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P&O Ferrymasters Limited

Strategic Report, the Directors' Report and the Financial Statements

for the Year Ended 31 December 2022

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P&O Ferrymasters Limited

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P&O Ferrymasters Limited

Company Information

Directors

CN Cassidy

P Hebblethwaite

J Kristensen

P Narumanchi Venkata Lakshmi

T Niebergall

JB Uldbjerg

Company secretary

A Mitchell

Registered office

Unit 2
Mackean Logistics Centre
Larne Harbour
Larne
Northern Ireland
BT40 1AJ

Auditor

KPMG LLP
20 Station Road
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CB1 2JD

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P&O Ferrymasters Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Results and Dividends
The profit for the year, after taxation amounted to £8.4m (2021: loss £0.6m). The directors have not recommended a final dividend (2021: £nil). No interim dividends were paid in the year (2021: £nil).

Key Performance Indicators and Performance Review
P&O Ferrymasters delivered an impressive set of financial results for 2022 with a significant improvement in profitability and the strengthening of the balance sheet.

Overall, P&O Ferrymasters strong financial results for 2022 reflected the robust business model and efficient operations.

The performance was underpinned by the Company's focus on core business and strategic partnerships, with P&O Ferrymasters entering an agreement based joint venture with Unifeeder Shortsea - a business unit of Unifeeder A/S. Combining strengths to offer an extended and broader pan-European portfolio of multimodal transportation and logistics products to BCO customers.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Volumes	Loads	441,255	494,503
Turnover	£000	508,743	449,382
Operating profit / (loss)	£000	11,569	(63)
Profit / (loss) for the financial year	£000	8,414	(602)
Shareholders' funds	£000	22,287	15,925
Capital Expenditure	£000	1,260	4,512
Working Capital	£000	3,487	(8,578)

Market conditions were broadly favourable, with like-for-like revenue growth of 13.2% driven by the Asset products and like-for-like volumes marginally down in comparison to 2021 after accounting for strategically exited contracts.

Post Brexit, the Company took time to adjust and maintained its disciplined approach and continued to focus on long-term fundamentals, incrementally addressing the challenges and ultimately overcoming the impediments by Q4 2021. The economic recovery that began in 2021 continued in the first half of 2022. But growth then began to slow in the second half of 2022 as inflation gained ground. The explosion in fuel costs was the main difficulty faced in 2022. The impact of inflation led to higher diesel prices, and the invasion of Ukraine, followed by restrictions on the supply of oil and gas increased pressure on prices. Inflation heavily impacted purchasing power and wage demands. In 2022, road transport prices rose across Europe, accompanying the extraordinary rise in diesel fuel. In Q3 2022, transport prices were reported on average 19.6% higher than in Q3 2021.

The Company remained price competitive to retain and grow existing business.

The Company is actively seeking synergies within the larger DP World Group. Growth opportunities have been identified and new projects implemented to maximise customer service and coverages for the Global Group as a whole.

The Company disinvested from warehousing and transferred operations in Europoort, Genk and London to DP World companies in 2023.

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The Business Strategy continued with focus on maximising on specific market opportunities within each of the four business units. Investing in a centralised sales team, increasing the footprint of European coverage, equipment, opening new value-adding services, such as warehouses, enables the Company to deliver Organic growth and increase Geographical coverage beyond Europe. The warehouses were later disinvested in 2023. At the same time, continuous improvements are actively sought on the Core business and client base to deliver the desired high standard of business. The Company used a mixture of capital purchasing, long term hire and short-term rental to ensure the right equipment levels at the right location, whilst allowing flexibility in times of exceptional market conditions.

The Company is well placed for 2023. Digitization of customs documentation significantly reduced transit times, made processes more efficient, reduced the administrative burden and increased asset utilisation.

Foundations for future success delivered in 2022 include:

- Expansion of the Multimodal concept
- Commercial development and investment
- Expansion of the Customs Clearance function
- Procurement function centralised
- Carrier Management expansion
- Renewal of key customer contracts
- Development of management fee contracts
- Enhanced Operational excellence
- Enhanced Logistics development
- Investment on Trailer fleet
- Introduction on new Train routes and uplifting train volumes on existing routes
- Synergies with DP World group companies

IT Based Development

The Company continues to invest in technology that improves operational efficiencies, delivers enhanced customer information and ultimately contributes to increased profitability. Key systems include:

• Fr8Manager Transport Management System - Perpetual review, two major upgrades and significant investment in employee training during 2022.
• Partner Gateway - 95% uptake of sub-contractors leading to more timely customer information and improved back office efficiency.
• Successful implementation of Microsoft Teams throughout the business enhancing WFH and subsequent Hybrid working policy.
• Fleet telematics leading to real time updating, improved efficiency and enhanced customer information.
• Robotic Process Automation (RPA) - invested in RPA technology to automate business processes that are predictive and repetitive activities that involve intensive manual effort.
• Significant changes were made within EDI to accommodate new regulatory requirements, this also included updates to communications with our Ferry & rail suppliers.
• Comprehensive alignment with DP World IT strategy including all Cyber Security policies and procedures.
• Significant enhancements made to Fr8Manager TMS to coincide with the Unifeeder Short Sea joint venture.

Dangerous Goods

Of the total orders placed with the Company in 2022, 3.4% were classified as dangerous goods (2021: 4.1%). 33.84% of Dangerous Goods orders were booked via EDI. 27% of Dangerous Goods loads were moved only by road (2021: 45%). 73% involved a ferry or rail journey (2021: 55%). During 2022, there were no personal injuries, environmental incidents or incidents requiring reporting to competent authorities as a result of our handling dangerous goods (2021: no personal injuries).

Environmental

In 2022 46% (2021: 45%) of movements on the company's trailers and containers involved a rail journey, which demonstrates the company's continuous drive to develop intermodal solutions for its customers. The increasing use of intermodal rail transport is achieving substantial savings in CO2 emissions when comparing the same distances by road. The Company is committed to building on this success with further expansion of the intermodal service which includes services to Belgium and Netherlands to Italy, Spain, Romania, Poland and Turkey.

Future Developments

• Strengthen the core business via early and continuous investment in company vision, employees and capital.
• Procurement excellence and contractor engagement
• Leverage the logistics product as an enabler for the Multimodal Network.
• Geographical expansion, through agreement based Joint Venture.
• Accelerate Freight sales
• Green multimodal and emission reduction
• Continuation of the capital investment programme.
• Deliver Transformational Projects including integrated planning, asset tracking and enhancement of the Partner Gateway.

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Section 172 of the Companies Act 2006

The directors identify the Company's stakeholder as its shareholders, employees, customers, suppliers and pension scheme members. The impact of each stakeholder is considered during the process of making strategic decisions. The Board meets monthly to discuss key issues, review results, approve annual budgets and internal controls. The directors of the Company act to promote the success of the Company for the benefit of its members and maintain a high standard of business conduct. The directors have committed to delivering long-term value and to act in the way they consider, in good faith, is most likely to promote the success of the company for the benefit of its stakeholders as a whole and in doing so have regard, amongst other matters, to:

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

Consistent delivery on the commitment demands effective processes of engagement with the full range of stakeholders who influence, and are impacted by, our business operations.

The Company has a governance framework, and it is the responsibility of each Director to ensure that the business of the Company is conducted in adherence to the rules and guidelines, both internally and with dealing with external parties. By adhering to the rules and guidelines, the Directors of the Company act to promote the successes of the Company for the benefit of its members and maintain a high level of business conduct. The Directors expect the employees to act in accordance with the internal policies and guidelines. Employees are provided with the required training to perform their roles. The Company also has a wellbeing committee and is actively promoted throughout the Organisation.

The directors advocate a culture of regular engagement with employees, reaching out to all staff during townhalls, road shows, regular webinars, information blogs, newsletters, employee engagement surveys and employee award events. The effect of these measures is an open dialogue across the organisation.

The reputation of the Company is held in a high regard. Health and Safety and Sustainability being fundamental to the business with periodic dashboard shared at Director level, plus communicated internally, with an active teams continuous reviewing existing and emerging risks for all stakeholders.

The Company fosters good business relationships with suppliers, with an online platform available to share and upload key documentation and information. The Company actively engages with the Customer base and has the flexibility to adapt to their needs and requirements. Where customers require more specific digital products, the Company will engage separately to ensure the customer needs are meet. The Company actively uses digital platforms to share business updates, new services and routes.

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Principal risks and uncertainties
We constantly monitor the potential threats and opportunities we face to ensure that we remain resilient and thrive, both reputationally and operationally

Customer Attraction and Retention

As P&O Ferrymasters executes its strategy of developing and growing the multimodal service offering customer attraction and retention risks must be mitigated. With the continued expansion into new combined areas of the supply chain, our customer model has expanded. This increase in customer base places greater focus on customer relationship management, both in attracting new, as well as retaining existing Blue chip organisations.

Economic risk

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

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

Competition risk

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

Financial risk

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

Approved by the board on 22 March 2024 and signed on its behalf by:

DocuSigned by:
Chris Cassidy
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CN Cassidy
Director

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P&O Ferrymasters Limited

Directors Report for the Year Ended 31 December 2022

The directors present their report and the financial statements financial statements for the year ended 31 December 2022.

Incorporation
The company was incorporated on 30 July 1958.

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

M Bog (resigned 31 March 2022)

CN Cassidy

ME Mulder (resigned 31 March 2022)

GAC Timmermans (resigned 31 March 2022)

T Runge (resigned 31 March 2022)

P Hebblethwaite (appointed 1 April 2022)

J Kristensen (appointed 1 April 2022)

P Narumanchi Venkata Lakshmi (appointed 1 April 2022)

T Niebergall (appointed 1 April 2022)

The following director was appointed after the year end:

JB Uldbjerg (appointed 9 August 2023)

Principal activity
The Company's principal activity during the year continued to be international road and rail transport and freight management solutions within Europe.

P&O Ferrymasters Limited consists of four separate trading Business Units: Freight Management, Contract Logistics, Trailers and Intermodal.

Political donations
The Company made no political contributions or charitable donations during the year (2021: £nil).

Financial instruments

Objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and cash flow risk. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk, credit risk & liquidity risk

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. All allowances for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the Financial Statements.

Employment of disabled persons

Contacts are maintained with Disablement Resettlement Offices with a view to ensuring full and fair consideration of any disabled applicant for employment. The company endeavours to retain any existing employee who may become disabled, providing specialised training where appropriate. If modified or additional facilities are needed for a disabled employee, all reasonable steps are taken to provide them.

Employee involvement

The company recognises the need to keep employees informed and encourages identification with their employer. Employees are kept informed by regular updates on the company intranet.

Internal training courses have been developed and induction training allows new employees to become familiar with the structure of the company and its procedures shortly after taking up employment with the company.

Briefings and notices are issued on a regular basis to employees enabling them to understand their role in the organisation more clearly. The organisation encourages employees' personal development through a regular appraisal process. Where training needs are highlighted the organisation endeavours to address these needs and readily encourages promotional prospects.

Environmental matters

In accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements, the Group discloses the following energy and carbon metrics for the year:

Name and description	Metric and / or KPI	Unit of measurement	2022
Annual emissions in tonnes of CO2e	Scope 1	tCO2e	345
	Scope 2 location-based	tCO2e	70
	Scope 2 market-based	tCO2e	-
	Scope 3	tCO2e	212,889
Intensity ratios	Scope 1 and 2 FTE Energy Intensity	tCO2e/FTE	0.74
	Scope 3 Intensity	tCO2e/tonne-km	0.042
Energy	Electricity	Mwh	936
	Fuels	Litres	142,426

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period 1st of January 2022 to the 31st of December 2022, our measured Scope 1 and 2 emissions totalled 416tCO2e (2021: 536 tCO2e). This comprised of:

	2022
Scope 1 Emissions (Diesel and Petrol consumed by company vehicles or on company business) (Kgs CO2e)	345,152
Scope 2 Emissions (Electricity consumed by company locations – where direct meter readings are available) (Kgs CO2e)	70,901

Transport (Fuel: Diesel and Petrol):

Date	Diesel Consumed (l)	Diesel Kg CO2e	Petrol Consumed (l)	Petrol Kg CO2e	Total Kg CO2e
2021	83,769	225,505	55,763	127,466	352,971
2022	48,227	129,827	94,199	215,324	345,151

Purchase Electricity:

Electricity	Year: 2022
Total (KwH)	936,131
Renewable (KwH)	555,333
Low Carbon (Nuclear) (KwH)	14,184
Non-renewable (KwH)	366,643
Kgs CO2e	70,901

Intensity Ratio:

Electricity	**Year: 2022**
CO2e (tonnes)	416
Employees	556
Intensity Ratio (tonnes CO2e per employee)	0.74

The comparable data for 2021 is below:

tCO2e		**Yeas: 2021**	
Emission Sources	**UK**	**Non-UK**	**Total**
Total Scope 1	**52**	**107**	**159**
Natural Gas	39	85	124
Business Travel – Scope 1	13	22	35
Scope 2			
Electricity (Location Based)	197	180	377
Electricity (Market based)	115	175	290
Total Scope 3	**9**	**10**	**19**
Water	9	10	19

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Methodology

• Fuel (petrol and diesel) consumed by company vehicles is measured from fuel card receipts in UK, NL, BE and DE
• Electricity consumption is taken from invoices where electricity is paid for directly by the company, in office locations across UK and Europe. Locations where electricity is not paid for directly by the company is excluded.

Energy efficiency measures taken

The company has continued to recognise its environmental responsibilities, which are set out in its Environmental Policy Statement and Environmental Procedures. P&O Ferrymasters provides a service that is cost effective and sustainable, meeting the needs of its clients, legislation, corporate or shareholder requirements and commercial pressures.

In 2022 the company has:-
• Two electric cars introduced into the company vehicle fleet, and increase in hybrids and PHEVs
• LED lights deliver circa 30% reduction in electricity consumption in Milan
• Trial of an LNG Truck within our Intermodal Business Unit
• 46% of P&O Trailer or Container loads include a rail movement
• 94,931,152 Kms via intermodal rail
• Europewide Employee Assistance Programme continued
• 2 walking challenges as part of Wellbeing campaign
• 4 Mental Health First Aiders now active in the company

The company plans to:-
• Continue to transition its company vehicles to Petrol, Hybrid, PHEV and Electric vehicles
• Increase the percentage of its locations on renewable energy electricity supply contracts
• Continue to develop and promote its multimodal (road-rail-sea) services to the market
• Continue to trial alternative fuel technologies with its partners

Branches outside the United Kingdom
P&O Ferrymasters Limited has branches in the Netherlands, the Republic of Ireland and France.

Going concern
Having considered the adequacy of the facilities and developed scenarios including plausible downside sensitivities to understand the impact of the continued economic uncertainty on key areas of the business, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The considerations are detailed in note 2.

Directors' liabilities

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

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Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and the director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Matters covered in the Strategic Report

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

Business review
Key performance indicators
Principal risks and uncertainties

Reappointment of auditor

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

Approved by the Board on 22 March 2024 and signed on its behalf by:

DocuSigned by:
Chris Cassidy
91A1976F4BDF45B...

CN Cassidy
Director

Registered Office address: Unit 2, Mackean Logistics Centre, Larne Harbour, Larne, Co Antrim, BT40 1AJ.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

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

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

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

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

Opinion

We have audited the financial statements of P&O Ferrymasters Limited ("the company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:
• give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
• have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

• we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

• we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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

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Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

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

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

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

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

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

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Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

Strategic report and directors' report

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

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

• we have not identified material misstatements in the strategic report and the directors' report;

• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

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

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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.

KA Dunn

Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Station Road
Cambridge
CB1 2JD

22 March 2024

P&O Ferrymasters Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	508,743	449,382
Cost of sales		(460,232)	(416,293)
Gross profit		48,511	33,089
Administrative expenses		(36,942)	(33,264)
Other operating income		-	112
Operating profit/(loss)	4	11,569	(63)
Other interest receivable and similar income	5	97	3
Interest payable and similar expenses	6	(519)	(814)
Profit/(loss) before tax		11,147	(874)
Tax on profit/(loss)	9	(2,733)	272
Profit/(loss) for the year		8,414	(602)

The above results were derived from continuing operations.

The notes on pages 25 to 78 form an integral part of these financial statements.

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P&O Ferrymasters Limited

Statement of Other Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Profit/(loss) for the year		8,414	(602)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post - employment benefit obligations	19	(2,092)	4,108
Deferred tax on remeasurement of post - employment benefit obligations		541	(1,035)
		(1,551)	3,073
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (losses)/gains in relation to lease liabilities		(501)	1,018
Total comprehensive income for the year		6,362	3,489

The notes on pages 25 to 78 form an integral part of these financial statements.

P&O Ferrymasters Limited

(Registration number: NI004115)
Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Property, plant and equipment	11	18,143	20,498
Investments	13	26	26
Right of use assets	10	11,555	17,576
		29,724	38,100
Current assets			
Debtors	14	108,997	89,652
Cash at bank and in hand	15	10,775	11,492
		119,772	101,144
Creditors: amounts falling due within one year			
Trade and other payables	20	(107,397)	(100,433)
Loans and borrowings		(2,540)	(2,889)
Deferred income		(1,693)	(1,294)
Current portion of long term lease liabilities	16	(4,655)	(5,106)
		(116,285)	(109,722)
Net current assets/(liabilities)		3,487	(8,578)
Total assets less current liabilities		33,211	29,522
Creditors: amounts falling due after more than one year			
Long term lease liabilities	16	(9,720)	(14,613)
Deferred tax liability	9	(1,290)	(1,041)
Net assets excluding pension liability		22,201	13,868
Net pension asset - P&O Irish Pension Scheme	19	1,529	1,105
Net pension asset - MNOPF	19	4	-
Net pension (liability)/asset - P&O UK Defined Benefit Pension Scheme	19	(870)	1,230
Net pension liability - MNRPF	19	(577)	(278)
		86	2,057
Net assets		22,287	15,925
Capital and reserves			
Called up share capital	17	46,830	46,830
Revaluation reserve		(565)	(64)
Profit and loss account		(23,978)	(30,841)
Shareholders' funds		22,287	15,925

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P&O Ferrymasters Limited

(Registration number: NI004115)
Balance Sheet as at 31 December 2022 (continued)

Approved by the Board on 22 March 2024 and signed on its behalf by:

DocuSigned by:
Chris Cassidy
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....

CN Cassidy

Director

The notes on pages 25 to 78 form an integral part of these financial statements.

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P&O Ferrymasters Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Revaluation reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	46,830	(64)	(30,841)	15,925
Profit for the year	-	-	8,414	8,414
Other comprehensive income	-	(501)	(1,551)	(2,052)
Total comprehensive income	-	(501)	6,863	6,362
At 31 December 2022	46,830	(565)	(23,978)	22,287

	Share capital £ 000	Revaluation reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	46,830	(1,082)	(33,312)	12,436
Loss for the year	-	-	(602)	(602)
Other comprehensive income	-	1,018	3,073	4,091
Total comprehensive income	-	1,018	2,471	3,489
At 31 December 2021	46,830	(64)	(30,841)	15,925

The notes on pages 25 to 78 form an integral part of these financial statements.

1 General information

P&O Ferrymasters Limited is a private company incorporated, domiciled and registered in Northern Ireland. The registered number is NI004115

The address of its registered office is:

Unit 2
Mackean Logistics Centre
Larne Harbour
Larne
Northern Ireland
BT40 1AJ

2 Accounting policies

Basis of preparation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework.*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"), 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.

2 Accounting policies (continued)

Summary of disclosure exemptions
IFRS1 grants certain exemptions from the full requirements of UK-adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations - Business combinations that took place prior to 1 January 2014 have not been restated.
- Employee benefits - All cumulative actuarial gains and losses on defined benefit plans have been recognised in equity at 1 January 2014.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- Cash Flow Statement and related notes
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets.
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs
- Disclosures in respect of the compensation of Key Management Personnel and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

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

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period.

The cashflow forecasts builds upon the excellent full year performance in 2022. The base case forecast preparation and approach has been consistent with previous years. Further, the base case forecast includes synergies from the Joint Venture with Unifeeder Shortsea (a business unit of Unifeeder A/S), working closely with other DP World companies and a move from capital expenditure to operational expenditure as the Company seeks to leverage the asset base from the wider DP World Group.

The directors have considered reasonable possible downside scenarios compared to the base case forecast. The Company has a largely variable cost base to enable them to react to reductions in volumes with the fixed cost base driven principally from salary costs. The key assumptions in the downside scenario include a reduced EBITof 10% and 25%. In the reasonable possible downside scenario the Company remains cash generative before any interventions are modelled.

To mitigate any potential volume reductions and increase in costs noted above, the Company has a number of levers it their disposal and are set out below:

1. Business activity and volume constitute the single largest challenge and will be primarily addressed with the multimodal product in conjunction with the cross fertilisation with other DP World companies.

2. Rising fuel cost increases, have been mitigated by the introduction of ancillary charges, with fuel escalators implemented from Q1 2022.

3. The increasing risks of inflation across Europe and the UK, is primarily covered as part of customer and supplier pricing mechanisms.

4. The Energy crisis is being closely monitored; minimal downward trend is forecasted as a number of customers implement very short-term production freezes.

5. Reduction of the fleet to leverage the wider DP World fleet.

6. The Ukraine conflict marginally reduced service coverage and did not constitute a significant part of the overall performance.

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2 Accounting policies (continued)

In the event of the reasonable possible downside scenario, the Company remains cash generative. Based on current performed year to date to the end of February 2024, volumes are down however the cash balances remain anywhere between £10 - £15 million.

Overall, these mitigations demonstrate the Company is able to adjust accordingly and the Company remains well placed and agile in meeting the requirements of it stakeholders, business partners and the market conditions.

The Company operates independently of P&O Ferries Division Holdings Limited, an intermediate parent undertaking, and is cash generative however the Company's parent P&O Ferrymasters Holdings Limited is funded by a formalised £30 million unsecured interest free long-term credit facility which is repayable not earlier than 31 December 2029. Any repayment earlier than 31 December 2029 is at the discretion of P&O Ferrymasters Holdings Limited and that the counterparty, P&O Ferries Division Holdings Limited cannot call repayment before this point. As at 31 December 2022 the balance outstanding on the facility was £20 million and £10 million as at 1 March 2024, with £10 million of the loan having been repaid in 2023. No additional financial support is required by the Company.

The Company participates in a Group Cash Concentration arrangement which is not a legal requirement but a groupwide initiative which results in daily excess cash balances being swept overnight to/from the P&O Ferries bank header accounts.

The cash concentration remains the most suitable mechanism for the needs of the business and the Group and Management has no requirement to change the current facility.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exemption from preparing group accounts

The Company's senior parent undertaking, P&O Ferries Division Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of P&O Ferries Division Holdings Limited are prepared in accordance with International Accounting Standards and are available to the public and may be obtained from:

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

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2 Accounting policies (continued)

Uses of estimates and critical judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key areas where the Company typically makes judgements involving estimates are in the following areas:

Estimates:

Provision for impairment of trade receivables and accrued income

Trade receivables and accrued income are amounts due from customers in the ordinary course of business. Trade receivables and accrued income are classified as current assets if collection is due within one year or less. If not, they are presented as non-current assets.

The provision for impairment of trade receivables and accrued income represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

Non-Actualised Job Estimates

The carrying amount of the job cost accruals are reviewed annually, after a pre-agreed time the job cost accruals are manually written off by the finance team, the time is deemed appropriate when there is no further expectation or probability that a supplier costs will be received.

Measurement of right-of-use assets and liabilities

A critical estimate in determining the lease term is the assessment of extension and termination options. Extension and termination options are accounted for as lease modifications when management estimate it is highly probable that the options will be exercised.

Where the interest rates implicit in the Company's leases are not available, incremental borrowings rates will be used to discount lease liabilities.

Pension liabilities/obligations

The directors consider that significant estimation arises in respect of assumptions applied to measure the Group's defined benefit pension liabilities (note 19).

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2 Accounting policies (continued)

Judgements:

Revenue recognition

IFRS15 " Revenue from Contracts with Customers " require the company to perform an impact assessment on each of its revenue streams in order to identify the performance obligations in its customer contracts and establish an appropriate method of recognising revenue on satisfied of these performance obligations. A judgement is required to determine whether revenue is recognised at a "point in time" as well as determine the transfer of control for when performance obligations are satisfied.

The company has defined the performance obligation to be a point in time - deemed to be the date of delivery to the customer. This is a critical judgement since revenue recognition would differ if the performance obligation were deemed to be satisfied at a different point in time. Where the Company acts as a principle rather than an agent, the revenue and costs are show gross.

At the end of the year, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied, and these are recognised as accrued income. The movement in the asset between the years is due to the invoicing of all prior year assets and accrual of amounts relating to the current year.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to transport services to third party customers between Great Britain, Ireland and Continental Europe.

Revenue excludes VAT and other sales taxes and is measured at the fair value of the consideration receivable, net of discounts.

Transport revenue is recognised at the point of delivery of the load.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- For fixed price at point of order there are various contracts issued to customers which include tarrifs for transport services that P&O Ferrymasters Limited agree to provide. The contracts are agreed prior to commencing trade with the customer and are reviewed periodically. The contract is approved by both P&O Ferrymasters Limited and the customer. The terms and conditions of business are also sent to the customers. The terms and conditions outline each party's rights in relation to the goods and services to be transferred. The payment terms are also agreed upon set up of the new customer. Each contract has commercial substance and it is probable that the consideration to which P&O Ferrymasters Limited is entitled to, will be paid, in exchange for the services the company provides. Each tariff is applied to each separate job that is completed and it is recognised upon delivery.
- For fixed fee arrangements from services revenue where management fees are earned from contracts, the company assesses whether it is acting as principal or an agent. If it is a principal, then all income is shown as revenue and all costs are also reflected in the Profit and Loss account. If it is an agent, then just the management fee is shown as revenue. The management fee is agreed in the contract and is recognised proportionally throughout the financial year.

Revenue is recognised in accordance with satisfaction of performance obligations.

The main performance obligations in contracts consist of delivery of goods and services. For all contracts the stage delivery of performance obligations are measured at the balance sheet date by receipt of signed proof of delivery.

Transaction price

To calculate the transaction price of contracts management estimates the stand-alone selling price at contract inception, based on the retail price less discounts / offers and value added taxes to identify the transaction price. Both fixed fee contracts and fees relating to service contracts have the transactional prices specified in the contract. Discounts to contract prices are applied to contract revenue once the discount terms have been met by the customer. The revenue is measured at the transaction price under the contract. Revenue is recognised upon delivery.

2 Accounting policies (continued)

Principal versus agent

The company has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the company has in establishing the price for the specified good or service, whether the company has inventory risk and whether the company is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement in particular in relation to certain service contracts. An example, is the provision of certain management fee services where the company may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the company is acting as a principal, revenue is recorded on a gross basis. Where the company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a; Prospectively as an additional separate contract;
b; Prospectively as a termination of the existing contract and creation of a new contract;
c; As part of the original contract using a cumulative catch up; or
d; As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

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2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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 goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and the 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

2. Accounting policies (continued)

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Owned and leased plant and machinery	2 to 12 years
Fixtures, fittings, tools and equipment	4 to 10 years
Other PPE	2 to 10 years

Intangible assets

Goodwill is stated at cost less accumulated amortisation and accumulated impairment losses. It is tested annually for impairment.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 20 years

Investments

Investments are stated at amortised cost less impairment.

Cash and cash equivalents

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

Trade receivables

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

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2 Accounting policies (continued)

Trade payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

IFRS16 Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

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2 Accounting policies (continued)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

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2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the profit and loss account.

2 Accounting policies (continued)

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Impairment of non-financial assets

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

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

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

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

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

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2 Accounting policies (continued)

Share capital

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

Defined contribution pension obligation

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

The Company operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

2 Accounting policies (continued)

Defined benefit pension obligation

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 services in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest 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 net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset it limited to the present value of benefits available in the form of any future refunds from the plan or reduction in future contributions and takes into account the adverse effect of any minimum funding requirements.

The company participates in four funded defined benefit pension schemes. The principal scheme, the P&O Pension Scheme (the "P&O UK Scheme"), was closed to new routine members on 1 January 2002. The assets of the scheme are managed on behalf of the trustee by an independent fund manager. The company also participates in the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme"), an industry wide scheme, the Merchant Navy Ratings Pension Fund (the "MNRPF Scheme") and the P&O Irish Pension Scheme. The company also makes contributions to various industry schemes which have assets in separately administered funds.

As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer which is the Company. The Company then recognises a cost equal to its contribution payable for the period.

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

2 Accounting policies (continued)

Financial assets at amortised cost

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

· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

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2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets.

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined.

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

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2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

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2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

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2 Accounting policies (continued)

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments.

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Logistics and Transportation Services	507,630	448,485
Management fee revenue	1,113	897
Total turnover	508,743	449,382

Turnover can be analysed, by geographical market, as follows:

	2022 £ 000	2021 £ 000
United Kingdom	137,410	117,934
Continental Europe	371,333	331,448
Total turnover	508,743	449,382

Turnover can be analysed by business unit, as follows:

	2022 £000	2021 £000
Logistics	242,152	-
Contract Logistics	-	134,780
Freight Management	-	84,629
Trailers	102,243	90,889
Intermodal	164,348	139,084
Total turnover	508,743	449,382

In 2022, Contract Logistics and Freight management business units have been combined to form Logistics.

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4 Operating profit/(loss)

Arrived at after charging/(crediting):

	2022 £ 000	2021 £ 000
Auditor's remuneration	144	137
Depreciation expense	3,452	3,141
Operating lease expense - property	505	538
Operating lease expense - plant and machinery	5,898	4,929
Depreciation on right of use assets	5,163	7,313

5 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	38	3
Other finance income	59	-
Interest receivable and similar charges total	97	3

6 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	35	37
Interest on obligations under finance leases and hire purchase contracts	484	675
Foreign exchange losses	-	72
Other finance costs	-	30
Interest payable and similar expenses total	519	814

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	17,342	15,868
Social security costs	2,359	2,195
Pension costs, defined contribution scheme	1,002	983
Staff costs total	20,703	19,046

P&O Ferrymasters Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Operations	226	208
Administration and support	130	146
Management	20	21
Sales	10	13
Other departments	53	55
Staff costs total	439	443

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	334	582

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	1	6

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	165	159
Company contributions to money purchase pension schemes	22	22

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9 Income tax

Tax charged / (credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	394	-
Foreign tax	1,549	22
Foreign tax adjustment to prior periods	-	(36)
	1,549	(14)
Total current income tax	1,943	(14)
Deferred taxation		
Arising from origination and reversal of temporary differences	790	(258)
Tax expense/(receipt) in the profit and loss account	2,733	(272)

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9 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021: the charge for the year is higher than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	11,147	(874)
Corporation tax at standard rate	2,118	(166)
Fixed asset differences	(28)	7
Expenses not deductible for tax purposes	23	16
Amounts credited / (charged) directly to equity or otherwise transferred - pension schemes	(155)	760
Other permanent differences	14	21
Foreign tax credits	635	22
Deferred tax charged directly to equity	141	(1,035)
Adjust closing deferred tax to average rate of 19%	440	-
Adjust opening deferred tax to average rate of 19%	(284)	250
Increase from tax losses for which no deferred tax asset was recognised	-	(65)
Decrease from group relief claimed	(101)	-
Decrease in current tax from unrecognised temporary difference from a prior period	(70)	(36)
Decrease from changes in tax provisions due to legislation	-	(46)
Total tax charge/(credit)	2,733	(272)

The tax on profit reflects the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19.00% (2021 - 19.00%).

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9 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	(1,256)	(136)	-	(1,392)
Pension benefit obligations	(482)	1,042	(541)	19
Tax losses carry-forwards	697	(614)	-	83
	(1,041)	292	(541)	(1,290)

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	(921)	(335)	-	(1,256)
Pension benefit obligations	464	89	(1,035)	(482)
Tax losses carry-forwards	194	503	-	697
	(263)	257	(1,035)	(1,041)

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10 Right of use assets

	Property £ 000	Other £ 000	Total £ 000
Cost or valuation			
At 1 January 2022	22,905	12,812	35,717
Additions	329	707	1,036
At 31 December 2022	23,234	13,519	36,753
Depreciation			
At 1 January 2022	8,927	9,214	18,141
Charge for the year	2,993	2,170	5,163
Eliminated on disposal	1,780	114	1,894
At 31 December 2022	13,700	11,498	25,198
Carrying amount			
At 31 December 2022	9,534	2,021	11,555

P&O Ferrymasters Limited have applied IFRS16 from 1 January 2018 and at this date the lease liability equalled the right of use asset at £17,893,000.

11 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other tangible assets £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	2,843	3,776	25,111	31,730
Additions	60	718	482	1,260
Disposals	(89)	(273)	(214)	(576)
At 31 December 2022	2,814	4,221	25,379	32,414
Depreciation				
At 1 January 2022	1,096	2,377	7,759	11,232
Charge for the year	356	673	2,423	3,452
Eliminated on disposal	(21)	(269)	(123)	(413)
At 31 December 2022	1,431	2,781	10,059	14,271
Carrying amount				
At 31 December 2022	1,383	1,440	15,320	18,143
At 31 December 2021	1,747	1,399	17,352	20,498

Expenditure recognised in the carrying amount of property, plant and equipment in the course of construction

	2022 £ 000	2021 £ 000
Assets in the course of construction - containers/trailers	16	2,256

12 Intangible assets

	Goodwill £ 000
Cost or valuation	
At 1 January 2022	1,560
At 31 December 2022	1,560
Amortisation	
At 1 January 2022	1,560
At 31 December 2022	1,560
Carrying amount	
At 31 December 2022	-

13 Investments

	£ 000
Cost or valuation	
At 1 January 2022	26
At 31 December 2022	26
Carrying amount	
At 31 December 2022	26
At 31 December 2021	26

P&O Ferrymasters Limited owns 5% in P&O Ferrymasters SRL (Romania) which is valued at a cost of £173. The other 95% is owned by P&O Ferrymasters Holdings Limited. P&O Ferrymasters SRL (Romania) was liquidated in 2023.

The investment of £21,632 relates to 8,142 Ordinary "B" shares in Maritime Cargo Processing Plc, registered office is The Chapel, Maybush Lane, Felixstowe, Suffolk, IP11 7LL. 282 MCP additional shares were acquired in 2023 for a consideration of £85,446.

An investment of euro 5,000 relates to 50 shares at euro100 per share in RX/SeaPort was purchased in March 2019. Registered office is located at Doverlaan 7, 8380 Zeebrugge, company number BE 0698.584.201

14 Trade and other receivables

Trade and other debtors falling due within one-year	**2022 £ 000**	**2021 £ 000**
Trade debtors	70,076	59,229
Provision for impairment of trade debtors	(76)	(77)
Net trade debtors	70,000	59,152
Debtors from related parties	19,274	-
Corporation tax repayable	-	650
Accrued income	14,374	21,935
Prepayments	2,392	2,372
Other debtors	2,957	5,543
Trade and other receivable total	108,997	89,652

Trade receivables above include amounts that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has not been a significant change in credit quality.

15 Cash and cash equivalents

	2022 £ 000	**2021 £ 000**
Cash on hand	-	2
Cash at bank	10,775	11,490
Cash and cash equivalents total	10,775	11,492

During the financial year, a facility is in operation through HSBC Bank Plc where surplus balances on the company's GBP and EUR accounts are swept daily to P&O Ferries Division Holdings Limited. To service the cash requirements of P&O Ferrymasters Limited the sweep mechanism will also sweep money from P&O Ferries Division Holdings Limited to the company. At the year-end, there was a £9.4m (2021: £nil) balance due from P&O Ferries Division Holdings Limited relating to this facility, which is included in the account of debtors from related parties within trade and other receivables.

P&O Ferrymasters Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Leases

Leases included in creditors

	2022 £ 000	2021 £ 000
Current portion of long-term lease liabilities	4,655	5,106
Long term lease liabilities	9,720	14,613
Total lease liabilities (undiscounted)	14,375	19,719

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2022 £ 000	2021 £ 000
Less than one year	4,655	5,106
2 years	3,839	4,410
3 years	1,504	3,679
4 years	1,338	2,483
5 years	1,089	1,164
Over 5 Years	1,101	2,877
7 years	849	-
Total lease liabilities (undiscounted)	14,375	19,719

17 Share capital

Allotted, called up and fully paid shares

	2022 No. 000	2022 £ 000	2021 No. 000	2021 £ 000
Ordinary of £1 each	46,830	46,830	46,830	46,830

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18 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Within one year	2,190	2,674

The majority of leases have been now accounted for under IFRS16 but there are some leases that are for less than one year and so are shown above.

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,002,000 (2021: £983,000).

Contributions totalling £158,000 (2021: £110,000) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

P&O Irish Pension Scheme

On 31 December 2020, the P&O North Sea Ferries (Netherlands) Scheme, a collective defined contribution scheme, closed to future accrual of benefit. Benefits within this Scheme are provided through an insurance contract and there are no further obligations for P&O with respect to this. As no obligations remain for the Company and Group, except for an occasional contribution related to possible individual value transfers, the pension plan was settled as at 31 December 2020.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no funding arrangements or funding policies that affect future contributions.

Contributions payable to the pension scheme at the end of the year are £Nil (2021: £Nil). The expected contributions to the plan for the next reporting period are £Nil. No refund or reduction in future contributions have been assumed in the calculation of these amounts and therefore no asset is recognised.

The scheme was most recently valued on 31 December 2019.

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

19 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	6,565	7,890
Present value of scheme liabilities	(5,036)	(6,785)
Defined benefit pension scheme surplus	1,529	1,105

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	7,890	8,143
Interest income	92	43
Return on plan assets, excluding amounts included in interest income	(1,736)	312
Foreign exchange differences	375	(597)
Employer contributions	62	110
Contributions by scheme participants	-	1
Benefits paid	(184)	(139)
Change in overall share	66	17
Fair value at end of year	6,565	7,890

19 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Equity instruments	2,068	2,486
Bonds	3,289	3,953
Other	1,208	1,451
	6,565	7,890

Actual return on scheme's assets

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	6,785	8,103
Current service cost	-	6
Actuarial losses arising from changes in financial assumptions	(1,928)	(638)
Actuarial losses arising from experience adjustments	(63)	(19)
Overall change in share	48	(563)
Interest cost	78	42
Benefits paid	(184)	(139)
Contributions by scheme participants	-	1
Exchange adjustments	300	-
Employer contributions	-	(8)
Present value at end of year	5,036	6,785

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19 Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	3.70	1.15
Revaluation of benefits in service	2.60	1.90
Future pension increases - payment	1.30	0.95
Inflation	2.60	1.90

Post retirement mortality assumptions

At 31 December 2022 we have used mortality assumptions for current and future pensioners based on standard mortality tables allowing for future mortality improvements. The life expectancies from age 65 for sample ages, as derived from these updated mortality assumptions, would be as follows (31 December 2021 life expectancies also provided for comparison):

Life expectancy at age 65 (in years)	**2022** **Years**	**2021** **Years**
Male, now aged 45	22	22
Female, now aged 45	24	24
Male, now aged 65	24	24
Female, now aged 65	26	26

19 Pension and other schemes (continued)

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in operating profit		
Current service cost	-	6
Amounts recognised in finance income or costs		
Net interest	(14)	(1)
Total recognised in the profit and loss account	(14)	5

Amounts taken to the Statement of Other Comprehensive Income

	2022 £ 000	2021 £ 000
Actuarial gains arising from changes in financial assumptions	(1,880)	(646)
Actuarial gains arising from experience adjustments	(63)	(19)
Return on plan assets, excluding amounts included in interest income	1,670	(329)
Exchange rate movements	(75)	34
Amounts recognised in the Statement of Other Comprehensive Income	(348)	(960)

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19 Pension and other schemes (continued)

MNOPF

The MNOPF Scheme is a defined benefit final salary multi-employer scheme in which officers employed by the Company have participated. This is a Career Average Related Earnings (CARE) scheme. The Scheme is divided into two sections, the Old Section and the New Section both of which are closed to defined benefit accrual on 31 March 2016. The assets and liabilities are jointly owned by all participating employers and the outstanding scheme deficit is jointly and severally held amongst all employers, including the Company.

The Plan is governed by the Trustees and in accordance with the Trust Deed and Rules. The Trustees are appointed under the Trust Deed and Rules and there are currently two corporate trustees.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no amendments, curtailments or settlements.

Agreements were reached in 2019 with the Trustees of the MNOPF regarding deficit contributions. The amount disclosed as a minimum funding liability for the MNOPF scheme is based on the Deficit Share Notices issued by the Trustees and payments set out in the respective contribution agreements.

Contributions payable to the pension scheme at the end of the year are £Nil (2021: £Nil). The expected contributions to the plan for the next reporting period are £Nil. No refunds or reductions in future contributions have been assumed in the calculation of these amounts and therefore no asset is recognised.

The scheme was most recently valued on 31 March 2018.

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	4,916	6,835
Present value of scheme liabilities	(4,385)	(6,301)
	531	534
Effect of asset ceiling	(527)	(534)
Defined benefit pension scheme surplus	4	-

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19 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	6,835	7,542
Interest income	127	93
Return on plan assets, excluding amounts included in interest income	(1,625)	-
Employer contributions	-	(447)
Benefits paid	(356)	(356)
Administrative expenses paid	(13)	(13)
Change in overall share	(52)	16
Fair value at end of year	4,916	6,835

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Equity instruments	929	1,459
Bonds	3,987	5,376
Asset total	4,916	6,835

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

19 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	6,301	6,990
Actuarial gains arising from changes in demographic assumptions	77	-
Actuarial losses arising from changes in financial assumptions	(1,700)	(381)
Actuarial losses arising from experience adjustments	-	(38)
Overall change in share	(54)	-
Interest cost	117	86
Benefits paid	(356)	(356)
Present value at end of year	4,385	6,301

Effect of asset ceiling

A reconciliation of the effect of the asset ceiling is as follows:

	2022 £ 000	2021 £ 000
Opening balance	(534)	(552)
Interest cost	(10)	(7)
Changes in asset ceiling, excluding amounts included in interest	17	25
Closing balance	(527)	(534)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	4.85	3.70
Revaluation of benefits in service	2.45	4.20
Future pension increases - deferment	3.00	2.20
Inflation	3.05	3.20

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on 85% of SAPS tables with adjustments to reflect historical scheme experience. The future improvements are in line with CMI 2014 projections with a long-term improvement rate of 1.8% p.a.

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19 Pension and other schemes (continued)

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in operating profit		
Administrative expenses paid	13	13
Amounts recognised in finance income or costs		
Net interest	-	(1)
Total recognised in the income statement	13	12

Amounts taken to the Statement of Other Comprehensive Income

	2022 £ 000	2021 £ 000
Actuarial gains arising from changes in demographic assumptions	77	-
Actuarial gains arising from changes in financial assumptions	(1,754)	(381)
Actuarial gains arising from experience adjustments	-	(38)
Return on plan assets, excluding amounts included in interest income	1,676	431
Change in irrecoverable surplus	(17)	(25)
Amounts recognised in the Statement of Other Comprehensive Income	(18)	(13)

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19 Pension and other schemes (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above.

Sensitivity is only considered for the P&O Ferries Division Holdings Limited group (the "Group"), the Company's immediate parent undertaking. The following table summarises how the impact on the Group's defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions:

	2022		2021
	+ 0.1%	- 0.1%	- 0.1%
Adjustment to discount rate	**£ 000**	**£ 000**	**£ 000**
Present value of total obligation	2,000	-	2,000

	2022	2021
	+ 0.1%	+ 0.1%
Adjustment to rate of inflation	**£ 000**	**£ 000**
Present value of total obligation	800	800

	2022	2021
	+ 1 Year	+ 1 Year
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**
Present value of total obligation	1,500	1,500

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2018 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

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19 Pension and other schemes (continued)

P&O UK Defined Benefit Pension Scheme

The P&O Ferries Division 2008 Pension scheme (the "P&O Ferries UK Scheme"), a Career Average Related Earnings (CARE) scheme, is closed to new members. It is a company sponsored funded defined benefit pension scheme.

The assets of the scheme are managed on behalf of the trustee by independent fund managers.

The benefits under the Scheme are contained in the Trust Deed and Rules of the Scheme dated 28 March 2008 and subsequent amendments.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no amendments, curtailments or settlements.

Agreements were reached in 2019 with the Trustees of the P&O Ferries UK Scheme regarding deficit contributions.

Contributions payable to the pension scheme at the end of the year are £Nil (2021: £Nil). The expected contributions to the plan for the next reporting period are £Nil. No refunds or reductions in future contributions have been assumed in the calculation of these amounts and therefore no asset is recognised.

The scheme was most recently valued on 1 April 2020.

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	17,390	30,490
Present value of scheme liabilities	(18,260)	(29,260)
Defined benefit pension scheme (deficit)/surplus	(870)	1,230

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19 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	30,490	29,470
Interest income	600	360
Return on plan assets, excluding amounts included in interest income	(13,100)	1,510
Employer contributions	200	120
Benefits paid	(700)	(920)
Administrative expenses paid	(100)	(50)
Fair value at end of year	17,390	30,490

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Equity instruments	5,456	8,848
Bonds	3,885	5,921
Other	8,049	15,721
Total	17,390	30,490

Actual return on scheme's assets

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

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19 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	29,260	31,540
Actuarial gains arising from changes in demographic assumptions	(300)	(70)
Actuarial losses arising from changes in financial assumptions	(12,500)	(1,400)
Actuarial losses arising from experience adjustments	1,900	(280)
Interest cost	600	390
Benefits paid	(700)	(920)
Present value at end of year	18,260	29,260

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	4.80	3.70
Future pension increases - payment	3.00	2.80
Inflation	3.00	3.20
Future pension increases - deferment	3.00	2.90

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on SAPS tables with a -1 age rating and future improvements in line with CMI 2017 projections with a long-term improvement rate of 1.5%.

Post retirement mortality assumptions

	2022 Years	2021 Years
Male aged 65 now	23	23
Female aged 65 now	25	25
Male aged 65 in 20 years' time	24	25
Female aged 65 in 20 years' time	27	27

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19 Pension and other schemes (continued)

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in operating profit		
Current service cost	-	110
Administrative expenses paid	100	50
Recognised in arriving at operating profit	100	160
Amounts recognised in finance income or costs		
Net interest	-	30
Total recognised in the income statement	100	190

Amounts taken to the Statement of Other Comprehensive Income

	2022 £ 000	2021 £ 000
Actuarial gains arising from changes in demographic assumptions	(300)	(70)
Actuarial gains arising from changes in financial assumptions	(12,500)	(1,400)
Actuarial gains arising from experience adjustments	1,900	(280)
Return on plan assets, excluding amounts included in interest income	13,100	(1,510)
Amounts recognised in the Statement of Other Comprehensive Income	2,200	(3,260)

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19. Pension and other schemes (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above.

Sensitivity is only considered for the P&O Ferries Division Holdings Limited group (the "Group"), the Company's immediate parent undertaking. The following table summarises how the impact on the Group's defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions:

	2022	2021
	- 0.1%	**- 0.1%**
Adjustment to discount rate	**£ 000**	**£ 000**
Present value of total obligation	4,500	4,500

	2022	2021
	+ 0.1%	**+ 0.1%**
Adjustment to rate of inflation	**£ 000**	**£ 000**
Present value of total obligation	3,100	3,100

	2022	2021
	+ 1 Year	**+ 1 Year**
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**
Present value of total obligation	2,300	2,300

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 April 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

19 Pension and other schemes (continued)

MNRPF

The MNRPF Scheme is an industry wide multi-employer benefit final salary pension scheme in which sea staff employed by the company have participated. This is a Career Average Related Earnings (CARE) scheme. The scheme has significant funding deficit and has been closed to further benefits accrual since 2001. The assets and liabilities of the scheme are jointly owned by all participating employers and the outstanding scheme deficit is jointly and severally held amongst all employers, including the Company.

The Plan is governed by the Trustees and in accordance with the Trust Deed and Rules. The Trustees are appointed under the Trust Deed and Rules and there are currently two corporate trustees.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no amendments, curtailments or settlements.

Agreements were reached in 2019 with the Trustees of the MNRPF regarding deficit contributions. The amount disclosed as a minimum funding liability for the MNRPF scheme is based on the Deficit Share Notices issued by the Trustees and payments set out in the respective contribution agreements.

Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil). The expected contributions to the plan for the next reporting period are £Nil. No refunds or reductions in future contributions have been assumed in the calculation of these amounts therefore no asset is recognised.

The scheme was most recently valued on 1 April 2017.

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	1,266	776
Present value of scheme liabilities	(1,454)	(886)
	(188)	(110)
Effect of asset ceiling	(389)	(168)
Defined benefit pension scheme deficit	(577)	(278)

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19 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	776	2,431
Interest income	14	30
Return on plan assets, excluding amounts included in interest income	(191)	(158)
Employer contributions	28	26
Benefits paid	(39)	(97)
Administrative expenses paid	(14)	(28)
Change in overall share	692	(1,428)
Fair value at end of year	1,266	776

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Equity instruments	181	111
Bonds	1,085	665
Total	1,266	776

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

19 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	886	2,297
Past service cost	52	-
Actuarial gains arising from changes in demographic assumptions	-	25
Actuarial losses arising from changes in financial assumptions	(259)	(142)
Actuarial losses arising from experience adjustments	(14)	(32)
Overall change in share	812	(1,193)
Interest cost	16	28
Benefits paid	(39)	(97)
Present value at end of year	1,454	886

Effect of asset ceiling

A reconciliation of the effect of the asset ceiling is as follows:

	2022 £ 000	2021 £ 000
Opening balance	(168)	(283)
Interest cost	(3)	(4)
Changes in asset ceiling, excluding amounts included in interest	(218)	119
Closing balance	(389)	(168)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	4.85	3.70
Future pension increases - deferment	2.45	2.20
Inflation	3.05	3.30
Expected return on assets	3.00	3.20

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on 89% of SAPS tables with adjustments to reflect historical scheme experience. The future improvements are in line with CMI 2013 projections with a long-term improvement rate of 1.5% p.a.

19 Pension and other schemes (continued)

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in operating profit		
Past service cost	52	-
Administrative expenses paid	14	28
Recognised in arriving at operating profit	66	28
Amounts recognised in finance income or costs		
Net interest	5	2
Total recognised in the income statement	71	30

Amounts taken to the Statement of Other Comprehensive Income

	2022 £ 000	2021 £ 000
Actuarial gains arising from changes in demographic assumptions	553	25
Actuarial gains arising from changes in financial assumptions	-	(1,335)
Actuarial gains arising from experience adjustments	(14)	(32)
Return on plan assets, excluding amounts included in interest income	(500)	1,585
Irrecoverable surplus	219	(118)
Amounts recognised in the Statement of Other Comprehensive Income	258	125

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19 Pension and other schemes (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above.

Sensitivity is only considered for the P&O Ferries Division Holdings Limited group (the "Group"), the Company's immediate parent undertaking. The following table summarises how the impact on the Group's defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions:

	2022		2021
	+ 0.1%	- 0.1%	- 0.1%
Adjustment to discount rate	£ 000	£ 000	£ 000
Present value of total obligation	7,200	-	7,200

	2022	2021
	+ 0.1%	+ 0.1%
Adjustment to rate of inflation	£ 000	£ 000
Present value of total obligation	2,500	2,500

	2022	2021
	+ 1 Year	+ 1 Year
Adjustment to mortality age rating assumption	£ 000	£ 000
Present value of total obligation	3,400	3,400

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 April 2017 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

20 Trade and other payables

	2022 £ 000	2021 £ 000
Trade payables	88,526	87,877
Accrued expenses	5,653	5,177
Amounts due to related parties	6,396	3,155
Social security and other taxes	2,312	2,048
Outstanding defined contribution pension costs	158	110
Other payables	4,313	2,066
Trade and other payables total	107,358	100,433

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21 Parent and ultimate parent undertaking

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

The address for P&O Ferrymasters Holdings Limited is:

Wherstead Park
Wherstead
Ipswich
Suffolk
IP9 2WG

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

The ultimate controlling party is Dubai World Corporations, a company incorporated in Dubai. This is the largest group of companies for which consolidated financial statements are prepared in which P&O Ferrymasters Holdings Limited is consolidated. The statements of this Corporation are not publicly filed. Address: Level 47, Emirates Towers, Sheikh Zayed Road, PO Box 17000, Dubai, United Arab Emirates.

The address for DP World Limited is:

Office 27, Level 3, Gate Village Building 4
Dubai International Financial Centre
PO Box 1700
Dubai
United Arab Emirates

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