THE TEIGNMOUTH QUAY COMPANY LIMITED

(Company Number 23449)

ANNUAL REPORT AND ACCOUNTS 2017

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ANNUAL REPORT AND ACCOUNTS 2017

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Directors' report

The directors present their report and the unaudited accounts of the company (number 23449) for the year ended 31 December 2017.

Registered office
The company's registered office is 25 Bedford Street, London, WC2E 9ES.

Principal activity
The principal activity of the company was the provision of quay services for shipping until it ceased trading on 1 April 2017.

Important events of the year
The profit for the year was £729,000 (2016: £780,000). The company has net assets of £11,608,000 (2016: £10,879,000).

The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 was approved by parliament with effect from 1 April 2017. This Order designates Associated British Ports ("ABP"), the company's immediate parent undertaking, as the harbour authority for the Port of Teignmouth in place of the company. On the transfer date the company as existing immediately before that date, including the lands, works, building, machinery stores and other real and personal property, assets and effects, rights, powers and privileges vested in or enjoyed by the company, and all liabilities and obligations to which the company is then subject, was transferred to and vests in ABP. As a result of the transfer, the company ceased trading on 1 April 2017. The future activity of the company is still under consideration by management and the company's financial statements have been prepared under the going concern basis.

Dividends
The directors do not recommend the payment of a dividend (2016: £nil).

Future outlook
The company ceased trading on 1 April 2017. The future activity of the company is still under consideration by management.

Directors
The directors of the company during the year and up to the date of these accounts were as follows:

Bull, GSM
Cooper, JNS
Harston, AF
Schofield, IH

Directors' indemnities
The company's ultimate parent undertaking, ABP (Jersey) Limited, maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the company. In addition, the Articles of Association of the company permit the directors and officers of the company to be indemnified in respect of liabilities incurred as a result of their office. Qualifying third party indemnity provisions (as defined by s234 of the Companies Act 2006) for the benefit of directors were in force for all directors during the year and remain in force in relation to certain losses and liabilities which directors may incur (or have incurred) in connection with their duties, powers or office.

Directors' report (continued)

Small company exemption
The directors have taken advantage of the small companies exemption available under s414B of the Companies Act 2006 not to produce a strategic report.

Audit exemption
The company's sole member has agreed that the company may take advantage of the exemption provided under s479A of the Companies Act 2006 in order to be exempt from the requirement for an audit of the company accounts for the year ended 31 December 2017. Furthermore, the company's intermediate parent undertaking, ABPA Holdings Limited, has given a guarantee for the year ended 31 December 2017 in accordance with s479C of the Companies Act 2006, enabling the company to take advantage of the exemption from audit.

By Order of the Board

GSM Bull
Director
25 Bedford Street
London, WC2E 9ES
27 **June 2018**

Statement of directors' responsibilities in respect of the preparation of the annual report and accounts

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the company accounts in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the directors must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. In preparing those accounts, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- select suitable accounting policies in accordance with *IAS 8: Accounting policies, changes in accounting estimates and errors,* and then apply them consistently;
- make judgments that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- state that the company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and to enable them to ensure that the company accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Income statement for the year ended 31 December

	Note	2017 £000	2016 £000
Revenue		**616**	2,624
Cost of sales		**(436)**	(1,470)
Gross profit		**180**	1,154
Administrative expenses		**(108)**	(560)
Operating profit	2	**72**	594
Finance income	5	-	94
Profit before taxation		**72**	688
Taxation credit	6	**657**	92
Profit for the year		**729**	780

All results are derived from continuing operations in the United Kingdom. The company ceased trading on 1 April 2017. The future activity of the company is still under consideration by management.

Statement of comprehensive income for the year ended 31 December

There was no other comprehensive income during the year or prior year. Total comprehensive income is represented by the profit for the year.

Balance sheet as at 31 December

	Note	2017 £000	2016 £000
Assets			
Non-current assets			
Property, plant and equipment	7	-	10,178
		-	10,178
Current assets			
Trade and other receivables	8	**11,659**	1,611
Cash and cash equivalents		-	11
		11,659	1,622
Total assets		**11,659**	11,800
Liabilities			
Current liabilities			
Trade and other payables	10	-	(188)
		-	(188)
Non-current liabilities			
Deferred tax liabilities	11	-	(682)
Preference shares	13	**(51)**	(51)
		(51)	(733)
Total liabilities		**(51)**	(921)
Net assets		**11,608**	10,879
Shareholder's equity			
Share capital	13	**46**	46
Revaluation reserve		-	2,843
Share redemption reserve		**40**	40
Retained earnings		**11,522**	7,950
Total shareholder's equity		**11,608**	10,879

Audit exemption statement

For the year ended 31 December 2017, the company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to qualifying subsidiaries.

Directors' responsibilities:

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with s476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board on 27 June 2018 and signed on its behalf by:

GSM Bull
Director

Statement of cash flows for the year ended 31 December

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Cash generated by operations	14	**57**	1,399
Net cash inflow from operating activities		**57**	1,399
Cash flows from investing activities			
(Loss)/proceeds from sale of property, plant and equipment		**(68)**	35
Purchase of property, plant and equipment		-	(1,434)
Net cash outflow from investing activities		**(68)**	(1,399)
Change in cash and cash equivalents during the year		**(11)**	-
Cash and cash equivalents at 1 January		**11**	11
Cash and cash equivalents at 31 December		**-**	11

Statement of changes in equity for the year ended 31 December

	Share capital £000	Revaluation reserve £000	Share redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2015	46	2,843	40	7,170	10,099
Profit for the year	-	-	-	780	780
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	780	780
At 31 December 2016	**46**	**2,843**	**40**	**7,950**	**10,879**
Profit for the year	-	-	-	729	729
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	729	729
Revaluation reserve release upon transfer of fixed assets*	-	(2,843)	-	2,843	-
At 31 December 2017	**46**	**-**	**40**	**11,522**	**11,608**

* During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking Associated British Ports ("ABP"). On the transfer date of 1 April 2017, the company's property, plant and equipment transferred to ABP and the related revaluation reserve was released to retained earnings.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated. The financial statements provide comparative information in respect of the previous period.

Going concern basis
The company ceased trading on 1 April 2017. The future activity of the company is still under consideration by management and the company's financial statements have been prepared under the going concern basis.

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and applied in accordance with the Companies Act 2006.

1.2 Changes in accounting policies

New standards and amendments adopted
There were no new accounting standards, amendments and improvements effective for the first time for the annual reporting period commencing 1 January 2017 that had an impact on the company.

New standards, amendments and interpretations issued but not yet effective
The IASB and IFRIC have issued a number of standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company's current financial year.

The directors do not anticipate that the adoption of these standards, amendments and interpretations will have a material impact on the company's financial statements in the period of initial application.

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1.3 Critical estimates, judgements and assumptions

The preparation of the company's financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The directors believe that there are no areas of the company's accounting policies involving a high degree of judgement or complexity nor are there any areas where assumptions and estimates are significant to the financial statements.

Notes to the financial statements

1. **Accounting policies** (continued)

1.4 **Significant accounting policies**

The directors consider the following to be the most important accounting policies in the context of the company's operations.

Revenue recognition
Revenue comprises the amounts receivable in respect of ports and transport services and rental income from operating leases:

- Revenue from the provision of ports and transport services is principally generated through long term contracts and includes dues and fees, cargo handling charges, infrastructure charges, marine operations, utilities and fuel, service fees and other sundry income. Revenue from the provision of ports and transport services is recognised when the service is provided. Contracts with customers often include minimum volume guarantees, which if not achieved by the customer result in additional revenue to the company to cover the shortfall. These shortfall revenues are recognised at the point that the underperformance on the contract can be reliably measured and the underperformance is reasonably certain, taking into account the period and other terms specified in the contract.
- Minimum lease payments from operating leases are recognised as rental income over the lease term on a straight line basis. Contingent rents are recognised as rental income in the period in which they are earned.

Taxation
Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences, except to the extent that the deferred tax asset or liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit.

Temporary differences are differences between the tax base value of assets and liabilities and their carrying amount as stated in the financial statements. These arise from differences between the valuation, recognition and amortisation bases used in tax computations compared with those used in the preparation of financial statements.

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to facilitate the realisation of such assets.

Notes to the financial statements

1. **Accounting policies** (continued)

1.5 **Other accounting policies**

Property, plant and equipment
Operational land, pre-1 January 1999, is held at the 31 December 1998 valuation with subsequent additions being stated at cost.

All other property, plant and equipment is measured at cost, subject to depreciation and impairment.

Depreciation is provided on a straight-line basis spread over the expected useful economic lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually. Estimated useful lives extend up to a maximum of 50 years for capital dredging costs, dock structures, roads, quays and buildings, up to 30 years for floating craft and range between 2 and 30 years for plant and equipment. Freehold land is not depreciated.

Cash and cash equivalents
The company defines these as short-term highly liquid investments, readily convertible into known amounts of cash. They are normally represented by bank deposits with an original maturity of less than three months less borrowings that are repayable on demand.

Financial instruments
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is made when there is objective evidence that the company may not be able to collect all amounts recorded within the balance sheet. The costs of impairment of receivables are recorded within administrative expenses.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Retirement benefits
The company is a member of the Associated British Ports Group Pension Scheme, which is a group-wide scheme with defined benefit and defined contribution sections.

Payments to these pension schemes are charged as an expense as they fall due.

Interest income
Interest on financial assets is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is included in finance income in the income statement.

Leases – company as lessee
Operating leases, which do not transfer to the company substantially all the risks and rewards of ownership of the leased item, are not capitalised. Operating lease payments are charged to the income statement on a straight line basis over the lease term.

Notes to the financial statements

1. **Accounting policies** (continued)

1.5 **Other accounting policies** (continued)

Leases – company as lessor
Leases where the company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Share capital
Shares are classified as equity or debt or a combination of the two depending on the terms of the instrument. External costs directly attributable to the issue of new shares are apportioned as either debt or equity on the same basis.

2. **Operating profit**

Operating profit is stated after charging:

	2017 **£000**	**2016** **£000**
Depreciation		
Property, plant and equipment – included in cost of sales	**151**	532
Loss on disposal of property, plant and equipment	**21**	102
Other operating lease rentals payable		
Vehicles	**2**	8
Repairs and maintenance expenditure on property, plant and equipment	**29**	110
Third party labour and sub-contractor haulage	**28**	101
Utilities and fuel	**22**	56

3. **Audit fees**

As disclosed in the directors' report, the company has agreed that the directors may take advantage of the exemption provided under s479A of the Companies Act 2006 in order to be exempt from the requirement for an audit of the company accounts for the year ended 31 December 2017.

Remuneration received by Ernst & Young LLP is detailed below and has been borne by the company's immediate parent undertaking.

	2017 **£000**	**2016** **£000**
Fees payable to the company's auditor for the audit of the company's annual accounts	-	7

Notes to the financial statements

4. Directors and employees

Staff costs are analysed as follows:

Staff costs	2017 £000	2016 £000
Wages and salaries	**166**	615
Social security costs	**18**	67
Pension costs (note 12)	**25**	96
Total staff costs	**209**	778

	2017 Number	2016 Number
Monthly average number of people employed	**4**	20

The directors of The Teignmouth Quay Company Limited were also directors of Associated British Ports ("ABP"). Their remuneration for the year ended 31 December 2017 is disclosed in the financial statements of ABP. The directors believe that their services to the company are incidental to their role for other group companies and therefore consider that they receive no remuneration in respect of qualifying services to this company (2016: £nil).

5. Finance income

	2017 £000	2016 £000
Interest on amounts due from parent undertaking	-	(94)
Finance income on financial assets held at amortised cost	-	(94)

6. Taxation

Analysis of (credit)/charge for the year	2017 £000	2016 £000
Current tax	**25**	271
Deferred tax (note 11)	**(682)**	(363)
Taxation	**(657)**	(92)

Current tax for the current and prior year represents a charge for group relief received from another group undertaking, with the amount due being deducted from amounts due from parent undertaking.

Notes to the financial statements

6. **Taxation** (continued)

The taxation for the year is lower (2016: lower) than the standard rate of taxation in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit before taxation	**72**	688
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	**14**	138
Effects of:		
Expenses not deductible for tax	**-**	12
Deferred tax on assets transferred to parent undertaking*	**(1,038)**	-
Increase/(decrease) in deferred taxes due to reduction in tax rate	**306**	(242)
Tax in respect of prior years	**61**	-
Total tax credit for the company	**(657)**	(92)

*The deferred tax on assets transferred to parent undertaking relates to the transfer of the harbour authority for the port of Teignmouth from the company to Associated British Ports under The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017.

7. **Property, plant and equipment**

2017	Freehold land & buildings at valuation £000	Freehold land & buildings at cost £000	Plant, machinery and equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 1 January	3,525	8,818	4,630	101	17,074
Additions	-	-	-	265	265
Disposals	-	-	(75)	-	(75)
Transfer to parent undertaking*	(3,525)	(8,818)	(4,555)	(366)	(17,264)
At 31 December	-	-	-	-	-
Accumulated depreciation					
At 1 January	(1,067)	(3,454)	(2,375)	-	(6,896)
Charge for the year	-	(76)	(75)	-	(151)
Disposals	-	-	30	-	30
Transfer to parent undertaking*	1,067	3,530	2,420	-	7,017
At 31 December	-	-	-	-	-
Net book amount					
At 1 January	2,458	5,364	2,255	101	10,178
At 31 December	-	-	-	-	-

Notes to the financial statements

7. **Property, plant and equipment** (continued)

2016	Freehold land & buildings at valuation £000	Freehold land & buildings at cost £000	Plant, machinery and equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 1 January	3,525	8,557	3,797	-	15,879
Additions	-	261	1,017	195	1,473
Disposals	-	-	(184)	(94)	(278)
At 31 December	**3,525**	**8,818**	**4,630**	**101**	**17,074**
Accumulated depreciation					
At 1 January	(1,067)	(3,165)	(2,273)	-	(6,505)
Charge for the year	-	(289)	(243)	-	(532)
Disposals	-	-	141	-	141
At 31 December	**(1,067)**	**(3,454)**	**(2,375)**	**-**	**(6,896)**
Net book amount					
At 1 January	2,458	5,392	1,524	-	9,374
At 31 December	**2,458**	**5,364**	**2,255**	**101**	**10,178**

* During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking, Associated British Ports ("ABP"). On the transfer date of 1 April 2017, £17.3m of cost and £7.0m of accumulated depreciation were transferred from the company and vested in ABP.

All property, plant and equipment is stated at cost with the exception of operational land.

Operational land is included at valuation as at 31 December 1998, as permitted under IFRS 1 First-time Adoption of International Financial Reporting Standards, or, if transferred from property assets after 31 December 1998, at the carrying value at the last balance sheet date prior to transfer. The company's operational land and buildings held at 31 December 1998 were valued as at that date on the basis of existing-use value in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors. The valuations were carried out by independent valuers Healey & Baker, International Real Estate Consultants.

The directors are required to state under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2009, part 2, paragraph 34, certain historical cost information in respect of property, plant and equipment stated at valuation. However the substantial period of ownership of a large proportion of the assets concerned and the subsequent movements and revaluations make it impractical to provide such information.

Notes to the financial statements

8. Trade and other receivables – current

	2017 £000	2016 £000
Gross trade receivables	-	291
Provision for doubtful receivables	-	(5)
Net trade receivables	-	286
Amounts due from parent undertaking	11,659	792
Prepayments and accrued income	-	500
Other receivables	-	33
Total current trade and other receivables	**11,659**	1,611

Amounts due from parent undertaking represent amounts due from Associated British Ports ("ABP"). The amounts due are not overdue for repayment and are not considered to be impaired. Further details on the amounts due from parent undertaking are disclosed in note 15.

With the exception of amounts due from parent undertaking, all other trade and other receivables are non-interest bearing.

Prepayments and accrued income and other receivables mainly comprise costs incurred that are recoverable from third parties.

The company has provided for known credit risks as part of its normal provision for doubtful receivables when there is objective evidence that the company may not be able to collect all amounts recorded within the balance sheet.

Movements on the company's provision for doubtful receivables are as follows:

	2017 £000	2016 £000
At 1 January	**5**	5
Transfer to parent undertaking*	**(5)**	-
At 31 December	**-**	5

* During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking, ABP. On the transfer date of 1 April 2017, £5,000 of provision for doubtful receivables were transferred from the company and vested in ABP.

As at 31 December 2017 the company held no trade receivables that were past due but not impaired. As at 31 December 2016 the company held trade receivables that were past due but not impaired as set out in the table below. These relate to a number of independent customers for whom there is no recent history of default and where terms and amounts have not been renegotiated in the last year.

Notes to the financial statements

8. **Trade and other receivables – current** (continued)

The ageing of these trade receivables is as follows:

	2017 £000	2016 £000
Up to 3 months	-	50
3 to 6 months	-	4
Over 6 months	-	5
Total past due but not impaired receivables	-	59

The company does not hold any collateral as security. There are no significant receivables of the company that are denominated in foreign currencies.

Further details on credit risk are disclosed in note 9.

9. **Financial instruments**

The company's policies regarding financial instruments are set out in the accounting policies in note 1. Risk and numerical disclosure is set out below.

Fair value of financial instruments
The fair value of financial assets and liabilities are an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value. The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current trade and other receivables and current trade and other payables approximates to their carrying amounts due to the short-term maturities of these instruments.

Financial risk management
Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), the company's intermediate parent undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure. The company's main financial risks are liquidity and credit risk. The wider group owned by ABP (Jersey) Limited ("ABPJ") aims to manage these risks to an acceptable level.

Liquidity risk
Liquidity risk is managed by the wider group, owned by the company's ultimate parent, ABPJ, maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the group. Management monitors rolling forecasts of the group's liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

Notes to the financial statements

9. **Financial instruments** (continued)

Financial risk management (continued)

The table below analyses the company's financial liabilities carried at amortised cost, based on undiscounted contractual payments:

	2017 £000	2016 £000
Not later than one year	-	184
Total payments	-	184

Credit risk
Given the counterparties of company receivables, as set out in note 8, management considers the company's exposure to credit risk to be minimal. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The company's receivables are denominated in sterling.

10. **Trade and other payables – current**

	2017 £000	2016 £000
Trade payables	-	30
Accruals - capital expenditure	-	114
Accruals and other creditors	-	33
Taxation	-	11
Total current trade and other payables	-	188

Included within accruals is £nil (2016: £4,000) relating to revenue billed in advance and deferred income.

All trade and other payables are non-interest bearing.

Financial risks related to these financial instruments are disclosed in note 9.

The company's payables are denominated in sterling.

11. **Deferred tax**

The UK corporation tax rate change from 19% to 17% (effective 1 April 2020) was enacted 15 September 2016. Accordingly, the deferred tax balances are remeasured at 19% or 17% as appropriate for the period in which they are expected to crystalise.

Notes to the financial statements

11. **Deferred tax** (continued)

The movement on the deferred tax is shown below:

	2016 £000	Adjustments in respect of previous periods charged to income statement £000	Credited to income statement £000	Total 2017 £000
Accelerated capital allowances	682	60	(742)	-
Net deferred tax liability	682	60	(742)	-

	2015 £000	Adjustments in respect of previous periods charged to income statement £000	Credited to income statement £000	Total 2016 £000
Accelerated capital allowances	1,045	-	(363)	**682**
Net deferred tax liability	1,045	-	(363)	**682**

The company has unrecognised capital losses of £nil (2016: £4.7m) that are only available for offset against future sales of land and buildings from the port estate. These have not been recognised as future property sales cannot be projected with sufficient certainty.

During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking, Associated British Ports ("ABP"). On the transfer date of 1 April 2017, £4.7m of unrecognised capital losses were transferred from the company to ABP.

The company had no unrecognised deferred income tax assets (2016: £nil) that can be carried forward against future taxable income.

12. **Pension**

The company is a member of the Associated British Ports Group Pension Scheme, which is a group-wide scheme with defined benefit and defined contribution sections. The directors have received confirmation that the company will not contribute to any deficit payments nor have the right to share in any surpluses.

The pension charge for the year for the company was £25,000 (2016: £96,000). Of this £12,000 (2016: £46,000) related to defined benefit schemes.

Notes to the financial statements

13. Share capital

Preference shares are classified as liabilities as they provide the holder with the right to receive interest. Ordinary shares are classified as equity.

	2017 £000	2016 £000
Authorised, issued and fully paid		
46,000 (2016: 46,000) ordinary shares of £1 each	**46**	46
50,600 (2016: 50,600) 1% non-cumulative preference shares of £1 each	**51**	51
Total authorised and issued share capital	**97**	97

The non-cumulative preference shares confer a right to a fixed non-cumulative preferential dividend of 1 per cent per annum payable each financial year out of distributable profits. They also confer a right, on winding up, to a return of capital paid up on the shares in priority to the ordinary shares. Holders are not entitled to receive notice of or to attend or vote at any general meeting of the company.

14. Cash generated by operations

Reconciliation of profit before taxation to cash generated by operations:	2017 £000	2016 £000
Profit before taxation	**72**	688
Finance income	**-**	(94)
Depreciation of property, plant and equipment	**151**	532
Loss on disposal of property, plant and equipment	**21**	102
Operating cash flows before movements in working capital	**244**	1,228
(Increase)/decrease in trade and other receivables	**(93)**	206
Decrease in trade and other payables	**(94)**	(35)
Cash generated by operations	**57**	1,399

15. Related party transactions

The company has entered into related party transactions and/or holds balances with the following related party:

Name	Relationship
Associated British Ports	Immediate parent

The company's immediate parent undertaking, Associated British Ports, makes payments and receives funds on the company's behalf.

Notes to the financial statements

15. **Related party transactions** (continued)

The following table shows the transactions that have been entered into by the company with its related party, together with period end balances, for the relevant financial year:

Associated British Ports	**2017 £000**	**2016 £000**
Intercompany receivable at start of the year	**792**	1,442
Decrease in receivable	**(57)**	(744)
Non-cash transfer of assets and liabilities	**10,924**	-
Interest income – 0% (2016: 7.0%)	**-**	94
Intercompany receivable at end of the year	**11,659**	792

16. **Financial commitments**

Capital commitments

	2017 £000	**2016 £000**
Company capital expenditure contracted but not provided for	-	90

During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking, Associated British Ports ("ABP"). On the transfer date of 1 April 2017, the company's vehicle leases under non-cancellable operating lease agreements were transferred from the company to ABP.

Total future minimum lease instalments expected to be paid under non-cancellable operating leases are as follows:	**2017 £000**	**2016 £000**
Not more than one year	-	8
More than one year but not more than five years	-	10
Total to be paid	-	18

Operating lease commitments – company as lessor

During the year, The Port of Teignmouth (Transfer of Undertaking) Harbour Revision Order 2017 transferred the harbour authority for the Port of Teignmouth to the company's immediate parent undertaking, ABP. On the transfer date of 1 April 2017, the company's shed space lease to a number of customers under non-cancellable operating lease agreements were transferred from the company to ABP.

Total future minimum lease income receivables under non-cancellable operating leases are as follows:	**2017 £000**	**2016 £000**
Not more than one year	-	250
More than one year but not more than five years	-	90
Total to be received	-	340

17. **Ultimate parent undertaking and controlling parties**

The company is a limited liability company registered in England and Wales. Its immediate parent undertaking is ABP.

Notes to the financial statements

17. Ultimate parent undertaking and controlling parties (continued)

Its intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"), which produces IFRS consolidated financial statements that are available from its registered office at 25 Bedford Street, London, WC2E 9ES. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

ABP (Jersey) Limited is owned by a consortium of investors as shown below:

	% of A Ordinary shares	**% of B Ordinary shares**	**% of Preference shares**
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
Canada Pension Plan Investment Board	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Kuwait Investment Authority	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**