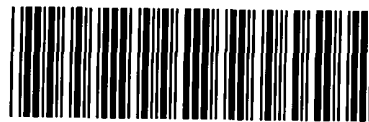


PD Logistics Limited

**Annual Report and Financial Statements
for the year ended 31 December 2017**

Registered number in England and Wales: 01422772

THURSDAY



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Strategic Report

For the year ended 31 December 2017

The Directors present their Annual Report on the affairs of PD Logistics Limited ("the Company") together with the audited Financial Statements for the year ended 31 December 2017.

Principal activities and business review

The Company does not have any operational activities but acts as a financing company internally within the UK group of companies headed by PD Ports Limited, (formerly Brookfield Ports (UK) Limited) (the "Group").

The Company's result for the year amounted to £nil (2016: £nil).

The Balance sheet on page 10 shows that the net assets of the company were £4,000,000 as at 31 December 2017 and 2016. This is reflective of the nil profit in the year.

Given the nature of its business and operating structure, the Directors are of the opinion that analysis using other key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

Future developments

The Directors consider that the Company will continue to operate as a financing company under its current contractual agreements for the foreseeable future.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company, which are common to all companies in the Group include; financing and liquidity risks, loss of a major customer and environmental liabilities. The Group monitors and manages these business risks through a series of regular meetings of the Group and divisional management to discuss operational, strategic and risk issues, as well as through meetings of the Risk Committee which assesses the major risks and key controls designed to manage these risks. The financial risk management policies and objectives may be found in the financial statements of PD Ports Limited (formerly Brookfield Ports (UK) Limited).

By order of the Board



D M Russell

Director

17-27 Queen's Square

Middlesbrough

TS2 1AH

United Kingdom

30 April 2018

Company registration number: 01422772

Directors' Report

For the year ended 31 December 2017

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 period. 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 FRS 102 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 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 United Kingdom accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors

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

D M Russell

J M Hopkinson

J F Calje (appointed 4 April 2017)

D J Robinson (resigned 4 April 2017)

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 2017

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, business review and future developments; and
- Principal risks and uncertainties, including financial risk management objectives and policies.

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

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, 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 projections, taking into account reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. After making enquiries of Group management, the Directors are not aware of any circumstances that would impact on the ability of the Group to provide the Company with any working capital and long term finance that it is projected to require.

Directors' Report (continued)

For the year ended 31 December 2017

Going concern (continued)

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the Director's Report 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

30 April 2018

Independent Auditor's Report

For the year ended 31 December 2017

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of PD Logistics Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report (continued)

For the year ended 31 December 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report (continued)

For the year ended 31 December 2017

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.



Scott Bayne FCA (Senior Statutory Auditor)

For on and behalf of Deloitte LLP

Statutory Auditor

Leeds

United Kingdom

30 April 2018

Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Finance charges (net)	2	-	-
Result before taxation	3	-	-
Tax on result	4	-	-
Result for the financial year		-	-

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

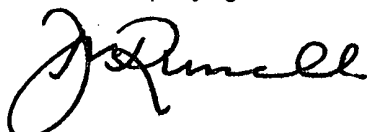
There were no recognised gains or losses in either the current or prior year other than as presented in the above profit and loss account, and accordingly, no separate statement of comprehensive income is presented.

Balance Sheet
31 December 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Debtors: Amounts falling due within one year	5	54,559	53,404
Creditors: Amounts falling due within one year	6	(36,705)	(34,699)
Net current assets		<u>17,854</u>	<u>18,705</u>
Total assets less current liabilities		17,854	18,705
Creditors: Amounts due in more than one year	7	(13,854)	(14,705)
Net assets		<u>4,000</u>	<u>4,000</u>
Capital and reserves			
Called-up equity share capital	8	4,000	4,000
Profit and loss account		-	-
Shareholders' funds		<u>4,000</u>	<u>4,000</u>

The Financial Statements of PD Logistics Limited, registered number 01422772, on pages 9 to 18 were approved by the Board of Directors and authorised for issue on ~~30 April 2018~~ 30 April 2018. These were signed on its behalf by:

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 2017

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
As at 1 January 2016	4,000	-	4,000
Result for the year	-	-	-
As at 31 December 2016	4,000	-	4,000
Result for the year	-	-	-
As at 31 December 2017	4,000	-	4,000

Continued on page 12

PD LOGISTICS LIMITED
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Statement of Accounting Policies

For the year ended 31 December 2017

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year. The financial statements have been prepared in accordance with financial reporting standards (FRS 102) issued by the Financial Reporting Council.

General information and Basis of accounting

The Company is incorporated as a private company limited by shares in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is given on page 5. The nature of the Company's operations and its principal activities are set out on page 2.

The functional and presentational currency of the Company is considered to be sterling because that is the currency of the primary economic environment in which the Company operates.

The Financial statements are prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102). The Company is deemed a qualifying entity under FRS 102. On this basis its intermediate parent company, which prepares consolidated financial statements which are publically available, has approved its eligibility for disclosure exemptions, this report excludes a cash flow statement, key management compensation, financial instruments and related party disclosures.

Going concern

The financial statements have been prepared on the going concern basis. Future details can be found in the Directors' Report on pages 3-5.

Critical accounting judgements and key sources of estimation uncertainty

In the opinion of the Directors, due to the nature of the Company there are no key sources of estimation uncertainty or areas of critical accounting judgement that the directors have made in the process of applying the Company's accounting policies.

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.

Statement of Accounting Policies (continued)

For the year ended 31 December 2017

Taxation

The tax credit/expense represents the sum of the current tax and deferred tax receivable or payable.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit, as reported in the Income Statement, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The provision for current tax is computed using the single best estimate of likely outcome approach, taking into account the uncertainties regarding the tax treatment of items which may not have been fully agreed with the relevant tax authorities. The assessments on such items is reviewed on a regular basis, taking appropriate advice, and, to the extent that the likely or final outcome is different from that previously estimated, any differences are provided in the year in which such a revised estimate is made.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and is recognised when it is considered probable that there will be a future cash outflow.

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 Company'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 Company 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 Company 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.

Statement of Accounting Policies (continued)

For the year ended 31 December 2017

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

(a) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those classified as at fair value through profit or loss which are initially measured at fair value, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(b) 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.

(c) Finance

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

(d) Equity

An equity instrument is any contract which evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Notes to the Financial Statements

For the year ended 31 December 2017

1 Staff costs

The Company has no employees other than executive Directors (2016: nil).

Messrs Hopkinson, Robinson, Calje and Russell are employed by PD Ports Management Limited (formerly 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. Mr Robinson ceased to be employed by PD Ports Management Limited on 15 March 2017 and was not paid for any services after this date.

The Company contributed to the defined contribution pension arrangements of one Director (2016: two).

The emoluments of the Directors are as follows:

	2017 £'000	2016 £'000
Emoluments	843	994
Employer pension contributions	<u>13</u>	<u>20</u>
Amounts paid to highest paid Director		
Emoluments	337	411
Employer pension contributions	<u>-</u>	<u>10</u>

2 Finance charges (net)

	2017 £'000	2016 £'000
Interest payable to fellow group undertakings	<u>(1,155)</u>	<u>(1,212)</u>
<i>Interest payable and similar charges</i>	<u>(1,155)</u>	<u>(1,212)</u>
Interest receivable from fellow group companies	<u>1,155</u>	<u>1,212</u>
	<u>-</u>	<u>-</u>

3 Result 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 (2016: £nil) or for non-audit services. Audit fees of £1,000 (2016: £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 (2016: £nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

4 Tax on result

	2017 £'000	2016 £'000
Analysis of tax charge:		
UK Corporation tax on result for the year	-	-
Total current tax	-	-
Deferred tax	-	-

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

	2017 £'000	2016 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	54,559	53,404

Interest on the balance owed by PD Port Services Limited is charged at a fixed rates between 7.1% and 10%..

6 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings (loan balances)	(1,177)	(1,138)
Amounts owed to group undertakings (trading balances)	(35,528)	(33,561)
	(36,705)	(34,699)

Amounts owed to group undertakings (trading balances) are unsecured, interest free and have no fixed repayment date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

7 Creditors: amounts falling due in more than one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	(13,854)	(14,705)
Amounts owed to group undertakings fall due for payment as follows:		
Between one and two years	(929)	(854)
Between two and five years	(3,160)	(2,991)
After five years	(9,765)	(10,860)
	(13,854)	(14,705)
On demand or within one year	(1,177)	(1,138)
	(15,031)	(15,843)

Of the amounts owed to group undertakings, £15,031,000 (2016: £15,843,000) 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 £11.6m and further repayments totalling £12.6m are due in the year ending 31 December 2019.

8 Called-up share capital and reserves

a) Called up share capital

	2017 £'000	2016 £'000
<i>Allotted, called-up and fully paid</i>		
4,000,000 Ordinary shares of £1 each	4,000	4,000

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

8 Called-up share capital and reserves (continued)

b) Reserves

The Company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

9 Financial commitments

As at 31 December 2017, 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 2017 under these arrangements totalled £184,342,000 (31 December 2016: £195,217,000). The guarantees were secured by fixed and floating charges.

10 Ultimate parent undertaking and controlling party

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.

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.