

ABP SUBHOLDINGS UK LIMITED

(Company Number 05839376)

ANNUAL REPORT AND ACCOUNTS 2019



ABP SUBHOLDINGS UK LIMITED

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Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activity and strategy

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

During the year interest continued to be accrued on the intercompany loans and other smaller related party balances as set out in note 13. In 2019, £nil (2018: £51.5m) non-cash interest was received from ABPA Holdings Limited ("ABPAH") and £nil (2018: £51.5m) non-cash interest was paid to ABP Bonds UK Limited ("ABPB").

Performance

The loss for the year was £1.5m (2018: loss of £1.5m). The current year loss reflects net finance costs of £1.9m associated with the company's payable to its intermediate subsidiary undertaking ABP Acquisitions UK Limited ("ABPA") and a current tax credit of £0.4m. The company also recognised finance costs on borrowings from ABPB and finance income on loans to ABPAH, which offset each other.

The primary driver of performance is the ability of the wider group's main trading group, ABPAH (Note 15), to generate cash flows, as indicated by the following:

	2019	2018
	£m	£m
ABPA Holdings Limited		
Consolidated EBITDA ¹	315.4	331.5
Cash generated by operations	295.1	314.4

¹ Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated in accordance with the definitions set out in the group's credit facilities and after excluding certain items

Position at the end of the year

At 31 December 2019, the company had net assets of £971.8m (2018: £973.3m), which includes an investment in subsidiary of £1.0bn. 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.

Principal risks and uncertainties

The company has limited risk because it interacts only with fellow group companies and, indirectly, its ultimate parent company's shareholders as part of the financing structure of the group owned ABPJ. The nature of the interactions is set out in notes 4, 7, 8, 10, and 13 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 below and in note 9.

Financial risk management

The company's main financial risks are liquidity, credit and capital risk. Treasury matters for the company are controlled centrally by the group as set out in note 9.

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.

Strategic Report (continued)

Credit risk

The company is exposed to credit related losses in the event of non-performance by counterparties to financial transactions. The company mitigates this risk by only transacting with related parties with security provided under intra-group borrowing arrangements. As such the exposure to credit risk is considered to be minimal.

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 ABPH, by ABPA, an intermediate subsidiary undertaking of the company.

The company currently finances its business with loans from its immediate parent undertaking, ABPB. Details of these loan notes can be found in notes 8, 9 and 13.

Trading group risks and uncertainties

The company's future viability and risk management are ultimately dependent upon the performance of the wider trading group owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Further details of the risks and uncertainties relating to the wider trading group, including the impact of the Covid-19 virus, can be found in the Annual Report and Accounts of ABPAH.

Section 172 statement

The Board recognises the importance of stakeholder engagement in delivering the long-term and sustainable success of the company. When making decisions the directors have regard to the likely long-term impact of those decisions and also their responsibilities and duties to stakeholders relevant to the company's operations. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary.

Important events after the reporting period

Since the balance sheet date the Covid-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact in order to slow the spread of the virus. The group of companies to which ABP Subholdings UK Limited belongs has been impacted by the slowdown of the economy and by reduced trade flows caused by the measures to limit the spread of the virus. As these measures were not in place at the balance sheet date management have concluded that the economic impact of the Covid-19 virus is a non-adjusting post balance sheet event.

The group continues to monitor carefully the fast changing threat from the Covid-19 virus and is liaising with the relevant health authorities and statutory bodies to ensure the group is delivering the most appropriate and effective response. Management are actively managing safe operation of the business to minimize disruption of business operations, in order to minimize the adverse impacts on the group's EBITDA. The group is proactively considering downside scenarios, re-forecasting and stress testing financial results, and monitoring headroom against its loan covenants. Based on currently available information, including consideration of actual results compared to forecast for April and May, the group does not expect the impact of the virus to cause it to default on its covenants or to otherwise threaten the viability of the group.

Strategic Report (continued)


Important events after the reporting period (continued)

As described in note 1.3, management have made a number of critical estimates, judgements and assumptions in preparing these accounts. Given the fast moving nature of events and the unprecedented nature of the measures being taken to slow the spread of the virus it is not possible to accurately quantify the financial impact of these measures on the critical estimates, judgements and assumptions. However management consider it unlikely that the Covid-19 virus will adversely impact on the recoverability of the company's assets.

Future outlook

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

By Order of the Board

A handwritten signature in black ink, appearing to read 'MM Wyatt', is written over a horizontal line.

MM Wyatt
Director

24 July 2020

ABP SUBHOLDINGS UK LIMITED ANNUAL REPORT AND ACCOUNTS 2019

Directors' report

The directors present their report and the audited accounts of the company (number 05839376) for the year ended 31 December 2019.

Registered office

The company's registered office is 25 Bedford Street, London, WC2E 9ES.

Directors

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

Bull, GSM		(resigned 29 March 2019)
Pedersen, HL		
Wyatt, MM		(appointed 14 March 2019)
Kennedy, SR	(alternate to GSM Bull)	(appointment ceased on 29 March 2019 on resignation of GSM Bull)
Kennedy, SR	(alternate to HL Pedersen)	
Kennedy, SR	(alternate to MM Wyatt)	(appointed 14 March 2019)

Directors' indemnities

ABP (Jersey) Limited ("ABPJ"), 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.

Matters disclosed in the strategic report

The directors have chosen to disclose the following matters in the strategic report:

- Financial risk management objectives and policies and details of the company's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures; and
- Indication of likely future developments in the business and important events after the reporting period.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

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 he or she 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;
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- each director is aware that it is an offence to make a knowingly false statement.

By Order of the Board

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line.

ABP Secretariat Services Limited
Secretary
25 Bedford Street
London, WC2E 9ES
24 July 2020

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

Opinion

We have audited the financial statements of ABP Subholdings UK Limited for the year ended 31 December 2019 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, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss 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.

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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Covid-19

We draw attention to note 1.1 "Going Concern" and note 16 "Events after the reporting period" of the financial statements, which describes the impacts the company is facing as a result of Covid-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Ernst & Young LLP

Lloyd Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 July 2020

ABP SUBHOLDINGS UK LIMITED ANNUAL REPORT AND ACCOUNTS 2019

Income statement for the year ended 31 December

	Note	2019 £m	2018 £m
Administrative expenses	2	-	-
Finance costs	4	(253.8)	(257.8)
Finance income	4	251.9	255.8
Loss before taxation		(1.9)	(2.0)
Taxation credit	5	0.4	0.5
Loss for the year		(1.5)	(1.5)

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

Statement of comprehensive income for the year ended 31 December 2019

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

Balance sheet as at 31 December

	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Investments	6	1,000.0	1,000.0
Group receivables	7	3,267.8	3,015.9
		4,267.8	4,015.9
Current assets			
Group receivables	7	2.0	2.0
		2.0	2.0
Total assets		4,269.8	4,017.9
Liabilities			
Current liabilities			
Borrowings	8	(2.0)	(2.0)
Group payables	10	(28.2)	(26.7)
		(30.2)	(28.7)
Non-current liabilities			
Borrowings	8	(3,267.8)	(3,015.9)
		(3,267.8)	(3,015.9)
Total liabilities		(3,298.0)	(3,044.6)
Net assets		971.8	973.3
Shareholder's equity			
Share capital	11		
Other reserve		1,000.0	1,000.0
Accumulated losses		(28.2)	(26.7)
Total shareholder's equity		971.8	973.3

The financial statements were approved by the Board on 24 July 2020 and signed on its behalf by:



MM Wyatt
Director

Statement of cash flows for the year ended 31 December

	Note	2019 £m	2018 £m
Cash flows from operating activities			
Cash flows from operations	12	-	-
Net cash flow from operating activities		-	-
Change in cash and cash equivalents during the year		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

Details of significant non-cash transactions affecting the company are set out in note 12.

Statement of changes in equity for the year ended 31 December

	Share capital £m	Other reserve £m	Accumulated losses £m	Total £m
At 1 January 2018	-	1000	(25.2)	974.8
Loss for the year	-	-	(1.5)	(1.5)
At 31 December 2018	-	1,000.0	(26.7)	973.3
Loss for the year	-	-	(1.5)	(1.5)
At 31 December 2019	-	1,000.0	(28.2)	971.8

Other reserve

The other reserve comprises amounts due to parent undertaking which were forgiven for no consideration. These amounts were derecognised on forgiveness and an equivalent amount recognised in other reserve.

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. The financial statements provide comparative information in respect of the previous period.

Going concern basis

The company's future viability is ultimately dependent on the performance of the wider trading group owned by the company's intermediate 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 2019 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, as disclosed in the strategic report of £315.4m and cash generated by operations of £295.1m. The group's strategic plan indicates that a strong performance is forecast to continue in the future.

The directors have considered the company's net current liabilities of £28.2m, which includes amounts due to ABP Acquisitions UK Limited ("ABPA"), the company's intermediate subsidiary undertaking, totalling £28.2m in respect of interest and a charge for group relief.

The company also has non-current amounts and interest accrued thereon due to ABP Bonds UK Limited ("ABPB"), the company's immediate parent undertaking, totalling £3,267.8m repayable in 2027 and 2028, matched by amounts due from ABPAH as set out in notes 7, 8 and 13.

In respect of the wider trading group, the group's business plan was developed before the spread of the Covid19 virus. Management are monitoring the impact of the virus and do not expect it to adversely impact the going concern assumption based on the significant proportion of revenue that is contractually guaranteed. Most of the impact to date from reduced volumes through the ports has been offset by the group's ability to take effective mitigating actions to counter downside scenarios. The group has already instigated certain costs saving and capex reduction initiatives. Management have re-forecast the group's results and have modelled different scenarios including a severe downside scenario where headroom against the leverage covenant becomes limited within the going concern period, before further mitigating actions. If the actual results are significantly worse than forecast, the group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include further reductions in variable staff and other variable costs to match reduced activity, delaying or freezing EBITDA enhancing capex projects and if the downside period persists then reviewing costs for further savings. As a result of the actions already taken to date and further contingency plans to react to a more adverse scenario, management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants.

Notes to the financial statements

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the group. As at 31 December 2019, the group had access to £365m of committed and undrawn borrowing facilities, which are available for between two and four years.

A further £40m has been drawn against these facilities in 2020 to provide additional liquidity as a buffer against the possible impacts of the Covid-19 virus. Debt maturities are spread over a range of dates, ensuring the group is not exposed to a material refinancing in any one year (see note 1 on going concern and note 9 on financial risk management). In addition, the group has in place £130m of undrawn debt service reserve liquidity facilities to cover annual interest costs. These are renewed annually and are drawn with a final maturity of 2042 if not renewed.

Given the nature, maturity dates and counterparties of these liabilities (as set out in notes 8, 9, 10, and 13), as well as the wider group's track record of its ability to refinance debt and generate cash flows, notwithstanding the impact of the Covid-19 virus, 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 group are included in the consolidated financial statements of its ultimate parent undertaking, ABP (Jersey) Limited, which are available from 44 Esplanade, St Helier, Jersey, JE4 9WG.

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, amendments and improvements effective for the first time for the annual reporting period commencing 1 January 2019 that had a material impact on the company.

New standards, amendments and interpretations issued but not yet effective

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

Notes to the financial statements

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

The directors do not anticipate that the adoption of these new 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 the company's financial statements 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 the directors' best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Estimates

The critical estimates in applying these policies relate to the calculation of Expected Credit Losses relating to group receivables as set out in note 7.

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all group financial assets held at amortised cost. At the reporting date, an impairment allowance reflecting 12 months ECL is required for financial assets that either have not deteriorated significantly in credit quality since initial recognition or have low credit risk. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument, respectively. Management estimate the PD by performing an analysis of default rates calculated by reputable external credit rating agencies and implied in credit default swap curves. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of priority of repayment at the time it is expected to be realised, the time value of money and counterparty's ability to settle its obligations immediately for financial assets that are repayable on demand. For uncollateralised financial assets, management have assumed standard market recovery rates.

Judgements

In the process of applying the company's accounting policies, the directors have made the following judgement which has the most significant effect on the amounts recognised in the financial statements:

Notes to the financial statements

1. Accounting policies (continued)

1.3 Critical estimates, judgements and assumptions (continued)

Judgements (continued)

Credit risk of financial assets

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 depends on the performance of ABPA Holdings Limited's ("ABPAH") underlying trading group and the ability of the UK-wide ports and transport operations to generate cash flows. As such, management considers the overall Group performance to be an adequate indicator of credit quality of each group company. Therefore, when calculating Expected Credit Losses relating to group receivables, as described above, management have made the judgement that the probability of default of each group company is the same as for the group as a whole, given the close interdependencies between each group company. The other factors that are considered when assessing whether the credit risk of the Group companies has deteriorated include, but are not limited to, the following:

- Evidence of working capital deficiencies or liquidity problems for the Group.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the Group's ability to meet its debt obligations.
- An actual or expected significant adverse change in the operating results of the Group.
- Significant changes, such as reductions, in financial support from a parent entity or an actual or expected significant change in the quality of credit enhancement, that are expected to reduce the group companies' economic incentive to make scheduled contractual payments.
- Changes in the Group's external credit rating.

For the year ended 31 December 2019 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, as disclosed in the strategic report of £315.4m and cash generated by operations of £295.1m. The group's strategic plan indicates that a strong performance is forecast to continue in the future. Further attention is drawn to the company's and group's approach to risk and capital management which is set out in the company's strategic report. Therefore, management have made the judgement that the credit quality of the Group, and the individual group companies, has not significantly deteriorated and group receivables continue to qualify as Stage 1 financial assets for which 12-month ECL has been estimated.

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

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Significant accounting policies (continued)

Group receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses ("ECLs").

At each reporting date, the company performs an impairment analysis for all group receivables to measure the allowance for ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for default events that are possible within the next 12 months. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is calculated for credit losses expected over the remaining life of the exposure, irrespective of the expected timing of the default.

Movements in the provision for expected credit losses of receivables are recorded within administrative expenses.

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.

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
 - either
 - a) the company has transferred substantially all the risks and rewards of the asset; or
 - b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the company income statement. When the contractual cash flows are renegotiated or modified but do not result in the de-recognition of the financial liability, the difference between the net present value of the modified contractual cash flows discounted at the financial liability's original effective interest rate and the present value of the existing financial liability, is recognised in profit or loss.

Notes to the financial statements

1. Accounting policies (continued)

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.

On forgiveness of amounts due from subsidiary undertaking the company derecognises the carrying value of amounts due from subsidiary undertaking on the balance sheet and recognises an equivalent amount as an additional cost of investments in subsidiaries.

Interest income

Interest income is calculated and recorded using the effective interest method. Interest income is included in finance income in the income statement.

Interest expense:

Interest costs are expensed in the period in which they occur and consist of interest that the company incurs in connection with the borrowing of funds. Interest expense is calculated and recorded using the effective interest method.

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.

2. Administrative expenses

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

	2019 £000	2018 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	5	4

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. 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 (2018: £nil).

The company had no employees during the year (2018: nil).

Notes to the financial statements

4. Finance costs/(income)

	2019 £m	2018 £m
Interest on amounts due to parent undertakings	251.9	255.8
Interest on amounts due to subsidiary undertaking	1.9	2.0
Finance costs	253.8	257.8
Interest on amounts due from subsidiary undertaking	(251.9)	(255.8)
Finance income	(251.9)	(255.8)
Net finance costs on financial assets and financial liabilities held at amortised cost	1.9	2.0

5. Taxation

	2019 £m	2018 £m
Analysis of credit for the year		
Current tax	(0.4)	(0.5)
Taxation	(0.4)	(0.5)

The UK corporation tax rate change from 19% to 17% (effective 1 April 2020) was enacted 15 September 2016. On 11 March 2020 the Chancellor of the Exchequer announced that the UK corporation rate change would no longer go ahead.

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

The taxation credit (2018: credit) for the year is lower than (2018: higher) than the standard rate of taxation in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £m	2018 £m
Loss before taxation	(1.90)	(2.00)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(0.36)	(0.37)
Effects of:		
Items allowable for tax	(0.05)	(0.13)
Total tax credit for the company	(0.41)	(0.50)
Effective tax rate	(21.6%)	(25.0%)
Total tax (credit)/charge for the company	(0.41)	(0.50)
Effects of permanent differences:		
Related party debt - disregarded	0.05	0.13
Tax (credit)/charge for the group after removing permanent differences	(0.36)	(0.38)
Tax rate after permanent differences	19.0%	19.0%

Tax in respect of prior years relates predominantly to revised allocation of capital expenditure in the filed corporation tax returns.

Notes to the financial statements

6. Investments

	Interest in subsidiary undertaking	
	2019	2018
	£m	£m
At 1 January	1,000.0	1,000.0
Addition	-	-
At 31 December	1,000.0	1,000.0

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.

In 2017 on forgiveness of £1.0bn of the amounts due from ABPA Holdings Limited ("ABPAH"), the company derecognised £1.0bn of the carrying value of amounts due from subsidiary undertaking and recognised an equivalent amount as an additional cost of investment in subsidiary. No consideration was given in exchange for the forgiveness of the intercompany loan.

ABPAH reported a consolidated loss of £300.6m for the year ended 31 December 2019 (2018: loss of £94.8m) and had consolidated shareholder's deficit of £1,319.9m at 31 December 2019 (2018: deficit of £1,005.2m).

7. Group receivables

	2019	2018
	£m	£m
Non-current		
Amounts due from subsidiary undertaking	1,138.8	1,138.8
Accrued interest on amounts due from subsidiary undertaking	2,129.0	1,877.1
Total non-current group receivables	3,267.8	3,015.9
Current		
Amounts due from subsidiary undertaking	-	-
Accrued interest on amounts due from subsidiary undertaking	2.0	2.0
Total current group receivables	2.0	2.0

Amounts due from subsidiary undertaking represent loans to the company's immediate, wholly owned subsidiary undertaking, 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. Amounts have been included in current and non-current based on the expected realisation of the asset.

In January 2017 the company forgave intercompany loans due from ABPAH accruing interest at 12.0% per annum, and the related interest accrued, totalling £1.0bn. No consideration was given in exchange for the forgiveness of the intercompany loan and interest accrued and thus, the company derecognised £1.0bn of the carrying value of amounts due from subsidiary undertaking and recognised an equivalent amount as an additional cost of investment in subsidiary. In March 2017 the company extended the maturity date on the remaining loan accruing interest at 12.0% per annum and the associated interest accrued from 2018 to 2027 and reduced the interest rate to 9.0% from 12.0% per annum. In all other regards the terms of the loan agreements remained the same.

Notes to the financial statements

7. Group receivables (continued)

With effect from 1 December 2018 the company agreed to change the interest rate on the intercompany loan due from ABPAH accruing interest at 10.0% per annum and the associated accrued interest thereon from 10.0% per annum to 3.95% per annum plus 6 month sterling LIBOR and to extend the maturity date on the intercompany loan from 16 December 2018 to 15 December 2028. Consequently, on 1 December 2018, the amounts due from subsidiary undertaking due in 2018 were de-recognised and the new amounts due from subsidiary undertaking due in 2028 were recognised at fair value with £nil recorded in profit or loss. In all other regards the terms of the loan agreements remained the same.

Further details of the amounts due from subsidiary undertaking are also disclosed in note 13.

Amounts due from subsidiary undertaking are not overdue for repayment and are not considered to be impaired. Management has undertaken an impairment analysis in order to estimate the Expected Credit Losses (ECLs) that are possible from default events over the next twelve months. Management have concluded that the ECLs are immaterial and consequently no allowance for impairment has been recognised.

Disclosure of the financial risks related to these financial instruments is set out in note 9.

The company's receivables are denominated in sterling.

8. Borrowings

	2019 £m	2018 £m
Current		
Amounts due to parent undertaking	-	-
Interest on amounts due to parent undertaking	2.0	2.0
Total current borrowings	2.0	2.0
Non-current		
Amounts due to parent undertaking	1,138.8	1,138.8
Interest on amounts due to parent undertaking	2,129.0	1,877.1
Total non-current borrowings	3,267.8	3,015.9

Amounts due to parent undertaking represents loans from ABP Bonds UK Limited ("ABPB").

In January 2017 ABPB forgave intercompany loans owed by the company, accruing interest at 12.0% per annum, and the related interest accrued totalling £1.0bn. No consideration was given in exchange for the forgiveness of the intercompany loan and interest accrued and thus, the company derecognised £1.0bn of the carrying value of amounts due to parent undertaking and recognised an equivalent amount in 'other reserve' in equity. In March 2017 the Board of ABPB agreed with the company to extend the maturity date on the remaining borrowings accruing interest at 12.0% per annum and the related accrued interest thereon from 2018 to 2027. In addition, the interest rate on the borrowings was reduced from 12.0% to 9.0% per annum. In all other regards the terms of the loan agreements remained the same.

Interest on the loan accruing interest at 9.0% per annum 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 2019 was £2,039m (2018: £1,811.0m).

Notes to the financial statement

8. Borrowings (continued)

With effect from 1 December 2018 the company's immediate parent undertaking, ABPB, agreed to change the interest rate on the intercompany loan accruing interest at 10.0% per annum and the associated accrued interest thereon from 10.0% per annum to 3.95% per annum plus 6 month sterling LIBOR and to extend the maturity date on the intercompany loan from 16 December 2018 to 15 December 2028. Consequently, on 1 December 2018, the amounts due to parent undertaking due in 2018 were de-recognised and the new amounts due to parent undertaking due in 2028 were recognised at fair value with £nil recorded in profit or loss. In all other regards the terms of the loan agreements remained the same.

Amounts of interest settled is dependent on amounts of interest income the company receives from its immediate subsidiary undertaking, ABPA Holdings Limited ("ABPAH"), which in turn is dependent on the lending agreements of that company's immediate subsidiary undertakings, ABP Finance PLC and ABP Acquisitions UK Limited. Should insufficient funds be available, under the agreement the company is permitted to 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. Interest charged in 2019 of £23.9m (2018: £46.5m) was deferred (2018: £5.0m) in line with the agreement. The total outstanding interest accrued as at 31 December 2019 was £92.1m (2018: £68.1m) of which £2.0m (2018: £2.0m) has been disclosed as current.

Disclosure of the financial risks related to these financial instruments is set out in note 9. More detail on the company's related party borrowings is set out in note 13. There is no collateral held as security. The company's borrowings are denominated in sterling.

9. 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 transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of all the company's financial instruments are reasonable approximations of fair value.

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

- The fair value of current group receivables, borrowings and group payables approximates to their carrying amounts due to the short-term maturities of these instruments;
- The fair value of fixed rate intercompany loans has been based on a cash flow projection with reference to observed market returns and accords to Level 2 in the fair value hierarchy. As the fixed rate at 31 December 2019 and 2018 approximates market rate, the book value approximates fair value; and
- The fair value of floating rate intercompany loans approximates to their carrying value as they bear interest at a rate linked to LIBOR and there have been no significant changes in credit risk since the issue of the instruments. A cash flow projection approach has been used with reference to observed market returns and accords to Level 2 in the fair value hierarchy.

Notes to the financial statement

9. Financial instruments (continued)

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 Board of Associated British Ports Holdings Limited ("ABPH"), the company's intermediate subsidiary undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge 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 ABP (Jersey) Limited, aims to manage these risks to an acceptable level.

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:

	Borrowings	Group Payables	Total
2019	£m	£m	£m
Not later than one year	24.1	28.2	52.3
More than one year but not more than two years	23.9	-	23.9
More than two years but not more than five years	74.3	-	74.3
More than five years	5,695.1	-	5,695.1
Total payments	5,817.4	28.2	5,845.6

	Borrowings	Group Payables	Total
2018	£m	£m	£m
Not later than one year	24.2	26.7	50.9
More than one year but not more than two years	25.0	-	25.0
More than two years but not more than five years	77.3	-	77.3
More than five years	5,725.4	-	5,725.4
Total payments	5,851.9	26.7	5,878.6

Borrowings disclosure in the tables above is based on contractual payments as they existed as at 31 December 2019 and 31 December 2018.

Interest on the loan due to parent undertaking due in 2028, accruing interest at 3.95% per annum plus 6 month sterling LIBOR, which was deferred in 2017 can be deferred (as described in note 8) until the final redemption date and has therefore been included in the same category as the principal repayment in 2028. Subsequent interest is calculated on the principal as well as any deferred interest. Interest can only be deferred if the company has insufficient funds available, therefore in the maturity analysis interest has been included in the year in which the interest becomes payable prior to repayment of the principal amount in 2028, with no compounding of interest.

Notes to the financial statement

9. Financial instruments (continued)

Financial risk management (continued)

As interest payments on the loan due to parent undertaking due in 2027, accruing interest at 9.0% per annum can be deferred (as described in note 8) they have been included in the maturity analysis in the same category as the principal repayment. The principal repayments of the loans due to parent undertaking are expected to be at the respective maturity dates.

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. An impairment analysis is performed at each reporting date to determine the expected credit losses. The analysis reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecasts of future economic conditions. Based on the impairment analysis the directors determined that the allowance for expected credit losses as at 31 December 2019 is £nil (2018: £nil).

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.

The company holds a limited number of long term loan balances with its immediate subsidiary undertaking, ABPA Holdings Limited ("ABPAH"), and its immediate parent undertaking, ABP Bonds UK Limited. These balances were created as part of the acquisition of Associated British Ports Holdings Limited and subsequent refinancing of the ABP (Jersey) Limited 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 depends on the performance of the ABPAH underlying trading group and the ability of the UK-wide ports and transport operation to generate cash flows.

Further attention is drawn to the company's and wider group's approach to risk, which is set out in the company's strategic report.

10. Group payables – current

	2019 £m	2018 £m
Amounts due to subsidiary undertaking	28.2	26.7
Total group payables – current	28.2	26.7

Amounts due to subsidiary undertaking are in respect of ABP Acquisitions UK Limited, represent interest and a charge for group relief surrendered and are repayable on demand. Further details on amounts due to subsidiary undertaking are disclosed in note 13.

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company's payables are denominated in sterling.

Notes to the financial statement

11. Share capital

	2019 £m	2018 £m
Issued and fully paid		
300 (2018: 300) ordinary shares of £0.01 each	-	-

12. Cash flows from operations

	2019 £m	2018 £m
Reconciliation of loss before taxation to cash flows from operations:		
Loss before taxation	(1.9)	(2.0)
Finance costs	253.8	257.8
Finance income	(251.9)	(255.8)
Operating cash flows before movements in working capital	-	-
Cash flows from operations	-	-

The table below shows the cash and non-cash changes in liabilities arising from financing activities:

	At 1 January liability £m	Cash flows £m	Non-cash changes £m	At 31 December liability £m
2019				
Non-current amounts due to parent undertaking	(3,015.9)	-	(251.9)	(3,267.8)
Total	(3,015.9)	-	(251.9)	(3,267.8)

	At 1 January liability £m	Cash flows £m	Non-cash changes £m	At 31 December liability £m
2018				
Non-current amounts due to parent undertaking	(2,324.5)	-	(691.4)	(3,015.9)
Current amounts due to parent undertaking	(484.9)	-	484.9	-
Total	(2,809.4)	-	(206.5)	(3,015.9)

13. 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

Notes to the financial statements

13. Related party transactions (continued)

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

Name	Due date	Interest rate per annum	2019 £m	2018 £m
ABPA Holdings Limited	2027	9.0%	722.8	722.8
ABPA Holdings Limited	2028	3.95% plus 6 month sterling LIBOR	416.0	416.0
Interest accrued			2,131.0	1,879.1
			3,269.8	3,017.9

Name	Due date	Interest rate per annum	2019 £m	2018 £m
ABP Bonds UK Limited	2027	9.0%	(722.8)	(722.8)
ABP Bonds UK Limited	2028	3.95% plus 6 month sterling LIBOR	(416.0)	(416.0)
Interest accrued			(2,131.0)	(1,879.1)
			(3,269.8)	(3,017.9)

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	2019 £m	2018 £m
Intercompany receivable at start of the year	3,017.9	2,813.6
Non-cash forgiveness of intercompany loan	-	-
Interest charged	251.9	255.8
Non-cash movement in interest receivable	-	(51.5)
Intercompany receivable at end of the year	3,269.8	3,017.9

ABP Bonds UK Limited	2019 £m	2018 £m
Intercompany borrowing at start of the year	(3,017.9)	(2,813.6)
Non-cash forgiveness of intercompany loan	-	-
Interest charged	(251.9)	(255.8)
Non-cash movement in interest payable	-	51.5
Intercompany borrowing at end of the year	(3,269.8)	(3,017.9)

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

ABP Acquisitions UK Limited	2019 £m	2018 £m
Intercompany payable at start of the year	(26.7)	(25.2)
Decrease in payable	-	0.5
Interest charged – 7.0% per annum (2018: 7.6%)	(1.5)	(2.0)
Intercompany payable at end of the year	(28.2)	(26.7)

Notes to the financial statements

13. Related party transactions (continued)

The company has also entered into transactions during the year of less than £0.1m (2018: £0.1m) with ABP (Jersey) Limited. The outstanding balance as at 31 December 2019 was less than £0.1m (2018: £0.1m).

14. Subsidiary undertakings

All subsidiaries have a registered address of 25 Bedford Street, London, WC2E 9ES 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, which is governed by the Transport Act 1981 and Southampton Port Security Authority Limited, which is limited by guarantee). All ordinary shares have voting rights in the same proportion to the shareholding.

	% held by Company
Subsidiary undertakings: Holding/financing	
ABP Acquisitions UK Limited	100
ABP Finance PLC	100
ABPA Holdings Limited	100
Subsidiary undertakings: Ports and transport	
ABP Security Limited	100
Associated British Ports	(see below) ¹
Associated British Ports Holdings Limited	100
Immingham Bulk Terminal Limited	100
W.E. Dowds (Shipping) Limited	100
Subsidiary undertakings: Property	
ABP Property Development Company Limited	100
Grosvenor Waterside investments Limited	100
Millbay Development Company Limited	100
RPM Industrial Site Services Limited	100
Subsidiary undertakings: Group services	
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited ² (domiciled in Guernsey)	100
UK Dredging Management Limited	100
W.E.D. (Services) Limited	100
Subsidiary undertakings: Dormant	
ABP (Aldwych) Limited	100
ABP (No. 1) Limited	100
ABP (Pension Trustees) Limited	100
ABP Connect Limited	100
ABP Marchwood Limited	100
ABP Nominees Limited	100
ABP Quest Trustees Limited	100
ABP Safeguard Limited	100
ABP Secretariat Services Limited	100
ABP Southampton Properties Limited	100
Aldwych Logistics Investments Limited	100

¹ Under the Transport Act 1981, Associated British Ports Holdings Limited, the company's intermediate subsidiary undertaking, 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 25 Bedford Street, London, WC2E 9ES.

² Registered address is Frances House, Sir William Place, St. Peter Port, Guernsey, GY1 4HQ.

Notes to the financial statements

14. Subsidiary undertakings (continued)

	% held by Company
American Port Services Holdings Limited	100
Amports Cargo Services Limited	100
Amports Contract Personnel Limited	100
Amports Holdings Limited	100
Amports Vehicle Terminals Limited	100
Associated British Ports Investments Limited	100
Auto Shipping Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100
Grosvenor Buchanan Properties Limited ¹ (domiciled in Scotland)	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside Asset Management Limited	100
Grosvenor Waterside Developments Limited	100
Grosvenor Waterside Group Limited	100
Humber Pilotage (C.H.A.) Limited	100
Ipswich Port Limited	100
Marine Environmental Research Limited	100
Northern Cargo Services Limited	100
Slater's Transport Limited	100
Southampton Free Trade Zone Limited	100
Southampton Port Security Authority Limited	(see below) ²
The Teignmouth Quay Company Limited	100
Whitby Port Services Limited	100

¹ Registered address is Associated British Ports, Port Office, Ayr, Ayrshire, KA8 8AH.

² This company is a subsidiary undertaking limited by guarantee.

Notes to the financial statements

15. Ultimate parent undertaking and controlling parties

The company is a private company limited by shares registered in England and Wales. Its immediate parent undertaking is ABP Bonds UK Limited ("ABPB").

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 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.

The wider group's main trading group headed by ABPA Holdings Limited annual report and accounts can be obtained at its registered offices, 25 Bedford Street, London, WC2E 9ES.

ABPJ is owned by a consortium of investors as shown below:

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
2019			
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
CPPIB (Hong Kong) Limited (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
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
	100.00	100.00	100.00

Notes to the financial statements

15. Ultimate parent undertaking and controlling parties (continued)

2018	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
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	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
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
	100.00	100.00	100.00

All share classes held by Canada Pension Plan Investment Board were transferred to CPPIB (Hong Kong) Limited, a Hong Kong registered wholly owned subsidiary of Canada Pension Plan Investment Board on 14 August 2019. This transaction did not impact the percentage holdings of any other shareholder.

16. Events after the reporting period

Since the balance sheet date the Covid-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact in order to slow the spread of the virus. The group of companies to which ABP Subholdings UK Limited belongs has been impacted by the slowdown of the economy and by reduced trade flows caused by the measures to limit the spread of the virus. As these measures were not in place at the balance sheet date management have concluded that the economic impact of the Covid-19 virus is a non-adjusting post balance sheet event.

The group continues to monitor carefully the fast changing threat from the Covid-19 virus and is liaising with the relevant health authorities and statutory bodies to ensure the group is delivering the most appropriate and effective response. Management are actively managing safe operation of the business to minimize disruption of business operations in order to minimize the adverse impacts on the group's EBITDA. The group is proactively considering downside scenarios, re-forecasting and stress testing financial results, and monitoring headroom against its loan covenants. Based on currently available information, including consideration of actual results compared to forecast for April and May, the group does not expect the impact of the virus to cause it to default on its covenants or to otherwise threaten the viability of the group.

As described in note 1.3, management have made a number of critical estimates, judgements and assumptions in preparing these accounts. Given the fast moving nature of events and the unprecedented nature of the measures being taken to slow the spread of the virus it is not possible to accurately quantify the financial impact of these measures on the critical estimates, judgements and assumptions. However management consider it unlikely that the Covid-19 virus will adversely impact on the recoverability of the company's financial assets.