PD Logistics Limited

Annual Report and Financial Statements
for the year ended 31 December 2015

Registered number in England and Wales: 01422772

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Strategic Report

For the year ended 31 December 2015

The Directors present their Annual Report on the affairs of PD Logistics Limited ("the Company") together with the Financial Statements for the year ended 31 December 2015.

Principal activities and business review

The Company is currently non-trading.

The Company's result for the year amounted to £nil (2014: £nil).

The Directors consider the future position of the Company to be satisfactory.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks affecting the Company include financing risks and the ability of the fellow subsidiary to generate sufficient revenues to service the inter-company debt. The Company monitors and manages these risks through a series of regular meetings of the Company and divisional management to discuss operational, strategic and risk issues, as well as through meetings of PD Portco Limited (the 'Group') Risk Committee which assesses the major risks and key controls designed to manage these risks.

By order of the Board

D M Russell
Director

Company registration number: 01422772
29 April 2016

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors of the Company who served during the year and subsequently were as follows:

D J Robinson
D M Russell
J M Hopkinson

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Directors' Report (continued)

For the year ended 31 December 2015

Dividends

The Directors did not pay or declare any dividends in the current or prior year.

Strategic Report

The Directors are responsible for preparing a Strategic Report in accordance with S414C(11) of the Companies Act 2006.

The Directors have chosen to include the following information within the Strategic Report and consequently this information is not included in this report:

- Principal activity and business review; and
- Principal risks and uncertainties.

Auditor and disclosure of information to Auditor

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report as defined in the Companies Act 2006) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and consequently they have been re-appointed accordingly.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in the Financial Statements.

By order of the Board

D M Russell Director
17-27 Queen's Square
Middlesbrough
TS2 1AH
United Kingdom
Company registration number: 01422772
29 April 2016

Independent Auditor's Report to the Members of PD Logistics Limited

We have audited the Financial Statements of PD Logistics Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, Statement of Accounting Policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with chapter 3 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all of the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

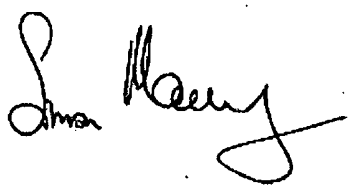
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic' report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Simon Manning FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

29 April 2016

Profit and Loss Account

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Finance charges (net)	2	-	-
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	-	-
Result for the financial year	9,10	-	-

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses in ether the current or prior year other than as presented in the above profit and loss account, and accordingly, no separate statement of comprehensive income is presented.

Balance Sheet

31 December 2015

	Notes	2015 £'000	2014 £'000
Current assets			
Debtors: Amounts falling due within one year	5	52,192	50,925
Creditors: Amounts falling due within one year	6	(32,688)	(30,661)
Net current assets		19,504	20,264
Total assets less current liabilities		19,504	20,264
Creditors: Amounts due in more than one year	7	(15,504)	(16,264)
Net assets		4,000	4,000
Capital and reserves			
Called-up equity share capital	8	4,000	4,000
Profit and loss account	9	-	-
Shareholders' funds	10	4,000	4,000

The Financial Statements of PD Logistics Limited, registered number 01422772, on pages 7 to 16 were approved by the Board of Directors and authorised for issue on 29 April 2016. These were signed on its behalf by:

The comparative Balance Sheet has been restated for Financial Reporting Standard (FRS102), see note 12.

The accompanying notes are an integral part of this balance sheet.

D M Russell

Director

Statement of Changes in Equity
For the year ended 31 December 2015

	2015	2014
	£'000	£'000
Result for the year	-	-
Net increase in shareholders' funds	-	-
Opening shareholders' funds	4,000	4,000
Shareholders' funds	**4,000**	**4,000**

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS102). The Company is deemed a qualifying entity under FRS102. On this basis its ultimate parent company has approved its eligibility for disclosure exemptions, this report excludes a cash flow statement, key management compensation disclosure and related party disclosures. The prior year financial statements have been restated for material adjustments on adoption of FRS102 in the current year. For more information see note 12.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance, financing and position are set out in the Directors' Report on pages 3-4, which also sets out the principal risk and uncertainties facing the Company. The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projects, taking into account of reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. On this basis, the Directors consider that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Key accounting judgements

The Directors consider that the critical areas of accounting judgement for these Financial Statements include the following:

- *Taxation:* The Group makes appropriate provision based on best estimates, until tax computations are finalised with the tax authorities; and
- Going concern: As described above, the Directors have prepared the Financial Statements on the going concern basis, as they have a reasonable expectation that the Group will be able to continue as a going concern;

Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount of debt is increased by the finance cost in respect of the accounting year and reduced by payments made during the year. Finance charges, including direct issue costs, are accounted for on an accruals basis, using the effective interest method and are amortised to the profit and loss account over the life of the associated loans. Issue costs are amortised to the profit and loss account over the life of the associated loans.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract which evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Dividends

Dividends payable are recognised when they are declared.

Interest receivable and payable

Interest income and expense is accrued on a time-basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax liabilities are recognised for timing differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset only if (a) the Group has a legally enforceable right to offset current tax assets against current tax liabilities and (b) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1 Staff costs

The Company has no employees other than executive Directors.

Messrs Hopkinson, Robinson and Russell are employed by PD Ports Limited, which is a fellow group company. It is not practicable to determine the proportions of such emoluments which are attributable to these Directors' services to the Company. The emoluments of Messrs Hopkinson, Robinson and Russell are disclosed in the financial statements of the immediate parent company, PD Portco Limited and PD Teesport Limited, a fellow group company, respectively.

The Company did not contribute during the year to the defined benefit pension arrangements, of any Directors (2014: one) and contributed to the defined contribution pension arrangements of three Directors (2014: three). Contributions to the defined benefit arrangements ceased on 31 March 2014.

2 Finance charges (net)

	2015 £'000	2014 £'000
Interest payable to fellow group undertakings	(1,267)	(9,251)
Interest payable and similar charges	(1,267)	(9,251)
Less: exceptional interest and loan balances settled by fellow group undertakings	-	56,084
Other finance income	1,267	(46,833)
	-	-

Investment income		
Interest receivable from fellow group companies	1,267	9,251
Interest receivable from fellow group companies settled	-	(56,084)
	1,267	(46,833)

The Company is party to the Subordinated Debt Agreement with the intermediate parent company, Ports Holdings Limited. Under the terms of this agreement, which was signed in 2001, the loan balances due to Ports Holdings Limited by the Company, were unsecured, repayable in full on 31 March 2031, and attracted a fixed interest rate of 23% compounded, with interest charged on a six monthly basis.

2 Finance charges (net) (continued)

On 6 November 2014, THPA Finance Limited, a member of the Group and the Issuer of the Group's listed debt, convened meetings of the separate Noteholder classes, at which they passed an Extraordinary Resolution to restructure the inter-company debts and to make the necessary amendments to the respective documents. The resolution approved amendments to the Tax Deed of Covenant and the Subordinated Debt Agreement and the restructuring of the inter-company debt, the effect of which was to (i) settle for nil consideration £600m of balances receivable from the Group under the Subordinated Debt Agreement with Ports Holdings Limited; (ii) assign and set-off certain intercompany balances owed between the Group and other members of the PD Ports Group; and (iii) reduce the interest rate on the remaining balance outstanding under the Subordinated Debt Agreement.

The effect of the respective amendments are reflected in the prior year exceptional interest settled amount of £56,084,000.

3 Result on ordinary activities before taxation

The Company did not incur any fees payable to the Company's auditor for the audit of the Company's annual financial statements (2014: £nil) or for non-audit services. Audit fees of £1,000 (2014: £1,000) were paid on behalf of the Company by other subsidiaries of the intermediate parent company. There were no fees for non-audit services paid by other group companies (2014: £nil).

4 Tax on result on ordinary activities

	2015 £'000	2014 £'000
Analysis of tax charge:		
UK Corporation tax on result for the year	-	-
Total current tax	-	-
Deferred tax		
Timing differences	-	-
	-	-

Factors that may affect future tax charges

The Directors do not expect that the Company will be liable to corporation tax in the foreseeable future.

5 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	52,192	50,925

Interest on the balance owed by PD Port Services Limited is charged at a rate agreed between the two companies.

6 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings (loan balances)	(1,117)	(1,095)
Amounts owed to group undertakings (trading balances) (note 12)	(31,571)	(29,566)
	(32,688)	(30,661)

The comparative balances have been restated for Financial Reporting Standard (FRS102), see note 12.

7 Creditors: amounts falling due in more than one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	(15,504)	(16,264)
Amounts owed to group undertakings fall due for payment as follows:		
Between one and two years	(798)	(761)
Between two and five years	(2,786)	(252)
After five years	(11,920)	(15,251)
	(15,504)	(16,264)
On demand or within one year	(1,117)	(1,095)
	(16,621)	(17,359)

Of the amounts owed to group undertakings, £16,621,000 (2014: £17,359,000) is secured by way of a fixed and floating charge over the assets of the Company and is repayable in the year to 31 March 2032. This debt attracts fixed interest rates, currently of between 7.1% and 10.0%.

As a subsidiary of PD Portco Limited, the Company is a party to the terms of the whole business securitisation raised by THPA Finance Limited, a fellow subsidiary of PD Portco Limited, in 2001. PD Portco Limited and its subsidiaries (together the Portco Group, of which the Company is a member), provide cross guarantees under the terms of the securitisation. The Company's material borrowings comprise the amounts owed to group undertakings which relate to the Portco Group's securitisation loan notes and its subordinated debt. The securitisation loan notes are repayable on a semi annual basis under a fixed amortisation schedule from September 2011 to March 2032, and their interest rates are fixed under the terms of their issue in 2001. In the 12 months after the balance sheet date the Group has rescheduled debt repayments of £10.4m and further repayments totalling £10.9m are due in the year ending 31 December 2017.

8 Called-up equity share capital

	2015 £'000	2014 £'000
Allotted, called-up and fully paid		
4,000,000 Ordinary shares of £1 each	4,000	4,000

9 Profit and Loss Account

	£'000
At 1 January 2015 and 31 December 2015	-

10 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Shareholders' funds beginning of year	4,000	4,000
Result for the year	-	-
Shareholders' funds at end of year	4,000	4,000

11 Financial commitments

As at 31 December 2015, the Company (along with certain other companies) had guaranteed the obligations of THPA Finance Limited, a fellow subsidiary, under the terms of the issue of that company's listed debt. The amount guaranteed by the Company at 31 December 2015 under these arrangements totalled £205,609,000 (31 December 2014: £215,517,000). The guarantees were secured by fixed and floating charges.

12 Explanation of transition to FRS102

This is the first year that the Company has presented its Financial Statements under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS102 was therefore 1 January 2015. As a consequence of adopting FRS102, a number of accounting policies have changed to comply with that standard, these include:

- Basis of accounting;
- Investment properties;
- Deferred tax, and
- Retirement benefit costs.

12 Explanation of transition to FRS102 (continued)

Reconciliation of equity as at December 2014

The adjustments to the accounting policies above have not impacted upon the numbers included in the calculation of equity at 1 January 2014 and 31 December 2014.

Reconciliation of profit for 2014

The adjustments to the accounting policies above have not impacted upon the numbers included in the calculation of the profit and loss for the year ended 31 December 2014.

Amount owed to group undertakings

As part of considering FRS102, the Directors have reviewed the balances owed to group undertakings and have restated the prior year balance to all within one year to reflect the actual contractual terms.

13 Ultimate parent undertaking and controlling party

At 31 December 2015 and 31 December 2014 the Company's intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company is PD Portco Limited a company registered in England and Wales. Copies of the financial statements of this company are available from its registered office, 17-27 Queen's Square, Middlesbrough, TS2 1AH.

At 31 December 2015 and 31 December 2014 the Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements including the results of the Company, is Brookfield Asset Management Inc, a company incorporated in Canada. Copies of the financial statements of this company are available from its registered office, suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.