


## PD Ports Limited

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

Registered number in England & Wales: 06928227

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## Strategic Report

For the year ended 31 December 2022

The Directors present their Annual Report on the affairs of PD Ports Limited (the "Company") together with the Consolidated Financial Statements and Independent Auditor's Report for the year ended 31 December 2022. The Consolidated Financial Statements include the results of the Company and its subsidiaries (together the "Group").

### Principal activities and business review

The principal activities of the Group are the provision of ports and logistics services, including the commercial letting of port related property. The Company is ultimately controlled by Brookfield Asset Management Inc, a global alternative asset manager with approximately \$800 billion of assets under management and a 120 year heritage as owners and operators of long-life, high-quality assets and businesses in more than 100 countries around the world.

As shown in the Consolidated Income Statement, the Group's revenue for the year ended 31 December 2022 was £204,986,000 (2021: £179,459,000). The Group's operating profit for the year ended 31 December 2022 was £28,340,000 (2021: £37,531,000). The Group's profit before taxation for the year ended 31 December 2022 was £5,533,000, (2021: £29,877,000).

The Group's financial result in the year was driven by the following key factors:

- an increase in revenue from £179,459,000 to £204,986,000, reflecting robust performance in operations and pricing increases;
- operating profit reflected an increased cost base together with prior year including a credit to profit in relation to the valuation of share based payments of £5,199,000;
- an increase in the valuation of the Group's investment properties of £5,690,000, mainly due to new lettings and increased revenue from existing tenants; and
- an increase in interest payable from £17,544,000 to £28,525,000, reflecting higher interest rates together with the release of unamortised transaction fees on extinguishment of the old financing facility, following a refinancing of the Group's borrowings in December.

The Balance Sheet shows that, as at 31 December 2022, the net assets of the Group were £170,260,000 (2021: £226,818,000), and net cash and cash equivalents was £13,205,000 (2021: £2,961,000). In addition to the profit for the year, net assets have been positively impacted by the gain (net of deferred tax) of £9,480,000 on the Group's pension schemes (2021: gain of £19,447,000), together with dividends paid totalling £73,000,000. There was also an issue and allotment of shares, the details of which are available in more detail in note 23.

### Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors are fully aware of their responsibilities to promote the success of the Company for the benefit of its members in accordance with s172 of the Companies Act 2006 and have acted in accordance with these responsibilities during the year.

The following disclosures describe how the Board of Directors have had regard to the matters set out in section 172(1) (a-f) in respect of the Company's stakeholders and forms the Directors' Statement required under Section 414CZA of the Companies Act 2006.

## Strategic Report (continued)

For the year ended 31 December 2022

### **Matters set out in section 172(1) (a-f)**

The Board is responsible for overseeing the performance of the Group's business and for making the major decisions relating to matters of both strategic and tactical importance to the furtherance of Group's activities. It meets four times a year, and the agenda for the meetings includes the following items at a minimum: Health & Safety and compliance matters, approvals for capital expenditure, review of key projects and commercial initiatives and financial update, including treasury strategy. The Group's monthly and quarterly results are reviewed by board members on conference calls and the annual business planning process is undertaken with engagement from board members, culminating in the approval of the Business Plan by the full board at its last meeting of the year.

As an infrastructure business, the Group considers very carefully the likely consequences of any major decision it makes in the long term, with the overall objective of generating and preserving value. The Board therefore reviews capital projects in a comprehensive manner, considering the rationale for investment in the context of the long-term cash flows anticipated to be generated by the project, the likely impact upon the Group's relationships with its customers and employees, and the risk profiles of the relevant market, customers and suppliers. The impact that the investment would have on the Group's existing infrastructure assets is also a key consideration.

Safety is the first of PD Ports' core values and is always the first agenda item on all Board and management team meetings. The Board review all lost time incidents and dangerous occurrences, with the objective of understanding the root causes, as part of the Group-wide focus on the ensuring the safety and wellbeing of all of our employees in the workplace. The executive Directors and other members of the executive management team undertake regular health and safety inspections in all areas of the Group's business, in which they engage directly with employees at all levels. In addition, there is a network of Safety, Environmental and Wellbeing Champions across the business, which have direct access to the management and executive teams to raise and discuss relevant concerns and areas for ongoing improvement initiatives.

PD Ports are committed to contributing and mitigating the effects of climate change by actively seeking opportunities to reduce the Group's carbon footprint. PD Ports manages the risks of climate change by having regular meetings where energy consumption is reviewed and opportunities to find clean, affordable and safe sources of energy for operations and transportation are identified. This focus is reflected in the Group's ISO 50001 (Energy) and ISO 14001 (Environmental) accreditations. Further information can be found in the Directors' Report on pages 10-12.

The Board are aware that they set the tone for the overall control environment across the whole Group. They therefore monitor the Anti-Bribery and Corruption and Code of Conduct policies which are in place, and which are designed to ensure that the Group maintains the highest standards of conduct in its business dealings with all stakeholders, and internally within the Group. This is disseminated across all employees through training programmes which are undertaken annually and is embedded in our policies for dealing with customers and suppliers. The Group has a whistleblower hotline, to facilitate any employee raising concerns on any matter directly to the Board, who investigate and resolve all such issues on a timely basis.

## Strategic Report (continued)

For the year ended 31 December 2022

### Business Relationships

The Group works closely with its customers and suppliers in a number of different areas. The nature of its role as the Statutory Harbour Authority for the Port of Tees & Hartlepool means that it has regular interaction with the port users, both as a collective body and as individual businesses, as well as with other local bodies. The Board are supportive of a wide range of investment and similar initiatives which will enhance the future economic prospects of the Tees Valley, including the development of offshore wind, hydrogen and other low carbon energy initiatives, on the basis that these are complementary to the long-term interests of the Group.

The Group believe that a collaborative approach is key to enhancing the global competitiveness of the Tees Valley and as such, the new platform showcases the unique strengths of the region, demonstrates the world-class infrastructure and unparalleled connectivity across Teesport, as well as promoting job and training opportunities to drive social value.

### Employee engagement

The Group recognises its responsibilities towards keeping employees informed of matters affecting them as employees and the economic factors affecting the performance of the Group. To this end, consultations take place at appropriate times with employees' representatives and trade unions, and communications through the business app are regularly released to all employees.

The Group recognises its obligations towards disabled people and endeavours to provide employment where possible, having regard to the physical demands of the Group's operations and the abilities of the disabled persons. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group is wholly invested in its people and, as a responsible employer, recently launched an internal communications app, Strive, in order to boost employer-employee engagement and give the workforce clear, transparent access to all group communications.

This allows users direct and confidential access to the CEO to ask questions or raise concerns, gives people the opportunity to share their own stories of causes close to their hearts and also contains all the latest company news to ensure staff remain well informed.

## Strategic Report (continued)

For the year ended 31 December 2022

### Awards

The Group has its best year on record for accolades and accreditation, receiving recognition for its continued commitment to driving health and safety, initiatives focused on the wellbeing and development of its people and its work within local communities. These awards include:

- RoSPA GOLD (health and safety award received for third consecutive year)
- North East Business Awards – Innovation and Technology (Teesside winner and Grand Final winner)
- Tees Businesswomen Awards – Best Newcomer (Awarded to Emily Clark, Graduate Civil Engineer)
- Maritime UK – Business of the Year
- Chartered Institute of Logistics and Transport – People Development Award
- NEPIC – Corporate Environmental Award
- ISO 14001 Certification – Environmental Management
- ISO 5001 Certification – Energy Management
- ISO 9001 – Quality Management
- ISO 22301 – Business Continuity Management
- North Lincs H&S Group – Outstanding Safety Achievement Award
- International Bulk Journal Awards – People Development

In addition, the Group secured certification under ISO 22301 – Business Resilience for its Teesport operations.

### Key Performance Indicators

The Group uses Key Performance Indicators ("KPI's") to assess how it is performing against its objectives and overall strategy. These KPI's include both financial and non-financial metrics and are measured either on a Group level or on the basis of Group's most significant financial structure at the year-end. 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 subsidiary of the Company.

## Strategic Report (continued)

For the year ended 31 December 2022

### Key Performance Indicators (continued)

#### Health & Safety KPI's

KPI name	All Accidents (AA)	Lost Time Incident Frequency Rate (LTIFR)
KPI result	2022: 44 (2021: 27)	2022 : 0.93 (2021: 0.63)
Definition	Total number of accidents occurring to direct employees and agency employees across the Group in the year. Accidents are incidents that occur in the workplace and lead to the requirement for first aid or other medical treatment.	Total number of Lost Time Incidents ("LTI") occurring to direct employees and agency employees across the Group, per 100 employees. This metric of accident rates per 100 employees is that adopted by the UK port sector. Direct employees is defined as the median of those employed at the beginning of the year and at the end of the year. An estimated 5% of port operational numbers is added to reflect average numbers of agency employees deployed.
Why we measure	Safety is the Group's first Core Value. These metrics track our health and safety performance and are communicated across the Group to all employees.	
Comment	The number of All Accidents in the group increased to 44 in the year driven primarily by an increase within the Minor Accident category. Minor accidents are those that, whilst requiring some form of first aid, did not result in any lost time. The number of Lost Time Incidents increased from 9 to 14 in the year with a corresponding increase in the LTIFR to 0.93. However, the underlying three year rolling average LTIFR reduced from 0.95 to 0.87. Our core health and safety metrics remain significantly better than the UK Ports industry comparative LTIFR of 1.26, published by Port Skills and Safety Limited. That said, the Group will continue its focus and drive to improve all aspects of Health, Safety and Wellbeing.	

The KPI's disclosed below represent the covenants in relation to the Group's Syndicated Banking Facilities, which were in place during the year and prior year.

#### Financial KPI's

KPI name	Lender EBITDA	Lender Leverage Ratio
KPI result	2022: £57.3m (2021: £56.5m)	2022: 9.43 (2021: 7.87)
Definition	Lender Earnings before Interest, Tax, Depreciation and Amortisation ("Lender EBITDA"), representing the defined metric in the Syndicated Banking Facilities Agreement, comprising the consolidated profit before tax of the Group, excluding depreciation, amortisation, revaluation and other specified items and including interest receivable.	Ratio of Total Net Debt to Lender EBITDA in respect of the Group's consolidated results.
Why we measure	Lender EBITDA is our key financial performance metric and represents a measure of cash flow generated by the operational activities. It is the principal financial covenant in the Group's borrowings.	The Syndicated Banking Facilities represent the material element of the Group's long term financing, and the leverage ratio is the primary financial covenant under their terms of issue. It is reported quarterly to investors.
Comment	Lender EBITDA increased marginally compared with the prior year. After adjusting for the one-off back rents recognised in the year and the discretionary bonus payment made, underlying Lender EBITDA was flat year on year.	The increase in Lender Leverage Ratio reflected the higher debt balance at year end. This was driven by the refinancing during the year. Debt at the balance sheet date substantially comprised a term loan of £540m, the proceeds of which were partly used to repay the balance on the previous facilities, which at the previous year end totalled £426m.

## Strategic Report (continued)

For the year ended 31 December 2022

### Key Performance Indicators (continued)

#### Volumetric KPI's

KPI name	River volumes (million tonnes "mtes")	Unitised volumes in Teesport
KPI result	2022: 25.4mtes (2021: 26.8 mtes)	2022: 319,000 units (2021: 348,000 units)
Definition	Total volumes of imports and exports using the River Tees.	Sum of all import and export units handled by our unitised terminals.
Why we measure	Measure of total volumes through our main operating asset, PD Teesport, which is the Statutory Harbour Authority for the Port of Tees and Hartlepool.	The Group has invested significantly in its infrastructure for unitised volumes to attract additional volumes in a competitive market.
Comment	<p>River volumes reduced by 5.2% in 2022, largely due to reduction in unitised volumes as described under Unitised volumes in Teesport.</p> <p>Provisional DfT port freight statistics for the 20 largest UK ports show total annual tonnage in 2022 grew by 4.0%.</p>	<p>Our total unitised volumes decreased by 8.3% in 2022. This reflected a fall in RoRo container volumes driven by the declining market share of P&amp;O, as our primary RoRo customer. In response to this we have secured a new service which will be operated by CLdN to run alongside the existing P&amp;O service.</p> <p>We saw a reduction in LoLo volumes, primarily as a consequence of the ongoing conflict in Ukraine. A significant portion of our volume comes from the Baltic states, including Russia, so the conflict has impacted us more than other UK ports.</p> <p>Provisional DfT port freight statistics for the 20 largest UK ports shows that total unitised volume in 2022 grew by 9.6%.</p>

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risk is considered to be the maintenance of the channel on the River Tees to allow the continuing effective operation of Teesport. This risk is managed through the operation of a robust maintenance and dredging programme with regular surveying of the river. The Group finances its activities with a combination of borrowings and cash. Other financial assets and liabilities, such as trade debtors and creditors, arise directly from the Group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out below.

#### Liquidity risk

The Group aims to mitigate the risk by managing cash generated by operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts and by negotiating debt facilities with external lenders to provide additional funding for working capital and investment.

#### Credit risk

Risk of exposure to external credit risk is deemed low given the Group trades with a wide variety of customers and hence does not have significant working capital tied up in any single counter-party.

#### Financial risk

The Directors consider that the risk of exposure to changes in interest rates is low given that the Group's external borrowings have either fixed interest rates or an interest rate cap in place. More information on how the Group manages financial risks can be found in note 19 to these Financial Statements.



## Strategic Report (continued)

For the year ended 31 December 2022

### 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.

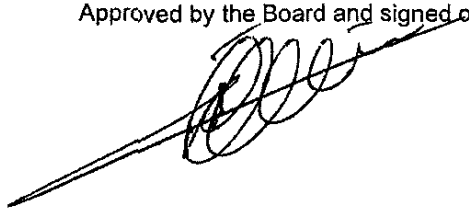
### Risk monitoring and management

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.

### Future developments

The Directors consider that the Group is well placed to deliver long-term growth in its earnings, given the positive future impact both of contracts that it has already secured and of the significant investments that it and its current and future customers have made in their infrastructure. It is expected that, as global trade continues to recover and, with the Group's continued investment in its operations, the Group's volumes and revenues for the year ending 31 December 2023 will continue their trend of long term growth.

Approved by the Board and signed on its behalf by:



J F Calje  
Director

17-27 Queens Square  
Middlesbrough  
TS2 1AH  
United Kingdom

05 April 2023

## Directors' Report

For the year ended 31 December 2022

### Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Consolidated 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 group financial statements in accordance with United Kingdom adopted International Accounting Standards. 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 the Group and of the profit or loss of the Group for that period.

In preparing these Financial Statements, International Accounting Standard 1 requires that directors:

- 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity'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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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

The Directors of the Company who served during the year and subsequently to the date of this report were as follows:

G Montesi	
P L Sim	(resigned 18 March 2022)
D J Robinson	(resigned 13 December 2022)
J F Calje	
J M Hopkinson	
F Ortiz	(resigned 20 January 2022)
F Martinez-Caro	(appointed 20 January 2022)
R Lumlock	(appointed 11 March 2022)

Details of the Directors' remuneration are set out in note 6 to the Financial Statements.

## Directors' Report (continued)

For the year ended 31 December 2022

### Dividends

The Company declared and paid dividends of £155.65 per ordinary share (2021: £74.63 per ordinary share), totalling £73,000,000 during the year (2021: £35,000,000). Since the year end, the Company has not proposed, declared or paid any further dividends.

### 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 as opposed to in this report:

- Principal activity and business review;
- Principal risks and uncertainties, including financial risk management objectives and policies; and
- Future developments; and
- Key performance indicators.

### Charitable and political donations

The Group made charitable donations of £72,627 during the year (2021: £88,976) for a variety of charitable purposes. No political contributions were made in either year.

### Employee engagement

The Statement on Employee Engagement is included in the s172 disclosures within the Strategic Report on pages 2-8.

### Business Relationships

The Statement on Business Relationships is included in the s172 disclosures within the Strategic Report on pages 2-8.

### Streamlined Energy and Carbon Reporting

The Group is ISO 50001 accredited, and as disclosed in the Strategic Report, is focussed on reducing its carbon footprint and are continuously looking at initiatives to reduce energy consumption, and has a target to achieve Carbon Neutrality, in our Teesport operations, in UK Government scopes 1 and 2 by 2027.

PD Ports has achieved its target to reduce emissions produced by its PD Teesport operations from 2019 levels (approximately 11,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e)) to a level below the quantity of tCO<sub>2</sub>e emitted by Teesport in 2000 (a target of approximately 3,723 tonnes tCO<sub>2</sub>e) by 2023.

PD Ports is actively focusing on adopting new systems and technology to reduce emissions in a cost effective manner, which also helps us to continue reducing our impact on the environment and make our operations at Tees Dock and Hartlepool carbon neutral by 2027.

## Directors' Report (continued)

For the year ended 31 December 2022

### Streamlined Energy and Carbon Reporting (continued)

The areas of focus are to:

- Develop a strategy for reducing idling time on our plant and equipment, different solutions are required for different equipment and operations reduce energy usage;
- Assessment of equipment utilisation, age, and condition to determine the useful economic life is concluded and equipment is being transferred, mothballed, or scrapped as the outcome;
- The replacement of diesel fuel with hydrotreated vegetable oil (HVO) is 70% complete (Teesport operations);
- Initiative to reduce energy use where possible, including LED lighting schemes, Solar power, and liquid fuel saving initiatives is in progress;
- PD are working to replace HVO with Hydrogen as a mobile plant fuel; and
- Increase the energy performance of our buildings.

During the year, the energy efficient actions taken were to:

- 4 x Kone Rubber Tyred Gantry (RTG) cranes are now fully converted to electric from diesel;
- Other Plant - Diesel powered steam cleaning equipment at Tees and Hartlepool replaced with electric powered systems;
- All heating units have been converted to Kerosene (emission and cost reduction);
- 5 x Electric site vehicles have been delivered; and
- Company cars are now hybrid – electric, or fully electric.

A carbon footprint corresponds to the whole amount of greenhouse gases (GHG) produced to, directly and indirectly, support a company's activities. Carbon footprints are usually measured in equivalent tons of CO<sub>2</sub>, during the period of a year.

The GHGs whose sum results in a carbon footprint can come from the production and consumption of fossil fuels, food, manufactured goods, materials, roads or transportation. And despite its importance, carbon footprints are difficult to calculate exactly due to poor knowledge and short data regarding the complex interactions between contributing processes. Although it is difficult to calculate it is the best comparable indicator for emissions that we have.

The Group computes its carbon footprint on a commodity by commodity basis using consumption data available calculated against Government published conversion factors for each commodity.

Consumption data is provided through the use of automated metering systems such as Tri-Scan for Gas Oil dispensed at fuel pumps, Masternaut for DERV consumed by road going HGV fleets and Metering data provided by Schneider Electric for electricity supply.

Where automated metering data is not available, consumption data from supplier billing is used to collate energy use. For each commodity, the consumption data is converted to Tonnes of Carbon Dioxide Equivalent (tCo<sub>2</sub>e) using the applicable annual conversion factors published by the Government for Greenhouse Gas Emissions.

Scope 1 and Scope 2 emissions are included in the calculation. Scope 3 emissions are not currently calculated.

## Directors' Report (continued)

For the year ended 31 December 2022

### Streamlined Energy and Carbon Reporting (continued)

The annual GHG emissions for the year ended 31 December 2022 was 22,370 tonnes (2021: 19,925 tonnes), comprising scope 1 of 19,986 tonnes (2021: 17,033 tonnes) and scope 2 of 2,384 tonnes (2021: 2,892 tonnes). The annual energy consumption for the year ended 31 December 2022 was 94,873,847kWh (2021: 80,636,405kWh). The Group converts energy consumption into tCO<sub>2</sub>e using approved conversion factors and monitors its energy consumption against port operations turnover. For the year ended 31 December 2022 the Scope 1 ratio of tCO<sub>2</sub>e/£'000 was 0.140 (2021: 0.141) and the Scope 2 ratio of tCO<sub>2</sub>e/£'000 was 0.017 (2021: 0.024). In total, the ratio of tCO<sub>2</sub>e/£'000 was 0.157 (2021: 0.165).

### Auditor and disclosure of information to auditor

Each Director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report as defined in the Companies Act 2006) of which the Group'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 Group'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.

### 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.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, financing and position are set out in the Strategic Report on pages 2-8, which also sets out the principal risks and uncertainties facing the Group and Company.

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 the 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.

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 has a maturity date of July 2024, with no capital repayments due until that date.

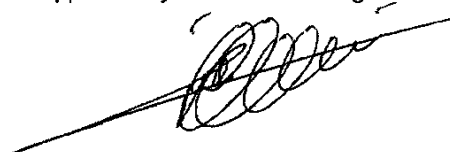
**Directors' Report (continued)**  
For the year ended 31 December 2022

**Going concern (continued)**

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 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:



J F Calje  
17- 27 Queens Square  
Middlesbrough  
TS2 1AH, United Kingdom

05 April 2023

Independent Auditor's Report  
For the year ended 31 December 2022

**Independent Auditor's Report to the Members of PD Ports Limited**  
**Report on the audit of the financial statements**

**Opinion**

In our opinion:

- the Financial Statements of PD Ports Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31<sup>st</sup> December 2022 and of the group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the requirements of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Total Comprehensive Income;
- the Consolidated and Parent Company Balance Sheet;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated and Parent Company Cash Flow Statement;
- the Statement of Accounting Policies; and
- the related Notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted International Accounting Standards and, as regards the parent company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (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**

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

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## Independent Auditor's Report (continued)

For the year ended 31 December 2022

### Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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 this regard.

### 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report (continued)

For the year ended 31 December 2022

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Financial Statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the rights and obligations established through statute, the Tees and Hartlepool's Port Authority Act 1966, environmental regulations and health and safety regulations.

We discussed among the audit engagement team, including internal specialists such as tax, pensions, IT and share-based payments regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the Financial Statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- revenue recognition; focussed on those parts of the revenue contracts which are more complex in nature, namely minimum volume clauses, and challenged the revenue recognition principles applied. We challenged the accuracy of inputs applied in making the estimate and, where relevant, the reasonableness of any judgements made in assessing the recognition of revenue.

## **Independent Auditor's Report (continued)**

For the year ended 31 December 2022

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing Financial Statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **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 group and of the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## Independent Auditor's Report (continued)

For the year ended 31 December 2022

### 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.



**Stephen Pratt CA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

Edinburgh

United Kingdom

05 April 2023

## Consolidated Income Statement

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Continuing operations</b>			
Revenue	1	204,986	179,459
Other operating income	1	1,137	1,181
Employee benefits expense	6	(66,595)	(53,448)
Direct costs		(69,357)	(53,987)
Depreciation and amortisation expense	5	(26,571)	(23,092)
Other operating expenses		(15,260)	(12,582)
<b>Operating profit</b>		<b>28,340</b>	<b>37,531</b>
Other gains	3	5,690	9,887
Interest receivable and other similar income	1	28	3
Interest payable and similar charges	4	(28,525)	(17,544)
<b>Profit before taxation</b>	5	<b>5,533</b>	<b>29,877</b>
Taxation	7	(1,795)	(29,101)
<b>Profit for the year</b>		<b>3,738</b>	<b>776</b>

## Consolidated Statement of Total Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Profit for the year		3,738	776
<b>Other comprehensive income:</b>			
Actuarial gain on defined benefit pension schemes	27	12,641	22,733
Revaluation of freehold and leasehold land and buildings		-	27,183
Tax relating to defined benefit pension schemes	20	(3,161)	(3,286)
Tax relating to revaluation of freehold and leasehold land and buildings	20	-	(4,942)
<b>Total comprehensive income for the year</b>		<b>13,218</b>	<b>42,464</b>

All of the items included in the Total Comprehensive Income for the year, excluding the profit for the year, are items which will not be subsequently reclassified to Profit or Loss.

## Balance Sheet

As at 31 December 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Non-current assets</b>					
Other intangible assets	9	213,734	213,880	-	-
Property, plant and equipment	10	395,693	370,554	-	-
Right-of-use assets	11	11,858	11,782	-	-
Investment property	12	236,498	230,388	-	-
Investment in subsidiaries	13	-	-	72,100	72,100
Other receivables	15	4,624	6,069	-	-
Retirement benefit assets	27	15,050	873	-	-
		<b>877,457</b>	<b>833,546</b>	<b>72,100</b>	<b>72,100</b>
<b>Current assets</b>					
Inventories	14	349	263	-	-
Trade and other receivables	15	50,315	41,479	2	2
Cash and cash equivalents		13,205	2,961	1,047	-
		<b>63,869</b>	<b>44,703</b>	<b>1,049</b>	<b>2</b>
<b>Total assets</b>		<b>941,326</b>	<b>878,249</b>	<b>73,149</b>	<b>72,102</b>
<b>Current liabilities</b>					
Trade and other payables	16	37,469	30,373	33,083	35,324
Current tax payable		2,096	3,478	-	-
Borrowings	17	5,227	3,866	-	-
Deferred revenue	21	1,131	1,181	-	-
		<b>45,923</b>	<b>38,898</b>	<b>33,083</b>	<b>35,324</b>
<b>Non-current liabilities</b>					
Borrowings	18	594,558	485,325	-	-
Deferred tax liabilities	20	106,409	102,891	-	-
Deferred revenue	21	23,995	22,063	-	-
Provisions	20	181	319	-	-
Retirement benefit obligations	27	-	1,935	-	-
		<b>725,143</b>	<b>612,533</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>771,066</b>	<b>651,431</b>	<b>33,083</b>	<b>35,324</b>
<b>Net assets</b>		<b>170,260</b>	<b>226,818</b>	<b>40,066</b>	<b>36,778</b>

## Balance Sheet (continued)

As at 31 December 2022

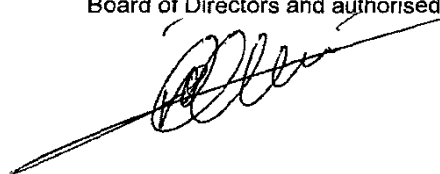
	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Shareholders' equity</b>					
Ordinary share capital	23	1	1	1	1
Share premium account	24	1,287	-	1,287	-
Retained earnings		67,457	125,302	38,778	36,777
Revaluation reserve		101,515	101,515	-	-
<b>Equity attributable to equity holders of the parent</b>		<b>170,260</b>	<b>226,818</b>	<b>40,066</b>	<b>36,778</b>

The accompanying notes are an integral part of the Financial Statements.

As permitted by section 408 of the Companies Act 2006, the Company's Profit and Loss Account has not been included in these Financial Statements.

In the current the year the Company made a profit of £75,001,000 (2021: £nil).

The Financial Statements of PD Ports Limited, (registered number 06928227) on pages 19 to 71 were approved by the Board of Directors and authorised for issue on 05 April 2023 and signed on its behalf by:



J F Calje  
Director

# Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

	Notes	Called up Share Capital £'000	Share Premium Account £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
<b>Group</b>						
<b>At 1 January 2021</b>		<b>1</b>	<b>-</b>	<b>140,079</b>	<b>79,274</b>	<b>219,354</b>
Profit for the year		-	-	776	-	776
Actuarial gain on defined benefit schemes	27	-	-	22,733	-	22,733
Revaluation of freehold and leasehold land and buildings	10	-	-	-	27,183	27,183
Deferred tax relating to actuarial gain on defined benefit schemes	20	-	-	(3,286)	-	(3,286)
Deferred tax relating to revaluation of freehold and leasehold land and buildings	20	-	-	-	(4,942)	(4,942)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>20,223</b>	<b>22,241</b>	<b>42,464</b>
Dividends paid	25	-	-	(35,000)	-	(35,000)
<b>At 31 December 2021</b>		<b>1</b>	<b>-</b>	<b>125,302</b>	<b>101,515</b>	<b>226,818</b>
Profit for the year		-	-	3,738	-	3,738
Actuarial gain on defined benefit schemes	27	-	-	12,641	-	12,641
Deferred tax relating to actuarial gain on defined benefit schemes	20	-	-	(3,161)	-	(3,161)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>13,218</b>	<b>-</b>	<b>13,218</b>
Allotment of shares		-	1,287	-	-	1,287
Credit to equity for share based payments	22	-	-	1,937	-	1,937
Dividends paid	25	-	-	(73,000)	-	(73,000)
<b>At 31 December 2022</b>		<b>1</b>	<b>1,287</b>	<b>67,457</b>	<b>101,515</b>	<b>170,260</b>

# Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2022

	Notes	Called up Share Capital £'000	Share Premium Account £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
<b>Company</b>						
<b>At 1 January 2021</b>		<b>1</b>	-	<b>71,777</b>	-	<b>71,778</b>
Total comprehensive expense		-	-	-	-	-
Dividends paid	25	-	-	(35,000)	-	(35,000)
<b>At 31 December 2021</b>		<b>1</b>	-	<b>36,777</b>	-	<b>36,778</b>
Total comprehensive expense		-	-	75,001	-	75,001
Allotment of shares	23	-	1,287	-	-	1,287
Dividends paid	25	-	-	(73,000)	-	(73,000)
<b>At 31 December 2022</b>		<b>1</b>	<b>1,287</b>	<b>38,778</b>	-	<b>40,066</b>



## Cash Flow Statements

For the year ended 31 December 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Net cash flows from/(used in) operating activities</b>	(i)	<b>28,259</b>	<b>34,306</b>	<b>(240)</b>	<b>35,000</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(45,683)	(25,108)	-	-
Proceeds from disposal of property, plant and equipment		133	(4)	-	-
Purchase of intangible assets		(431)	(658)	-	-
Proceeds from disposal of right of use asset		39	-	-	-
Government grants received		4,070	-	-	-
Dividends received		-	-	73,000	-
<b>Net cash used in investing activities</b>		<b>(41,872)</b>	<b>(25,770)</b>	<b>73,000</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(456,763)	(21,183)	-	-
Loans raised		563,000	42,800	-	-
Fees paid on loans raised		(7,125)	-	-	-
Lease liabilities repaid		(3,542)	(3,107)	-	-
Dividends paid		(73,000)	(35,000)	(73,000)	(35,000)
Government grants received		-	460	-	-
Proceeds from share allotment		1,287	-	1,287	-
<b>Net cash from/(used in) financing activities</b>		<b>23,857</b>	<b>(16,030)</b>	<b>(71,713)</b>	<b>(35,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,244</b>	<b>(7,494)</b>	<b>1,047</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		2,961	10,455	-	-
<b>Cash and cash equivalents at the end of the year</b>	(ii)	<b>13,205</b>	<b>2,961</b>	<b>1,047</b>	<b>-</b>

Notes to the Cash Flow Statement  
For the year ended 31 December 2022

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
(i) Profit/(loss) for the year	3,738	776	75,001	-
Adjustments for:				
Finance costs	28,497	17,541	(1)	-
Tax charge	1,795	29,101	-	-
Depreciation of property, plant and equipment	25,994	22,632	-	-
Amortisation of intangible assets	577	460	-	-
Amortisation of Government grants	(1,137)	(1,181)	-	-
Share based payment (credit)/charge	1,937	(5,199)	-	-
Defined benefit pension service costs	221	147	-	-
Increase in fair value of investment property	(5,690)	(9,887)	-	-
(Gain)/loss on disposal of property, plant and equipment	(79)	24	-	-
Profit on disposal of right-of-use assets	(53)	(9)	-	-
Dividends received	-	-	(75,000)	-
Operating cash flows before movements in working capital	55,800	54,405	-	-
(Increase)/decrease in inventories	(86)	(77)	-	-
(Decrease)/increase in receivables	(7,529)	3,035	-	-
(Decrease)/increase in payables	3,753	(548)	(241)	35,000
Cash generated from/(used in) operations	51,938	56,815	(241)	35,000
Income taxes paid	(2,820)	(3,300)	-	-
Defined benefit pension contributions	(3,679)	(4,261)	-	-
Interest paid	(16,514)	(14,214)	1	-
Interest on right-of-use assets	(666)	(734)	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>28,259</b>	<b>34,306</b>	<b>(240)</b>	<b>35,000</b>
	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
(ii) <b>Cash and cash equivalents</b>				
Cash and bank balances	13,205	2,961	1,047	-
	<b>13,205</b>	<b>2,961</b>	<b>1,047</b>	<b>-</b>

Cash and cash equivalents comprise cash and bank balances. Neither the Group nor the Company had any outstanding bank overdrafts. The carrying amount of these assets is equal to their fair value.

Notes to the Cash Flow Statement (continued)  
For the year ended 31 December 2022

	As at 1 January 2022 £'000	Cash flow £'000	Other non-cash changes £'000	As at 31 December 2022 £'000
iii) <b>Changes in liabilities arising from financing activities</b>				
Bank borrowings due after more than one year (note 18)	476,233	99,112	10,162	585,507
Bank borrowings due within one year	188	-	7	195
Lease liabilities due within one year	3,018	(3,542)	3,735	3,211
Lease liabilities due after more than one year	9,092	-	(41)	9,051
<b>Net financial liabilities</b>	<b>488,531</b>	<b>95,570</b>	<b>13,863</b>	<b>597,964</b>

Other non-cash changes include capitalised interest, fee amortisation along with the effect of interest and additions under IFRS16.

## Statement of Accounting Policies

For the year ended 31 December 2022

The principal accounting policies, all of which have been applied consistently throughout the year, are set out below:

### General information and basis for preparation

The Company is incorporated as a private company limited by shares, in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of its Registered Office is disclosed on page 13. The nature of the Company and its subsidiaries' principal activities are set out in the Strategic Report on pages 2-8.

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

The Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Companies incorporated in the UK that previously were required to use EU-adopted IFRS are required to apply UK-adopted international accounting standards for financial periods beginning on or after 1 January 2021. As at adoption the standards are identical. The Directors have taken advantage of the exemption offered by Section 408 of the Act not to present a separate Income Statement for the Company. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and land and buildings. The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

### Parent Company Guarantee

For the year ending 31 December 2022 the following subsidiaries of the Company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to the subsidiary companies.

Subsidiary name	Companies House registration number
PD Freight Solutions Limited	01008205
PD Ports Humber Limited	06277161
PD Ports Group Limited	02033149
PD Portco Limited	04179797
PD Logistics Limited	01422772
THPA Finance Limited	00108700
Ports Holdings Limited	04179785
PD Shipping & Inspection Services Limited	00568662
PD Ports Properties Limited	01336570
PD Ports Hull Limited	00320739
PD Intermodal Solutions Limited	06429115
Groveport 2012 Limited	07685825
Groveport Logistics Limited	05410792
PD Group Management Limited	02285556
PD Port Services Limited	01233997
PD Ports Finance Limited	00436830
PD Ports Management Limited	05083373

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Parent Company Guarantee (continued)

#### Subsidiary name

Tees and Hartlepool Pilotage Company Limited

THPA Group Services Limited

#### Companies House registration number

00166771

03336386

### Going concern

*The Financial Statements have been prepared on the going concern basis. Further details can be found in the Directors' Report on pages 9-13.*

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the Statement of Accounting Policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. In making these judgements, estimates and assumptions, the Directors have taken account of the conclusions of the going concern assessment referred to in the *Director's Report in making these judgements, estimates and assumptions.*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### a) Critical judgements in applying the Group's accounting policies

Apart from those involving estimations (which are set out separately below), the Directors have not made any critical judgements in the process of applying the Group's accounting policies which have had a significant effect on the amounts recognised in the Financial Statements.

#### b) Key source of estimation uncertainty – Assumptions regarding pension scheme valuations

The Group operates defined benefit pension schemes in the United Kingdom that are accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the Financial Statements. These actuarial assumptions include discount rates, expected salary and pension increases, inflation and life expectancy and are disclosed in note 27 below. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. The defined benefit obligation is calculated annually for each scheme by using the Projected Unit Credit Method with actuarial valuations.

Whilst the Group believes that the actuarial assumptions are appropriate, any significant changes to those used would affect the Balance Sheet and Income Statement. The Group considers that the most sensitive assumptions are the discount rate, inflation and life expectancy, and the impact of the sensitivities on the defined benefit Schemes' net liability, all of which are detailed in note 27.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### c) Key source of estimation uncertainty – Assumptions regarding land and building valuations

As disclosed in the Statement of Accounting Policies, the Group undertakes a revaluation of its freehold and leasehold land and buildings on a triennial basis and of its Investment Properties on an annual basis. The valuations are performed by an appropriately qualified valuer. The valuation utilises various assumptions, the most sensitive of which are concluded to be those relating to yields, tenant covenant strength, replacement cost of assets and future economic lives of assets. Whilst the Group considers that the assumptions in the valuation are appropriate, any significant changes to those assumptions would affect the final valuation number. The impact of any such changes would be an increase or decrease in the valuation of Investment Property and Property, Plant and Equipment on the Balance Sheet, together with changes to Deferred Taxation dependent on the specific assets affected, with equivalent opposite movements in the Income Statement or Statement of Total Comprehensive Income as required.

### d) Key source of estimation uncertainty – Receivables

The Group has an outstanding receivable balance due of £3.6m, which is now reasonably past due its agreed payment date. Due to the certain specific circumstances impacting the counterparty there is uncertainty over the initial timing of recoverability of this amount. The Directors' have assessed the evidence available up to the date of signing the Financial Statements and as a result determined that no impairment is required in relation to this balance as full recovery is expected. If there were further currently unforeseen or unexpected events occurring, there is a very limited chance of potential future impairment in the next financial period.

### Fair value measurements

For financial reporting purposes, fair value measurements are categorised into 3 levels, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value measurements have been used to compute the valuation of investment properties and some land and buildings.

The fair value measurement hierarchy for some of these are Level 3. There were no transfers between Levels 1, 2 or 3 during the year.

Descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

#### a) Valuation techniques used to derive Level 3 fair values

The valuations have been prepared on the basis of fair market value which is defined in the Red Book as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Fair value measurements (continued)

#### b) Unobservable inputs

The key unobservable inputs in the property valuation are the yields, both net equivalent yield and net initial yield, and the ERV (Estimated Rental value).

### Adoption of new or revised standards

#### Future adoption of new or revised standards

The Group has not adopted any significant new or revised standard or interpretation in the Financial Statements. The release of new or revised standards or interpretations will continue to be reviewed and disclosed where there is expected to be a material impact on the Group's financial statements in future years.

### Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and the entities controlled by the Company and its subsidiaries. The results of subsidiaries are consolidated from the date at which their control passed to the Group or up to the effective date of disposal, as appropriate. On acquisition, all of a subsidiary's assets, liabilities and contingent liabilities at that date are recorded in the Group Balance Sheet at fair value.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an intangible asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually, and any impairment is recognised immediately in profit or loss and is not subsequently reversed. If the fair value of the assets, liabilities and contingent liabilities exceed the cost of the acquisition, the fair values determined and the measurement of the cost of acquisition are reassessed. Having completed this reassessment, any excess remaining (also known as negative goodwill) is recognised immediately by crediting the Income Statement for the period in which the acquisition took place.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the future cash generating capacity of the respective unit may have been reduced. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the consequent impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Intangible assets

Separately identifiable intangible assets acquired through business combinations are capitalised at the fair value of the asset at the acquisition date. Fair value is based upon a discounted cash flow valuation of the income generated by the asset, using an appropriate discount rate based on the estimated weighted average cost of capital. The fair value of separately identifiable intangible assets includes the Tax Amortisation Benefit, which is not amortised. The useful lives of such assets are estimated, and, if the asset is considered to have an indefinite life, it is not amortised, but is subject to an annual impairment review. Computer software is capitalised and amortised over its expected life where it is considered non integral to any related hardware and is not considered to be a service agreement.

Amortisation is provided on a straight line basis, at rates calculated to write off the cost of each asset, less the associated Tax Amortisation Benefit, over its expected life, which are as follows:

Statutory Harbour Authority ("SHA") Right	Indefinite life
Computer software	5 years
Customer relationships	3 years

### Property, plant and equipment

Land and buildings are stated in the Balance Sheet at fair value, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The carrying values of individual freehold land and buildings (other than investment properties) are considered every year and, where the Directors identify any significant changes, an interim valuation is undertaken. Full professional valuations are obtained from an external valuer every three years. The valuation is based upon either open market values or depreciated replacement cost, depending upon the respective specific assets. The surplus or deficit on book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the Income Statement. A deficit which represents a clear consumption of economic benefits is charged to the Income Statement regardless of any such previous surplus. Revaluation amounts are firstly offset against accumulated depreciation with any surplus used to increase cost.

Fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset, over its expected useful life, which are with the following ranges:

Freehold land	Not depreciated
Freehold buildings	5-50 years
Leasehold land and buildings	Over terms of the leases
Operational structures, plant and machinery	2-25 years
Fixtures, fittings, tools and equipment	3-10 years
Assets in the course of construction	Not depreciated



## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### **Impairment of tangible and intangible assets**

At each Balance Sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised as an expense immediately and a reversal of an impairment loss is recognised as income immediately.

### **Right-of-use assets**

Right-of-use assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset, over the short of its expected useful life and lease term, which are with the following ranges:

Leasehold land and buildings	Over terms of the leases
Operational structures, plant and machinery	2-25 years
Fixtures, fittings, tools and equipment	3-10 years

### **Investment properties**

Investment properties are stated at their fair value on a market comparable basis at the Balance Sheet date, as determined by a valuation undertaken annually by independent professionally qualified valuers. Gains or losses arising from changes in the fair value of the investment properties are included in the Income Statement for the year in which they arise.

### **Investments**

Investments are initially measured at cost, including transaction costs. At each Balance Sheet date, the carrying value of investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Any consequent impairment loss on reversal of an impairment loss is recognised immediately in the Income Statement.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing each item to its present location and condition is based on purchase cost on a first-in, first-out basis, including transport. Provision is made for obsolete, slow-moving or defective items, where appropriate.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### **Trade receivables and financial assets**

Trade receivables do not carry interest and are stated at their nominal value, as reduced by appropriate allowances for expected credit losses and estimated irrecoverable amounts. The carrying value is equivalent to fair value.

Financial assets are assessed for indicators of impairment at each Balance Sheet date, and are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of financial assets, including uncollectable trade receivables, is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement.

### **Trade payables**

Trade payables are not interest-bearing and are stated at their nominal value. The carrying value of trade payables is equivalent to fair value.

### **Financial instruments**

Financial assets and liabilities are recognised when the Company 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**

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through the income statement, fair value through other comprehensive income or amortised cost as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs. The company's financial assets include trade and other receivables. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost. The company recognises a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The company always recognises lifetime ECL (expected credit losses) for trade receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Financial instruments (continued)

#### (b) Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified at amortised cost or at fair value through the income statement as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Obligations for loans and borrowings and trade creditors are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost. Financial liabilities are derecognised when the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the liability derecognised and the consideration paid or payable is recognised in the Income Statement.

#### (c) Finance charges

Finance charges, including direct issue costs, are accounted for on an accruals basis, using the effective interest method and are amortised to the Income Statement over the life of the associated loans.

### Provisions for liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

Each year, the Group accrues an amount necessary to cover estimated obligations resulting from incidents. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures.

### Grants and contributions

Capital grants and contributions relating to tangible fixed assets are treated as deferred income and amortised in the Income Statement over the expected useful economic lives of the relevant assets. Other grants and contributions are credited to the Income Statement as the related expenditure is incurred.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the total amount receivable for services provided in the normal course of business, including property rentals, conservancy dues, handling charges, warehousing and logistics activities and other shipping activities. Such amounts are calculated net of discounts, VAT and other sales-related taxes. Some services provided to the Group's customers contain one or more performance obligations. Revenue is recognised on completion of each of these performance obligations. The determination of the transaction price is based on pricing as agreed with the customer. In certain circumstances the revenue recognised in respect of services provided maybe different to the amounts billed to the Group's customers. Any differences between the revenue recognised and the billed amount is included in either prepayments and accrued income or deferred income and accruals.

Operating lease income is accounted for on a straight-line basis over the term of the relevant lease. For property leases which contain rent review mechanisms, any change in the passing rent is recognised once it is contractually agreed, which may be either a result of negotiation between tenant and landlord or alternatively the conclusion of any third party resolution process as specified in the lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the rights to receive payment has been established.

### Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of transactions. At the Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on retranslation are included in the Income Statement for the year.

### Taxation

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

Current taxation 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 of such items are 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 Group's liability for current taxation is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### **Taxation (continued)**

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

*Deferred tax liabilities are recognised for taxable temporary 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 temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.*

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and 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.

### **Retirement benefit costs**

The Group provides pensions to its employees through both contributory final salary defined benefit schemes and contributory defined contribution schemes. The assets of the relevant schemes are held independently of the Group by trustee companies or are invested by professional fund managers.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the year in which they occur, and are recognised in the Statement of Total Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise amortised on a straight-line basis over the average period until the benefits become vested. The service cost of the retirement benefit provisions relating to the year, together with the costs of any benefits relating to prior service, is charged within employee benefits expenses. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset, and is recognised in net finance costs.

The asset or obligation recognised in the Balance Sheet represents the fair value of the scheme assets on a bid value basis less the present value of the defined benefit obligation.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## Statement of Accounting Policies (continued)

For the year ended 31 December 2022

### Leases

Assets held under finance leases, operating leases, hire purchase contracts and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets (right-of-use assets) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Income Statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. This is in accordance with IFRS 16 Leases.

Rentals under short term or low value operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### Operating profit

Operating profit is stated after crediting gains on sale of property, plant and equipment but before investment income, revaluation gains or losses on investment properties and finance costs.

### Dividends

Dividends payable are accounted for as they are declared.

### Share based payments

The Company has entered into share based payment arrangement for certain employees. These are comprised of both a cash settled element and an equity settled element.

The Company's share based payments are considered to be largely cash settled in the future as the Participating Employees, once fully vested, have a right to sell the majority of their shares to the Company. The value of the share based payments is calculated on an annual basis, using the methodology set out in the Company's Articles of Association, which is based upon a specific multiple of an earnings metric broadly equivalent to the Group's EBITDA for the year then ended and the value of debt at the year-end, including a preferential rate of return on loans from related parties. The consequent valuation, which can therefore vary materially from year to year dependent upon the Group's financial performance, is accrued at the balance sheet date as a liability, with a cost, equivalent to the change in the fair value of the liability, reflected in the Income Statement as an employment cost.

The value of the share based payments considered to be equity settled are measured at fair value at the date of grant. The fair value excludes the effect of non market-based vesting conditions. The fair value is determined by reference to the cash settled valuation at date of grant and the projected results of the Group on the date of grant, and is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The relevant expense is reflected in the company which bears the employment costs of the relevant Participating Employees.

None of the Participating Employees are employed by the Company which issued the Employee Shares, as a consequence the liability to purchase the shares from the Participating Employees is reflected in non-current liabilities in the balance sheet of the Company, with the commensurate value included in Investments in Subsidiaries within non-current assets.

## Notes to the Financial Statements

For the year ended 31 December 2022

### 1 Revenue and other income

An analysis of the Group's revenue and other income is as follows:

	Group 2022 £'000	Group 2021 £'000
<b>Continuing operations</b>		
Revenue from services provided	187,452	161,393
Investment property rental revenue	17,534	18,066
<b>Revenue</b>	<b>204,986</b>	<b>179,459</b>
Amortisation of Government grants	1,137	1,181
Other Government grant income (see note 6)	-	-
Interest receivable	15	3
Net interest income on defined benefit asset (see note 27)	13	-
	<b>206,151</b>	<b>180,643</b>

Interest receivable includes interest chargeable under the contractual terms of certain property leases.

### 2 Segmental information

An analysis of the Group's revenue, operating profit and assets and liabilities by business segment is shown below. Revenue arose wholly within the UK.

For management purposes, the Group is organised into two operating units: Conservancy and Property and Port Operations. These units are the basis on which the Group reports its primary segments.

	Group 2022 £'000	Group 2021 £'000
<b>Group revenue</b>		
Conservancy and Property	62,253	58,692
Port Operations	142,733	120,767
	<b>204,986</b>	<b>179,459</b>
<b>Operating profit</b>		
Conservancy and Property	41,072	41,644
Port Operations	14,380	10,405
	<b>55,452</b>	<b>52,049</b>
<b>Operating profit before central overheads</b>		
Unallocated central overheads	(27,112)	(14,518)
	<b>28,340</b>	<b>37,531</b>
<b>Operating profit</b>		
Other gains	5,690	9,887
Interest receivable and other similar income	28	3
Interest payable and similar charges	(28,525)	(17,544)
	<b>5,533</b>	<b>29,877</b>
<b>Profit before taxation</b>		
Taxation	(1,795)	(29,101)
	<b>3,738</b>	<b>776</b>

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**2 Segmental information (continued)**

	Group 2022 £'000	Group 2021 £'000
<b>Segmental analysis of Income Statement Items</b>		
<b>Depreciation and amortisation of fixed assets</b>		
Conservancy and Property	1,068	465
Port Operations	25,503	22,627
	<b>26,571</b>	<b>23,092</b>
<b>Amortisation of grants</b>		
Port Operations	1,137	1,181
<b>Segmental analysis of capital additions</b>		
Conservancy and Property	193	107
Port Operations	48,288	27,677
	<b>48,481</b>	<b>27,784</b>
<b>Segmental analysis of Net Assets</b>		
<b>Assets</b>		
Conservancy and Property	593,666	596,149
Port Operations	320,934	268,937
	<b>914,600</b>	<b>865,086</b>
<b>Liabilities</b>		
Conservancy and Property	(9,532)	(6,833)
Port Operations	(58,790)	(51,960)
	<b>(68,322)</b>	<b>(58,793)</b>
<b>Group Items</b>		
Retirement benefit obligations	15,050	(1,062)
Net borrowings	(596,068)	(486,882)
Other net assets	11,409	11,454
Deferred tax liabilities	(106,409)	(102,457)
	<b>(676,018)</b>	<b>(578,947)</b>
<b>Net assets</b>	<b>170,260</b>	<b>227,346</b>

**Company**

The Company's business is to invest in its subsidiaries and therefore it operates in a single segment.



Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**3 Other gains**

	Group 2022 £'000	Group 2021 £'000
Increase in fair value of investment properties	<b>5,690</b>	<b>9,887</b>

The fair value of the investment property at 31 December 2022 has been arrived at on the basis of a valuation carried out at that date by Jones Lang LaSalle IP Inc., Chartered Surveyors, on an open market basis (see note 12).

**4 Interest payable and similar charges**

	Group 2022 £'000	Group 2021 £'000
<b>Interest payable and similar charges</b>		
Bank loans	(15,885)	(10,192)
Interest payable to related parties	(4,414)	(3,725)
Right-of-use assets	(666)	(790)
Other interest payable	(7,560)	(2,493)
Net interest expense on defined benefit obligation (see note 27)	-	(344)
<b>Interest payable and similar charges</b>	<b>(28,525)</b>	<b>(17,544)</b>

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**5 Profit before taxation**

	Group 2022 £'000	Group 2021 £'000
Profit before taxation is stated after charging/(crediting):		
Employee benefit expense (see note 6)	66,407	53,448
Depreciation of property, plant and equipment:		
- owned	22,352	19,305
- right-of-use assets	3,642	3,327
Amortisation of intangible assets	577	460
(Gain)/loss on disposal of property, plant and equipment	(79)	24
Gain on disposal of right-of-use assets	(53)	(9)
Expenses relating to short term and low value assets	26	28
Cost of stock recognised as an expense	5,020	2,969
Rent receivable under operating leases	(28,077)	(24,848)
Movement in allowance for doubtful debts	149	402
Direct operating expenses of investment properties	3,783	2,234
Amortisation of government grants	(1,137)	(1,181)
	<u>Group 2022 £'000</u>	<u>Group 2021 £'000</u>
Auditor's remuneration was as follows:		
Fees payable to Company's auditor for the audit of the Company's financial statements	115	17
Fees payable to Company's auditor for the audit of the Company's subsidiaries	135	258
Total audit fees	<u>250</u>	<u>275</u>
Other audit services	-	-
	<u>250</u>	<u>275</u>

The auditor's remuneration for statutory audit services and other services in respect of the Company in the year and prior year were paid by another Group company.

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**6 Staff costs**

(a) Employee benefit expense was as follows:

	Group 2022 £'000	Group 2021 £'000
Wages and salaries	54,653	48,240
Social security costs	5,966	5,002
Retirement benefit costs:		
- Defined benefit schemes (note 27)	221	149
- Defined contribution schemes	5,755	5,256
Income arising from decrease in fair value of liability for Employee Shares (note 22)	-	(5,199)
	<b>66,595</b>	<b>53,448</b>

The average monthly number of employees was:

	Group 2022 Number	Group 2021 Number
<b>Cost of Sales</b>		
Conservancy and property	111	108
Port Operations	1,068	962
	<b>1,179</b>	<b>1,070</b>
Administration	284	274
	<b>1,463</b>	<b>1,344</b>

(b) Directors' remuneration:

Messrs Hopkinson and Calje were paid wholly by PD Ports Management Limited, which is a fellow group Company. The other Directors were not remunerated by any of the group companies. It is not practicable to determine the proportions of such emoluments which were attributable to these Directors' services to the Company. The total remuneration of the Directors of the Company paid by the Group for the period for which they served as directors is set out below:

	2022 £'000	2021 £'000
Emoluments	<b>730</b>	<b>767</b>

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**6 Staff costs (continued)**

(b) Directors' remuneration (Continued):

Amounts paid to the highest director

	2022 £'000	2021 £'000
Emoluments	<u>373</u>	<u>394</u>

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

**7 Taxation**

	Group 2022 £'000	Group 2021 £'000
<b>Current tax:</b>		
UK corporation tax on result for the year	(1,827)	(3,787)
UK corporation tax on prior years	<u>389</u>	<u>-</u>
	(1,438)	(3,787)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(481)	(25,408)
Prior year adjustments	<u>124</u>	<u>94</u>
	(357)	(25,314)
<b>Total taxation</b>	<u>(1,795)</u>	<u>(29,101)</u>
 Group profit before taxation	 <u>5,533</u>	 <u>29,877</u>
 Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	 (1,051)	 (5,677)
Effects of:		
Income not taxable	216	2,385
Expenses not deductible	(1,622)	(2,780)
Non-taxable items	245	-
UK transfer pricing	(96)	(95)
Change in standard rate on deferred taxation	-	(23,028)
Prior year adjustments	<u>513</u>	<u>94</u>
<b>Total taxation</b>	<u>(1,795)</u>	<u>(29,101)</u>

In addition to the taxation credit in the Income Statement, deferred tax relating to the movement on the pension asset amounting to £3,161,000 (2021: £3,286,000) has been debited to other comprehensive income. Deferred tax relating to the revaluation of freehold and leasehold land and buildings has also been charged to other comprehensive income totalling £nil (2021: £4,942,000).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022

## 7 Taxation (continued)

### 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%.

## 8 Dividends

	2022 £'000	2021 £'000
Dividends paid of £155.65 per ordinary share (2021: £74.63 per ordinary share)	73,000	35,000

## 9 Other intangible assets

Group	SHA Right £'000	Customer Relationships £'000	Computer Software £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	211,272	1,595	6,943	219,810
Additions	-	-	658	658
Disposals	-	-	(416)	(416)
At 31 December 2021	211,272	1,595	7,185	220,052
Additions	-	-	431	431
Disposals	-	-	(97)	(97)
At 31 December 2022	211,272	1,595	7,519	220,386
<b>Amortisation</b>				
At 1 January 2021	-	1,210	4,918	6,128
Charge for the year	-	-	460	460
Disposals	-	-	(416)	(416)
At 31 December 2021	-	1,210	4,962	6,172
Charge for the year	-	-	577	577
Disposals	-	-	(97)	(97)
At 31 December 2022	-	1,210	5,442	6,652
<b>Net book value</b>				
At 31 December 2022	211,272	385	2,077	213,734
At 31 December 2021	211,272	385	2,223	213,880

The Company has no intangible assets.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 9 Other intangible assets (continued)

The Statutory Harbour Authority ('SHA') Right on at the Balance Sheet was acquired as part of the acquisition of PD Ports Acquisitions (UK) Limited ("PDPAUK") in November 2009, and was recorded at its fair value on the acquisition date.

PD Teesport Limited is the SHA for the Port of Tees and Hartlepool in the north-east of England, and, as such, is responsible for the safe navigation of the vessels for 11 nautical miles on the River Tees. It operates within a regulatory framework, principally embodied in the Tees and Hartlepool's Port Authority Act 1966, in performing these functions. In return for these services, PD Teesport Limited is entitled to levy dues and other charges on all vessels using the River Tees. Dues are computed depending mainly on the vessel size and the quantity of cargo carried. The dues and associated pilotage charges are enforceable under the Harbours Act 1964 (UK) and PD Teesport Limited has statutory powers with regard to their collection.

The SHA Right recognised is not amortised as it is a right in perpetuity with an indefinite life. An impairment review is undertaken annually using the relevant extracts from the latest long-term financial projections prepared and approved by the Group. These are compiled using varying growth rates for changes in volumes, customer pricing and costs on the significant constituents of the Group's results over the next five years. The relevant cash flows are then extrapolated in perpetuity using a growth of 2% per annum, as an estimate of the long-term future inflation rate in the UK. The key sensitivities relating to the valuation include discount rates, changes to volumes prices and costs. Management estimate discount rates using the Group's weighted average cost of capital. The rate used to discount the forecast pre-tax cash flows for all CGUs is a pre-tax internal weighted average cost of capital of 6.86% (2021: 3.20%).

The intangible asset relating to Customer Relationships on the Balance Sheet represents the fair value of the customer relationships on the acquisition by the Company of PDPAUK Limited in November 2009, and includes the associated Tax Amortisation Benefits.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022

## 10 Property, plant and equipment

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Operational structures, plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2021	284,268	15,697	78,804	16,483	275	395,527
Additions	5,071	338	5,499	4,770	11,422	27,100
Disposals	-	-	(986)	(232)	-	(1,218)
Transfer between categories	2,540	-	(6)	545	(3,079)	-
Revaluation	(1,865)	(1,184)	-	-	-	(3,049)
Transfer to investment property	(392)	-	-	-	-	(392)
At 31 December 2021	289,622	14,851	83,311	21,566	8,618	417,968
Additions	14,668	440	15,329	5,407	11,701	47,545
Disposals	-	-	(745)	(521)	-	(1,266)
Transfer between categories	56	472	7,147	-	(7,675)	-
At 31 December 2022	304,346	15,763	105,042	26,452	12,644	464,247
<b>Depreciation</b>						
At 1 January 2021	18,439	894	36,899	3,307	-	59,539
Charge for the year	10,366	531	5,850	2,558	-	19,305
Disposals	-	-	(975)	(223)	-	(1,198)
Revaluation	(28,805)	(1,427)	-	-	-	(30,232)
At 31 December 2021	-	(2)	41,774	5,642	-	47,414
Charge for the year	12,551	569	5,976	3,256	-	22,352
Disposals	-	-	(701)	(511)	-	(1,212)
At 31 December 2022	12,551	567	47,049	8,387	-	68,554
<b>Net book value</b>						
At 31 December 2022	291,795	15,196	57,993	18,065	12,644	395,693
At 31 December 2021	289,622	14,853	41,537	15,924	8,618	370,554

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 10 Property, plant and equipment (continued)

Freehold land amounting to £77,314,000 (2021: £77,314,000) has not been depreciated.

The fair value of the freehold and leasehold land and buildings, has been arrived at on the basis of a triennial valuation carried out at 31 December 2021 by Jones Lang Lasalle IP Inc., independent chartered surveyors, on an existing use basis in line with the Group's accounting policy. The key assumptions and methods adopted during the valuation process are detailed in the critical accounting judgement and key sources of estimation uncertainty accounting policy on page 28.

The Directors are of the opinion that the disclosure of original cost and aggregate depreciation based on the cost of freehold land and buildings, included at valuation, cannot readily be ascertained. The Directors are also of the opinion that the cost and net book value of assets leased to third parties on operating leases cannot be readily ascertained. These disclosures have therefore been omitted.

The Company had no property, plant and equipment.



Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**11 Right-of-use Assets**

<b>Group</b>	<b>Leasehold land and buildings £'000</b>	<b>Operational structures, plant and machinery £'000</b>	<b>Fixtures, fittings, tools and equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 January 2021	4,038	10,787	769	15,594
Additions	-	5,353	198	5,551
Disposals	(100)	(2,775)	(97)	(2,972)
At 31 December 2021	3,938	13,365	870	18,173
Additions	142	3,379	261	3,782
Disposals	(419)	(1,408)	(533)	(2,360)
At 31 December 2022	3,661	15,336	598	19,595
<b>Depreciation</b>				
At 1 January 2021	624	3,727	340	4,691
Charge for the year	233	2,897	197	3,327
Disposals	(100)	(1,490)	(37)	(1,627)
At 31 December 2021	757	5,134	500	6,391
Charge for the year	213	3,198	231	3,642
Disposals	(419)	(1,388)	(489)	(2,296)
At 31 December 2022	551	6,944	242	7,737
<b>Net book value</b>				
At 31 December 2022	3,110	8,392	356	11,858
At 31 December 2021	3,181	8,231	370	11,782

The Group leases right-of-use assets comprising of buildings, plant and IT equipment. The lease terms range from 1 to 99 years.

During the year approximately 21% (2021: 20%) of the leases expired and the contracts were replaced by new leases for equivalent assets. This, along with leases for new assets, resulted in additions to right-of-use assets of £3,782,000 (2021: £5,551,000).

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**11 Right-of-use Assets (continued)**

Various leases include extension and termination clauses. The Right-of-use asset addition and liability is equal to the non-cancellable period of the lease together with the periods covered by the extension period if the Group is reasonably certain to exercise that option and the periods covered by an option to terminate if the Group is reasonably certain not to exercise that option. The leases do not include any variable payments.

The Company had no right-of-use assets.

The total cash outflow for leases during the year amounted to £4,234,000 (2021: £3,733,000). This included £4,208,000 (2021: £3,705,000) in relation to Right-of-use assets and £26,000 (2021: £28,000) reflecting both short-term leases and low value assets, which are not capitalised under the Group's accounting policies.

**12 Investment property**

	Group £'000
<b>At 1 January 2021</b>	<b>220,083</b>
Additions	26
Increase in fair value in the year	9,887
Transfers from freehold land & buildings	392
<b>At 31 December 2021</b>	<b>230,388</b>
Additions	420
Increase in fair value in the year	5,690
<b>At 31 December 2022</b>	<b>236,498</b>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2022 by Jones Lang LaSalle IP Inc., independent chartered surveyors, on fair value market comparable basis, meeting the definition of Level 2 and 3 of IFRS 13. Jones Lang LaSalle IP Inc. previously performed a valuation of the Group's investment property portfolio on 31 December 2021. There has been no change to the valuation methodology during the year.

Investment property relates predominantly to land and buildings leased to third parties under operating leases.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 12 Investment property (continued)

At the Balance Sheet date, the Group had contracts with Investment Property tenants to receive the following future minimum lease payments, which expire as follows:

	Group 2022 £'000	Group 2021 £'000
Within one year	17,798	16,537
Between one and two years	13,865	16,162
Between two and three years	12,884	12,937
Between three and four years	10,567	12,254
Between four and five years	7,978	10,170
After more than five years	335,325	341,237
	<b>398,417</b>	<b>409,297</b>

The prior year disclosure has been amended to be comparable with the current year disclosure for individual years. In addition, the prior year contained an overstatement so there has also been an amendment to reduce the total by £44.8m. These amendments affect the above disclosure only, the remainder of the financial statements are unaffected.

The Company had no investment property.

### 13 Investments

	£'000
<b>Company</b>	
<b>At 31 December 2021 and 31 December 2022</b>	<b>72,100</b>

Investments in Group undertakings are stated at cost.

The Company has investments in the following companies, all of which (with the exception of THPA Finance Limited) are registered and operate in the United Kingdom and have their registered office at 17-27 Queen's Square, Middlesbrough, TS2 1AH:

Investments held directly by the Company are denoted with (+).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 13 Investments (continued)

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
PD Ports Acquisitions (UK) Limited (+)	Holding company	100%
PD Ports Management Limited	Management services	100%
PD Ports Group Limited	Holding company	100%
PD Portco Limited	Holding company	100%
PD Teesport Limited	Port operations, conservancy and property	100%
PD Group Management Limited	Management services	100%
PD Port Services Limited	Port operations	100%
Tees and Hartlepool Pilotage Company Limited	Pilotage and financing	100%
THPA Finance Limited	Investment holding company	100%
Ports Holdings Limited	Investment holding and financing company	100%
PD Shipping & Inspection Services Limited	Port operations	100%
PD Ports Properties Limited	Property management	100%
PD Ports Hull Limited	Leasing company	100%
PD Intermodal Solutions Limited	Port operations	100%
PD Freight Solutions Limited	Port operations	100%
Groveport 2012 Limited	Holding company	100%
THPA Group Services Limited	Labour supplier	100%
Groveport Logistics Limited	Port operations	100%
PD Logistics Limited	Financing Company	100%
PD Ports Humber Limited	Holding Company	100%
PD Ports Finance Limited	Investment holding and financing company	100%
R Durham & Sons Limited	Dormant	100%
Consolidated Land Services (Scunthorpe)	Dormant	100%
THPA Pension Trustees Limited	Pension Trustee	100%
Associated Waterway Services Limited	Dormant	100%
Northern Gateway Limited	Dormant	100%
Victoria Harbour Limited	Dormant	100%
Groveport Pension Trustees Limited	Dormant	100%

THPA Finance Limited is incorporated in, and operates in, the Cayman Islands. Its registered office is c/o Intertrust, 190 Elgin Avenue, George Town, Grand Cayman, KYI-9005, Cayman Islands.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 13 Investments (continued)

During the year the following group company was dissolved.

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held	Dissolution date
Consolidated Land Services Limited	Dormant	100%	27.12.22

All subsidiaries have been included in the consolidated financial statements.

### 14 Inventories

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Raw materials and consumables	<u>349</u>	<u>263</u>	<u>-</u>	<u>-</u>

### 15 Trade and other receivables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Current receivables</b>				
Trade debtors	29,796	24,586	-	-
Less: Provision for expected credit losses	(1,193)	(1,128)	-	-
	<u>28,603</u>	<u>23,458</u>	<u>-</u>	<u>-</u>
Other debtors	11,632	7,738	-	-
Prepayments	2,792	2,548	-	-
Accrued income	7,288	7,735	-	-
Payable by related parties (note 28)	-	-	2	2
	<u>50,315</u>	<u>41,479</u>	<u>2</u>	<u>2</u>
<b>Non-current receivables</b>				
Other debtors	468	319	-	-
Accrued income	4,156	5,750	-	-
	<u>4,624</u>	<u>6,069</u>	<u>-</u>	<u>-</u>

Amounts payable by related parties are unsecured, interest free and have no fixed repayment date.

The average credit period on sales of goods and services was 38 days (2021: 35 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to expected credit losses.

**Notes to the Financial Statements (continued)**  
For the year ended 31 December 2022

**15 Trade and other receivables (continued)**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Before accepting any new customer, the Group's credit control procedures require a completed credit account application and the assessment of their potential customer's credit quality, using an external credit scoring system.

Included in the Group's trade receivable balance are debtors with a carrying amount of £11,591,000 (2021: £5,657,000) which are past due at the reporting date and for which the Group has not provided, as there has not been a significant change in credit quality and the amounts are still considered fully recoverable. The Group has restricted use of lien over goods as collateral over certain of these balances. The average age of these receivables is 69 days past due (2021: 25 days).

**Ageing of past due but not impaired**

	Group 2022 £'000	Group 2021 £'000
Past due 0 - 30 days	5,262	4,550
Past due 30 - 60 days	1,248	666
Past due 60 - 90 days	344	170
Past due 90 - 120 days	64	271
Past due 120+ days	4,673	-
<b>Total</b>	<b>11,591</b>	<b>5,657</b>

**Movement in the allowance for expected credit losses**

	Group 2022 £'000	Group 2021 £'000
At 1 January	1,129	1,020
Impairment losses recognised on receivables	358	642
Impairment losses reversed	(115)	(240)
Amounts written off during the year	(85)	(293)
Amounts recovered during the year	(94)	-
<b>At 31 December</b>	<b>1,193</b>	<b>1,129</b>

**Ageing of impaired trade receivables**

	Group 2022 £'000	Group 2021 £'000
Not past due	-	1
Past due 0 - 30 days	25	5
Past due 30 - 60 days	35	5
Past due 60 - 90 days	32	113
Past due 90 - 120 days	252	127
Past due 120+ days	849	878
<b>Total</b>	<b>1,193</b>	<b>1,129</b>

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**15 Trade and other receivables (continued)**

The Group's credit risk is primarily attributable to its trade receivables. At the year end the Group's largest counterparty represented 12.3% (2020: 8.8%) of the total trade debtors. The Group has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**16 Trade and other payables**

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade payables	7,703	5,157	-	-
Payable to group companies (note 28)	-	-	33,083	35,324
Other taxes and social security	2,485	1,495	-	-
Other creditors	47	770	-	-
Accruals and deferred revenue	27,234	22,951	-	-
	<b>37,469</b>	<b>30,373</b>	<b>33,083</b>	<b>35,324</b>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Trade creditors of the Group at 31 December 2022 were equivalent to 45 days' purchases (2021: 41 days), based upon total invoiced costs in the year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Amounts payable to related parties are unsecured, interest free and have no fixed repayment date. Further information relating to amounts payable to related parties is set out in note 28 to the Financial Statements.

**17 Current borrowings**

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Secured</b>				
Bank loans	195	188	-	-
	195	188	-	-
Lease obligations	3,211	3,018	-	-
Interest payable	1,821	660	-	-
	<b>5,227</b>	<b>3,866</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 18 Non-current borrowings

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Secured</b>				
Loans from a related party	49,218	49,199	-	-
Bank loans	536,289	427,034	-	-
	585,507	476,233	-	-
Lease liabilities	9,051	9,092	-	-
	<b>594,558</b>	<b>485,325</b>	-	-
	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Borrowings are repayable as follows:				
Between one and two years	49,889	195	-	-
Between two and three years	-	476,038	-	-
Between three and four years	-	-	-	-
Between four and five years	535,618	-	-	-
	585,507	476,233	-	-
On demand or within one year (note 17)	195	188	-	-
	<b>585,702</b>	<b>476,421</b>	-	-
	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Lease obligations are repayable as follows:				
Between one and two years	2,508	2,375	-	-
Between two and five years	3,305	3,463	-	-
After more than five years	3,238	3,254	-	-
	9,051	9,092	-	-
Within one year (note 17)	3,211	3,018	-	-
	<b>12,262</b>	<b>12,110</b>	-	-

The above table reflects lease obligations in accordance with IFRS16 for both years.



## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 18 Non-current borrowings (continued)

During the year, the Group completed a refinancing of its borrowings, entering into a new financing agreement with a syndicate of lenders, under which it secured a five year term loan amounting to £540,000,000, which was drawn down in the year, with the proceeds being partly utilised to fully prepay the existing financing arrangement. The new agreement also includes a revolving credit facility of £20,000,000 and a capital investment facility of £150,000,000. The new facilities are repayable in full on 5 December 2027, and are subject to a number of covenants, both financial and non-financial.

The Bank Loans drawn included a Term Loan of £540,000,000 (2021: £395,000,000), Revolving Credit Facility of £nil (2021: £8,000,000), and Capital Investment Facility of £nil (2021: £30,572,000), all of which is repayable in full on 5 December 2027. This debt attracts interest at variable rate of SONIA plus a margin of 2.4% (2021: SONIA plus a margin of 2.25%).

Also included within Bank Loans is a separate Asset Financing Facility of £870,000 (2021: £1,061,000) of which £198,000 (2021: £188,000) is shown in current liabilities and is secured on one of the vessels owned by the Group. This facility attracts interest at a fixed interest rate of 4.04%.

The loans from a related party represents a loan from PD Ports Finco Limited totalling £49,218,000 (2021: £49,199,000). The loan is unsecured and is fully repayable in July 2024. This debt attracted interest at variable rate of SONIA plus a margin of 7.5% (2021: SONIA plus a margin of 7.5%).

The Group's lease obligations in respect of right of use assets are secured by the lessor's charges over the respective assets.

The Group had no foreign currency exposures at 31 December 2022 or at 31 December 2021.

The Group's undrawn committed borrowing facilities at 31 December 2022 amounted to £169,600,000 (2021: £36,028,000).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 19 Financial instruments

#### Financial risk management objectives

The operations of the Group expose it to a number of financial risks, including:

- capital risk;
- liquidity risk;
- interest rate risk; and
- credit risk.

The Group seeks to minimise the risks associated with interest rates primarily through the use of derivative financial instruments to hedge the risk exposures. The use of financial derivatives is considered on an individual basis. This policy provides written principles on the use of financial derivatives.

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue on a going concern basis while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 17 and 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Shareholders' Equity.

As disclosed within borrowings, the Group has various loans in place. The securitisation and bank loans have financial covenants incorporated in their terms with the respective lenders. During the year ended 31 December 2022, there were no breaches of any covenants relating to any of the Group's borrowings.

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. A description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk is included in note 18.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 19 Financial instruments (continued)

#### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. They have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ Years £'000	Total £'000
31 December 2022							
Non-interest bearing	-	40,696	-	-	-	-	40,696
Variable rate instruments	6.76	19,758	19,758	85,922	634,467	-	759,905
Fixed rate instruments	4.04	117	117	684	-	-	918
Lease obligations	4.70	1,611	1,611	2,504	3,348	3,238	12,312
		<u>62,182</u>	<u>21,486</u>	<u>89,110</u>	<u>637,815</u>	<u>3,238</u>	<u>813,831</u>

	Weighted Average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ Years £'000	Total £'000
31 December 2021							
Non-interest bearing	-	34,986	-	-	-	-	34,986
Variable rate instruments	2.85	6,887	6,887	13,773	499,957	-	527,504
Fixed rate instruments	4.04	117	117	241	686	-	1,161
Lease obligations	4.70	1,514	1,514	2,379	3,463	3,254	12,124
		<u>43,504</u>	<u>8,518</u>	<u>16,393</u>	<u>504,106</u>	<u>3,254</u>	<u>575,775</u>

#### Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Where considered appropriate, the risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings, using interest rate caps. The Group's exposures to interest rates on financial assets and financial liabilities are included in the interest rate sensitivity analysis below.

#### Interest rate sensitivity analysis

The loans from related party, term loan, revolving credit facility and capex facility are variable rate instruments. The remainder of the Group's borrowings are fixed rate instruments. If interest rates had been 100bps lower/higher and all other variables remained the same, then profit before taxation for the year ended 31 December 2022 would have decreased/increased by £5,030,000 (2021: £4,671,00).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 19 Financial Instruments (continued)

#### Credit risk management

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance Sheet. The Group's credit risk is primarily attributed to its trade receivables, the details of which are set out in note 15. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies.

#### Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Carrying amount		Fair value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Financial liabilities</b>				
Loans from a related party	49,218	49,199	49,218	49,199
Bank loans	536,289	427,222	536,289	427,222
Lease obligations	12,457	12,110	12,457	12,110
Interest payable	1,821	660	1,821	660
	<b>599,785</b>	<b>489,191</b>	<b>599,785</b>	<b>489,191</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 20 Provisions for liabilities

	Other Provisions £'000	Deferred taxation £'000	Total £'000
<b>At 1 January 2022</b>	<b>319</b>	<b>102,891</b>	<b>103,210</b>
Charged to Income Statement	-	357	357
Charged to other comprehensive income	-	3,161	3,161
Provision for other debtor	(138)	-	(138)
<b>At 31 December 2022</b>	<b>181</b>	<b>106,409</b>	<b>106,590</b>

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the years:

	SHA Right £'000	Property plant & equipment £'000	Retirement benefit arrangements £'000	Fair value of borrowings £'000	Provisions £'000	Corporate Interest restrictions £'000	Total £'000
<b>At 1 January 2021</b>	<b>40,214</b>	<b>39,368</b>	<b>(5,237)</b>	<b>-</b>	<b>(125)</b>	<b>(4,871)</b>	<b>69,349</b>
Charged/(credited) to income	12,700	13,460	1,685	-	(40)	(2,491)	25,314
Charged to other comprehensive income	-	4,942	3,286	-	-	-	8,228
<b>At 31 December 2021</b>	<b>52,914</b>	<b>57,770</b>	<b>(266)</b>	<b>-</b>	<b>(165)</b>	<b>(7,362)</b>	<b>102,891</b>
Charged/(credited) to income	-	1,132	869	-	-	(1,644)	357
Credited to other comprehensive income	-	-	3,161	-	-	-	3,161
<b>At 31 December 2022</b>	<b>52,914</b>	<b>58,902</b>	<b>3,764</b>	<b>-</b>	<b>(165)</b>	<b>(9,006)</b>	<b>106,409</b>

There is no deferred tax provided in respect of the Company.

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**21 Accruals and deferred revenue**

	Deferred revenue £'000	Government grants £'000	Group £'000
<b>At 1 January 2021</b>	<b>10,362</b>	<b>14,698</b>	<b>25,060</b>
Invoices raised	1,430	-	1,430
Grants received	-	460	460
Amortisation in the year	-	(1,181)	(1,181)
Revenue recognised	(2,525)	-	(2,525)
<b>At 31 December 2021</b>	<b>9,267</b>	<b>13,977</b>	<b>23,244</b>
Invoices raised	1,544	-	1,544
Grants received	-	4,070	4,070
Amortisation in the year	-	(1,137)	(1,137)
Revenue recognised	(2,595)	-	(2,595)
<b>At 31 December 2022</b>	<b>8,216</b>	<b>16,910</b>	<b>25,126</b>

The Company had no accruals and deferred revenue.

Disclosed as

	Group 2022 £'000	Group 2021 £'000
Current	1,131	1,181
Non-current	23,995	22,063
	<b>25,126</b>	<b>23,244</b>

Government grants comprise monies received from both the UK Government and EU in relation to the purchase of tangible fixed assets. These are amortised over the expected useful economic life of the relevant assets on a straight line basis with the amortisation being recognised in the Income Statement. There are no unfulfilled conditions or other contingencies attaching to these grants.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 22 Share based payments

On 1 May 2015, the Company issued 29,500 'C' Shares and 1,500 'D' Shares at par to the Brookfield Ports (UK) Limited Employee Share Trust (the 'EBT') which holds the shares on trust for the Participating Employees in accordance with the terms of the Company's Articles of Association, the EBT Trust Deed and the relevant subscription agreements. On 6 December 2017, the Company issued a further 3,000 'C' shares at a price of £5.14 each and 10,000 'E' shares at par. On the 29 December 2022, the Company issued 20,900 'F' shares at a price of £63.80 each. The Participating Employees are certain of the Group's current and previous key management.

On 16 November 2022, the Company's immediate parent, Brookfield Infrastructure UK Holdings (Cayman) LP purchased 23,650 'C' shares and 5,000 'E' shares at market value.

As a result of the immediate parent giving the Participating Employees the option to sell a proportion of their shares and, a share based payment charge of £1.9m arose being the incremental fair value of awards before and after the subsequent sales.

The 'C' 'D' and 'E' shares vest to the relevant Participating Employees in equal instalments over the first five anniversary dates of the dates of their grants. At these dates and on each following anniversary of this date, each Participating Employee who is still employed by the Group at the time has the right to sell up to 25% of their Employee Shares (being the 'C' and 'D' shares) to the Company for market value, which is established using a formula set out in the Company's Articles. The calculation of market value is computed using fixed multiples of the Group's EBITDA and the Group's net debt. The Participating Employees' right to sell their shares is subject to their retaining, at all times, a minimum of 25% of the Employee Shares which they were originally granted. The purchase of the Employee Shares by the Company is made in cash. As a consequence, 75% of the original allocation of the Employee Shares are accounted for as cash settled share based payments.

The remaining 25% which must be retained has been accounted for as equity settled based on the rights attached to the shares on any potential sale of the Company. However, the right to these shares is removed if the individual ceases to be an employee of the Group, at which point any cash settlement is at the discretion of the Remuneration Committee of the Group.

The 'E' shares also vest over a five year period from issue and their value is calculated based upon the market values of the Company's shares on a sale or other exit event, less the value of the Enterprise Hurdle set by the Remuneration Committee.

The 'F' shares vest over a four year period from issue and their value is calculated based upon the market values of the Company's shares, less the value of the Group's net debt. At the third anniversary of the issue of the shares, each holder who is still employed by the Group at the time has the right to sell up to 25% of their 'F' shares to the Company.

The prior year share based payment credit of £5.2m was due to the release of the liability in relation to the contingently settled cash settled share based payment transaction

Notes to the Financial Statements (continued)  
For the year ended 31 December 2022

**23 Called-up share capital**

Company	2022 £	2021 £
<i>Authorised, allotted, called-up and fully paid</i>		
469,000 ordinary shares of 0.1p each	469	469
32,500 'C' shares of 0.1p each	33	33
1,500 'D' shares of 0.1p each	1	1
10,000 'E' shares of 0.1p each	10	10
20,900 'F' shares of 0.1p each	21	-
	<b>534</b>	<b>513</b>

On 29 December 2022, the Company issued 20,900 'F' shares at par, for a consideration of £63.80 each. A total of £1.0m of the consideration was received in cash, with the balance of £0.3m the subject of loan agreements between the Company's subsidiary, PD Ports Management Limited, and the respective Participating Employees.

The Company has five classes of shares which carry no right to fixed income.

The 'C', 'D', 'E' and 'F' shares are the Employee Shares as described in note 22.

**24 Share premium account**

	Company and Group £'000
At 1 January 2022	-
Issue of shares	1,333
Cost of issue of shares	(46)
At 31 December 2022	<b>1,287</b>

**25 Dividends**

The Company declared and paid dividends of £155.65 per ordinary share (2021: £74.63 per ordinary share), totalling £73,000,000 during the year (2021: £35,000,000).



## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 26 Financial commitments

#### a) Capital commitments

The Group had capital commitments in relation to property, plant and machinery as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2021 £'000	Company 2020 £'000
Contracted for but not provided for	<u>26,750</u>	<u>32,235</u>	<u>-</u>	<u>-</u>

#### b) Lease commitments – as lessee

At the Balance Sheet date, the Group had no outstanding commitments for future minimum lease payments under non-cancellable operating leases, which do not meet the definition of right-of-use assets under IFRS 16.

#### c) Lease commitments – as lessor

At the Balance Sheet date, the Group had contracts with tenants to receive operating lease payments for Land and Buildings, in respect of assets other than those included within Investment Properties Note 12.

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Within one year	3,656	4,891	-	-
Between two and five years	8,145	8,489	-	-
After more than five years	8,463	8,957	-	-
	<u>20,264</u>	<u>22,337</u>	<u>-</u>	<u>-</u>

#### d) Financial commitments

At 31 December 2022, the Group's bankers guaranteed part of the Group's obligations to HMRC by providing letters of credit amounting to £400,000 (2021: £400,000).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements

The Group operates a number of pension schemes for its employees.

The Company's principal defined benefit pension scheme is the Tees & Hartlepool Port Authority Pension Scheme (the "THPA Scheme").

The latest triennial valuation of the TPHA Scheme was undertaken by Buck, consulting actuaries, as at 31 December 2021 using the projected unit method. The principal actuarial assumptions adopted were that, over the long-term, the annual rate of return on investments would be 1.8% and the annual increase in total pensionable remuneration would be 4.1%. The market value of the TPHA Scheme's assets at the 31 December 2021 was £195.3m. The actuarial values of the assets were sufficient to cover 100% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration.

The IAS19 valuation has been based on the most recent actuarial valuation of the TPHA Scheme and the valuation of the assets and the liabilities of the Scheme at 31 December 2022.

The Group's other defined benefit pension schemes are the Stanplan F Scheme ("Stanplan F"), the R Durham and Sons Limited Retirement and Death Benefit Plan (the "Durhams Scheme") and the Groveport Logistics Limited Retirement Benefits Scheme (the "Groveport Scheme").

The latest triennial valuations of Stanplan F and the Durhams Scheme are carried out by JLT Benefit Solutions Limited, consulting actuaries, using the projected unit method. The principal assumptions adopted in the latest triennial valuations, dated 31 December 2019 and 31 March 2021 respectively, were that over the long term salaries would rise by 3.25% and 4.2% per annum respectively and the returns on new investments would be 4.0% and 2.9% per annum. The market values of the assets of these two schemes as shown in the latest triennial valuations were £2,857,000 and £3,229,000 respectively. The market value of those assets represented 103% and 100% respectively of the value of benefits accrued to members, allowing for expected future increases in earnings and subsequent benefit changes. On recommendation of the actuaries, the employer contributions during the year for the Durhams Scheme were made at the rate of 33.9% of pensionable earnings and employer contributions were made to Stanplan F at the rate of 43.5% of pensionable earnings plus £4,167 per month until December 2022. A one-off contribution of £143,000 was made to the Durhams Scheme in December 2018. The IAS19 valuation has been based on the most recent actuarial valuation of Stanplan F and the Durhams Schemes, updated by the consulting actuary to take account of the requirements of IAS19 in order to assess the liabilities of the schemes at 31 December 2022.

The latest triennial valuation of the Groveport Scheme was undertaken by JLT Benefit Solutions Limited, consulting actuaries, as at 30 April 2020 using the projected unit method. The principal actuarial assumptions adopted were that, over the long-term, the annual rate of return on investments would be 2.6%, and that inflation would be 3.5%. The actuarial values of the assets were sufficient to cover 55% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The market value of the Groveport Scheme's assets at the date of valuation was £1,555,000.

The IAS19 valuation of all of the Group's pension schemes has been based on the most recent actuarial valuation of the respective scheme, updated by the independent actuary to reflect the valuation of the assets and the liabilities of the schemes at 31 December 2022.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements (continued)

#### Defined benefit schemes

The Schemes typically expose the Group to actuarial risk such as asset matching volatility, investment risk, longevity risk, mortality risk and salary risk. The risk relating to benefits to be paid to the dependents of the Schemes' members is re-insured by an external third party.

If the value of the Schemes' assets does not move in line with the value of the Schemes' liabilities, then the deficit may increase more than expected.

Increases in life expectancy will increase the Schemes' liabilities, the inflation linkage of the benefits also means that inflationary increases result in a higher sensitivity to increases in life expectancy.

The key assumptions used for the actuarial valuations of the Schemes were:

	Groveport Scheme 2022 % p a	Durhams Scheme 2022 % p a	Stanplan F 2022 % p a	THPA Scheme 2022 % p a
Discount rate	4.7	4.7	4.7	4.8
Inflation	3.2	3.2	3.2	3.1
Expected rate of salary increases	-	3.7	3.7	3.6
Future pension increases	3.6	3.6	2.8	3.6
	Groveport Scheme 2021 % p a	Durhams Scheme 2021 % p a	Stanplan F 2021 % p a	THPA Scheme 2021 % p a
Discount rate	1.9	1.9	1.9	1.9
Inflation	3.5	3.5	3.5	3.3
Expected rate of salary increases	3.4	4.3	4.3	3.8
Future pension increases	3.7	3.7	2.9	3.7

These assumptions were determined in accordance with International Accounting Standard 19 'Employee Benefits' and do not reflect the assumptions used by the independent actuaries in the respective triennial valuations, which determine the Group's contributions for future years.

The expected lifetime of a participant who is age 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 20 years' time are shown in years in the table below.

Age	2022 Males	2022 Females	2021 Males	2021 Females
65	21.0	23.4	21.3	23.2
65 in 15 years' time	22.6	25.1	22.8	24.9

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements (continued)

Amounts recognised in the Income Statement in respect of these defined benefit schemes are as follows:

	Groveport Scheme £'000	Durhams Scheme £'000	Stanplan F £'000	THPA Scheme £'000	Total £'000
Year ended 31 December 2022					
Current service cost (including expenses)	-	96	125	-	221
Net interest (income)/expense	-	(8)	(7)	2	(13)
Charged to Income Statement	-	88	118	2	208
	Groveport Scheme £'000	Durhams Scheme £'000	Stanplan F £'000	THPA Scheme £'000	Total £'000
Year ended 31 December 2021					
Current service cost (including expenses)	-	27	122	-	149
Net interest expense	9	-	6	329	344
Charged to Income Statement	9	27	128	329	493

The amount included in the Balance Sheet arising from the Group's obligations in respect of defined benefit schemes is as follows:

	Total 2022 £'000	Total 2021 £'000
Present value of funded defined benefit obligations	(122,843)	(204,555)
Fair value of Scheme assets	137,893	203,493
Net Retirement benefit asset/(obligation)	<u>15,050</u>	<u>(1,062)</u>
Retirement benefit obligations included in the Balance Sheet	-	(1,935)
Retirement benefit assets included in the Balance Sheet	15,050	873
	<u>15,050</u>	<u>(1,062)</u>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements (continued)

Movements in the present value of defined benefit obligations in the year were as follows:

	Total 2022 £'000	Total 2021 £'000
Opening present value of defined benefit obligation	(204,555)	(217,279)
Current service cost	(221)	(149)
Expenses paid	186	114
Interest cost	(3,716)	(2,891)
Actuarial gain	77,579	10,086
Contributions from employees	(3)	(4)
Benefits paid	7,887	5,568
Closing defined benefit obligation	<u>(122,843)</u>	<u>(204,555)</u>

Movements in the fair value of Schemes' assets in the year were as follows:

	Total 2022 £'000	Total 2021 £'000
Opening fair value of Schemes' assets	203,493	189,716
Interest income	3,729	2,547
Actuarial (loss)/gain	(64,938)	12,647
Contributions received: employees	3	4
employers	3,679	4,261
Expenses paid	(186)	(114)
Benefits paid	(7,887)	(5,568)
Closing fair value of Schemes' assets	<u>137,893</u>	<u>203,493</u>

The analysis of the market value of the assets in the Schemes is set out below:

	Total 2022 £'000	Total 2021 £'000
Equity instruments	33,198	39,614
Debt instruments	75,125	128,139
Property	25,363	32,416
Other	4,207	3,324
Total	<u>137,893</u>	<u>203,493</u>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements (continued)

History of experience gains and losses:

	Groveport Scheme 2022 £'000	Durhams Scheme 2022 £'000	Stanplan F 2022 £'000	THPA Scheme 2022 £'000
Present value of defined benefit obligations	(1,100)	(2,000)	(1,800)	(117,943)
Fair value of Schemes' assets	1,699	2,353	1,947	131,894
Surplus in the Schemes	599	353	147	13,951
Experience gain on Schemes' liabilities	(119)	(112)	-	6,554
Percentage of Schemes' liabilities	11%	6%	-	6%
Experience gain on Schemes' assets	(74)	(1,198)	(952)	(62,714)
Percentage of Schemes' assets	7%	51%	49%	53%
	Groveport Scheme 2021 £'000	Durhams Scheme 2021 £'000	Stanplan F 2021 £'000	THPA Scheme 2021 £'000
Present value of defined benefit obligations	(2,000)	(3,200)	(2,650)	(196,705)
Fair value of Schemes' assets	1,919	3,671	3,052	194,851
Surplus/(deficit) in the Schemes	(81)	471	402	(1,854)
Experience gain on Schemes' liabilities	206	-	229	14
Percentage of Schemes' liabilities	10%	-	9%	0%
Experience gain on Schemes' assets	129	158	108	12,252
Percentage of Schemes' assets	7%	4%	4%	6%

The sensitivity of the balance sheet liability to changes in the assumptions used is as follows (in each case with all other assumptions equal):

- A 0.25% (decrease) in the discount rate would increase the defined benefit obligations by £4,249,000 (2021: £9,323,000).
- A 0.25% increase in the inflation assumptions would increase the defined benefit obligations by £1,675,000 (2021: £6,410,000).
- A 0.25% increase/(decrease) in the salary growth assumptions would increase/(decrease) the defined benefit obligations by £20,000 (2021: £39,000).
- A 1 year increase in the life expectancy assumptions would increase the defined benefit obligations by £3,906,000 (2021: £9,843,000).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 27 Retirement benefit arrangements (continued)

The estimated amounts of contributions expected to be paid into the Schemes during the year ending 31 December 2022 are £53,000 (2021: £60,000) for Stanplan F, £180,000 (2021: £64,000) for Durhams Scheme, £31,000 (2021: £92,000) for the Groveport Scheme and £nil (2021: £3,500,000) for the THPA Scheme.

In addition, the Group contributes to defined contribution schemes for which the pension costs for the year ended 31 December 2022 were £5,722,000 (2021: £5,247,000). At 31 December 2022 contributions included in creditors under one year totalled £nil (2021: £nil).

### 28 Related party transactions

#### a) Equity interests in related parties

Details of interests in subsidiaries are disclosed in note 13 to the financial statements.

#### b) Transactions involving the parent entity

At 31 December 2022, the Company was owed £1 (2021: £1) by the immediate parent company and owed £3 (2021: £3) to the immediate parent undertaking.

#### c) Transactions involving other related parties

During the year, the Group entered into transactions and had balances outstanding at the year end with related parties as set out below. All loans advanced to and repayable to related parties are unsecured. Interest is charged on certain loans at a variable rate. Further details are in note 18.

	Interest payable 2022 £'000	Amounts due to related parties 2022 £'000	Non-current borrowings 2022 £'000	Interest payable 2021 £'000	Amounts due to related parties 2021 £'000	Non-current borrowings 2021 £'000
PD Ports Finco Limited	(4,414)	-	(49,218)	(3,725)	-	(49,199)
	<u>(4,414)</u>	<u>-</u>	<u>(49,218)</u>	<u>(3,725)</u>	<u>-</u>	<u>(49,199)</u>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 28 Related party transactions (continued)

During the year, the Company entered into the following transactions had balances outstanding at the year end with subsidiaries as set out below:

	Operating Expense 2022 £'000	Amounts due from/ (to) Group Companies 2022 £'000	Non-current borrowings 2022 £'000	Operating Expense 2021 £'000	Amounts due from/ (to) Group Companies 2021 £'000	Non-current borrowings 2021 £'000
Ports Holdings Limited	-	2	-	-	2	-
PD Ports Management Limited	-	(134)	-	-	(375)	-
PD Ports Acquisitions (UK) Limited	-	(31,000)	-	-	(33,000)	-
PD Teesport Limited	-	(2,000)	-	-	(2,000)	-
	<u>-</u>	<u>(33,132)</u>	<u>-</u>	<u>-</u>	<u>(35,373)</u>	<u>-</u>

#### d) Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures:

	2022 £'000	2021 £'000
Short-term employee benefits	2,118	2,165
Post-employment benefits: Defined contribution scheme	117	136
Income arising from decrease in fair value of liability for Employee Shares (note 22)	-	(5,199)
	<u>2,235</u>	<u>(2,898)</u>

### 29 Ultimate parent company

The Company's immediate parent company is Brookfield Infrastructure UK Holdings LP.

The smallest corporate entity which produces consolidated financial statements including the results of the Group is Brookfield Infrastructure Partners LP, a company incorporated in Bermuda. Copies of the financial statements of this company are available from its registered office 73 Front Street, Hamilton, HM12, Bermuda.

The Company's ultimate parent company, controlling party, and largest corporate entity which produces consolidated financial statements including the results of the Group, 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.