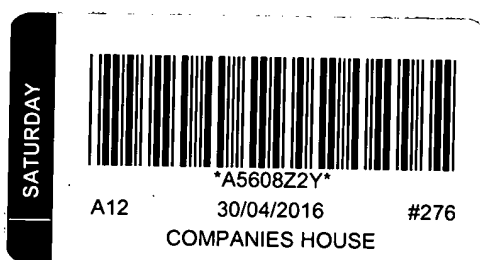


**ABP SUBHOLDINGS UK LIMITED**

**(Company Number 05839376)**

**ANNUAL REPORT AND ACCOUNTS 2015**



# **ABP SUBHOLDINGS UK LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2015**

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## **Directors' report**

The directors present their report and the audited accounts of the company (number 05839376) for the year ended 31 December 2015.

### **Principal activity**

The principal activity of the company is as an intermediate investment holding company within the group owned by the company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ").

### **Important events of the year**

The profit for the year was £8.2m (2014: loss of £1.2m). At 31 December 2015, the company had net liabilities of £6.4m (2014: net liabilities of £14.6m). The company's ultimate parent undertaking, ABPJ, has confirmed that it will continue to finance the company to enable it to meet its liabilities as they fall due.

### **Dividends**

As there are insufficient reserves available the directors are unable to recommend the payment of a dividend (2014: £nil).

### **Ownership**

The company's ultimate parent company, ABPJ, is owned (directly or through intermediaries, as set out in note 16 to the accounts) by OMERS Administration Corporation, Canada Pension Plan Investment Board, 9348654 Canada Inc., GIC (Ventures) Pte Limited, Kuwait Investment Authority and Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP, acting by their manager Hermes GPE LLP.

### **Future outlook**

The directors do not foresee any material changes in the principal activity of the company.

### **Principal risks and uncertainties**

The company has limited risk because it interacts only with fellow group companies and, indirectly, its parent company's shareholders as part of the financing structure of the group owned by its ultimate parent company, ABPJ. The nature of the interactions is set out in notes 4, 7, 9, 11 and 14 to the accounts. Within the interactions the principal risks are timing of interest receipts and payments and repayment of principal at the end of the loan terms. Agreements are structured so that the company should not be exposed to these risks at any time other than ultimately by the ability of the underlying trading group to pay its debts. Further details on financial risk management are set out in note 10. Attention is also drawn to the principal risks and uncertainties of the group owned by the company's immediate subsidiary, ABPA Holdings Limited, which are set out in the annual report and accounts of that company.

### **Key performance indicators ("KPIs")**

Given the nature of its activities, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

## Directors' report (continued)

### Directors

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

KE Bradbury	(alternate to JJ McManus) appointed on 26 November 2015
PA Busslinger	(alternate to JJ McManus)
PLH Camu	(alternate to PR Lyneham) resigned on 7 July 2015
EH Clarke	resigned on 7 July 2015
H Drissi Kaitouni	appointed on 7 July 2015
GPR Kay	
DW Kerr	(alternate to GPR Kay) resigned on 6 February 2015
PR Lyneham	resigned on 7 July 2015
JJ McManus	
SKJ Nelson	(alternate to EH Clarke) resigned on 7 July 2015
JM Rolland	(alternate to JJ McManus) resigned on 26 November 2015
P Stylianides	(alternate to H Drissi Kaitouni) appointed on 7 July 2015
RBP Wall	appointed on 7 July 2015

An alternate director is a person, appointed by any director (the "appointor"), other than an alternate director, or by resolution of the board, to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors in their absence.

An alternate director has the same rights in relation to any directors' meeting, all meetings of committees of directors of which his appointor is a member and directors' written resolution, as the alternate's appointor. Except as the company's articles specify otherwise, alternate directors are deemed for all purposes to be directors; are liable for their own acts and omissions; are subject to the same restrictions as their appointors and are not deemed to be agents of or for their appointors.

Where a director is also an alternate director he has an additional vote on behalf of his appointor who is not participating in a directors' meeting and would have been entitled to vote if they were participating in it. Whether a person acts solely as an alternate, or is a director also acting as an alternate director; for the purposes of determining whether a meeting quorum is present, he will count as one.

### Directors' indemnities

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

### Annual general meeting

In accordance with s303 of the Companies Act 2006, the members have not required the directors to call an annual general meeting of the company.

### Auditor re-appointment

In accordance with s487 of the Companies Act 2006, the auditor is deemed to have been re-appointed and Ernst & Young LLP will therefore continue as auditor to the company.

**Directors' report (continued)**

**Audit information**

The directors of the company at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and the company's auditor, each of these directors confirms that:

- so far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing his report) of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Small company exemptions**

In preparing the directors' report, the directors have taken advantage of the exemptions available under s415A of the Companies Act 2006 in so far as it relates to filing obligations of companies entitled to the small companies exemptions.

In addition, the directors have taken advantage of the exemption available under s414B not to produce a strategic report.

By Order of the Board



**JJ McManus**

**Director**

**Aldwych House**

**71 – 91 Aldwych**

**London, WC2B 4HN**

**7 March 2016**

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP SUBHOLDINGS UK LIMITED**

We have audited the financial statements of ABP SubHoldings UK Limited for the year ended 31 December 2015, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP SUBHOLDINGS UK LIMITED (continued)**

**Matters on which we are required to report by exception**

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

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

*Ernst & Young LLP*

Matthew Williams (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

9 March 2016



**Income statement for the year ended 31 December**

	Note	2015 £m	2014 £m
Administrative expenses	2	-	-
Finance costs	4	(341.6)	(309.4)
Finance income	4	339.9	307.9
<b>Loss before taxation</b>		<b>(1.7)</b>	<b>(1.5)</b>
Taxation credit	5	9.9	0.3
<b>Profit/(loss) for the year</b>		<b>8.2</b>	<b>(1.2)</b>

All results are derived from continuing operations in the United Kingdom.

**Statement of comprehensive income for the year ended 31 December**

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

## Balance sheet as at 31 December

	Note	2015 £m	2014 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	-	-
Group receivables	7	3,199.8	2,901.5
Deferred tax asset	8	16.2	6.6
		<b>3,216.0</b>	<b>2,908.1</b>
<b>Current assets</b>			
Group receivables	7	3.5	3.4
		<b>3.5</b>	<b>3.4</b>
<b>Total assets</b>		<b>3,219.5</b>	<b>2,911.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	9	(2,787.3)	(3.4)
Group payables	11	(22.6)	(21.2)
		<b>(2,809.9)</b>	<b>(24.6)</b>
<b>Non-current liabilities</b>			
Borrowings	9	(416.0)	(2,901.5)
		<b>(416.0)</b>	<b>(2,901.5)</b>
<b>Total liabilities</b>		<b>(3,225.9)</b>	<b>(2,926.1)</b>
<b>Net liabilities</b>		<b>(6.4)</b>	<b>(14.6)</b>
<b>Shareholder's deficit</b>			
Share capital	12	-	-
Accumulated losses		(6.4)	(14.6)
<b>Total shareholder's deficit</b>		<b>(6.4)</b>	<b>(14.6)</b>

The financial statements were approved by the Board on 2 March 2016 and signed on its behalf by:



**JJ McManus**  
**Director**

**Statement of cash flows for the year ended 31 December**

	Note	2015 £m	2014 £m
<b>Cash flows from operating activities</b>			
Cash flows from operations	13	-	-
<b>Net cash flow from operating activities</b>		-	-
<b>Change in cash and cash equivalents during the year</b>		-	-
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		-	-

Details of significant non-cash transactions affecting the company (which are related to loans) are set out in note 14.

**Statement of changes in equity for the year ended 31 December**

	Share capital £m	Accumulated losses £m	Total £m
At 1 January 2014	-	(13.4)	(13.4)
Loss for the year	-	(1.2)	(1.2)
<b>At 31 December 2014</b>	-	<b>(14.6)</b>	<b>(14.6)</b>
Profit for the year	-	8.2	8.2
<b>At 31 December 2015</b>	-	<b>(6.4)</b>	<b>(6.4)</b>

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

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

The financial statements are presented in sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated.

#### *Going concern basis*

The company's future viability is ultimately dependent upon the performance of the wider trading group owned by the company's immediate subsidiary undertaking, ABPA Holdings Limited ("ABPAH"), and group management's decisions on the flow of capital as well as the funding of losses being incurred by the company.

The directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the company will have adequate resources to continue to trade for the foreseeable future. The primary driver of performance is the ability of the ABPAH group to generate cash flows. For the year ended 31 December 2015 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities of £317.6m and cash generated by operations of £337.8m. The group's five year plan indicates that this strong performance is forecasted to continue in the future.

The directors have considered the company's net current liabilities of £2,806.4m, which includes amounts due to ABP Bonds UK Limited ("ABPB"), the company's immediate parent undertaking and interest accrued thereon totalling £2,787.3m repayable in 2016, as set out in notes 9, 10 and 14. The directors of ABPB have confirmed that it is their intention to agree terms with the company to refinance these loans and/or the associated accrued interest in advance of the maturity date, extending the repayment date beyond one year from 13 December 2016, and accordingly, it is not their intention to recall the loans and/or associated accrued interest on the maturity date. The company also has non-current loans due to ABPB due in 2018, as set out in notes 9, 10 and 14, which are currently expected to be repaid by the maturity date. However, should the company have insufficient funds available, repayment of the loans is not enforceable.

The company's ultimate parent, ABP (Jersey) Limited ("ABPJ"), has confirmed that it will continue to finance the company to enable it to meet its liabilities. Therefore, given the nature, maturity dates and counterparties of these liabilities (as set out in notes 9 and 10), as well as the wider group's track record of its ability to refinance debt and generate cash flows, the directors are confident that the company has the ability to continue to meet its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

#### *Consolidation exemption*

These separate financial statements contain information about ABP SubHoldings UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under s401 of the Companies Act 2006, from the requirement to prepare and deliver consolidated financial statements, as the results of the overall group are included in the consolidated financial statements of its ultimate parent, ABPJ, which are available from 44 Esplanade, St Helier, Jersey, JE4 9WG.

# Notes to the financial statements

## 1. Accounting policies (continued)

### 1.1 Basis of preparation (continued)

#### *Statement of compliance*

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

### 1.2 Changes in accounting policies

#### *New standards and amendments adopted*

There were no new accounting standards issued which were effective for the first time for the annual reporting period commencing 1 January 2015. There were no new amendments and improvements effective for the first time for the annual reporting period commencing 1 January 2015 that had an impact on the company.

#### *New standards, amendments and interpretations issued but not yet effective*

The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company’s current financial year:

		Effective for accounting periods beginning on or after
IFRS 9	Financial instruments	01.01.2018*
IFRS 14	Regulatory deferral accounts	01.01.2016*
IFRS 15	Revenue from contracts with customers	01.01.2018*
IFRS 16	Leases	01.01.2019*
IFRS for SMEs	2015 Amendments to IFRS for SMEs	01.01.2017
IFRS 10 and IAS 28 (proposed amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Postponed indefinitely*
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment entities: applying the consolidated exception	01.01.2016*
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	01.01.2016
IAS 1 (amendment)	Disclosure initiatives	01.01.2016
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation	01.01.2016
IAS 16 and IAS 41 (proposed amendments)	Agriculture: bearer plants	01.01.2016
IAS 27 (amendment)	Equity method in separate financial statements	01.01.2016
IFRS 4, IFRS 7, IAS 19 and IAS 34	Annual improvements 2012-2014	01.01.2016
IAS 12 (amendment)	Income taxes: recognition of deferred tax assets for unrealised losses	01.01.2017*
IAS 7 (amendment)	Disclosure initiative	01.01.2017*

\* Not yet endorsed by the EU

**Notes to the financial statements**

**1. Accounting policies (continued)**

**1.2 Changes in accounting policies (continued)**

***New standards, amendments and interpretations issued but not yet effective (continued)***

***IFRS 9 Financial instruments***

In July 2014, the IASB issued the final version of IFRS 9 that replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together the requirements for a) classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. The new financial instruments standard is effective for accounting periods beginning on or after 1 January 2018.

The company has performed a high level impact assessment of IFRS 9. The preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the company in the future.

**a) Classification and measurement**

With respect to classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated at fair value through profit and loss attributable to changes in the credit risk of that liability. The company does not designate any liabilities at fair value through profit and loss and as such will not be impacted by this change.

The company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

**b) Impairment methodology**

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. This may result in earlier recognition of credit losses. The company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, to determine the extent of the impact.

**c) Hedge accounting**

This section is not applicable to the company as the company does not have any derivatives.

***IAS 7 (Amendment) Disclosure initiative***

In January 2016, the IASB issued an amendment to IAS 7. The amendment requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from operating and financing activities, including both changes arising from cash flows and non-cash changes.

The company is currently assessing the impact of the IAS 7 amendments and plans to adopt the amendment on the required effective date.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.2 Changes in accounting policies (continued)

##### *New standards, amendments and interpretations issued but not yet effective (continued)*

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

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

#### 1.3 Critical estimates, judgements and assumptions

The preparation of 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 amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

##### **Recoverability of financial assets**

Group receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The company holds a limited number of long term loan balances with its immediate subsidiary, ABPA Holdings Limited ("ABPAH"). These balances were created as part of the acquisition of Associated British Ports Holdings Limited and subsequent refinancing of the ABP (Jersey) Limited ("ABPJ") group. The company's main transactions each year, which are controlled in conjunction with the rest of the group, relate to interest accrual, receipt and payment.

Ultimate realisation of principal balances, which are due in 2018, depends on the performance of ABPAH's underlying trading group and the ability of the UK-wide ports and transport segment to generate cash flows. For the year ended 31 December 2015 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, of £317.6m and cash generated by operations of £337.8m. The group's five year plan indicates that this strong performance is forecasted to continue in the future.

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

#### 1.4 Significant accounting policies

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

##### **Financial instruments**

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

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.4 Significant accounting policies (continued)

#### Financial instruments (continued)

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

Borrowings are initially recognised at fair value, net of transaction costs (being incremental costs that are directly attributable to the inception of the borrowings) incurred and are subsequently held at amortised cost. Any difference between the amount initially recognised and the redemption amount is recognised in the income statement over the period of the loan, using the effective interest method.

#### 1.5 Other accounting policies

#### Investments

Investments in subsidiaries are stated at cost. The company assesses at each reporting date whether there is any indication that the investment may be impaired.

#### Taxation

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

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

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

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

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

#### Share capital

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



# Notes to the financial statements

## 2. Administrative expenses

Remuneration received by Ernst & Young LLP (2014: Ernst & Young LLP) is detailed below and has been borne by a subsidiary undertaking.

	2015 £000	2014 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	3	3

## 3. Directors and employees

The directors of ABP SubHoldings UK Limited were directors of a number of companies within the ABP (Jersey) Limited ("ABPJ") group. Their remuneration for the year ended 31 December 2015 is disclosed in the financial statements of ABPJ. The directors believe that their services to the company are incidental to their role for other group companies and therefore consider that they receive no remuneration in respect of qualifying services to this company (2014: £nil).

The company had no employees during the year (2014: nil).

## 4. Finance costs/(income)

	2015 £m	2014 £m
Interest on amounts due to parent undertakings	339.9	307.9
Interest on amounts due to subsidiary undertaking	1.7	1.5
<b>Finance costs</b>	<b>341.6</b>	<b>309.4</b>
Interest on amounts due from subsidiary undertaking	(339.9)	(307.9)
<b>Finance income</b>	<b>(339.9)</b>	<b>(307.9)</b>
<b>Net finance costs on financial assets and financial liabilities held at amortised cost</b>	<b>1.7</b>	<b>1.5</b>

## 5. Taxation

	2015 £m	2014 £m
<b>Analysis of credit for the year</b>		
Current tax	(0.3)	(0.3)
Deferred tax (note 8)	(9.6)	-
<b>Taxation</b>	<b>(9.9)</b>	<b>(0.3)</b>

Current taxation for the current and prior year represents a credit for group relief surrendered to another group undertaking, with the amount being deducted from amounts due to subsidiary undertaking.

# Notes to the financial statements

## 5. Taxation (continued)

The taxation credit (2014: credit) for the year is higher (2014: equal to) the standard rate of taxation in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £m	2014 £m
<b>Loss before taxation</b>	<b>(1.7)</b>	<b>(1.5)</b>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(0.3)	(0.3)
Effects of:		
Decrease in deferred taxes due to reduction in tax rate	2.3	-
Tax in respect of prior years	(11.9)	-
<b>Total tax credit for the company</b>	<b>(9.9)</b>	<b>(0.3)</b>

## 6. Investments

The company holds the whole of the ordinary issued share capital of ABPA Holdings Limited ("ABPAH"). ABPAH is an unlisted, private limited liability, intermediate investment holding company, which is incorporated and domiciled in England and Wales. The cost of investment is £1,000 (2014: £1,000).

ABPAH reported a consolidated loss of £268.7m for the year ended 31 December 2015 (2014: loss of £477.5m) and had consolidated shareholder's deficit of £1,398.5m at 31 December 2015 (2014: deficit of £1,159.4m).

## 7. Group receivables

	2015 £m	2014 £m
<b>Non-current</b>		
Amounts due from subsidiary undertaking	1,478.2	1,478.2
Accrued interest on amounts due from subsidiary undertaking	1,721.6	1,423.3
<b>Total non-current group receivables</b>	<b>3,199.8</b>	<b>2,901.5</b>
<b>Current</b>		
Accrued interest on amounts due from subsidiary undertaking	3.5	3.4
<b>Total current group receivables</b>	<b>3.5</b>	<b>3.4</b>

Amounts due from subsidiary undertaking represent loans to the company's immediate, wholly owned subsidiary, ABPAH, and interest accrued thereon. ABPAH has borrowing agreements which restrict the amounts that it can pay in cash in respect of interest due on its intra-group indebtedness.

Further details of the amounts due from subsidiary undertaking are disclosed in note 14.

Amounts due from subsidiary undertaking are not overdue for repayment and are not considered to be impaired. Disclosure of the financial risks related to these financial instruments is set out in note 10.

The company does not hold any collateral as security. The company's receivables are denominated in sterling.

# Notes to the financial statements

## 8. Deferred tax

The changes in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 18 November 2015. Accordingly, the deferred tax balances are remeasured at 20%, 19% or 18% as appropriate for the period in which they are expected to crystallise.

The movement on the company's deferred tax is shown below:

	2014 £m	Adjustments in respect of previous periods credited to income statement £m	Charged to income statement £m	2015 £m
Surplus qualifying interest	6.6	11.9	(2.3)	16.2
<b>Deferred tax asset</b>	<b>6.6</b>	<b>11.9</b>	<b>(2.3)</b>	<b>16.2</b>

	2013 £m	Adjustments in respect of previous periods credited/(charged) to income statement £m	Charged to income statement £m	2014 £m
Surplus qualifying interest	6.6	-	-	6.6
<b>Deferred tax asset</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>6.6</b>

The company had no unrecognised deferred tax assets (2014: none) that can be carried forward against future taxable income.

## 9. Borrowings

	2015 £m	2014 £m
<b>Current</b>		
Amounts due to parent undertaking	1,062.2	-
Interest on amounts due to parent undertaking	1,725.1	3.4
<b>Total current borrowings</b>	<b>2,787.3</b>	<b>3.4</b>
<b>Non-current</b>		
Amounts due to parent undertaking	416.0	1,478.2
Interest on amounts due to parent undertaking	-	1,423.3
<b>Total non-current borrowings</b>	<b>416.0</b>	<b>2,901.5</b>

Amounts due to parent undertaking represents loans from ABP Bonds UK Limited. More detail on the company's related party borrowings is set out in note 14.

Interest on the loan due in 2016 accrues annually in arrears and can be settled in cash at any time or deferred until maturity of the facility. The outstanding interest accrued as at 31 December 2015 was of £1,721.6m (2014: £1,423.3m).

## Notes to the financial statements

### 9. Borrowings (continued)

Interest on the loan due in 2018 is accrued and payable semi-annually. Amounts of interest settled is dependent on amounts of interest income the company receives from its immediate subsidiary, ABPA Holdings Limited (“ABPAH”), which in turn is dependent on the lending agreements of that company’s immediate subsidiaries, ABP Finance PLC and ABP Acquisitions UK Limited. Should insufficient funds be available the company may defer payment until a subsequent interest payment date or the final redemption date. Any repayment of interest or capital from ABPAH will trigger a mandatory repayment to the lender. The outstanding interest accrued as at 31 December 2015 was £3.5m (2014: £3.4m).

Disclosure of the financial risks related to these financial instruments is set out in note 10.

There is no collateral held as security. The company’s borrowings are denominated in sterling.

### 10. Financial instruments

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

#### Fair value of financial instruments

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

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value.

The following methods and assumptions were used to estimate the fair values:

- The fair value of current group receivables and current group payables approximate their carrying amounts, largely due to the short-term maturities of these instruments; and
- The fair value of amounts due from subsidiary undertaking and borrowings due to parent undertaking approximates to their carrying amounts as the loans largely match borrowings from the shareholders of the group’s ultimate parent undertaking held by the group’s intermediate parent undertaking, ABP Bonds UK Limited, and fellow group undertaking, ABP Mezzanine Holdco UK Limited, which were recently transacted at par between willing market participants in an arm’s length transaction, corresponding to Level 2 in the fair value hierarchy.

#### Financial risk management

Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the boards of Associated British Ports Holdings Limited, the company’s intermediate subsidiary and ABP (Jersey) Limited (“ABPJ”), the company’s ultimate parent undertaking. The Finance Committee, a sub committee of the ABPJ board, monitors treasury matters and approves significant decisions. The treasury function’s purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the group’s business operations and capital structure. The company’s main financial risks are liquidity, credit and capital risk. The wider group owned by ABPJ, aims to manage these risks to an acceptable level.

The company does not use financial instruments for speculative purposes.

**Notes to the financial statements****10. Financial instruments (continued)****Financial risk management (continued)***Liquidity risk*

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

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

	<b>Group payables £m</b>	<b>Borrowings £m</b>	<b>Total £m</b>
<b>2015</b>			
Not later than one year	22.6	3,144.0	3,166.6
More than one year but not more than two years	-	41.6	41.6
More than two years but not more than five years	-	459.2	459.2
More than five years	-	-	-
<b>Total payments</b>	<b>22.6</b>	<b>3,644.8</b>	<b>3,667.4</b>

	<b>Group payables £m</b>	<b>Borrowings £m</b>	<b>Total £m</b>
<b>2014</b>			
Not later than one year	21.2	41.5	62.7
More than one year but not more than two years	-	3,144.0	3,144.0
More than two years but not more than five years	-	500.8	500.8
More than five years	-	-	-
<b>Total payments</b>	<b>21.2</b>	<b>3,686.3</b>	<b>3,707.5</b>

Interest on the loan due to parent undertaking due in 2018 has been included in the maturity analysis in line with the year in which the interest arises, before repayment of the principal amount in 2018, with no compounding of interest.

As interest payments on the loan due to parent undertaking due in 2016 can be deferred, as described in note 9, they have been included in the maturity analysis in the same category as the principal repayment in 2016.

The expected timing for repayment of the loans due to parent undertaking is detailed in the going concern basis as set out in note 1 to the accounts.

The company had no derivative financial instruments at either 31 December 2015 or 31 December 2014.

**Notes to the financial statements**

**10. Financial instruments (continued)**

**Financial risk management (continued)**

*Credit risk*

Given the counterparties of group receivables, as set out in note 7, and the security provided under intra-group borrowing arrangements, the directors consider the company's exposure to credit risk to be minimal.

The maximum exposure to credit risk at the reporting date for group receivables is the carrying value of each class of receivable.

*Capital risk*

The company keeps its funding structure under review in order to fulfil its principal activity of financing the acquisition and subsequent funding of Associated British Ports Holdings Limited ("ABPH").

The company holds a limited number of long term loan balances with its immediate subsidiary, ABPA Holdings Limited ("ABPAH"), and its immediate parent company, ABP Bonds UK Limited. These balances were created as part of the acquisition of ABPH and subsequent refinancing of the ABP (Jersey) Limited ("ABPJ") group. The company's main transactions each year, which are controlled in conjunction with the rest of the group, relate to interest accrual, receipt and payment.

Ultimate realisation of principal balances, which are due in 2016 and 2018, depends on the performance of the ABPAH underlying trading group and the ability of the UK-wide ports and transport segment to generate cash flows. Attention is drawn to the wider group's approach to risk and capital management, which is set out in the annual report of ABPAH.

**11. Group payables - current**

	2015 £m	2014 £m
Amounts due to subsidiary undertaking	22.6	21.2
<b>Total current group payables</b>	<b>22.6</b>	<b>21.2</b>

Amounts due to subsidiary undertaking are in respect of ABP Acquisitions UK Limited and represent interest and a charge for group relief surrendered. Further details on amounts due to subsidiary undertaking are disclosed in note 14.

Disclosure of the financial risks related to these financial instruments is set out in note 10.

The company's payables are denominated in sterling.

**12. Share capital**

	2015 £m	2014 £m
<b>Authorised</b>		
1,000 (2014: 1,000) ordinary shares of £0.01 each	-	-
<b>Issued and fully paid</b>		
300 (2014: 300) ordinary shares of £0.01 each	-	-

## Notes to the financial statements

## 13. Cash flows from operations

	2015 £m	2014 £m
Reconciliation of loss before taxation to cash flows from operations:		
Loss before taxation	(1.7)	(1.5)
Finance costs	341.6	309.4
Finance income	(339.9)	(307.9)
<b>Operating cash flows before movements in working capital</b>	-	-
<b>Cash flows from operations</b>	-	-

## 14. Related party transactions

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

Name	Relationship
ABP Bonds UK Limited	Immediate parent
ABPA Holdings Limited	Wholly owned immediate subsidiary
ABP Acquisitions UK Limited	Wholly owned intermediate subsidiary

The company has loans receivable/(payable) with the following related parties:

Name	Due date	Rate per annum	2015 £m	2014 £m
ABPA Holdings Limited	2018	12.0%	1,062.2	1,062.2
ABPA Holdings Limited	2018	10.0%	416.0	416.0
Accrued interest			1,725.1	1,426.7
			<b>3,203.3</b>	<b>2,904.9</b>

Name	Due date	Rate per annum	2015 £m	2014 £m
ABP Bonds UK Limited	2016	12.0%	(1,062.2)	(1,062.2)
ABP Bonds UK Limited	2018	10.0%	(416.0)	(416.0)
Accrued interest			(1,725.1)	(1,426.7)
			<b>(3,203.3)</b>	<b>(2,904.9)</b>

The following tables show the loan transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year:

ABPA Holdings Limited	2015 £m	2014 £m
Intercompany receivable at start of the year	2,904.9	2,638.5
Interest charged	339.9	307.9
Non-cash movement in interest receivable	(41.5)	(41.5)
Intercompany receivable at end of the year	<b>3,203.3</b>	<b>2,904.9</b>

## Notes to the financial statements

## 14. Related party transactions (continued)

<b>ABP Bonds UK Limited</b>	<b>2015 £m</b>	<b>2014 £m</b>
Intercompany borrowing at start of the year	(2,904.9)	(2,638.5)
Interest charged	(339.9)	(307.9)
Non-cash movement in interest payable	41.5	41.5
Intercompany borrowing at end of the year	(3,203.3)	(2,904.9)

The company also has current accounts with the following related party. The following table shows the transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year:

<b>ABP Acquisitions UK Limited</b>	<b>2015 £m</b>	<b>2014 £m</b>
Intercompany payable at start of the year	(21.2)	(20.0)
Decrease in payable	0.3	0.3
Interest charged – 8.1% (2014: 7.7%)	(1.7)	(1.5)
Intercompany payable at end of the year	(22.6)	(21.2)

## 15. Subsidiary undertakings

All subsidiaries are domiciled and operate in England and Wales, unless otherwise stated. The company's controlling interest in subsidiary undertakings is represented by ordinary shares (with the exception of Associated British Ports, the company's powers in respect of which are governed by the Transport Act 1981). All shares held are of the same class with voting rights in the same proportion to the shareholding.

	<b>% held by Group</b>
<b>Subsidiary undertakings: Holding/financing</b>	
ABPA Holdings Limited	100
ABP Finance PLC	100
ABP Acquisitions UK Limited	100
Aldwych Logistics Investments Limited	100
<b>Subsidiary undertakings: Ports and transport</b>	
Associated British Ports Holdings Limited	100
Associated British Ports	(see below) <sup>1</sup>
ABP Security Limited	100
ABP Marchwood Limited	100
The Teignmouth Quay Company Limited	100
<b>Subsidiary undertakings: Property</b>	
ABP (Aldwych) Limited	100
Millbay Development Company Limited	100
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100

<sup>1</sup>Under the Transport Act 1981, Associated British Ports Holdings Limited has powers over Associated British Ports ("ABP") corresponding to the powers of a holding company over a wholly owned subsidiary undertaking. ABP's registered office is Aldwych House, 71-91 Aldwych, London, WC2B 4HN.



**Notes to the financial statements**

**15. Subsidiary undertakings (continued)**

	<b>% held by Group</b>
<b>Subsidiary undertakings: Group services</b>	
ABP Insurance Limited (domiciled in Isle of Man) (dissolved 29 January 2016)	100
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited (domiciled in Guernsey)	100
UK Dredging Management Limited	100
<b>Subsidiary undertakings: Dormant</b>	
ABP Quest Trustees Limited	100
Amports Holdings Limited	100
ABP Infrastructure Grimsby Limited	100
ABP Nominees Limited	100
American Port Services Holdings Limited	100
ABP Safeguard Limited	100
Associated British Ports Investments Limited	100
Colchester Dock Transit Company Limited	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside Group Limited	100
Grosvenor Waterside (Holdings) Limited	100
Ipswich Port Limited	100
Slater's Transport Limited	100
Whitby Port Services Limited	100
ABP Secretariat Services Limited	100
ABP (Pension Trustees) Limited	100
Exxtor Shipping Services Limited	100
Humber Pilotage (C.H.A.) Limited	100
Northern Cargo Services Limited	100
Southampton Free Trade Zone Limited	100
Grosvenor Waterside Developments Limited	100
Grosvenor Buchanan Properties Limited (domiciled in Scotland)	100
Grosvenor Waterside Asset Management Limited	100
ABP Southampton Properties Limited	100
ABP (No. 1) Limited	100
ABP Connect Limited	100
Marine Environmental Research Limited	100
Amports Cargo Services Limited	100
Amports Vehicle Terminals Limited	100
Amports Contract Personnel Limited	100
Auto Shipping Limited	100

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

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

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

# Notes to the financial statements

## 16. Ultimate parent undertaking and controlling parties (continued)

ABP (Jersey) Limited ("ABPJ") is a limited liability company registered in Jersey. The company is owned by a consortium of investors as shown below:

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
<b>2015</b>			
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
Canada Pension Plan Investment Board <sup>1</sup>	33.88	33.88	33.88
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Kuwait Investment Authority	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup>Included in Canada Pension Plan Investment Board's A Ordinary Shares are 3.88% of A Ordinary shares held by 9348654 Canada Inc., a private Canadian company.

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
<b>2014</b>			
Borealis (Luxembourg) S.C.A. (owned by OMERS Administration Corporation)	-	33.334	33.333
Borealis International Investments Corporation (owned by OMERS Administration Corporation)	33.334	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	33.333	33.333	33.333
Infracapital ABP SLP LP <sup>1</sup> (owned by Infracapital Partners LP, itself managed by M&G Investment Management Limited)	10.000	10.000	10.000
Admiral Global & International S.à.r.l. (owned by GS Global Infrastructure Partners I, LP and GS International Infrastructure Partners I, LP)	23.000	23.000	22.701
Admiral Institutional S.à.r.l. (owned by GS Institutional Infrastructure Partners I, LP)	0.333	0.333	0.633
	<b>100.000</b>	<b>100.000</b>	<b>100.000</b>

<sup>1</sup> During the year Infracapital Nominees Limited transferred its shares in ABP (Jersey) Limited to Infracapital ABP SLP LP

During the year ABPJ was subject to a number of equity transactions, the first of which involved the sale of the entire shareholdings of Infracapital ABP SLP LP, Admiral Global & International S.à.r.l. and Admiral Institutional S.à.r.l. to Anchorage Ports LLP, a consortium comprising Canada Pension Plan Investment Board and entities managed by Hermes GPE LLP.

**Notes to the financial statements**

**16. Ultimate parent undertaking and controlling parties (continued)**

In a further series of transactions, Borealis International Investments Corporation (“Borealis International”) sold 10.00% of their equity holdings to Kuwait Investment Authority (acting through its London Office for and on behalf of the State of Kuwait in respect of the investing of the assets deposited into the account known as the Future Generation Fund), with further transfers from Cheyne Walk Investment Pte Limited (“Cheyne Walk”) to Borealis Ark Holdings B.V. and Borealis International, totalling 10.00%. The final tranche of transactions involved the transfer of shareholdings from Anchorage Ports LLP to Canada Pension Plan Investment Board (“CPPIB”), and further transfers from Cheyne Walk and Borealis International to Anchorage Ports LLP, CPPIB and 9348654 Canada Inc. to arrive at the current shareholdings.

All shares classes held by Borealis (Luxembourg) S.C.A. and Borealis International were transferred to Borealis ABP Holdings B.V., a Netherlands registered wholly owned subsidiary of the OMERS Administration Corporation on 17 December 2015. This final transaction did not impact the percentage holdings of any other shareholder.

In addition to A Ordinary shares, the company’s share capital includes participating, non-voting Preference shares and participating, non-voting B Ordinary shares. The Preference shares and B Ordinary shares were transferred in the same proportions as A Ordinary shares throughout the series of transactions. Each shareholder therefore holds each share class in the same proportion. The sole material difference in the apportionment of shareholdings is that 9348654 Canada Inc. is a shareholder of 3.88% A Ordinary shares only and CPPIB’s direct holding of A, B Ordinary shares and Preference shares being 30.00%, 33.88% and 33.88% respectively.