

PD Logistics Limited

Annual Report and Financial Statements
for the year ended 31 December 2022

Registered number in England and Wales: 01422772



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Strategic Report

For the year ended 31 December 2022

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 2022.

Principal activities and business review

The Company does not have any operational activities. The Company is a member of the group of companies headed by PD Ports Limited (the "Group").

The Company's loss for the year amounted to £53,000 (2020: loss of £54,000) reflecting the tax charge for the year.

The Balance Sheet on page 8 shows that the net assets of the Company were £3,893,000 as at 31 December 2022 compared with £3,946,000 at 31 December 2021.

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.

Principal risks and uncertainties

Given the fact that it does not have any trading activity, there are no principal risks to the Company's business.

Liquidity risk

The Company's liquidity is managed by the Group, and, as such, it has access to the cash balances and facilities of the Group as required to manage its liabilities.

Credit risk

The Directors consider that the risk of exposure to external credit risk is low given it does not trade with external customers.

Macro-economic risks

The Group is, in common with most other businesses, subject to macro-economic risks outside of its control.

The key risk to the Group would be an unforeseen global macro-economic event that caused any long-term changes to internal and external demand for goods and hence led to reduced volumes passing through its facilities. The Directors consider that, given its position as the owner and operator of infrastructure assets critical to the continuation of the UK's ability to trade with other countries, the Group has a high level of resilience against any material permanent or long-term adverse impact caused by such an event. This reflects the high level of long-term trading and contractual relationships with its major customers, and the ability of the Group to adapt and flex its business model as demonstrated by its reaction over the past two years to the economic and other impacts of both the COVID-19 pandemic and the ongoing conflict in Ukraine.

Strategic Report (continued)

For the year ended 31 December 2022

Risk monitoring and management

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 Group Risk Committee which assesses the major risks and key controls designed to manage these risks. The financial risk management policies and objectives are set out in more detail in the Statement of Accounting Policies.

Approved by the Board and signed on its behalf by:



E Law

Director

17-27 Queen's Square

Middlesbrough

TS2 1AH

United Kingdom

Company registration number: 01422772

30 May 2023

Directors' Report

For the year ended 31 December 2022

Directors' responsibilities statement

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

The members have not required the Company to obtain an audit of the Financial Statements for the year ended 31 December 2022 in accordance with section 476 of the Companies Act 2006, and the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the Financial Statements.

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 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 the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- 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 FRS102 are 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
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are 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 on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report (continued)

For the year ended 31 December 2022

Directors

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

E Law (appointed 31 December 2022)

D M Russell (resigned 31 December 2022)

J M Hopkinson

J F Calje

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.

Dividends

The Company has not declared any dividends in respect of the year ended 31 December 2022 or since the year end (2021: £nil).

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.

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 2-3, which also sets out the principal risk and uncertainties facing the Company.

The Company is managed and financed as part of the Group. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios on all of its borrowing agreements, and to assess the level of future headroom expected against the respective financial covenants.

The key component of the Group's financial structure at the year-end was the Term Loan and associated facilities ('the Syndicated Bank Facilities'), held by PD Ports Acquisitions (UK) Limited, a fellow group company. The facilities available total £710.0m. The facilities are repayable in full at maturity in December 2027. As at 31 December 2022, the amount outstanding on the facilities was £540.0m. The key financial covenant ratio in the facilities is the leverage ratio, which, at 31 December 2022, stood at 9.43x, compared with a default covenant of 10.43x, and hence the Group had adequate headroom against the default covenant at that date.

Directors' Report (continued)

For the year ended 31 December 2022

Going concern (continued)

In addition to its debt facilities the Group also had a cash balance of £13.2m as at 31 December 2022 to support its overall liquidity position.

The Group has a loan from a related party, which, as at 31 December 2022, amounted to £49.2m. This loan is also held by PD Ports Acquisitions (UK) Limited and has a maturity date of July 2024, with no capital repayments due until that date.

The Group's projections, taking account of reasonably possible changes in trading performance, show continued future compliance with the relevant covenants and that the Group has sufficient resources to settle all of its liabilities as they fall due.

As a consequence, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of signing of the Financial Statements and consider that the use of the going concern basis of accounting is appropriate in drawing up the Financial Statements.

Approved by the Board and signed on its behalf by:



E Law
Director
17-27 Queen's Square
Middlesbrough
TS2 1AH
United Kingdom
Company registration number: 01422772

30 May 2023

Profit and Loss Account

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Finance charges (net)		-	-
Result before taxation		-	-
Taxation	2	(53)	(54)
Result for the financial year		<u>(53)</u>	<u>(54)</u>

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

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Current assets			
Debtors	3	4,358	4,358
Creditors: Amounts falling due within one year	4	(465)	(412)
Net current assets		3,893	3,946
Total assets less current liabilities		3,893	3,946
Net assets		3,893	3,946
Capital and reserves			
Called-up equity share capital	5	4,000	4,000
Profit and loss account	5	(107)	(54)
Shareholders' funds		3,893	3,946

The accompanying notes are an integral part of this Balance Sheet.

For the year ended 31 December 2022 the Company was entitled to exemption from audit under section 479(a) of the Companies Act 2006 relating to subsidiary companies.

- The members have not required the Company to obtain an audit of the Financial Statements for the year ended 31 December 2022 in accordance with section 476
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the Financial Statements

The Financial Statements of PD Logistics Limited, registered number 01422772, on pages 7 to 15 were approved by the Board of Directors and authorised for issue on 30 May 2023. These were signed on its behalf by:



E Law
Director

Statement of Changes in Equity
For the year ended 31 December 2022

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
As at 1 January 2021	4,000	-	4,000
Total comprehensive result	-	(54)	(54)
As at 31 December 2021	4,000	(54)	3,946
Total comprehensive result	-	(53)	(53)
As at 31 December 2022	4,000	(107)	3,893

Statement of Accounting Policies

For the year ended 31 December 2022

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 disclosed on page 6. 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 which are included in the financial statements of the intermediate parent company.

Going concern

The financial statements have been prepared on the going concern basis. Future details can be found in the Directors' Report on pages 4-6.

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 accounted for 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 2022

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 Profit and Loss Account, 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 2022

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 2022

1 Staff costs

The Company has no employees other than executive Directors (2021: nil).

Messrs Hopkinson, Calje and Russell are employed by PD Ports Management 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 the Directors are disclosed below:

	2022 £'000	2021 £'000
Emoluments	<u>1,037</u>	<u>1,079</u>

The Company did not contribute to the pension arrangements of any Directors in the current or prior year.

2 Taxation

	2022 £'000	2021 £'000
Analysis of tax charge:		
UK Corporation tax on result for the year	<u>(53)</u>	<u>(54)</u>
Total current tax	<u>(53)</u>	<u>(54)</u>
Deferred tax	<u>-</u>	<u>-</u>
	<u>(53)</u>	<u>(54)</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2 Taxation (continued)

Factors affecting the tax charge in the year

The tax assessed for the year is different from the standard rate of UK corporation tax 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Result before tax	-	-
Result multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	-	-
Effects of:		
UK transfer pricing adjustments	(53)	(54)
Total tax for the year	(53)	(54)

Factors that may affect future tax charges

The Finance Act 2021, which was substantively enacted on 24 May 2021, included the provisions to increase the corporation tax rate from 19% to 25%, effective from 1 April 2023. It is expected that the deferred tax balances will materially reverse after the new rate comes into effect, as such the deferred tax balances have been recognised at 25%.

3 Debtors

	2022 £'000	2021 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	4,358	4,358

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

4 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	(412)	(358)
Corporation tax payable	(53)	(54)
	(465)	(412)

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

5 Called-up share capital and reserves

a) Called up share capital

	2022 £'000	2021 £'000
<i>Allotted, called-up and fully paid</i>		
4,000,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

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

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.

6 Ultimate parent undertaking and controlling party

The Company's immediate parent 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 intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company is PD Ports 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 Corporation, 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.