2.0	

Fees of £45,850 (2020: £45,850), in respect of the audit, and Nil (2020: Nil), in respect of tax services, were paid to KPMG LLP by the P&O pension scheme.

Notes to the consolidated financial statements (continued)

9. Separately disclosed items

						£ million
						2021
	General and administration	Equity earnings	Sale of business	Net financing cost	Income tax	Total
Share of loss from equity accounted investees	-	(0.7)	-	-	-	(0.7)
Sale of business	-	-	2.3	-	-	2.3
Hedge costs	-	-	-	0.6	-	0.6
Income tax	-	-	-	-	(0.4)	(0.4)
	-	(0.7)	2.3	0.6	(0.4)	1.8
						£ million
						2020
	General and administration	Equity earnings	Sale of business	Net financing cost	Income tax	Total
Restructuring costs	(3.1)	-	-	-	-	(3.1)
Impairment expenses	(8.0)	-	-	-	-	(8.0)
Guaranteed minimum pension costs	(3.0)	-	-	-	-	(3.0)
Share of loss from equity accounted investees	-	(1.1)	-	-	-	(1.1)
Sale of business	-	-	(1.0)	-	-	(1.0)
Hedge costs	-	-	-	(6.0)	-	(6.0)
Income tax	-	-	-	-	39.6	39.6
	(14.1)	(1.1)	(1.0)	(6.0)	39.6	17.4

The Group presents, as separately disclosed items on the face of the consolidated income statement, those items of income and expense which, because of the nature of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance.

Restructuring costs 2021: Nil. (2020: mainly relates to severance pay associated with redundancies resulting from the impact of COVID-19 in the "Americas and Australia" region).

Impairment expenses 2021: Nil. (2020: related to impairment of property, plant and equipment in the 'Europe and Africa' region).

Guaranteed minimum pension costs 2021: Nil. (2020: related to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment confirming that UK pension schemes are required to equalise male and female members' benefits for the effect of unequal GMPs.)

Share of loss from equity-accounted investees 2021: relates to Group's share of non-recurring costs in the 'Asia Pacific and India region. (2020: related to impairment of property, plant and equipment in the 'Europe and Africa' region).

Sale of business 2021: Profit on sale of a subsidiary in the 'Europe and Africa' region. (2020: related to loss on sale of a subsidiary and an equity accounted investee in the 'Europe and Africa' region).

Hedge costs relates to the ineffective elements of hedges in subsidiaries in the 'Europe and Africa' region and 'Asia Pacific and India region.

Income tax relates to the tax impact on the ineffective elements of hedges in subsidiaries in the 'Europe and Africa' region. (2020: related to the release of historic tax risk provision in relation to gain on disposal. This release arises as a result of periodic review of worldwide tax provision position by the Group).

Notes to the consolidated financial statements (continued)

10. Net financing expenses

	£ million	
	2021	2020
Finance income		
Interest income		
- Third parties	9.0	8.8
- Related parties and equity accounted investees	3.6	8.3
Exchange gains	6.4	8.7
Fair value gain	3.2	1.9
	22.2	27.7
Finance expenses		
Interest expense		
- Third parties	(62.9)	(70.4)
- Related parties	(3.0)	(4.5)
- Lease liabilities	(20.8)	(21.4)
Exchange losses	(9.7)	(22.5)
Fair value loss	(2.6)	(7.9)
Net interest costs in respect of pension plans	(1.1)	(1.7)
	(100.1)	(128.4)
Net financing expense	(77.9)	(100.7)

11. Taxation

	£ million	
	2021	2020 (restated)
UK corporation tax		
Current tax charge for the year	(4.7)	(0.4)
Adjustment in respect of prior years	0.4	0.2
	(4.3)	(0.2)
Overseas tax		
Current tax charge for the year	(61.2)	(49.2)
Adjustment in respect of prior years	(0.8)	2.3
	(62.0)	(46.9)
Total current tax	(66.3)	(47.1)
Deferred tax		
Origination and reversal of temporary differences in the current year	(19.2)	29.3
Recognition of previously unrecognised tax losses	51.6	0.0
Adjustment in respect of prior years	2.4	7.7
Tax on profit for the year	(31.5)	(10.1)
Tax recognised in statement of other comprehensive income		
Current Tax in OCI	0.6	0.6
Deferred Tax in OCI	(6.6)	(0.9)
Total	(6.0)	(0.3)

Notes to the consolidated financial statements (continued)

11. Taxation (continued)

Explanation of prior year restatement

The Year ended 31st December 2020 position is restated to reflect the release of deferred tax liability related to historic transaction which should have been recognised in the prior year financial statements of the Group. As this deferred tax liability was denominated in USD, therefore, corresponding foreign exchange impact on the same has also been taken as prior year adjustment. The following tables summarise the impacts on the Group's consolidated financial statements.

£ millions				
Account heading	Reference	2020 (as previously reported)	Adjustment	2020 (as restated)
Deferred tax liabilities (note 16)	Balance Sheet	266.1	(36.5)	229.6
Retained earnings	Balance Sheet	448.5	36.5	485.0
Finance income	Income Statement	30.0	(2.3)	27.7
Tax expenses	Income Statement	(48.9)	38.8	(10.1)
Profit for the year	Cash flow	184.6	36.5	221.1
Tax expenses	Cash flow	48.9	(38.8)	10.1
Net finance expenses	Cash flow	98.4	2.3	100.7
Current tax charge for the year	Note 11	(48.8)	(0.4)	(49.2)
Non-taxable income less expenses not deductible for tax purposes	Note 11	8.3	0.4	8.7

Factors affecting the taxation charge for the current year

The total taxation charge is lower (2020 restated: lower) than the profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00 per cent (2020: 19.00 per cent). The differences are explained as follows:

Reconciliation of the effective tax rate	%	£ million	%	£ million
	2021		2020 (restated)	
Profit before taxation		353.1		231.2
Profit before taxation multiplied by the standard rate of corporation tax in the UK of:	19.00%	67.1	19.00%	44.0
Effects of:				
Non-taxable income less expenses not deductible for tax purposes	(1.9%)	(6.9)	3.8%	8.7
Tax deduction in respect of the pension schemes	(1.3%)	(4.5)	(1.5%)	(3.5)
Net of (unrelieved tax losses carried forward) utilization of tax losses	(0.3%)	(0.9)	(0.4%)	(0.9)
Accounting profits on chargeable assets	(0.2%)	(0.8)	(0.7%)	(1.6)
Changes in corporate tax rates	0.9%	3.3	0.3%	0.7
Higher rate taxes on overseas earnings	11.5%	40.7	14.3%	33.0
Withholding and other taxes suffered overseas	2.9%	10.2	1.8%	4.1
Tax on earnings from equity accounted investees at 19%	(7.3%)	(25.9)	(11.0%)	(25.4)
Recognition of previously unrecognised chargeable gains	0.8%	2.8	(16.8%)	(38.8)
Recognition of previously unrecognised tax losses	(14.6%)	(51.6)	0.0%	0.0
Adjustments to tax charge in respect of prior periods	(0.6%)	(2.0)	(4.4%)	(10.2)
Effective tax rate	8.9%	31.5	4.4%	10.1

The profit before taxation of £353.1 million (2020 restated: £231.2 million) includes the Group's share of profits of joint ventures and associates within continuing operations of £103.0 million (2020: £92.6 million) which is net of a tax charge of £33.1 million (2020: £41.0 million).

The Group's overseas tax rates are typically a mixture of rates higher and lower than 19.00 percent. They include the effect of overseas tax benefits available to infrastructure projects.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As a result, the closing deferred tax assets and liabilities as at 31st December were remeasured to apply the new rate. The impact of the change in rate on unrecognised deferred tax position as at 31st December 2021 is £3m.

Notes to the consolidated financial statements (continued)

12. Intangible assets

	£ million		
	Port concession rights and Service concession assets	Goodwill	Total
Cost			
At 1 January 2021	570.6	39.7	610.3
Additions	0.2	-	0.2
Disposals	(1.9)	-	(1.9)
Transfers from property, plant and equipment	23.6	-	23.6
Exchange adjustments	(3.3)	(0.9)	(4.2)
At 31 December 2021	589.2	38.8	628.0
Accumulated amortization			
At 1 January 2021	(289.3)	-	(289.3)
Charge for the year	(25.0)	-	(25.0)
Disposals	1.9	-	1.9
Transfers from property, plant and equipment	(15.4)	-	(15.4)
Exchange adjustments	2.3	-	2.3
At 31 December 2021	(325.5)	-	(325.5)
Net book amount at 31 December 2021	263.7	38.8	302.5
Cost			
At 1 January 2020	587.0	40.0	627.0
Additions	33.5	-	33.5
Disposals	(23.2)	-	(23.2)
Transfers from property, plant and equipment	1.6	-	1.6
Exchange adjustments	(28.3)	(0.3)	(28.6)
At 31 December 2020	570.6	39.7	610.3
Accumulated amortization			
At 1 January 2020	(302.9)	-	(302.9)
Charge for the year	(24.5)	-	(24.5)
Disposals	23.2	-	23.2
Exchange adjustments	14.9	-	14.9
At 31 December 2020	(289.3)	-	(289.3)
Net book amount at 31 December 2020	281.3	39.7	321.0

Port concession rights mainly represents concession agreements which are identified and accounted as a part of business combinations. These concessions were determined to have finite useful lives based on the terms of the respective concession agreements and the income approach model was used for the purpose of determining their fair values. Service concession assets represent assets arising on account of application of IFRIC 12 on service concession arrangements. Four of the Group's deep seaport terminals in emerging markets are operated under certain restrictive price and service conditions. The grantor controls any significant residual interest in the infrastructure. The amounts paid by the Group as an operator to the grantor (government or port authorities) as a consideration for obtaining the rights relating to concession arrangements are accounted as part of port concession rights. In addition, Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with IFRIC 12 'Service Concession Arrangements'.

Notes to the consolidated financial statements (continued)

12. Intangible assets (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units ("CGU"), which are reportable business units, for the purposes of impairment testing.

Impairment testing is done at operating port (or group of ports) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

Cash generating units aggregated by operating segment	Carrying amount of goodwill £ million	Pre-tax discount rate %	Terminal growth rate %	Discount rate change required for carrying amount to equal recoverable amount %	Average budgeted margin growth change required for carrying amount to equal recoverable amount %	Terminal growth rate change required for carrying amount to equal recoverable amount %
2021						
Europe, Africa and Middle East	13.9	6.2 - 11.5	2.5	0.4 - 13.0	Refer note (a)	Refer note (a)
Australia and Americas	15.4	6.0 - 7.0	2.5	4.2	Refer note (a)	Refer note (a)
Asia Pacific and India	9.5	8.5 - 9.0	2.5	1.0	Refer note (a)	Refer note (a)
Total	38.8					
2020						
Europe, Africa and Middle East	14.9	6.0 - 13.5	2.5	0.4 - 13.0	Refer note (a)	Refer note (a)
Australia and Americas	15.2	6.0 - 7.0	2.5	3.2	Refer note (a)	Refer note (a)
Asia Pacific and India	9.6	9.0 - 9.5	2.5	9.9	Refer note (a)	Refer note (a)
Total	39.7					

- (a) As per the sensitivity analyses, even if these assumptions are reduced to 0%, it will still result in recoverable amounts being higher than the carrying amounts.

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by the Board covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25-50 years.

Key assumptions used in value in use calculations (adjusted for COVID-19 impact)

The following describes each key assumption on which the Board has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted margins – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements, price fluctuations and manpower costs.

Discount rates – These represent the cost of capital adjusted for the respective location risk factors. The Group uses the post-tax industry average weighted average cost of capital based on the rate of 10 years default free US treasury bonds adjusted for country-specific risks.

Cost inflation – The forecast general price index is used to determine the cost inflation during the budget year for the relevant countries where the Group is operating which has been sourced from International Monetary Fund (IMF).

Terminal growth rate – In the Board's view, the terminal growth rate is the minimum growth rate expected to be achieved beyond the eight-year period. This is based on the overall regional economic growth forecasted and the Group's existing internal capacity changes for a given region. The Group also takes into account competition and regional capacity growth to provide a comprehensive growth assumption for the entire portfolio. Based on the historical trend of growth in global trade, the long-term growth in the range of 1% to 2.5% is considered reasonable for the diversified businesses of the Group. The values assigned to key assumptions are consistent with the past experience of the Board.

Sensitivity to changes in assumptions

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. A sensitivity analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in impairment. An increase of 0.10% in discount rate and decrease of 0.25% in terminal value growth rate would not result in impairment.

Notes to the consolidated financial statements *(continued)*

13. Right of use assets

	£ million			
	Port concession rights	Plant, machinery and vehicles	Land and Building	Total
Cost				
At 1 January 2021	410.6	18.3	14.6	443.5
Additions during the year	7.9	1.5	0.2	9.6
Reassessments	0.3	(0.4)	0.2	0.1
Transfers	-	(2.8)	2.8	-
Written off during the year	-	(3.0)	-	(3.0)
Exchange adjustments	(1.3)	0.1	(0.7)	(1.9)
At 31 December 2021	417.5	13.7	17.1	448.3
Accumulated Depreciation				
At 1 January 2021	(29.9)	(1.3)	(5.3)	(36.5)
Charge for the year	(17.5)	(0.9)	(3.5)	(21.9)
Reassessments	-	0.3	-	0.3
Written off during the year	-	3.0	-	3.0
Exchange adjustments	0.5	(0.1)	0.3	0.7
At 31 December 2021	(46.9)	1	(8.5)	(54.4)
Net book amount at 31 December 2021	370.6	14.7	8.6	393.9
Cost				
At 1 January 2020	397.9	18.1	14.0	430.0
Additions during the year	11.8	2.9	-	14.7
Reassessments	-	(0.1)	-	(0.1)
Written off during the year	-	(1.7)	-	(1.7)
Exchange adjustments	0.9	(0.9)	0.60	0.60
At 31 December 2020	410.6	18.3	14.6	443.5
Accumulated Depreciation				
At 1 January 2020	(13.1)	(1.2)	(2.5)	(16.8)
Charge for the year	(16.4)	(1.5)	(2.8)	(20.7)
Reassessments	0.1	0.1	-	0.2
Written off during the year	-	1.7	-	1.7
Exchange adjustments	(0.5)	(0.4)	-	(0.9)
At 31 December 2020	(29.9)	(1.3)	(5.3)	(36.5)
Net book amount at 31 December 2020	380.7	17.0	9.3	407.0

	2021 £ million	2020 £ million
Amount recognised in consolidated income statement		
Depreciation expense of right-of-use assets	21.9	20.7
Interest expense on lease liabilities (included in finance cost)	20.8	21.4
Expense relating to short-term leases, leases of low value assets and variable lease payments	119.6	98.0
Amount recognised in consolidated statement of cash flows		
Lease payments made during the year (included under financing activities)	35.9	34.4

Notes to the consolidated financial statements (continued)

14. Property, plant and equipment

	£ million				
	Property	Vessels	Plant and equipment	Capital work-in-progress	Total
Cost					
At 1 January 2021	821.2	187.5	1,560.9	46.3	2,615.9
Additions	0.1	0.8	7.5	98.4	106.8
Transfers	26.3	-	(26.3)	-	0.0
Transfers to intangible assets	-	-	(12.5)	(11.1)	(23.6)
Transfers from capital work-in-progress	9.2	0.4	39.5	(49.1)	-
Disposal of subsidiaries	(0.1)	-	(0.2)	-	(0.3)
Disposals	-	-	(19.5)	-	(19.5)
Exchange adjustments	0.8	(3.7)	8.1	0.2	5.4
At 31 December 2021	857.5	185.0	1,557.5	84.7	2,684.7
Accumulated depreciation					
At 1 January 2021	(291.1)	(75.7)	(535.8)	-	(902.6)
Charge for the year	(22.5)	(11.0)	(67.3)	-	(100.8)
Transfers	(0.3)	-	0.3	-	-
Transfers to intangible assets	-	-	15.4	-	15.4
Disposal of subsidiaries	0.1	-	0.2	-	0.3
Disposals	-	-	19.3	-	19.3
Exchange adjustments	(0.4)	2.4	(1.3)	-	0.7
At 31 December 2021	(314.2)	(84.3)	(569.2)	-	(967.7)
Net book amount at 31 December 2021	543.3	100.7	988.3	84.7	1,717.0
Cost					
At 1 January 2020	829.4	195.3	1,528.9	70.8	2,624.4
Additions	-	0.8	15.9	57.5	74.2
Transfers to investment properties	(5.8)	-	(0.5)	-	(6.3)
Transfers to intangible assets	-	-	-	(1.6)	(1.6)
Transfers from capital work-in-progress	20.0	4.5	53.3	(77.8)	-
Disposals	0.1	(12.6)	(15.4)	(0.1)	(28.0)
Exchange adjustments	(22.5)	(0.5)	(21.3)	(2.5)	(46.8)
At 31 December 2020	821.2	187.5	1,560.9	46.3	2,615.9
Accumulated depreciation					
At 1 January 2020	(269.9)	(76.3)	(497.4)	-	(843.6)
Charge for the year	(24.0)	(11.1)	(67.0)	-	(102.1)
Impairment losses	(8.0)	-	-	-	(8.0)
Transfers to investment properties	1.0	-	-	-	1.0
Disposals	(0.1)	12.8	15.3	-	28.0
Exchange adjustments	9.9	(1.1)	13.3	-	22.1
At 31 December 2020	(291.1)	(75.7)	(535.8)	-	(902.6)
Net book amount at 31 December 2020	530.1	111.8	1,025.1	46.3	1,713.3

At 31 December 2021, property, plant and equipment with a carrying amount of £ 713.6 million (2020: £769.9 million) are pledged to secure bank loans (refer to note 20). At 31 December 2021, the net carrying value of the leased plant and equipment and other assets was £ NIL million (2020: £129.37 million).

No borrowing costs were capitalised to property, plant and equipment (2020: £1.85 million) calculated using a capitalisation rate of NIL (2020: 0.4%).

Notes to the consolidated financial statements (continued)**14A Investment properties**

	£ million
	Building and Infrastructure
Cost	
At 1 January 2021	11.1
Exchange adjustments	0.1
At 31 December 2021	11.2
Accumulated amortization	
At 1 January 2021	(1.6)
Charge for the year	(0.3)
Exchange adjustments	(0.1)
At 31 December 2021	(2.0)
Net book amount at 31 December 2021	9.2
Cost	
At 1 January 2020	5.6
Additions	-
Transfers from PPE	6.3
Exchange adjustments	(0.8)
At 31 December 2020	11.1
Accumulated amortization	
At 1 January 2020	(0.3)
Charge for the year	(0.3)
Transfers from PPE	(1.0)
Exchange adjustments	-
At 31 December 2020	(1.6)
Net book amount at 31 December 2020	9.5

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Investment property comprises a commercial property leased out to third parties.

Revenue on lease rentals from investment properties recognised in the profit or loss amount to £ 0.6 million (2020: £ 0.4 million) while associated costs related to these investment properties amount to £ 0.04 million (2020: £ 0.04 million). The rental income is dependent upon variable rates and the contracts are renewed annually.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

Notes to the consolidated financial statements *(continued)***15. Investments in equity accounted investees**

The following table summarises the financial information for equity-accounted investees, adjusted for fair value adjustments at acquisition and reconciled to the carrying amount of Group's interest in equity-accounted investees as included in consolidated statement of financial position:

	£ million
Cost at 1 January 2021	567.7
Reclassification to provisions	14.1
Share of profits for the year	103.0
Share of actuarial gains, net of tax	0.2
Share of movement in other reserves	(0.8)
Dividends	(73.1)
Exchange adjustments	(0.5)
Cost at 31 December 2021	610.6
Cost at 1 January 2020	491.9
Share of profits for the year	92.6
Share of actuarial losses, net of tax	(0.1)
Share of movement in effective portion of cash-flow hedges, net of tax	0.7
Share of movement in other reserves	(0.8)
Dividends	(27.2)
Exchange adjustments	10.6
Cost at 31 December 2020	567.7

Summarised financial information for equity accounted investees:

	£ million	
	2021	2020
Sales and other operating revenues	509.5	479.2
Profit before interest and taxation	159.1	156.4
Net finance costs	(22.9)	(22.8)
Profit before taxation	136.2	133.6
Taxation	(33.2)	(41.0)
Profit for the year	103.0	92.6
Non-current assets	1,022.4	1,022.5
Current assets	269.5	252.2
Total assets	1,291.9	1,274.7
Current liabilities	(129.2)	(154.8)
Non-current liabilities	(552.1)	(552.2)
Total liabilities	(681.3)	(707.0)
Net assets	610.6	567.7

Notes to the consolidated financial statements (continued)

16. Deferred tax assets and liabilities

	£ million		
	Assets	Liabilities	Net 2021
Property, plant and equipment	(2.5)	67.0	64.5
Intangible assets	(0.4)	0.1	(0.3)
Investment in equity accounted investees	-	19.2	19.2
Employee benefits	(1.2)	-	(1.2)
Provisions	(1.6)	-	(1.6)
Tax value of loss carried forward recognised	(66.7)	-	(66.7)
Financial instruments	(12.0)	5.2	(6.8)
Capital gain	-	183.0	183.0
Other	(9.4)	22.5	13.1
Total tax (assets)/liabilities	(93.8)	297.0	203.2
Tax offset	80.0	(80.0)	0.0
Total tax (assets)/liabilities after offset	(13.8)	217.0	203.2

	Assets	Liabilities	Net 2020 (restated)
Property, plant and equipment	(2.5)	52.9	50.4
Intangible assets	(0.5)	0.1	(0.4)
Investment in equity accounted investees	-	17.7	17.7
Employee benefits	(5.0)	0.0	(5.0)
Provisions	(1.6)	0.1	(1.5)
Tax value of loss carried forward recognised	(23.8)	0.0	(23.8)
Financial instruments	(12.6)	4.6	(8.0)
Capital gain	-	178.2	178.2
Other	(9.0)	20.0	11.0
Total tax (assets)/liabilities	(55.0)	273.6	218.6
Tax offset	44.0	(44.0)	-
Total tax (assets)/liabilities after offset	(11.0)	229.6	218.6

Deferred tax assets have not been recognised by some of the subsidiaries on their trading losses where utilisation is unclear, either because they have not been agreed with tax authorities, or because of uncertainties of future profits to offset against these losses, or because of the impact of tax holidays.

	2021			2020		
	Gross amount £ million	Tax effect £ million	Expiry date	Gross amount £ million	Tax effect £ million	Expiry date
Trading losses – will expire under current legislation	16.8	3.4	2021 - 2027	31.6	7.4	2021 - 2026
	8.2	2.3	2028 - 2039	15.0	4.8	2027 - 2038
	3.3	0.9	2040 - 2041	3.5	1.0	2039 - 2040
Trading losses - will not expire under current legislation	126.6	31.0	-	290.2	62.9	-
Capital losses – will not expire under current legislation	196.1	37.3	-	192.5	36.6	-

In addition to the above, the Group is carrying forward £19m of unrecognised deferred tax assets in relation to other timing differences, majority of which, i.e. £16m is in relation to defined benefit pension scheme.

The Group continuously reviews these unrecognised timing differences and will consider recognising them as deferred tax asset in future depending on the assessed likelihood of utilisation.

Notes to the consolidated financial statements (continued)

16. Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	£ million					
	Balance at 1 January 2021	Exchange movements	Recognised in income	Acquired balances and disposals	Recognised in OCI and P&L reserves	Balance at 31 December 2021
Property, plant and equipment	50.4	0.4	13.7	-	-	64.5
Intangible assets	(0.4)	-	0.1	-	-	(0.3)
Investment in equity accounted investees	17.7	-	1.5	-	-	19.2
Employee benefits	(5.0)	0.4	(0.1)	-	3.5	(1.2)
Provisions	(1.5)	0.1	(0.2)	-	-	(1.6)
Tax value of loss carried forward recognised	(23.8)	9.8	(52.7)	-	-	(66.7)
Financial instruments	(8.0)	-	(1.9)	-	3.1	(6.8)
Capital gain	178.2	2.0	2.8	-	-	183.0
Other	11.0	0.2	1.9	-	-	13.1
Total tax liabilities/(assets)	218.6	12.9	(34.9)	-	6.6	203.2

	Balance at 1 January 2020	Exchange movements	Recognised in income	Acquired balances and disposals	Recognised in OCI and P&L reserves	Balance at 31 December 2020 Restated
Property, plant and equipment	44.4	(2.4)	8.5	(0.1)	-	50.4
Intangible assets	(0.5)	0.1	-	-	-	(0.4)
Investment in equity accounted investees	16.6	-	1.1	-	-	17.7
Employee benefits	(5.7)	(0.1)	0.4	-	0.4	(5.0)
Provisions	(1.3)	(0.1)	-	(0.1)	-	(1.5)
Tax value of loss carried forward recognised	(23.8)	6.5	(6.5)	-	-	(23.8)
Financial instruments	(8.3)	-	0.1	-	0.2	(8.0)
Capital gain	221.7	(4.7)	(38.8)	-	-	178.2
Other	12.1	0.3	(1.4)	(0.3)	0.3	11.0
Total tax liabilities/(assets)	255.2	(0.4)	(36.6)	(0.5)	0.9	218.6

17. Trade and other receivables

	£ million			
	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	96.8	-	98.7	-
Other receivables	76.9	1.6	66.2	3.8
Prepayments	17.8	1.3	14.5	1.1
Due from Equity accounted investees	7.5	37.4	20.4	33.7
	199.0	40.3	199.8	38.6
Due from Parent Group undertakings:				
Loans to holding company	1,227.9	-	1,167.4	-
Due from holding company	49.4	-	31.5	-
Due from fellow subsidiaries of the Group's holding company	49.1	-	58.0	-
	1,326.4	-	1,256.9	-

Trade receivables are reported net of a provision of £10.2 million (2020: £9.2 million).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 30.

Loans to holding company bear interest in reference to LIBOR and are repayable on demand by the relevant parties. The directors believe that these loans are recoverable which is supported by cash repayments of £45.4 million received in 2021 (2020: £39.7 million).

Notes to the consolidated financial statements *(continued)*

18. Other investments

	£ million	
	2021	2020
Financial assets at fair value through other comprehensive income	0.5	0.5
	0.5	0.5

(a) The movement schedule for financial assets at fair value through other comprehensive income is as given below:

	£ million	
	2021	2020
Balance as of 1 st January	0.5	0.5
Disposals during the year	-	-
Balance as of 31st December	0.5	0.5

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 30.

18A Inventories

	£ million	
	2021	2020
Raw materials, spare parts and consumables	24.6	23.4
Goods in transit	-	0.1
Fuel on board of vessels	0.3	0.4
	24.9	23.9
Provision for obsolete and slow moving items	(1.4)	(0.9)
Total Inventories	23.5	23.0

In 2021, inventories of £ 39.1 million (2020: £ 39.7 million) were recognised as an expense during the year and included in cost of sales.

19. Bank balances and cash

	£ million	
	2021	2020
Bank balances	371.5	250.6
Short-term deposits	101.3	118.1
Cash and cash equivalents for consolidated statement of cash flows	472.8	368.7

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates.

19A. Investments: Short Term Deposits

	£ million	
	2021	2020
Short Term Deposits	70.4	-
	70.4	-

Notes to the consolidated financial statements (continued)

20. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised costs. For information about the Group's exposure to interest rate and foreign currency risk, see note 30.

	£ million	
	2021	2020
Non-current		
Secured bank loans	747.5	763.9
Mortgage debenture stock	1.4	1.4
Unsecured loan	11.4	12.8
Unsecured bank loans	359.8	365.7
Unsecured bond issues	5.9	5.8
Total non-current	1,126.0	1,149.6
Current		
Secured bank loans	22.1	17.1
Unsecured bank loans	13.8	16.7
Total current	35.9	33.8
Total current and non-current	1,161.9	1,183.4

2021	£ million			
2021	Nominal interest rate	Year of maturity	Face value	Carrying value
Unsecured Loans				
INR	6.9%	2025	3.0	3.0
INR	Variable	2022	4.2	4.2
INR	Variable	2023-2025	7.0	7.0
INR	Variable	2024	7.5	7.5
INR	Variable	2025	8.5	8.5
USD	Variable	2022-2024	66.6	66.6
USD	Variable	2023	192.5	192.1
USD	Variable	2023-2026	29.6	29.6
USD	Variable	2024-2026	41.0	41.0
USD	Variable	2027	7.4	7.4
EUR	0.6% - 2.2%	2022-2025	6.7	6.7
Secured Loans				
USD	4.45%	2022-2026	5.5	5.5
USD	Variable	2022-2029	52.0	49.4
USD	Variable	2030	6.6	6.6
EUR	1.18%-4.75%	2022-2026	6.6	6.6
GBP	4.5%	2022-2045	148.1	148.1
GBP	1.14%	2026-2045	50.0	50.0
GBP	Variable	2022-2024	381.9	373.2
GBP	Variable	2022-2036	70.0	70.0
PGK	6.75%	2022-2027	21.1	20.7
PKR	Variable	2022-2025	19.5	19.5
PKR	Variable	2022-2026	15.1	15.1
PKR	Variable	2023-2031	5.1	3.8
PKR	Variable	2024-2031	1.7	1.1
Unsecured bond issues				
USD	7.875%	2027	5.9	5.9
Unsecured Loan				
EUR	4.0%	2024	11.4	11.4
Mortgage debentures stocks				
GBP	3.5%	undated	1.4	1.4
Total			1,175.9	1,161.9

Notes to the consolidated financial statements (continued)

20. Interest bearing loans and borrowings (continued)

2020	£ million			
2020	Nominal Interest rate	Year of maturity	Face value	Carrying value
Unsecured Loans				
INR	7%	2023	2.0	2.0
INR	Variable	2021-2022	12.7	12.7
INR	Variable	2023-2025	7.0	7.0
INR	Variable	2024	7.5	7.5
INR	Variable	2025	2.5	2.5
USD	Variable	2021-2024	84.3	84.3
USD	Variable	2023	190.5	189.8
USD	Variable	2023-2026	26.0	26.0
USD	Variable	2024-2026	40.6	40.6
USD	Variable	2027	7.3	7.3
EUR	0.6% - 2.2%	2021-2024	2.7	2.7
Secured Loans				
USD	5.98%	2021-2022	7.9	7.5
USD	Variable	2021-2029	54.9	52.7
USD	Variable	2030	6.5	6.5
EUR	4.661% - 4.75%	2021-2022	0.9	0.9
EUR	1.18% - 1.48%	2021-2024	3.6	3.5
EUR	2%	2021-2026	5.5	5.5
GBP	1.14%	2021-2045	83.9	83.9
GBP	Variable	2022-2036	565.8	556.8
PGK	6.75%	2021-2027	23.7	23.5
PKR	Variable	2021-2025	23.7	23.7
PKR	Variable	2021-2026	16.5	16.5
Unsecured bond issues				
USD	7.875%	2027	5.9	5.8
Unsecured Loan				
EUR	4.0%	2024	12.8	12.8
Mortgage debentures stocks				
GBP	3.5%	Undated	1.4	1.4
Total			1,196.1	1,183.4

Certain property, plant and equipment are pledged against the facilities obtained from the banks (refer to note 14). The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 19).

At 31 December 2021, the undrawn committed borrowing facilities of £7.5m (2020: £ 16m) were available to the Group, in respect of which all conditions precedent had been met.

Movement of interest bearing loans and borrowings

	£ million	
	2021	2020
Balance as at 1 January	1,183.4	1,214.4
Cash flow items		
Additional borrowings during the year	27.0	65.0
Repayment of borrowings during the year	(48.6)	(77.3)
Other non-cash items		
Translation adjustments	0.1	(18.7)
Balance at 31 December	1,161.9	1,183.4

Notes to the consolidated financial statements (continued)

21. Lease liabilities

	£ million	
	2021	2020
At 1 January	447.6	448.0
Payments	(35.9)	(34.4)
Additions	9.6	14.7
Interest expense	20.8	21.4
Reassessments	0.4	0.1
Reclassified from accounts payable	4.6	-
Translation adjustment	(2.6)	(2.2)
As at 31 December	444.5	447.6
Lease liabilities classified as:		
Non-current	411.6	415.7
Current	32.9	31.9
Total	444.5	447.6

Refer note 13 for right-of-use assets and also refer note 30(b) for maturity profile of lease liabilities.

22. Trade and other payables

	£ million			
	2021		2020	
	Current	Non-current	Current	Non-current
Trade payables	43.5	-	37.5	-
Other unsecured payables	35.1	15.0	30.5	12.1
Accruals	145.0	2.2	123.8	-
Deferred income	5.2	32.4	8.2	22.5
Fair value of derivative financial instruments	0.9	21.2	-	52.5
	229.7	70.8	200.0	87.1
Due to Parent Group undertakings				
Loan from subsidiaries of the Group's holding company	41.2	18.2	37.3	46.1
Due to subsidiaries of the Group's holding company	30.2	0.6	23.4	2.0
	71.4	18.8	60.7	48.1

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 30.

22A. Provisions

	£ million	
	2021	2020
Opening balance	17.5	10.7
Provisions made during the year	31.4	14.2
Provisions utilised during the year	(17.7)	(7.4)
Closing Balance	31.2	17.5
Current	29.1	15.3
Non-current	2.1	2.2

The recognised provision reflects management's best estimate of the most likely outcome of various legal, tax and other claims, which are subject to considerable uncertainty in terms of outcome and timing of settlement.

Notes to the consolidated financial statements (continued)

23. Non-controlling interest

The following table summarises the financial information for the material NCI of the Group:

								£ million
	2021 Middle East, Europe and Africa region	2021 Australia and Americas	2021 Other individually immaterial subsidiaries *	2021 Gross Total	2020 Middle East, Europe and Africa region	2020 Australia and Americas	2020 Other individually immaterial subsidiaries *	2020 Gross Total
Balance sheet information								
Non-current assets	43.5	37.3			30.8	26.0		
Current assets	31.9	36.2			38.8	21.0		
Non-current liabilities	(4.1)	(6.2)			(5.5)	(4.0)		
Current liabilities	(10.8)	(19.4)			(10.9)	(15.0)		
Net assets (100%)	60.5	47.9			53.20	28.00		
Carrying amount of NCI as at 31 December	24.2	21.2	1.3	46.7	21.3	12.4	7.90	41.6
Income statement information								
Revenue	27.4	93.5			28.5	77.0		
Profit after tax	4.6	11.1			5.4	(9.0)		
Other comprehensive income, net of tax	9.3	9.7			-	-		
Total comprehensive income (100%), net of tax	13.9	20.8			5.4	(9.0)		
Profit allocated to NCI	1.8	4.9	16.2	22.9	3.8	2.0	16.9	22.7
OCI allocated to NCI	3.7	4.3	(1.0)	7.0	-	-	(5.4)	(5.4)
Total comprehensive income allocated to NCI	5.5	9.2	15.2	29.9	3.8	2.0	11.5	17.3
Cash flows from operating activities	6.5	8.9			11.3	9.6		
Cash flows from investing activities	(2.5)	2.4			(2.7)	1.5		
Cash flows from financing activities	(7.5)	(7.1)			(2.8)	(27.1)		
Dividends paid to NCI	(1.9)	(0.6)			-	-		

Notes to the consolidated financial statements (continued)**24. Issued capital and reserves****Share capital and share premium account**

The balances classified as share capital and share premium account include the total net proceeds on issue of the Company's equity share capital. The authorised share capital is £953.2 million (2020: £953.2 million) being the allotted capital together with £110.0 million (2020: £110.0 million) of unclassified shares. The nominal value of each class of share unit is £1. The number of shares held is 843.2 million. Share premium amounted to £815.4 million (2020: £815.4 million). The allotted, called up and fully paid share capital was £843.2 million as at 31 December 2021 (2020: £843.2 million).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other reserves

Other reserves of £170.5 million (2020: £170.5 million) is made up of the Group's merger reserve of £454.2 million (2020: £454.2 million) and capital reserve £161.4 million (2020: £161.4 million), less goodwill deducted from reserves of £451.9 million (2020: £451.9 million), all arising under UK GAAP prior to transition to IFRS, plus a capital redemption reserve of £3.3 million (2020: £3.3 million) and amounts relating to share based payments of £3.5 million (2020: £3.5 million).

25. Employees

	£ million	
Employee costs	2021	2020
Wages and salaries	152.7	148.8
Social security costs	12.8	13.7
Pension and other post-retirement benefit costs	28.6	28.9
	194.1	191.4
Average number of employees at 31 December	2021	2020
UK full time	1,180	1,164
UK part time	27	21
Overseas full time	4,358	4,370
Overseas part time	238	127
	5,803	5,682

26. Employee benefits

The Group participates in a number of pension schemes throughout the world, mostly concentrated in the United Kingdom.

The board of a pension scheme in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans, if appropriate.

These defined benefit schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

Notes to the consolidated financial statements *(continued)*

26. Employee benefits *(continued)*

a) P&O UK Scheme

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2019 on a market related basis. The deficit on a statutory funding objectives basis was GBP 98 million. For the Group, outstanding contributions from these valuations are payable as follows:

From 1 Jan 2022 to 31 March 2025: GBP 1.3 million per month.

In December 2007, as part of a process developed with the Group to de-risk the pension scheme, the Trustee transferred GBP 800 million of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

b) Merchant Navy Officers' Pension Fund ("MNOFF")

The Group participates in various industry multi-employer schemes in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

The MNOFF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated. The scheme has been closed to further benefit accrual from 31 March 2016.

The most recent formal actuarial valuation of the New Section of MNOFF Scheme was carried out as at 31 March 2021. This resulted in a surplus of GBP 58 million. As there were sufficient assets to cover the Fund's technical provisions at the valuation date, no new contributions were required.

Following earlier actuarial valuations in 2009, 2012, 2015 and 2018 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share.

The Group's share of the net deficit of the MNOFF Scheme at 31 December 2021 is estimated at 5.21%.

c) Merchant Navy Ratings' Pension Fund ("MNRPF")

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

Certain Group companies, which are no longer current employers in the MNRPF Scheme had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Group appealed, the decision was not overturned.

The most recent formal actuarial valuation was carried out as at 31 March 2020. The deficit contributions arising from the valuation totalled GBP 96 million. This deficit included an estimated sum of GBP 70 million in respect of the expected settlement for the Ill-Health Early Retirement Court case, including the administration costs for the rectification. The Trustee Board believe their investment strategy will meet the shortfall deficit and did not request further contributions from Employers in respect of this valuation. The Court hearing to consider approval of the settlement in the ill-health early retirement benefits case took place on 24 February 2022 and the Court has approved the settlement, which is subject to appeal. The current service charge of £5.0 million in relation to ill health has been posted to income statement in 2022. The trustees and administrators are investigating a number of other matters.

For the Group, outstanding contributions from these valuations are payable as follows:

- 2022: GBP 4.5 million
- 2023: GBP 0.9 million

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Group's share of the net deficit of the MNRPF at 31 December 2021 is estimated at 7.38%.

d) Others

The Group also operates a number of smaller defined benefit and defined contribution schemes.

Notes to the consolidated financial statements (continued)

26. Employee benefits (continued)

Reconciliation of assets and liabilities recognised in the consolidated statement of financial position

The amounts recognised in the balance sheet are as follows

	£ million	
	2021	2020
Non-current		
Defined benefit schemes net liabilities	59.1	101.8
Liability in respect of long service leave	0.4	0.4
Liability for other non-current deferred compensation	2.0	1.5
	61.5	103.7
Current		
Liability for current deferred compensation	7.3	6.6
Net liability	68.8	110.3
Reflected in the consolidated statement of financial position as follows:		
Employee benefit liabilities: non-current	61.5	103.7
Employee benefit liabilities: current	7.3	6.6
	68.8	110.3

Long term employee benefit expense recognised in consolidated statement of profit and loss consist of following:

	£ million	
	2021	2020
Defined benefit schemes*	8.8	7.9
Defined contribution schemes	13.3	12.3
Other employee benefits	13.3	13.2
	35.4	33.4

* In 2020, this includes £3.0 million additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK.

Notes to the consolidated financial statements (continued)

26. Employee benefits (continued)

The re-measurements of the net defined benefit liability recognised in the statement of other comprehensive income is as follows:

	£ million	
	2021	2020
Actuarial loss/(gain) recognised in the year	(96.3)	173.9
Return on plan assets (greater) / lesser than the discount rate	20.8	(164.5)
Change in share in multi-employer scheme	-	-
Movement in minimum funding liability	55.9	9.7
	(19.6)	19.1

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2021 by qualified independent actuaries. The principal assumptions are included in the table below. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

	P&O UK Scheme		MNOPF Scheme		Other Schemes	
	2021	2020	2021	2020	2021	2020
Discount rates	1.90%	1.25%	1.90%	1.25%	1.73%	1.71%
Discount rates - Bulk Annuity Asset	1.90%	1.15%	n/a	n/a	n/a	n/a
Expected rates of salary increases *	n/a*	n/a*	n/a*	n/a*	0.12%	1.47%
Pension increases:						
- Deferral	3.00%	2.80%	2.60%	2.00%	1.60%	2.07%
- Payment	3.00%	2.80%	3.20%	2.75%	1.94%	2.27%
Inflation	3.30%	2.80%	3.30%	2.80%	2.00%	2.29%

* The P&O UK Scheme and MNOPF were closed to future accrual as at 31 December 2016, so future pay increases is not relevant.

In the last year, the methodology for determining the Retail Price Index (RPI) assumption used for the valuation of the Defined Benefit Pension Scheme Obligation changed, resulting in an RPI of 2.80% (compared to an RPI of 3.25% under the old methodology). However, the resulting decrease in the DBO has no impact on the net defined benefit pension liability on the balance sheet as at 31 December 2020. This is because the impact is offset by an equal and opposite change to the minimum funding liability.

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

	Male		Female	
	Age 65 now	Age 65 in 20 years' time	Age 65 now	Age 65 in 20 years' time
2021				
P&O UK scheme	22.9	24.5	25.2	26.9
MNOPF scheme	21.9	24.1	24.0	26.2
2020				
P&O UK scheme	22.8	24.5	25.0	26.7
MNOPF scheme	21.9	24.0	24.0	26.2

At 31 December 2021, the weighted average duration of the defined benefit obligation was 13.6 years (2020: 14.3 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2021 by the amounts shown below:

	£ million	
	2021	2020
0.1% reduction in discount rate	3.8	4.4
0.1% increase in inflation assumption and related assumptions	1.3	2.8
0.25% p.a. increase in the long term rate of mortality improvement	6.4	2.4
	11.5	9.6

Notes to the consolidated financial statements (continued)

26. Employee benefits (continued)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

	P&O UK Scheme £'million	MNOPF Scheme £'million	Other Schemes £'million	Total Fair value £'million
2021				
Equities	139.2	34.0	51.0	224.2
Bonds	519.7	125.2	195.1	840.0
Other	89.1	-	62.0	151.1
Value of insured pensioner liability	648.6	-	1.8	650.4
	1,396.6	159.2	309.9	1,865.7
2020				
Equities	185.9	45.7	57.1	288.7
Bonds	427.7	129.7	214.9	772.3
Other	105.2	-	32.8	138.0
Value of insured pensioner liability	718.7	-	2.0	720.7
	1,437.5	175.4	306.8	1,919.7

With the exception of the insured pensioner liability all material investments have quoted prices in active markets.

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2021:

	P&O UK Scheme	MNOPF Scheme	Other Schemes	Total
	£ million			
Present value of obligation at 1 January 2021	(1,462.0)	(162.6)	(326.4)	(1,951.0)
Current service cost	-	-	(4.9)	(4.9)
Employer's past service cost*	-	-	-	-
Interest cost on Defined Benefit Obligation	(17.9)	(2.0)	(4.2)	(24.1)
Contributions by scheme participants	-	-	(1.0)	(1.0)
Effect of movement in exchange rates	-	-	1.6	1.6
Actuarial gain/(loss) - experience	-	0.9	(0.6)	0.3
Actuarial gain/(loss) - demographic assumptions	(1.0)	-	(2.4)	(3.4)
Actuarial gain/(loss) - financial assumptions	67.2	8.9	23.3	99.4
Actual benefit paid	66.3	8.3	10.9	85.5
Present value of obligation at 31 December 2021	(1,347.4)	(146.5)	(303.7)	(1,797.6)
Fair value of scheme assets at 1 January 2021	1,437.5	175.4	306.8	1,919.7
Interest income on assets	17.7	2.1	4.0	23.8
Return on plan assets (greater)/less than the discount rate	(9.3)	(9.7)	(1.8)	(20.8)
Actual employer contributions	19.1	-	13.6	32.7
Contributions by scheme participants	-	-	1.0	1.0
Effect of movement in exchange rate	-	-	(1.3)	(1.3)
Actual benefit paid	(66.3)	(8.3)	(10.9)	(85.5)
Administration costs incurred during period	(2.1)	(0.3)	(1.5)	(3.9)
Fair value of scheme assets at 31 December 2021	1,396.6	159.2	309.9	1,865.7
Defined benefit schemes net liabilities	49.2	12.7	6.2	68.1
Minimum funding liability	(98.0)	(12.7)	(16.5)	(127.2)
Net liability recognised in the consolidated statement of financial position as at 31 December 2021	(48.8)	-	(10.3)	(59.1)

Notes to the consolidated financial statements (continued)

26. Employee benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2020:

	£ million			
	P&O UK Scheme	MNOFF Scheme	Other Schemes	Total
Present value of obligation at 1 January 2020	(1,370.0)	(158.1)	(290.4)	(1,818.5)
Current service cost	-	(0.1)	(5.0)	(5.1)
Employer's past service cost*	(3.0)	-	-	(3.0)
Interest cost on Defined Benefit Obligation	(26.7)	(3.0)	(5.4)	(35.1)
Contributions by scheme participants	-	-	(1.0)	(1.0)
Effect of movement in exchange rates	-	-	(1.2)	(1.2)
Actuarial gain/(loss) - experience	-	1.5	0.2	1.7
Actuarial gain/(loss) - demographic assumptions	(31.0)	(0.7)	(1.7)	(33.4)
Actuarial gain/(loss) - financial assumptions	(99.5)	(11.0)	(31.7)	(142.2)
Actual benefit paid	68.2	8.8	9.8	86.8
Present value of obligation at 31 December 2020	(1,462.0)	(162.6)	(326.4)	(1,951.0)
Fair value of scheme assets at 1 January 2020	1,332.0	171.1	265.0	1,768.1
Interest income on assets	25.9	3.2	5.1	34.2
Return on plan assets (greater)/less than the discount rate	120.6	10.2	33.7	164.5
Actual employer contributions	28.7	-	11.7	40.4
Contributions by scheme participants	-	-	1.0	1.0
Effect of movement in exchange rate	0.1	-	1.0	1.1
Actual benefit paid	(68.2)	(8.8)	(9.8)	(86.8)
Administration costs incurred during period	(1.6)	(0.3)	(0.9)	(2.8)
Fair value of scheme assets at 31 December 2020	1,437.5	175.4	306.8	1,919.7
Defined benefit schemes net liabilities	(24.5)	12.8	(19.6)	(31.3)
Minimum funding liability	(43.2)	(12.8)	(14.5)	(70.5)
Net liability recognised in the consolidated statement of financial position as at 31 December 2020	(67.7)	-	(34.1)	(101.8)

* In 2020, this includes £3.0 million additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK.

A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

The below table shows the movement in minimum funding liability:

	£ million	
	2021	2020
Minimum funding liability as on 1 January	(70.5)	(60.0)
Interest cost on minimum funding liability	(0.8)	(0.8)
Actuarial movement during the year	(55.9)	(9.7)
Minimum funding liability as on 31 December	(127.2)	(70.5)

It is anticipated that the company will make the following contributions to the pension schemes in 2022:

	£ million			
	P&O UK Scheme	MNOFF Scheme	Other Schemes	Total
Pension scheme contributions	15.5	-	9.5	25.0

Notes to the consolidated financial statements (continued)

27. Commitments

Capital commitments

	£ million	
	2021	2020
Capital expenditure contracted for as at 31 December	234.1	114.0

28. Contingent liabilities

- (a) As of Financial year ending 31 December 2021, the Group has a number of outstanding litigations, which were being closely monitored by the Group's Legal Counsel. The cases have been broadly classified under headings like 'Loss of revenue', 'Land dispute', 'HSE' and 'Tax Matters' etc. The material legal cases for the year ended 31 December 2021, have been outlined below with their current status at the time of reporting.

- **Qasim International Container Terminal Limited (QICT), Pakistan**

In 2011, QICT had received a letter from Port Qasim Authority ("PQA") claiming as charges for alleged encroachment of PQA land. QICT had filed a petition for interim relief against this claim in the high court, where a stay order was granted. In the past QICT had been trying to enter into an out of court settlement with PQA to resolve this matter, however, since no success was achieved, QICT is re-pursuing the already filed case in the high court. The hearing for this case scheduled for 4 March 2020 had no updates, and no future hearing date was announced. The Management believes that there are sufficient grounds for a positive outcome, therefore, no provision is required.

- **Chennai Container Terminal Private Limited (CCTL), India**

During the year 2011, the Company has received an order from TAMP to reduce the scale of rates (tariff) by 35% with effect from 5 May 2011. The Company has challenged the Tariff Authority of Major Port's (TAMP) order in the Madras High Court and it has obtained an interim stay on the execution of TAMP order and subsequently got a restraint on the execution of revised tariff from the Madras High Court, no further date of hearing has been notified. The matters are currently pending before the Hon'ble High Court. From 3rd Jan 2021, the Company has moved to the new tariff as approved by TAMP under 2019 guidelines. Based on the legal opinion received, the Management is confident that the outcome of the above litigation will be in Company's favor and accordingly will have no adverse impact on the Company's financial position as at 31 December 2021.

- (b) The Group has contingent liabilities amounting to £20.5 million (2020: £21.5 million) of payment guarantees, £57.7 million (2020: £46.1 million) of performance guarantees and £0.7 million (2020: £0.7 million) of letter of credit. The bank guarantees are arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.
- (c) The Group has contingent liabilities in respect of guarantees issued on behalf of equity accounted investees amounting to £12.8 million (2020: £14.9 million)

29. Related parties

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence i.e., part of the same Parent Group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, the Holding Company, Intermediate Holding Company, Ultimate Holding Company and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis.

Parent entities

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is DP World Limited (referred to as holding company), a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Centre.

In the opinion of the directors, the intermediate holding company as at 31 December 2021 was Port & Free Zone World FZE, which owns 100% of DP World Limited. Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, (ultimate holding company).

Notes to the consolidated financial statements (continued)

29. Related parties (continued)

Transactions with related parties included in the consolidated financial statements are as follows:

	2021				2020			
	Holding Company	Equity-accounted Investees	Other related parties	Total	Holding Company	Equity-accounted Investees	Other related parties	Total
<i>Expenses charged:</i>								
Management fee expenses	-	-	20.5	20.5	-	-	15.7	15.7
Finance expenses	2.2	-	0.8	3.0	2.0	-	2.5	4.5
<i>Revenue earned:</i>								
Management fee income	-	0.9	9.8	10.7	-	0.9	5.7	6.6
Finance income	2.5	0.9	0.2	3.6	7.0	0.9	0.4	8.3
<i>Recharges:</i>								
Shared services recharges	-	43.3	-	43.3	-	43.4	-	43.4

Balances with related parties included in the consolidated statement of financial position are as follows:

	£ million			
	Due from related parties		Due to related parties	
	2021	2020	2021	2020
Holding Company	1,277.3	1,198.9	-	-
Equity-accounted investees	44.9	-	4.1	4.1
Other related parties	49.1	58.0	90.2	108.8
	1,371.3	1,256.9	94.3	112.9

On 12 December 2021, The Group transferred 100% stake in DP World Investments FZE to a related party for a consideration of GBP 2.5m.

Transactions with defined benefit pension schemes are disclosed in note 26, under IAS 24 these are also defined as related party transactions.

Transactions with key management personnel

Given the operational and organisational structure of the Group, the key management personnel as defined under IAS 24 'Related Party Disclosures' consists of the board of directors of the company together with the key management personnel of DP World Limited.

The Group's share of the remuneration of these key personnel was £2.6 million (2020: £1.9 million). The remuneration of the Directors of the Company is disclosed in note P to the Company financial statements.

The remuneration of the key management personnel of DP World Limited and any relevant transactions are set out in the financial statements of DP World Limited which are publicly available on their website at www.dpworld.com.

Notes to the consolidated financial statements (continued)**30. Financial instruments***(a) Credit risk**(i) Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	£ million	
	Carrying amount 2021	Carrying amount 2020
Trade receivables	96.8	98.7
Other receivables	155.1	139.7
Amounts owed by group companies	1,326.4	1,256.9
Cash and cash equivalents	543.2	368.7
Loan to equity accounted investees	44.7	1.5

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region is as follows:

	£ million	
	2021	2020
Europe and Africa	69.9	69.4
Australia and Americas	16.1	14.6
Asia Pacific and India	10.8	14.7
	96.8	98.7

(ii) Credit quality of financial assets and impairment losses

Movement in the allowance for impairment in respect of trade and other receivables during the year was:

	£ million	
	2021	2020
At 1 January	9.2	3.1
Charge during the year	1.0	6.1
At 31 December	10.2	9.2

The ageing of trade receivables at the reporting date was:

	£ million	
	2021	2020
Neither past due or impaired	60.2	54.5
Past due on the reporting date		
Past due less than 30 days	31.0	28.6
Past due 31-60 days	5.5	9.1
Past due over 60 days	0.1	6.5
	96.8	98.7

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Notes to the consolidated financial statements (continued)

30. Financial instruments (continued)

(b) Liquidity risk (continued)

£ million						
2021	Carrying	Contractual	Within one	One to	Two to	More than
	amount	Cash Flows	year	Two	five	five
				years	years	years
Non-derivative financial liabilities						
Trade and other payables	(278.4)	(278.4)	(200.0)	(78.4)	-	-
Unsecured bond issues	(5.9)	(11.9)	(0.9)	(0.9)	(2.8)	(7.3)
Secured bank loans	(769.6)	(1,199.8)	(50.0)	(55.5)	(154.1)	(940.2)
Unsecured bank loans	(373.6)	(503.8)	(29.9)	(38.7)	(345.2)	(90.0)
Lease liabilities	(444.5)	(754.0)	(33.0)	(31.5)	(88.0)	(501.5)
Mortgage debenture stock	(1.4)	(3.5)	(0.1)	(0.1)	(0.3)	(3.0)
Unsecured loan	(11.4)	(11.4)	(11.4)	-	-	-
Due to Parent Group Undertakings	(90.2)	(90.2)	(71.4)	(18.8)	-	-
Derivative financial liabilities						
Interest rate swaps (net outflow)	(22.1)	(40.1)	(18.7)	(15.9)	(5.2)	(0.3)
	(1,997.1)	(2,893.1)	(415.4)	(239.8)	(595.6)	(1,642.3)

£ million						
2020	Carrying	Contractual	Within one	One to	Two to	More than
	amount	Cash Flows	year	Two	five	five
				years	years	years
Non-derivative financial liabilities						
Trade and other payables	(234.6)	(234.6)	(200.0)	(34.6)	-	-
Unsecured bond issues	(5.8)	(11.9)	(0.9)	(0.9)	(2.8)	(7.3)
Secured bank loans	(781.0)	(1,187.1)	(49.5)	(54.9)	(152.5)	(930.2)
Unsecured bank loans	(382.4)	(496.8)	(28.0)	(38.2)	(341.5)	(89.1)
Lease liabilities	(447.6)	(725.0)	(30.1)	(29.6)	(84.0)	(581.3)
Mortgage debenture stock	(1.4)	(3.5)	(0.1)	(0.1)	(0.3)	(3.0)
Unsecured loan	(12.8)	(12.8)	(12.8)	-	-	-
Due to Parent Group Undertakings	(108.8)	(108.8)	(60.7)	(48.1)	-	-
Derivative financial liabilities						
Interest rate swaps (net outflow)	(52.5)	(46.1)	(17.4)	(14.7)	(13.9)	(0.1)
	(2,026.9)	(2,826.6)	(399.5)	(221.1)	(595.0)	(1,611.0)

Notes to the consolidated financial statements (continued)**30. Financial instruments (continued)**(c) *Market risk*(i) *Currency risk*

The following significant exchange rates were applied during the year:

	Average rates:		Reporting date spot rates:	
	2021	2020	2021	2020
USD	1.376	1.283	1.350	1.365
EUR	1.163	1.126	1.190	1.111
AUD	1.832	1.864	1.861	1.765
INR	101.681	95.074	100.421	99.683
CAD	1.725	1.720	1.716	1.738

Foreign currency sensitivity analysis

A 10% strengthening of pound sterling against the following currencies at 31 December 2021 and 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Further, as each entity in the Group determines its own functional currency, the effects of translating financial assets and liabilities of the respective entity would mainly impact equity.

Notes to the consolidated financial statements (continued)

30. Financial instruments (continued)

(c) Market risk (continued)

2021	£ million
	Consolidated statement of OCI
USD	20.1
EUR	(0.5)
AUD	(1.1)
INR	(0.9)
CAD	(0.3)
2020	
USD	7.5
EUR	1.5
AUD	(1.4)
INR	13.6
CAD	1.7

A 10% weakening of pound sterling against the above currencies at 31 December 2021 and 31 December 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	£ million
	Carrying amount
	2021
Fixed Rate Instruments	
Financial liabilities (Loans and lease liabilities)	(259.2)
Interest rate swaps hedging floating rate debt*	(706.3)
	(965.5)
Variable rate Instruments	
Financial assets	1,431.4
Financial liabilities (Loans and lease liabilities)	(1,347.2)
Interest rate swaps hedging floating rate debt*	706.3
	790.5

*The group has hedged its exposure to variable rates by entering into fixed interest rate swaps for a notional amount equivalent to £706.3 million (2020: £886.2 million).

Interest rate sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant and the hedging arrangements are effective.

	Income statement		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
31-Dec-21				
Variable rate instruments	7.9	(7.9)	-	-
Interest rate swaps	-	-	7.1	(7.1)
Cash flow sensitivity net	7.9	(7.9)	7.1	(7.1)
31-Dec-20				
Variable rate instruments	8.0	(8.0)	-	-
Interest rate swaps	-	-	8.9	(8.9)
Cash flow sensitivity net	8.0	(8.0)	8.9	(8.9)

Notes to the consolidated financial statements (continued)

30. Financial instruments (continued)

(d) Fair value of financial assets and liabilities

The table below presents the carrying amounts and the fair values of the Group's financial assets and liabilities at 31 December:

£ million				
	2021		2020	
	Book value	Fair value	Book value	Fair value
Primary financial assets and liabilities held or issued to finance the Group's operations:				
Trade and other receivables	251.9	251.9	238.4	238.4
Trade and other payables	(278.4)	(278.4)	(234.6)	(234.6)
Unsecured bond issues	(5.9)	(5.9)	(5.8)	(5.8)
Secured bank loans	(769.6)	(769.6)	(781.0)	(781.0)
Unsecured bank loans	(373.6)	(373.6)	(382.4)	(382.4)
Lease liabilities	(444.5)	(444.5)	(447.6)	(447.6)
Mortgage debenture stock	(1.4)	(1.4)	(1.4)	(1.4)
Amounts owed by group undertakings	1,326.4	1,326.4	1,256.9	1,256.9
Amounts owed to group undertakings	(90.2)	(90.2)	(108.8)	(108.8)
Cash and cash equivalents	543.2	543.2	368.7	368.7
Derivative financial instruments held to manage the interest rate and currency profile:				
Interest rate swap - liabilities	(22.1)	(22.1)	(52.5)	(52.5)
Cash flow sensitivity net	135.8	135.8	(150.1)	(150.1)

The following valuation methods have been used at the end of above years:

The fair value of trade and other receivables and trade and other payables approximates to the book value due to the short-term maturity of these instruments.

The fair value of bonds and dollar notes included in loans above is based on the quoted market price of comparable debt. Other loans include term loans and lease liabilities. These are largely at variable interest rates and therefore the book value normally equates the fair value.

The fair value of interest rate swaps is based on the bank quotes at the reporting dates.

The fair value of mortgage debenture stocks is based on the quoted market value at the reporting dates. The fair value of other investments is based on the year-end quoted price for listed investments and the estimated recoverable amount for unlisted investments. The fair value of cash and bank overdrafts approximates to the book value due to the short-term maturity of the instruments. The fair value of derivative financial instruments is based on the cash flows discounted to the net present value using prevailing market rates and foreign currency rates at the reporting date.

Notes to the consolidated financial statements (continued)

30. Financial instruments (continued)

(d) Fair value of financial assets and liabilities (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	£ million		
	Level 1	Level 2	Level 3
	2021		
Financial liabilities at amortised cost			
Unsecured bond issues	(5.9)	–	–
Financial liabilities through profit and loss			
Derivative financial liabilities	–	(22.1)	–
	(5.9)	(22.1)	–
	2020		
Financial liabilities at amortised cost			
Unsecured bond issues	(5.8)	–	–
Financial liabilities through profit and loss			
Derivative financial liabilities	–	(52.5)	–
	(5.8)	(52.5)	–

* The Group enters into derivative financial instruments such as interest rate swaps with various counterparties, principally financial institutions with investment grade credit ratings. These derivative financial instruments are valued using discounted cash flow valuation techniques, which employ the use of market observable inputs such as credit quality of counterparties and observable interest rate curves at each reporting date.

* During the year, the Group has recognised gains on effective portion of changes in fair value of cash flow hedges amounting to £26.3 million (2020: £3.5 million losses) in the consolidated statement of comprehensive income. Furthermore, the Group has recognised loss on ineffective portion on cash flow hedges amounting to £0.6 million (2020: £6.0 million gain) (refer to note 9).

31. Significant group entities

The extent of the Group's ownership in its various subsidiaries, equity accounted investees and their principal activities are as follows:

	Country of incorporation	Ownership interest	Business description
Subsidiaries			
Chennai Container Terminal Private Ltd	India	100%	Container terminal operations
DP World Antwerp Terminals N.V.	Belgium	100%	Container terminal and other port operations
DP World Callao S.A.	Peru	100%	Container terminal operations
DP World Australia (POSN) Pty Ltd	Australia	100%	Holding Company
DP World Overseas Pty Limited	Australia	100%	Holding Company
DP World (POSN) B.V.	Netherlands	100%	Holding Company
DP World Red B.V.	Netherlands	100%	Holding Company
DP World Blue B.V.	Netherlands	100%	Holding Company
DP World Maputo S.A.	Mozambique	60%	Container terminal operations
India Gateway Terminal Private Limited	India	85.02%	Container terminal operations
Mundra International Container Terminal Private Limited	India	100%	Container terminal operations

Notes to the consolidated financial statements (continued)

31. Significant group entities (continued)

The extent of the Group's ownership in its various subsidiaries, equity accounted investees and their principal activities are as follows:

Subsidiaries	Country of incorporation	Ownership interest	Business description
Nhava Sheva (India) Gateway Terminal Private Limited	India	100%	Container terminal operations
Nhava Sheva International Container Terminal Private Ltd	India	100%	Container terminal operations
Container Rail Road Services Pvt Limited	India	100%	Container rail freight operations
P&O Maritime Services Pty Ltd	Australia	100%	Port and maritime services
P&O Maritime Services (PNG) Ltd	Papua New Guinea	100%	Port and maritime services
Qasim International Container Terminal Pakistan Ltd	Pakistan	55%	Container terminal operations
Saigon Premier Container Terminal	Vietnam	80%	Container terminal operations
Southampton Container Terminals Ltd	England	100%	Container terminal operations
Terminales Rio de la Plata SA	Argentina	55.62%	Container terminal operations
London Gateway Port Limited	England	100%	Container terminal operations
Remolcadores de Puerto y Altura, S.A.	Spain	57.01%	Port and maritime services
DP World Germersheim B.V.	Netherlands	100%	Container terminal operations
DP World Saint John, Inc	Canada	100%	Container terminal operations
Joint Ventures and Associates			
Antwerp Gateway NV	Belgium	60%*	Container terminal operations
Laem Chabang International Terminal Co Ltd	Thailand	34.5%	Container terminal operations
Eurofos S.A.R.L**	France	50%	Container terminal operations
Generale de Manutention Portuaire S.A**	France	50%	Container terminal operations
Qingdao Qianwan Container Terminal Co. Ltd.	China	29%	Container terminal operations
Asian Terminals Inc.	Philippines	41.72%	Container terminal operations
Portus Indico - Sociedade de Servicos Portuarios Ltd	UAE	48.5%	Holding company
Visakha Container Terminals Private Limited	India	26%**	Container terminal operations

* Although the Group has more than 60% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity accounted investee. The underlying shareholder agreement does not provide control to the Group.

** Refer to note 32.

32. Subsequent events

- On 10 February 2022, the Group has disposed 26% equity interest in Visakha Container Terminals Private Limited, India.
- On 4 August 2022, the Group completed the restructuring of its ownership interest in the container terminals in France. Under the terms of the restructure: (i) the Group will consolidate Eurofos, maintaining 50% ownership and (ii) the Group sold its 50% minority shares in Le Havre (with a transaction enterprise value of EUR 700 million on a 100% basis).

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

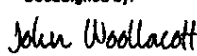
P&O Annual Report**Company balance sheet***As at 31 December 2021*

		£ million	£ million
	Note	2021	2020
Non-current assets			
Tangible fixed assets	F	0.2	0.2
Right-of-use-asset	G	1.7	2.2
Investment property		4.3	4.5
Debtors	I	714.9	-
Investments in subsidiaries	H	1,430.6	1,494.7
		2,151.7	1,501.6
Current assets			
Debtors	I	1,438.0	2,327.4
Cash and cash equivalents		4.8	2.8
		1,442.8	2,330.2
Total assets		3,594.5	3,831.8
Creditors: amounts falling due within one year			
Lease liabilities	J	(1.0)	(1.0)
Other creditors	L	(577.4)	(781.7)
		(578.4)	(782.7)
Net current assets		864.4	1,547.5
Total assets less current liabilities			
		3,016.1	3,049.1
Creditors: amounts falling due in more than one year			
Other creditors	L	(2.2)	(1.0)
Loans	K	(7.3)	(7.3)
Lease liabilities	J	(2.0)	(2.8)
Provisions	M	(6.0)	(6.3)
Pension liability	Q	(54.0)	(75.8)
		(71.5)	(93.2)
Net assets		2,944.6	2,955.9
Capital and reserves			
Called up share capital	N	(843.2)	(843.2)
Share premium account	O	(815.4)	(815.4)
Profit and loss account	O	(1,286.0)	(1,297.3)
Total equity		(2,944.6)	(2,955.9)

The accounts were approved by a duly authorised committee of the Board of directors and signed on its behalf on 17 August 2022 by

Rashed Ali Hassan Abdulla
Director



DocuSigned by:

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Director

The Peninsular and Oriental Steam Navigation Company – Company Number ZC73
The accompanying notes form an integral part of these financial statement.

P&O Annual Report**Statement of changes in equity**
For the year ended 31 December 2021

	<i>£ million</i>			
	Share capital	Share premium	Retained earnings	Total Equity
Balance as at 1 January 2020	843.2	815.4	1,314.8	2,973.4
Profit for the year	-	-	3.7	3.7
Pension obligation borne by ultimate Parent Company	-	-	-	-
Total other comprehensive income, net of income tax	-	-	(21.2)	(21.2)
Total comprehensive income	-	-	(17.5)	(17.5)
Transactions with owners recorded directly in equity	-	-	-	-
Dividends	-	-	-	-
At 31 December 2020	843.2	815.4	1,297.3	2,955.9
Total comprehensive income for the year				
Loss for the year	-	-	(14.1)	(14.1)
Total other comprehensive loss, net of income tax	-	-	2.8	2.8
Total comprehensive income	-	-	(11.3)	(11.3)
Transactions with owners recorded directly in equity				
Dividends	-	-	-	-
At 31 December 2021	843.2	815.4	1,286.0	2,944.6

The accompanying notes form an integral part of these financial statement.

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Notes to the Company financial statement

A. Basis of Preparation

Statement of compliance

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

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

The Company's ultimate parent undertaking, DP World Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of DP World Limited are prepared in accordance with IFRS. The financial statements are available to the public and may be obtained from 16 Palace Street, London SW1E 5JQ, United Kingdom.

Disclosure exemptions

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- Disclosures required by IFRS 7 Financial Instruments Disclosures
- The effects of new but not yet effective IFRSs

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Notes to the Company financial statement (continued)

A. Basis of Preparation (Continued)

Functional currency

The functional currency of the Company is sterling. All financial information presented in Sterling is rounded to the nearest million.

B. Accounting policies

The accounting policies set out below have been applied consistently in the year presented in the financial statements and have been applied consistently by the Company.

Foreign currency transactions

Transaction in foreign currencies are initially recorded at the exchange rate ruling on the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and exchange differences, if any, are recognised in the income statement.

Non-monetary items in a foreign currency that are measured at historical cost are translated to the functional currency using the exchange rate at the date of initial transaction and is not retranslated at a later date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation of monetary items are recognised in the statement of profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in statement of other comprehensive income.

Tangible fixed assets

These assets are stated at cost less accumulated depreciation and any provision for impairment. Assets constructed by the Company are depreciated from the date that the assets are available for use.

Provision for any impairment in value of other fixed assets is made in the profit and loss account.

Depreciation is calculated to write off the cost of these assets to estimated residual value, on a straight line basis over the expected useful life of the asset concerned. The expected useful lives of property and other fixed assets (reported within plant and machinery, fixtures and fittings) vary up to 40 years.

Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under fixture and fittings.

The estimated useful lives of assets are as follows:

Assets	Useful life (years)
Buildings	5 – 40
Plant and Machinery	3 – 25
Fixtures & Fittings	3 – 25

Notes to the Company financial statement (continued)**B. Accounting policies (continued)****Investment properties**

Investment property is measured initially at cost including any related transaction costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any. Depreciation is calculated to write off the cost of the asset to estimated residual value, on a straight line basis over the expected useful life of the asset. The estimated useful life is as follows:

Asset	Useful life (years)
Buildings	5 – 40

At 31 December 2021, the fair value of investment property was £4.3 million.

Investment in subsidiaries

Investment in subsidiaries are initially measured at historic cost, including transaction costs, and stated at cost less accumulated impairment losses. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Financial instruments**Financial assets*****Classification, initial recognition and measurement***

Under IFRS 9, Financial Instruments, on initial recognition, the Company classifies and measures its financial assets in the following categories

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI'); or
- Fair value through profit or loss ('FVTPL').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and also on the basis of the contractual cash flows characteristics of the financial instrument.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

Impairment of non-derivative financial assets

The Company assesses, on a forward-looking basis the expected credit losses ('ECLs') applicable to its financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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Notes to the Company financial statement (continued)

B. Accounting policies (continued)

Non-derivative financial liabilities

Classification, initial recognition and measurement

The Company's financial instruments include non-derivative financial liabilities comprising of trade and other payables including amounts owed to group undertakings and interest-bearing borrowings. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Company classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

The subsequent measurement of non-derivative financial liabilities is carried at the amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Financial guarantees

This is where the Company enters into financial guarantee contracts to guarantee the indebtedness of subsidiaries, joint ventures or associates. The Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

P&O Annual Report**Notes to the Company financial statement (continued)****B. Accounting policies (continued)****Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and where the amount of the associated costs can be reliably estimated. If the effect is material, provisions are calculated by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Company as a lessee

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option if the Company is reasonably certain to exercise that option, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Company financial statement (continued)

B. Accounting policies (continued)

Company as a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets and lease liabilities separately on statement of financial position.

Variable lease payments that depend on revenue and output are recognized in statement of profit or loss in the period in which the condition that triggers those payments occurs.

Pensions

Defined contribution plans

A defined contribution plan is a post-employment benefit plan in which the company pays the fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer defined benefit schemes where it is not possible to identify the Company's share of the scheme, are charged to the profit and loss account as they fall due.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations.

When the actuarial calculation results in a benefit to the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Where the present value of the deficit contributions exceeds the IAS 19 deficit an additional liability is recognised.

Re-measurements of the net defined benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in statement of other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

P&O Annual Report**Notes to the Company financial statement (continued)****C. Audit fees**

The Company's audit fee paid to its principal auditors, KPMG LLP was £105,421 (2020: £127,962), and non-audit fee was

£nil (2020: £nil).

D. Dividends

No dividend was declared during the year (2020: £nil).

E. Profit for the financial year

The loss for the financial year, being the loss on ordinary activities after taxation, was 14.1 million (2020: profit of £3.7 million).

F. Tangible fixed assets

	£ million	£ million	£ million	£ million
	Plant and machinery	Fixture & Fittings	Capital work-in-progress	Total
Cost				
At 1 January 2021	0.7	2.2	-	2.9
Additions	0.1	-	0.1	0.2
Disposals	(0.0)	-	-	(0.0)
At 31 December 2021	0.8	2.2	0.1	3.1
Accumulated depreciation				
At 1 January 2021	(0.5)	(2.2)	-	(2.7)
Charge for the year	(0.2)	-	-	(0.2)
Disposals	0.0	-	-	0.0
At 31 December 2021	(0.7)	(2.2)	-	(2.9)
Net book amount at 31 December 2021	0.1	-	0.1	0.2
Net book amount at 31 December 2020	0.2	-	-	0.2

G. Right-of-use assets

	£ million	£ million	£ million
	Building	Vehicles	Total
Cost			
At 1 January 2021	3.3	0.1	3.4
At 31 December 2021	3.3	0.1	3.4
Accumulated amortisation			
At 1 January	(1.2)	(0.0)	(1.2)
Charge for the year	(0.5)	(0.0)	(0.5)
At 31 December 2021	(1.7)	(0.0)	(1.7)
Carrying value at 31 December 2021	1.6	0.1	1.7

Notes to the Company financial statement (continued)**G. Right-of-use assets (continued)**

The Company has lease contracts that provide the right to use office, property and vehicle. The above table represents the carrying amounts of right-of-use assets recognised and related movements during the year. Refer to note J for underlying lease liabilities with respect to above right-of-use assets. Following are the amounts recognized in profit or loss

	£ million	£ million
	2021	2020
Depreciation of right-of-use assets	0.5	0.6
Interest on lease liabilities (included in finance cost)	0.2	0.2

The lease payments made during the year amount to £1m (2020 £1m)

H. Investments

	£ million	£ million	£ million
	Investments in subsidiary companies	Investments in unlisted companies	Total
Cost			
At beginning of year	2,287.3	0.0	2,287.3
Additions	-	-	-
Disposals	(0.1)	-	(0.1)
At 31 December 2021	2,287.2	0.0	2,287.2
Provisions			
At beginning of year	(792.6)	-	(792.6)
Charge for the year	(64.0)	-	(64.0)
At 31 December 2021	(856.6)	-	(856.6)
Net investment at 31 December 2021	1,430.6	0.0	1,430.6
Net investment at 31 December 2020	1,494.7	0.0	1,494.7

During the year, the Company disposed its shareholding in subsidiary DP World Investment FZE to a member of DP World group.

Impairment charge for the year relates to impairment of investment in subsidiary DP World Maritime B.V. to account for reduction in the carrying value of the entity as at 31 December 2021.

P&O Annual Report**Notes to the Company financial statement (continued)****H. Investments (continued)****Investment in Subsidiary Companies**

The following are subsidiary undertakings of the Company, the investments in which are recognised as investments in subsidiary companies as at 31 December 2021.

Subsidiary undertakings	Country of incorporation	Percentage of share capital owned by the Company	Class of shares
Beaufort Insurance Company Limited	United Kingdom	100.00%	Ordinary shares and Preference shares
British India Steam Navigation Company Limited	United Kingdom	100.00%	Ordinary shares
DP World (POSN) B.V.	Netherlands	94.00%	Ordinary-B shares
DP World Australia (POSN) Pty Ltd	Australia	100.00%	Ordinary shares
DP World Limited	United Kingdom	100.00%	Ordinary shares
DP World Logistics Europe GmbH	Germany	100.00%	Ordinary shares
DP World Maritime B.V.	Netherlands	94.00%	Ordinary-B shares
DP World Red B.V.	Netherlands	100.00%	Ordinary shares
European Ferries Limited	United Kingdom	100.00%	Ordinary shares
London Gateway Logistics Park Development Limited	United Kingdom	100.00%	Ordinary shares
London Gateway Port Holdings Limited	United Kingdom	100.00%	Ordinary shares
London Gateway Services Limited	United Kingdom	100.00%	Ordinary shares
P&O Bulk Shipping Limited	United Kingdom	100.00%	Ordinary shares
P&O Dover (Holdings) Limited	United Kingdom	100.00%	Ordinary shares
P&O Overseas Holdings Limited	United Kingdom	100.00%	Ordinary shares
P&O Pension Funds Investments Limited	United Kingdom	100.00%	Ordinary shares
P&O Ports Limited	United Kingdom	100.00%	Ordinary shares
P&O Properties International Limited	United Kingdom	100.00%	Ordinary shares
P&O Scottish Ferries Limited	United Kingdom	100.00%	Ordinary shares
P&O Scottish Ferries Ship Management Limited	United Kingdom	100.00%	Ordinary shares
P&O Tankships Investments Limited	United Kingdom	100.00%	Ordinary shares
POETS Fleet Management Limited	United Kingdom	100.00%	Ordinary shares
Southampton Container Terminals Limited	United Kingdom	100.00%	Ordinary shares

The following subsidiaries have elected the audit exemption (section 479A of the Companies Act 2006) where a parent Company has provided a guarantee for all liabilities owing by the respective entities:

Company	Registered Number
British India Steam Navigation Company Limited	0000133
P&O Dover (Holdings) Limited	03492979
P&O Overseas Holdings Limited	00537728
P&O Properties International Limited	01099229
P&O Scottish Ferries Limited	00071375
London Gateway Logistics Park Development Limited	6766019
London Gateway Services Limited	6766022

P&O Annual Report**Notes to the Company financial statement (continued)****H. Investments (continued)**

The following subsidiaries have elected the audit exemption (section 480 of the Companies Act 2006) where the following subsidiaries have been dormant since the end of the previous financial year.

Company	Registered number
DP World Limited	6291123
P&O Scottish Ferries Ship Management Limited	SC10350
P&O Tankships Investments Limited	21695
P&O Ports Limited	751061
Poets Fleet Management Limited	161443
P&O Bulk Shipping Limited	258949
European Ferries Limited	00301725

I. Debtors

	£ million	£ million	£ million	£ million	£ million	£ million
	2021 Falling due			2020 Falling due		
	within one year	in more than one year	Total	within one year	in more than one year	Total
Trade Debtors	12.2	-	12.2	11.5	-	11.5
Other receivables	4.9	-	4.9	5.0	-	5.0
Prepayments and accrued income	0.5	-	0.5	0.1	-	0.1
Amounts owed by group undertakings	1,420.4	714.9	2,135.3	2,310.8	-	2,310.8
	1,438.0	714.9	2,152.9	2,327.4	-	2,327.4

J. Leases

Company as a lessee

	£ million	£ million
	2021	2020
At 1 January	3.8	4.7
Upon adoption of IFRS16		(0.1)
Payments	(1.0)	(1.0)
Additions	-	-
Disposal	-	(0.0)
Interest expense	0.2	0.2
At 31 December 2021	3.0	3.8
Lease liabilities classified as		
Non current	2.0	2.8
Current	1.0	1.0
Total	3.0	3.8

Refer to note G for right-of-use assets

P&O Annual Report**Notes to the Company financial statement (continued)****K. Loans**

	£ million	
	2021	2020
Creditors falling due more than one year		
US dollar bonds 2027 (unsecured)	5.9	5.9
Mortgage debentures stocks	1.4	1.4
	7.3	7.3

	Currency	Nominal interest rate	Year of maturity	£ million Face value	£ million Carrying amount	£ million Face value	£ million Carrying amount
				2021	2021	2020	2020
US dollar bonds 2027 (unsecured)	USD	7.9%	2027	5.9	5.9	5.9	5.9
Mortgage debentures stocks	GBP	3.5%	Undated	1.4	1.4	1.4	1.4
				7.3	7.3	7.3	7.3

L. Creditors

	£ million			£ million		
	2021 Falling due			2020 Falling due		
	within one year	in more than one year	Total	within one year	in more than one year	Total
Amounts owed to subsidiaries	573.4		573.4	776.4		776.4
Social security & other taxation	0.3		0.3	0.2		0.2
Other unsecured creditors	-		-	0.4		0.4
Accruals and deferred income	3.7	2.2	5.9	4.7	1.0	5.7
	577.4	2.2	579.6	781.7	1.0	782.7

M. Provisions

	£ million	
	2021	2020
At 1 January	6.3	7.1
Utilised during the year	(0.2)	(0.5)
Amounts adjusted to the income statement	(0.1)	(0.3)
	6.0	6.3

Provision £6.0 million (2020: £6.3 million) is in relation to exposures to claims from former employees working in environments that used to contain asbestos. Liabilities expected to be incurred are in part covered by insurance. Any expected recoveries are included within other receivables.

P&O Annual Report**Notes to the Company financial statement (continued)****N. Share capital**

The allotted, called up and fully paid share capital is as follows:

	£ million	£ million
	2021	2020
Issued share capital (843.2 million ordinary shares of £1 each)	843.2	843.2

O. Reserves

	Share premium account	Profit and loss account	£ million Total
At 1 January 2021	815.4	1,297.3	2,112.7
Actuarial (losses)/gains	-	2.8	2.8
Loss for the financial year	-	(14.1)	(14.1)
At 31 December 2021	815.4	1,286.0	2,101.4

P. Directors' emoluments

	£ thousand	£ thousand
	2021	2020
Directors' emoluments	2,536	1,838
Company contributions to money purchase pension schemes	65	43
	2,601	1,881
Retirement benefits are accruing to the following number of directors under:		
	2021	2020
Money purchase schemes	4	1
	4	1

The aggregate emoluments of the highest paid director were £1,639,606 (2020). The aggregate emoluments of the highest paid director were £1,463,492 and no pension contribution was made on his behalf).

The Directors hold a variety of roles and responsibilities with the ultimate parent Group and not all are directly employed by the Company. Therefore, where necessary, an estimation has been made of the proportion of their remuneration that relates to qualifying services for the Company.

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions**

The Company participates in a number of pension schemes throughout the world, mostly concentrated in the United Kingdom.

The board of a pension scheme in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans, if appropriate.

These defined benefit schemes expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Company can be exposed to a pro-rata share of the credit risk of other participating employers.

P&O Pension Scheme

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Company and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2019 on a market related basis. The deficit on a statutory funding objectives basis was GBP 98 million. For the Company, outstanding contribution from these valuations is payable as follows:

Payment Dates	Monthly payments
From 1 April 2021 to 31 March 2025	GBP 1.3 million

In December 2007, as part of a process developed with the Company to de-risk the pension scheme, the Trustee transferred GBP 800 million of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

Merchant Navy Officers' Pension Fund Scheme ("MNOPF")

The Company participates in various industry multi-employer schemes in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Company.

The MNOPF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by the Company have participated. The scheme has been closed to further benefit accrual from 31 March 2016.

The most recent formal actuarial valuation of the New Section of MNOPF Scheme was carried out as at 31 March 2021. This resulted in a surplus of GBP 58 million. As there were sufficient assets to cover the Fund's technical provisions at the valuation date, no new contributions were required.

Following earlier actuarial valuations in 2009, 2012 and 2015 and 2018, the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share.

The Company's share of the net deficit of the MNOPF Scheme at 31 December 2021 is estimated at 3.66%.

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions (continued)****Merchant Navy Ratings' Pension Fund Scheme ("MNRPF")**

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by the Company have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

Certain Companies, which are no longer current employers in the MNRPF Scheme had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Company appealed, the decision was not overturned.

The most recent formal actuarial valuation was carried out as at 31 March 2021. The deficit contributions arising from the valuation totalled GBP 96 million. This deficit included an estimated sum of GBP 70 million in respect of the expected settlement for the Ill-Health Early Retirement Court case, including the administration costs for the rectification. The Trustee Board believe their investment strategy will meet the shortfall deficit and did not request further contributions from Employers in respect of this valuation. The Court hearing to consider approval of the settlement in the ill-health early retirement benefits case took place on 24 February 2022 and the Court has approved the settlement, which is subject to appeal. The current service charge of £5.0 million in relation to ill health has been posted to income statement in 2022. The trustees and administrators are investigating a number of other matters.

For the Company, aggregated outstanding contributions from these valuations are payable as follows:

- 2022: GBP 4.5 million
- 2023: GBP 0.9 million

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Company's share of the net deficit of the MNRPF at 31 December 2021 is estimated at 0.87%.

The amounts recognised in the balance sheet are as follows

	2021	2020
Present value of obligations	(1,515.9)	(1,647.6)
Irrecoverable surplus (effect of asset ceiling)	(118.9)	(62.1)
Fair value of plan assets	1,580.8	1,633.9
Net liability deficit	(54.00)	(75.80)
Related deferred tax asset	-	-
Net liability	(54.0)	(75.8)
Amounts in the balance sheet		
Non-current Liabilities	(54.0)	(75.8)
Net liability	(54.0)	(75.8)

The defined pension benefit schemes of GBP 54.0 million (2020 £75.8 million) is in respect of Company's three schemes shown on page 66.

The re-measurements of the net defined benefit liability recognized in the statement of other comprehensive income is as follows:

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions (continued)**

The re-measurements of the net defined benefit liability recognized in the statement of other comprehensive income is as follows:

	£ million	
	2021	2020
Actuarial loss/(gain) recognised in the year	(77.1)	(143.2)
Return on plan assets (greater) / lesser than the discount rate	18.2	132.0
Change in share in multi-employer scheme	-	-
Movement in minimum funding liability	56.1	(10.0)
	(2.8)	(21.2)

The pension costs for defined benefit schemes are as follows:

	2021	2020
Employer's past service cost*	-	(3.2)
Gain due to settlements/curtailments	-	-
Administration costs	(3.1)	(2.2)
Total charge to operating profit	(3.1)	(5.4)
Net interest on net defined benefit liability	(0.8)	(1.2)
Total expenses recognised in the income statement	(3.9)	(6.6)

* In 2020, this includes GBP 3.0 million additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK.

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2021 by qualified independent actuaries. The principal assumptions are included in the table below.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

	P&O UK Scheme		MNOFF Scheme		MNRPF Scheme	
	2021	2020	2021	2020	2021	2020
Discount rates	1.90%	1.25%	1.90%	1.25%	1.90%	1.25%
Discount rates - Bulk Annuity Asset	1.90%	1.15%	n/a	n/a	n/a	n/a
Expected rates of salary increases *	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*
Pension increases:						
- Deferment	3.00%	2.80%	2.60%	2.00%	2.60%	2.00%
- Payment	3.00%	2.80%	3.20%	2.75%	3.20%	2.75%
Inflation	3.30%	2.80%	3.30%	2.80%	3.30%	2.80%

* The P&O UK Scheme and MNOFF were closed to future accrual as at 31 December 2016, so future pay increases are not relevant.

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions (continued)****Actuarial valuations and assumptions**

In 2020, the methodology for determining the Retail Price Index (RPI) assumption used for the valuation of the Defined Benefit Pension Scheme Obligation changed, resulting in an RPI of 2.80% (compared to an RPI of 3.25% under the old methodology). However, the resulting decrease in the DBO has no impact on the net defined benefit pension liability on the balance sheet as at 31 December 2021. This is because the impact is offset by an equal and opposite change to the minimum funding liability.

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2021 by the amounts shown below:

	£ million	
	2021	2020
0.1% reduction in discount rate	-	0.1
0.1% increase in inflation assumption and related assumptions	-	-
0.25% p.a. increase in the long term rate of mortality improvement	0.5	-
	0.5	0.1

The schemes' strategic asset allocations across the sectors of the main asset classes are:

	P&O UK Scheme £'million	MNOPF Scheme £'million	MNRPF Schemes £'million	Total Fair value £'million
2021				
Equities	139.2	25.1	9.4	173.7
Bonds	519.7	92.3	57.4	669.4
Other	89.1	-	-	89.1
Value of insured pensioner liability	648.6	-	-	648.6
	1,396.6	117.4	66.8	1,580.8
2020				
Equities	185.9	33.5	9.3	228.7
Bonds	427.7	94.9	58.7	581.3
Other	105.2	-	-	105.2
Value of insured pensioner liability	718.7	-	-	718.7
	1,437.5	128.4	68.0	1,633.9

With the exception of the insured pensioner liability all material investments have quoted prices in active markets.

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

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Notes to the Company financial statement (continued)

Q. Pensions (continued)

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

	Male		Female	
	Age 65 now	Age 65 in 20 years' time	Age 65 now	Age 65 in 20 years' time
2021				
P&O UK scheme	22.9	24.5	25.2	26.9
MNOPF scheme	21.9	24.1	24.0	26.2
MNRPF scheme	20.2	22.1	23.5	25.5
2020				
P&O UK scheme	22.8	24.5	25.0	26.7
MNOPF scheme	21.9	24.0	24.0	26.2
MNRPF scheme	19.3	21.3	22.5	24.6

At 31 December 2021 the weighted average duration of the defined benefit obligation was 13.6 years (2020: 14.3 years).

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Notes to the Company financial statement (continued)

Q. Pensions (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2021:

	£ million			
	P&O UK Scheme	MNOPF Scheme	MNRPF Scheme	Total
Present value of obligation at 1 January 2021	(1,462.0)	(119.4)	(66.2)	(1,647.6)
Current service cost	0.0	0.0	0.0	0.0
Employer's past service cost*	0.0	0.0	0.0	0.0
Interest cost on Defined Benefit Obligation	(17.9)	(1.4)	(0.8)	(20.1)
Contributions by scheme participants	0.0	0.0	0.0	0.0
Effect of movement in exchange rates	0.0	0.0	0.0	0.0
Actuarial gain/(loss) - experience	0.0	0.6	0.8	1.4
Actuarial gain/(loss) - demographic assumptions	(1.0)	0.0	(0.7)	(1.7)
Actuarial gain/(loss) - financial assumptions	67.2	6.1	4.1	77.4
Actual benefit paid	66.3	5.6	2.8	74.7
Present value of obligation at 31 December 2021	(1,347.4)	(108.5)	(60.0)	(1,515.9)
Fair value of scheme assets at 1 January 2021	1,437.5	128.4	68.0	1,633.9
Interest income on assets	17.7	1.4	0.9	20.0
Return on plan assets (greater)/less than the discount rate	(9.3)	(6.6)	(2.3)	(18.2)
Actual employer contributions	19.1	0.0	3.8	22.9
Contributions by scheme participants	0.0	0.0	0.0	0.0
Effect of movement in exchange rate	0.0	0.0	0.0	0.0
Actual benefit paid	(66.3)	(5.6)	(2.8)	(74.7)
Administration costs incurred during period	(2.1)	(0.2)	(0.8)	(3.1)
Fair value of scheme assets at 31 December 2021	1,396.6	117.4	66.8	1,580.8
Defined benefit schemes net liabilities	49.2	8.9	6.8	64.9
Irrecoverable surplus at 1 January 2021	(43.3)	(9.0)	(9.8)	(62.1)
Interest cost on irrecoverable surplus	(0.5)	(0.1)	(0.1)	(0.7)
Change in irrecoverable surplus	(54.3)	0.2	(2.0)	(56.1)
Minimum funding liability	(98.1)	(8.9)	(11.9)	(118.9)
Net liability recognised in the consolidated statement of financial position at 31 December 2021	(48.9)	0.0	(5.1)	(54.0)

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions (continued)**

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2020:

	£ million			
	P&O UK Scheme	MNOPF Scheme	MNRPF Scheme	Total
Present value of obligation at 1 January 2020	(1,370.0)	(116.3)	(61.9)	(1,548.2)
Employer's past service cost*	(3.0)	(0.1)	(0.1)	(3.2)
Interest cost on Defined Benefit Obligation	(26.7)	(2.0)	(1.2)	(29.9)
Actuarial gain/(loss) - experience	-	1.0	(0.5)	0.5
Actuarial gain/(loss) - demographic assumptions	(31.0)	(0.5)	(0.7)	(32.2)
Actuarial gain/(loss) - financial assumptions	(99.5)	(7.5)	(4.5)	(111.5)
Gain/(Loss) due to change in share	-	-	-	-
Actual benefit paid	68.2	6.0	2.7	76.9
Present value of obligation at 31 December 2020	(1,462.0)	(119.4)	(66.2)	(1,647.6)
Fair value of scheme assets at 1 January 2020	1,332.0	125.5	61.7	1,519.2
Interest income on assets	25.9	2.2	1.2	29.3
Return on plan assets (greater)/less than the discount rate	120.7	6.9	4.4	132.0
Actual employer contributions	28.7	-	3.8	32.5
Actual benefit paid	(68.2)	(6.0)	(2.7)	(76.9)
Gain/(Loss) due to change in share	-	-	-	-
Administration costs incurred during period	(1.6)	(0.2)	(0.4)	(2.2)
Fair value of scheme assets at 31 December 2020	1,437.5	128.4	68.0	1,633.9
Irrecoverable surplus at 1 January 2020	(32.3)	(9.2)	(10.0)	(51.5)
Interest cost on irrecoverable surplus	(0.3)	(0.1)	(0.2)	(0.6)
Change in irrecoverable surplus	(10.7)	0.3	0.4	(10.0)
Irrecoverable surplus at 31 December 2020	(43.3)	(9.0)	(9.8)	(62.1)
Defined benefit schemes net liabilities at 31 December 2020	(67.8)	0.0	(8.0)	(75.8)

* This relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK

P&O Annual Report**Notes to the Company financial statement (continued)****Q. Pensions (continued)**

A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

The below table shows the movement in minimum funding liability.

	£ million	
	2021	2020
Minimum funding liability as on 1 January	(62.1)	(51.5)
Interest cost on minimum funding liability	(0.7)	(0.6)
Actuarial movement during the year	(56.1)	(10.0)
Minimum funding liability as on 31 December	(118.9)	(62.1)

It is anticipated that the company will make the following cash contributions to the pension schemes in 2022:

	£ million			
	P&O UK Scheme	MNOPF Scheme	MNRPF Scheme	Total
Pension scheme contributions	15.6	0.0	4.5	20.1

R. Contingent liabilities

The company has no contingent liability (2020 none)

S. Controlling party

Ultimate holding company

In the opinion of the directors the ultimate controlling parent undertaking as at 31 December 2021 was Port & Free Zone World FZE, which owns 100% of DP World Limited. Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the Company, but which does not exert control over the Company.

The largest Company of companies for which consolidated financial statements are prepared and in which the company is consolidated is DP World Limited. The Company's immediate parent undertaking is Thunder FZE.

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings**

The Company's ownership in various related undertakings has been disclosed in note H. In accordance with section 409 of the companies Act 2006, a full list of related undertakings, the country of incorporation, percentage of share capital and registered address owned as at 31 December 2021 is disclosed below.

Name	Country of Incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
Aberlour Holding Company, Inc.	Philippines	40.0%	Preferred shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
Anderson Hughes Pty Ltd	Victoria	100.0%	Ordinary shares	Level 4, 70 City Road , Southbank VIC 3006, Australia
Antwerp Gateway NV	Belgium	60.0%	Category N shares and P shares	Nieuwe Westweg haven 742, 2040 Antwerpen, Belgium
ARC Fleet Holding Corporation	Barbados	27.1%	Common shares	The Grove, 21 Pine Road, Belleville, St. Michael, BB11113, Barbados
ARC Towage Limited	Trinidad and Tobago	27.1%	Ordinary shares	90 Main Road, Point Fortin, Trinidad and Tobago
Ascot SAS	France	25.0%	Ordinary shares	Av Du 16eme Port, 76600, Le Havre, France
Asian Terminals, Inc	Philippines	50.5%	Common shares	A. Bonifacio Drive., Port Area, Manila, 1018, Philippines
ATI Batangas, Inc	Philippines	50.1%	Common shares	Port of Batangas, Sta. Clara, Batangas City, 4200, Philippines
ATI Holdings, Inc.	Philippines	100.0%	Common shares	3rd Floor, SSHG Law Centre, 105 Paseo de Roxas, Makati City, Philippines
Atlantic Reyser Limited	New Brunswick	28.6%	Common shares	300 Union Street, Saint John NB E2L 4Z2, Canada
Beaufort Insurance Company Limited	England	100.0%	Ordinary shares and Cumulative Preference shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Bengal Port Private Limited	India	44.5%	Ordinary Equity shares	Sagar Estate, 4th Floor, 2., Clive Ghat Street., Kolkata, West Bengal, 700001, India
British India Steam Navigation Company Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Candesinia, S.L.	Spain	28.6%	Ordinary shares	Calle Doctor Fleming 24, 3º B, 28036, Madrid, Spain
Carpentaria Shipping Services Pty Ltd	New South Wales	60.0%	Ordinary-A shares	Level 4, 70 City Road , Southbank VIC 3006, Australia
Chennai Container Terminal Pvt. Ltd.	India	100.0%	Ordinary shares	Darabshaw House, Level 1, Narottam Morarji Road, Ballard Estate, Mumbai, Maharashtra, 400001, India
Community Network Services Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Container Rail Road Services Pvt. Ltd.	India	100.0%	Ordinary Equity shares	Darabshaw House, Level 1, Narottam Morarji Road, Ballard Estate, Mumbai, Maharashtra, 400001, India

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
Daven Holdings, Inc	Philippines	40.0%	Preferred shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
DP World (POSN) B.V.	Netherlands	100.0%	Ordinary-B shares	Albert Plesmanweg 43G, 3088GB, Rotterdam, Netherlands
DP World Antwerp Container Services NV	Belgium	100.0%	Ordinary shares	Nieuwe Westweg Kaai 742, 2040 Antwerp, Belgium
DP World Antwerp Customs Desk NV	Belgium	50.0%	Ordinary shares	Nieuwe Westweg haven 742, 2040 Antwerpen, Belgium
DP World Antwerp Empty Depot Services	Belgium	100.0%	Ordinary shares	Nieuwe Westweg Kaai 742, 2040 Antwerp, Belgium
DP World Antwerp Holding N.V.	Belgium	100.0%	Ordinary shares	Nieuwe Westweg haven 742, 2040 Antwerpen, Belgium
DP World Antwerp Terminals N.V.	Belgium	100.0%	Ordinary shares	Nieuwe Westweg Kaai 742, 2040 Antwerp, Belgium
DP World ANZ Ports (Australia) Pty Limited	Victoria	100.0%	Ordinary shares	Level 21, 400 George Street, Sydney NSW 2000, Australia
DP World Australia (Investments) Pty Ltd	Victoria	100.0%	Ordinary shares	MLC Centre Level 40, 19-29 Martin Place, Sydney NSW 2000, Australia
DP World Australia (POAL) Pty Ltd	Australia	100.0%	Class A, Class B and class B Ordinary shares	Level 21, 400 George Street, Sydney NSW 2000, Australia
DP World Australia (POSN) Pty Ltd	Victoria	100.0%	Ordinary shares	MLC Centre Level 40, 19-29 Martin Place, Sydney NSW 2000, Australia
DP World Blue B.V.	Netherlands	100.0%	ordinary shares	Albert Plesmanweg 43G, 3088GB, Rotterdam, Netherlands
DP World Callao S.R.L.	Peru	100.0%	Participaciones shares	DP World Callao S.R.L., Terminal Portuario Muelle Sur, Avenida Manco Capac 113, Callao 1, Peru
DP World East Canada B.V.	Netherlands	100.0%	Ordinary shares	Albert Plesmanweg 43G, 3088GB, Rotterdam, Netherlands
DP World Gernersheim B.V.	Netherlands	100.0%	Ordinary shares	Smirnoffweg 3, PO Box 59138, 3088 HE Rotterdam, 3008 PC Netherlands, Netherlands
DP World Gernersheim Beteiligungs GmbH	Germany	9.4%	Ordinary B shares	Woerthstrasse 13, 76726 Gernersheim, Germany
DP World Gernersheim GmbH & Co. KG	Germany	9.4%	Ordinary B shares	Woerthstrasse 13, 76726 Gernersheim, Germany
DP World Liege NV	Belgium	100.0%	Class A, Class B and class B Ordinary shares	Rue de la Resistance SN, 4100 SERAING, Belgium

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of Incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
DP World Limited	England & Wales	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
DP World Logistics Europe GmbH	Germany	100.0%	Ordinary shares	SchanzenstraBe 102, 40549 Dusseldorf, Germany
DP World Maputo, SA	Mozambique	60.0%	Ordinary shares	Terminal de Contentores, Porto de Maputo, Maputo, Mozambique
DP World Maritime B.V.	Netherlands	100.0%	Ordinary-B shares	Albert Plesmanweg 43G, 3088GB, Rotterdam, Netherlands
DP World Overseas Pty Limited	Australia	100.0%	Class A Ordinary shares	'MLC Centre' Level 40, 19-29 Martin Place, Sydney NSW 2000, Australia
DP World Properties (Australia) Pty Limited	Australia	100.0%	Ordinary shares	MLC Centre Level 40, 19-29 Martin Place, Sydney NSW 2000, Australia
DP World Red B.V.	Netherlands	100.0%	Ordinary shares	Albert Plesmanweg 43G, 3088GB, Rotterdam, Netherlands
DP World Saigon Holdings Limited	British Virgin Islands	100.0%	Ordinary shares	Belmont Chambers, PO Box 3443, Road Town, Tortola, British Virgin Islands
DP World Saint John, Inc.	New Brunswick	100.0%	Common shares	10 King Street West, Unit 8, Saint John NB E2M 7Y5, Canada
Eastern Gateway Terminals Private Limited	India	68.8%	Ordinary Equity shares	Darabshaw House, Level 1, Narottam Morari Road, Ballard Estate, Mumbai, Maharashtra, 400001, India
Eurofos SARL	France	50.0%	Ordinary shares	Secteur Graveleau, Terminal Conteneurs, Darse 2, 13270, FOS SUR MER/PORT SAINT LOUIS, France
Europe Atlantique Terminal SA	France	32.5%	Ordinary shares	Av Du 16eme Port, 76600, Le Havre, France
European Fernes Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Expert Terminal Services Limited	Cyprus	50.0%	Ordinary shares	27 Gregory Afxentiou Street, Larnaca, Cyprus

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
Generale De Manutention Portuaire	France	50.0%	Ordinary shares	Av Du 16eme Port, 76600, Le Havre, France
Harbourside Holdings Corporation	Philippines	40.0%	Preferred shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
Havenbedrijf Antverpia NV	Belgium	98.7%	Ordinary shares	Nieuwe Westweg haven 742, 2040 Antwerpen, Belgium
Hindustan Ports Private Limited	India	100.0%	Ordinary shares	Darabshaw House, Level 1, Narottam Morarji Road, Ballard Estate, Mumbai, Maharashtra, 400001, India
India Gateway Terminal Private Limited	India	85.0%	Ordinary shares	Administration Building, ICTT, Vallarpadam SEZ., Ernakulam, Kerala, 682504, India
Internacional de Remolcadores Reyser, S.L.U.	Spain	57.0%	Ordinary shares	Calle Doctor Fleming 24, 3º B, 28036, Madrid, Spain
Jeletrans SAS	France	50.0%	Ordinary shares	Av Du 16eme Port, 76600, Le Havre, France
Laem Chabang International Terminal Co. Ltd	Thailand	34.5%	Ordinary shares	Laem Chabang Port, Terminal B5, Sriracha, Chonburi, 20230, Thailand
Laem Chabang Success Service Co. Ltd	Thailand	34.5%	Ordinary shares	Laem Chabang Port, Terminal B5, Room No.130 1st Floor, Thungsukia, Sriracha, Chonburi, 20230, Thailand
Laing Investments Inc.	United States	50.0%	Common shares	55 Waugh Drive, Suite 1111, Houston TX 77007, United States
Laing Management Company	Georgia	50.0%	Common shares	55 Waugh Drive, Suite 1111, Houston TX 77007, United States
London Gateway Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Logistics Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Logistics Park Development Limited	England & Wales	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Logistics Park Management Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Port Holdings Limited	England & Wales	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Port Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Port Railway Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
London Gateway Services Limited	England & Wales	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
Mackinnon Mackenzie & Co. of Pakistan (Private) Limited	Pakistan	100.0%	Ordinary shares	3rd Floor Mackinnons Building, , I.I. Chundrigar Road, , Karachi, 74000, Pakistan
Manutention Générale Méditerranéenne SA	France	50.0%	Ordinary shares	Terminal Conteneurs Darse 2 Secteur Graveleau, 13230 Port Saint Louis du Rhone, France
Manutention Terminal Nord	France	50.0%	Ordinary shares	Av Du 16eme Pprt, 76600, Le Havre, France
Matthews Holdings Limited	Bermuda	100.0%	Common shares	Estera Services (Bermuda) Limited, Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton, HM EX, Bermuda
Morray Holdings, Inc.	Philippines	40.0%	Preferred shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
Mundra International Container Terminal Private Limited	India	100.0%	Ordinary Equity shares	MICT Operation Centre, Navinal, New Mundra Port , Kachchh, Mundra, Gujarat, 370421, India
Navigue – Empresa Moçambicana de Navegação, SARL	Mozambique	48.5%	Ordinary shares	366 Rua de Bagamoyo, Maputo, Mozambique
Nhava Sheva (India) Gateway Terminal Private Limited	India	100.0%	Ordinary shares	Darabshaw House, Level 1, Soorji Vallabhdas Marg, Ballard Estate,, Mumbai, Maharashtra, 400038, India
Nhava Sheva International Container Terminal Pvt. Ltd.	India	100.0%	Ordinary shares	Darabshaw House, Level 1, Narottam Morarji Road, Ballard Estate, Mumbai, Maharashtra, 400001, India
Northbelt Hardy Joint Venture	Texas	10.5%	Ordinary shares	JTB Investments LP, 9230 Alberene Dr., Houston, TX, 77056, United States
One Stop Logistics Company Limited	Thailand	34.5%	Ordinary shares	Laem Chabang International Terminal Co., Ltd., Terminal B5, Laem Chabang Port, Tungsukla, Sriracha, Chonburi, Thailand
P&O Bulk Shipping Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O CIL S.A.	Paraguay	50.0%	Ordinary shares	Avda. Guido Boggiani 5509 c/, Procer Arguello, Asuncion, Paraguay
P&O Containers Pakistan (Private) Limited	Pakistan	100.0%	Ordinary shares	Mackinnons Building , I.I.Chundrigar Road, P.O.Box 4679, Karachi, Pakistan
P&O Delaware Holdings LLC	Delaware	100.0%	Ordinary shares	The Corporation Trust Company, Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, New Castle, 19801, United States
P&O Dover (Holdings) Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O France S.A.S.	France	100.0%	Ordinary shares	34, Boulevard des Italiens, 75009, Paris, France
P&O Garden City Investments B.V.	Netherlands	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Management Services Phils., Inc.	Philippines	40.0%	Common shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
P&O Maritime (Fly River) Limited	Papua New Guinea	100.0%	Ordinary shares	Ashurst Png, Level 11, Mrdc Haus, Cnr Of Musgrave Street and Champion Parade,National Capital District, Port Moresby, Papua New Guinea
P&O Maritime Holdings (Australia) Pty Limited	Victoria	100.0%	Ordinary shares	Level 4, 70 City Road , Southbank VIC 3006, Australia
P&O Maritime Holdings Paraguay S.A.	Paraguay	100.0%	Ordinary shares	Avda. Guido Boggiani 5509 c/, Procer Arguello, Asuncion, Paraguay

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of Incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
P&O Maritime Mozambique SA	Mozambique	100.0%	Ordinary shares	Av. Mártires De Inhamitanga, Recinto Portuário, nº 4, Maputo, Mozambique
P&O Maritime Services (France) SARL	France	100.0%	Ordinary shares	8 Rue De L'Est, Boulogne Billancourt, France
P&O Maritime Services (Ireland) Ltd	Ireland	100.0%	Ordinary shares	Parkmore Business Park West, Galway, Ireland
P&O Maritime Services (PNG) Limited	Papua New Guinea	100.0%	Ordinary shares	Molukea Island, Porebada Road, Port Moresby, National Capital District, Papua New Guinea
P&O Maritime Services (Singapore) Pte. Ltd.	Singapore	100.0%	Ordinary shares	30 Pandan Road, 609277, Singapore
P&O Maritime Services (UK) Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Maritime Services Paraguay S.A.	Paraguay	100.0%	Ordinary shares	Avda. Guido Boggiani 5509 c/, Procer Arguello, Asuncion, Paraguay
P&O Maritime Services Pty Ltd	Victoria	100.0%	Ordinary shares	Level 4, 70 City Road, Southbank VIC 3006, Australia
P&O Netherlands B.V	Netherlands	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Overseas Holdings Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Pension Funds Investments Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Ports Ltd.	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Properties International Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Scottish Ferries Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
P&O Scottish Ferries Ship Management Limited	Scotland	100.0%	Ordinary shares	Computershare Investor Services PLC, Edinburgh House, 4 North St, Andrew Street, Edinburgh, EH2 1HJ, United Kingdom
P&O Tankships Investments Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Parktex Development, Inc.	Delaware	100.0%	Ordinary shares	Delaware, United States
Pecard Group Holdings, Inc.	Philippines	40.0%	Class B Common shares	3rd Floor, SSHG Law Centre, 105 Paseo de Roxas, Makati City, Philippines
Philippine Seaport, Inc	Philippines	39.8%	Common shares	3rd Floor, SSHG Law Centre, 105 Paseo de Roxas, Makati City, Philippines
POETS Fleet Management Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Portsynergy Projects SA	France	50.0%	Ordinary shares	Av Du 16eme Port, 76600, Le Havre, France
Portsynergy SAS	France	50.0%	Ordinary shares	25 Traverse Mardirossian, 13015, Marseille, France
Portus Indico - Sociedade de Servicos Portuarios FZCO	United Arab Emirates	48.5%	Ordinary shares	P.O. Box 17000, Dubai, United Arab Emirates
PTS Holdings Limited	Mauritius	59.2%	Ordinary shares and redeemable "A" Ordinary shares	3rd Floor - C6, 31 Cybercity, Ebene, Mauritius
Qasim International Container Terminal Pakistan Limited	Pakistan	75.0%	Ordinary shares	Berths 5,6 & 7, Marginal Wharves, Port Muhammed Bin Qasim, Karachi, Pakistan, 75020, Pakistan
Qingdao New Qianwan Container Terminal Co., Ltd	China	27.6%	Ordinary shares	No. 567 Tongjiang Road, Free Trade Zone, Qingdao, Shangdong Province, China
Qingdao Qianwan Container Terminal Co., Ltd	China	29.0%	Ordinary shares	Fenjin 4th Road, Port of Qianwan, Huangdao, Qingdao, Shangdong Province, 266500, China
Qingdao Qianwan United Advance Container Terminal Co., Ltd.	China	9.7%	Ordinary shares	Qingdao Free Trade Zone, Qingdao, Shandong Province, China
Qingdao Qianwan United Container Terminal Co., Ltd.	China	13.8%	Ordinary shares	No. 567 Tongjiang Road, Free Trade Zone, Qingdao, Shangdong Province, China
Qingdao Qingyin Financial Leasing Company Limited	China	1.7%	Ordinary shares	Qingdao Free Trade Zone, Qingdao, Shandong Province, China
Remolcadores de Puerto y Altura, S.A.	Spain	57.0%	Ordinary shares	Muelle de Reus, s/n, Edificio Fruport – 43004 Tarragona - Sp, 43004 , Tarragona, Tarragona, Spain

P&O Annual Report**Notes to the Company financial statement (continued)****T. Related undertakings (continued)**

Name	Country of incorporation	Percentage of share capital owned by the Group	Class of shares	Registered Address
Saigon Premier Container Terminal	Viet Nam	80.0%	Ordinary shares	Plot C-17, Street No.14, Hiep Phuoc Industrial Zone, Hiep Phuoc Commune, Nha Be District, Ho Chi Minh City, Vietnam
SCT Nominees Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
SCT Pension Trustees Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
SG Holdings, Inc	Philippines	40.0%	Preferred shares	7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, Metro Manila, Philippines
Sociedade de Desenvolvimento do Porto de Maputo, S.A.	Mozambique	24.7%	C Class shares	Praca dos Trabalhadores, Porto de Maputo, Maputo, Mozambique
Solent Container Services Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
South Asia Logistics Pvt Ltd	Mauritius	100.0%	Ordinary shares	3rd Floor - C6, 31 Cybercity, Ebene, Mauritius
South Cotabato Integrated Port Services, Inc.	Philippines	18.1%	Common shares	SCIPSI Administration Building, Makar Wharf, Gen. Santos City, 9500, Philippines
Southampton Container Terminals Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Tanza Container Terminal, Inc.	Philippines	50.5%	Ordinary shares	ATI Head Office, A. Bonifacio Drive, Port Area, Manila, 1018, Philippines
Terminal de Cabotagem de Maputo SARL	Mozambique	24.7%	Ordinary shares	Mártires de Inhamitanga, Recinto Portuário – Portão nº 4, Caixa Postal 145, Maputo, Mozambique
Terminales Rio de la Plata S.A.	Argentina	55.6%	Ordinary shares	Av. R.S. Castillo y Comodoro Py s/Nº, Puerto Nuevo, Capital Federal, Buenos Aires, C1104BAL, Argentina
UK EDI Limited	England	100.0%	Ordinary shares	16 Palace Street, London, SW1E 5JQ, United Kingdom
Vipport	Belgium	100.0%	Ordinary shares	Nieuwe Westweg haven 742, 2040 Antwerpen, Belgium
Visakha Container Terminal Private Limited	India	26.0%	Ordinary Equity shares	Godrej Coliseum, Office No. 801, 8th Floor, C - Wing, Behind Everard Nagar., Off Somaiya Hospital Road, Near Priyadarshini, Sion (East), Mumbai, Maharashtra, 400022, India
Welbeck Navigation Inc	Panama	100.0%	Ordinary shares	Edificio Plaza 2000, Piso 16, Calle 50, Panama, Panama

P&O Annual Report

Notes to the Company financial statement (continued)

U. Post Balance Sheet Events

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.