PD Ports Acquisitions (UK) Limited

Annual Report and Financial Statements
for the year ended 31 December 2019

Registered number in England and Wales: 05641351

Contents

The Directors present their Annual Report on the affairs of PD Ports Acquisitions (UK) Limited (the “Company”), together with audited Financial Statements for the year ended 31 December 2019.

Principal activities and business review

The principal activity of the Company is that of an intermediate holding company and financing company. The Company is a member of the group headed by PD Ports Limited (the “Group”).

The Company generated a loss of £9,273,000 (2018: £513,000) in the year. The result for the year reflects the finance charges incurred on the loans from a related party undertaking and the prior year included a dividend receivable of £10,000,000 (2019: £nil).

The Balance Sheet shows that the net assets of the Company were £241,938,000 as at 31 December 2019, compared with net assets of £251,211,000 at 31 December 2018. The movement year on year reflects the loss in the year.

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

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

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

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

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

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

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

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

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

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

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

Employee engagement

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

Employee engagement (continued)

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

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks and uncertainties affecting the Company are considered to be interest rates, liquidity to ensure that the Company is able to service its debt and the ability of its subsidiaries to achieve growth and profitability in order to support the carrying value of the investments and to generate distributable income. Interest rate and debt service risks are managed across the Group with more details given in note 10.

Macro-economic risks

The Group is, in common with most other businesses, subject to macro-economic risks outside of its control. These include, inter alia, the impact of the withdrawal of the United Kingdom from membership of the European Union (commonly referred to as "Brexit") and the end of current transitional trading arrangements on 31 December 2020. The Group's directors have included the consideration of the potential impacts of Brexit upon the Group's businesses as an agenda item in its meetings since before the referendum on the subject in June 2016. The key risk to the Group would be any long-term changes to internal and external demand for goods and any consequent changes to established supply chains that consequently reduced volumes passing through its facilities. After taking into account these key risks and the possible outcomes of the continuing withdrawal process, the Group's directors do not expect that Brexit will have a material impact on the Group's ability to continue to trade successfully under its current business model.

In the period since the Balance Sheet date, there has been a significant adverse impact on the level of world trade as a consequence of the impact of COVID-19 virus across the globe. It is currently uncertain for how long the effects of the virus will impact on world trade, and what the extent of that impact may be. The key risk to the Group would be any long-term changes to internal and external demand for goods and any consequent changes to established supply chains that consequently reduced volumes passing through its facilities. The Directors consider that, in its position as the owner and operator of infrastructure assets critical to the continuation of the UK's ability to trade with other countries, the Group's activities have a high level of resilience against any permanent or long-term reduction in its capacity to trade from what is currently universally perceived as being the short-term adverse impact of the COVID-19 virus.

The Group monitors and manages these business risks through a series of regular meetings of the Group and divisional management to discuss operational, strategic and risk issues, as well as through meetings of the Group Risk Committee which assesses the major risks and key controls designed to manage these risks. The financial risk management policies and objectives may be found in the financial statements of PD Ports Limited.

Future Developments

The Directors anticipate that the Company will continue as a holding company for the foreseeable future.

Approved by the Board and signed on its behalf by:

J F Calje
Director
Registered office
17–27 Queen's Square
Middlesbrough
TS2 1AH
Registered number 05641351

29 April 2020

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors

The Directors who served during the year and since, except as noted, are set out below:

G Montesi
P L Sim
D J Robinson
J F Calje
J M Hopkinson
F Ortiz
J Kelly (resigned 10 January 2020)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Dividends

The Company has not declared any dividends in respect of the year ended 31 December 2019 or since the year end (2018: nil).

Strategic report

The Directors are responsible for preparing a Strategic Report in accordance with S414C(11) of the Companies Act 2006. The Directors have chosen to include the following information within the Strategic Report as opposed to in this report:

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

Employee engagement

The statement on employee engagement is included in the s172 disclosures within the Strategic Report on pages 2-5.

Business Relationships

The statement on business relationships is included in the s172 disclosures within the Strategic Report on pages 2-5.

Auditor and disclosure of information to the auditor

Each Director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report as defined in the Companies Act 2006) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of the S418 of the Companies Act, 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and consequently they have been re-appointed accordingly.

Going concern

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

The Company is financed by a loan from a related party, which, as at 31 December 2019, amounted to £134,444,000. The loan was refinanced during the year with a different counter-party, and now has a maturity date of July 2024.

Going concern (continued)

On 20 December 2019, the Company entered into a new financing agreement with 2 banks, under which it secured a five year term loan and revolving facilities amounting to £470,000,000. The purpose of the financing was to facilitate the refinancing of the Group's long-term debt. At the year-end, the facility remained completely undrawn. Subsequent to the year-end, on 17 January 2020, the Company drew down the term loan of £395,000,000, and used the proceeds to repay £58,221,000 of the Company's related party loan and £299,809,000 to lend to subsidiaries of the Company to allow them to repay their 3rd party financial liabilities.

The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met.

As a consequence of the impact of COVID-19 on world trade, the Group has recently prepared detailed financial forecasts covering the period up to and including 12 months after the date of signature of the Financial Statements. These were compiled using the Group's trading results for the first quarter of the financial year, the visibility of future volumes available at the time of preparation and the results of discussions with our major customers regarding their expectations of future volumes through the Group's facilities. Consideration was also given to the future capital investment plans of the Group, and management's initiatives to reduce the Group's cost base which have both already implemented and which are under evaluation. The forecasts assessed the Group's liquidity requirements over that period, and the sources of that liquidity. They also included an assessment of the forecasted future financial covenants, and compared these with the default covenants included in the Group's current contractual financing agreements.

These forecasts, which have been reviewed by the Board, show that the Group is not expected to breach any of its financing covenants in the period, and that it is expected to have appropriate levels of headroom against the respective default levels.They also show that the Group has access to sufficient committed liquidity to be able to settle its liabilities as they fall due throughout the forecast period. The Board has also considered the downside sensitivities, and the circumstances under which the future financial performance could fail to achieve the default covenants, together with the remedies that would be available to the Group should this scenario crystallise. The latter includes the capacity for an equity cure to remedy any future breach of the financial covenants.

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

Directors’ Report (continued)

For the year ended 31 December 2019

Approved by the Board and signed on its behalf by:

J F Calje
Director
Registered office:
17–27 Queen’s Square
Middlesbrough, TS2 1AH
United Kingdom
Registered number 05641351
29 April 2020

Independent Auditor's Report to the Members of PD Ports Acquisitions (UK) Limited

Opinion

Report on the audit of the Financial Statements

1. Opinion

In our opinion the Financial Statements of PD Ports Acquisitions (UK) Ltd ('the Company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Statement of Total Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related Notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Recoverability of the intercompany debtor.
Materiality	The materiality that we used in the current year for this entity was £880k which was determined on the basis of 0.36% of net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the Directors' use of the going concern basis of accounting in preparation of the Financial Statements is not appropriate; or • the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.	We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Recoverability of the Intercompany Debtor

Key audit matter description	Receivables from Group subsidaries are stated in the statement of financial position at £109,823k as at 31 December 2019. Further details are included within note 7 of the Financial Statements. There is significant level of judgement involved in determining the recoverability of these receivables from other Group subsidaries based on the financial position and future prospects of the individual subsidaries and Group as a whole. The overall performance of the Group will impact the re-payment of PD Ports Acquisitions UK Ltd's intercompany debtor. This is also important because PD Ports Acquisitions UK Ltd has a shareholder loan with a related party, BIP PD Ports Capital Management SARL, which represents loan notes listed on the International Stock exchange Authority Ltd (A Non-EEA regulated market in the Channel Islands). Given it is a non-trading company it relies upon recovering its intercompany debtor balance in order to service its own debt obligations.
How the scope of our audit responded to the key audit matter	We assessed the recoverability of the Intercompany balance by reviewing the financial position of the other Group entities which PD Ports Acquisitions UK Ltd had a intercompany debtor balance with. To assess Group performance we reviewed the PD Ports Ltd Group audited Financial Statements to assess whether the group was in a position to re-pay the intercompany debtor amount owed to PD Ports Acquisition UK Ltd. To assess the Group's expected future performance we reviewed management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the Group undertakings, our

	understanding of the future performance of the business and assessed the potential risk of management bias.
Key observations	Based on the work performed we are satisfied that the intercompany debtor balance held by PD Ports Acquisitons UK Ltd is recoverable.

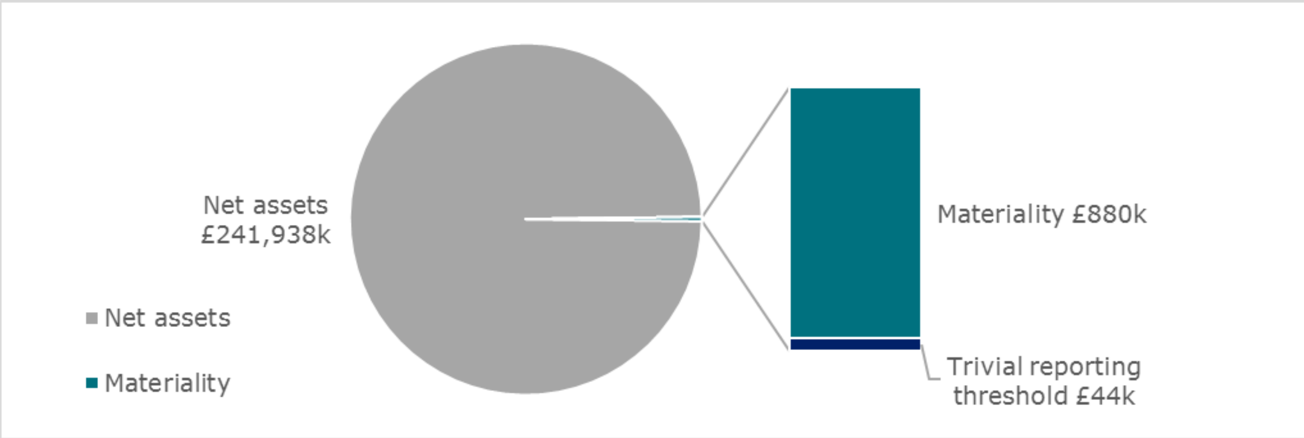
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Materiality	£880k
Basis for determining materiality	0.36% of net assets
Rationale for the benchmark applied	We determined materiality based on Net assets as this is the key metric used by management, as this entity is a holding and financing company, holding investments in other Group entities as well as this debt balance.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit. In determining performance materiality, we considered the following factors: Our risk assessment, including our assessment of the company's overall control environment;and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Directors that we would report to the Directors all audit differences in excess of £44k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2 Our consideration of the control environment

We took no controls reliance across our audit. However with the involvement of our I.T specialists we obtained an understanding and assessed the relevant I.T controls.

8. Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the Financial Statements and our auditors report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

8. Other information Icontinued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

11.Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

12. Matters on which we are required to report by exception

12.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

12.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. 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.

Scott Bayne

Scott Bayne FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds

United Kingdom

29 April 2020

Income Statement
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Other operating expenses (net)		-	(4)
Operating profit		**-**	**(4)**
Investment income	1	-	10,000
Interest payable and similar charges	2	(9,273)	(9,745)
Profit/(loss) before taxation	3	**(9,273)**	**251**
Taxation	5	-	(764)
Loss for the year		**(9,273)**	**(513)**

Statement of Total Comprehensive Income
For the year ended 31 December 2019

	2019 £'000	2018 £'000
Loss for the year	(9,273)	(513)
Total comprehensive expense for the year	**(9,273)**	**(513)**

In both periods, the result was derived wholly from continuing operations

The accompanying notes are an integral part of this Income Statement.

Balance Sheet
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investment in subsidiaries	6	365,137	365,137
Current assets			
Trade and other receivables	7	109,823	109,823
		109,823	**109,823**
Total assets		**474,960**	**474,960**
Current liabilities			
Trade and other payables	8	98,578	97,952
Current tax payable		-	764
Borrowings	9	-	125,033
		98,578	**223,749**
Non-current liabilities			
Borrowings	9	134,444	-
		134,444	**-**
Total liabilities		**233,022**	**223,749**
Net assets		**241,938**	**251,211**
Shareholders' equity			
Called up share capital	11	260,579	260,579
Retained deficit		(18,641)	(9,368)
Equity attributable to holders of the parent		**241,938**	**251,211**

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

The Financial Statements of PD Ports Acquisitions (UK) Limited registered number 05641531, on pages 16 to 32 were approved by the Board of Directors and authorised for issue on 29 April 2020. These were signed on its behalf by:

J F Calje
Director

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

	Called up Share Capital £'000	Retained Deficit £'000	Total £'000
As at 1 January 2018	**260,579**	**(8,855)**	**251,724**
Total comprehensive expense for the year	-	(513)	(513)
As at 31 December 2018	**260,579**	**(9,368)**	**251,211**
Total comprehensive expense for the year	-	(9,273)	(9,273)
As at 31 December 2019	**260,579**	**(18,641)**	**241,938**

Statement of Accounting Policies

For the year ended 31 December 2019

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

General information and basis of preparation

The Company is incorporated as a private company limited by shares in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office address is given on page 9. The nature of the Company's operations and its principal activities are set out on page 2.

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

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) endorsed by the European Union (EU) and with those parts of the Companies Act 2006 ('the Act') that are applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are made on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of PD Ports Limited, which prepares Consolidated Financial Statements which are publicly available.

The Company has no bank accounts, and any of its transactions which are required to be settled in cash are done so on its behalf by other Group companies. As a consequence, the Company has no cash transactions and hence no Cash Flow Statement has been prepared.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, which also sets out the principal risk and uncertainties facing the Company. The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projections, taking into account reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. After making enquiries of Group management, the Directors are not aware of any circumstances that would impact on the ability of the Group to provide the Company with any working capital and long term finance that it is projected to require.

Going concern (continued)

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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

Adoption of new or revised standards

Several new or revised Standards and Interpretations have been issued and will apply in future years. Consequently the Company did not adopt any of these standards in these financial statements. The adoption of these standards is not expected to have a material impact on the Company's financial statements in future years

The following IFRSs, IASs and IFRIC interpretations and amendments have been issued but have not been early adopted by the company:

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases. The date of initial application of IFRS 16 for the Company was 1 January 2019.

As at this date and during the year ended 31 December 2019, the Company had no contracts which contained a lease as defined under IFRS16 paragraph B31 and therefore there is no impact on the results of the company as a result of the application of the new standard.

The most significant and applicable standards and interpretations that are issued, but no yet effective, up to the date of issuance of the Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective for periods commencing on or after
IFRS 17	Insurance contracts	1 January 2021
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Conceptual framework	Amendments to References in the Conceptual Framework in IFRS Standards	1 January 2020

Critical accounting judgements and key sources of estimation uncertainty

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

Investments

Investments are initially measured at cost, including transaction costs. At each Balance Sheet date, the Company reviews the carrying value of investments to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised as an expense immediately and a reversal of an impairment loss is recognised as income immediately. Dividends receivable are recorded gross in the Income Statement when they are received.

Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value. This is equivalent to fair value.

Taxation

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

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

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

Deferred tax

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

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset only if (a) the Group has a legally enforceable right to offset current tax assets against current tax liabilities and (b) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

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

(a) Financial assets

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

Financial instruments (continued)

(b) Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified at amortised cost or at fair value through the income statement as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Obligations for loans and borrowings and trade creditors are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost.

(c) Finance Charges

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

1 Investment income

	2019 £'000	2018 £'000
Dividends received	-	10,000

2 Finance costs - net

	2019 £'000	2018 £'000
Interest payable and similar charges		
Loans from related party undertaking	(9,273)	(9,745)

3 Loss before taxation

Fees payable to the Company's auditor for the audit of the annual financial statements of £5,000 (2018: £3,100) were met by other group companies. There were no fees payable to the Company's auditor for other services.

4 Staff costs

a) Directors' remuneration and interest

Messrs Hopkinson and Calje were paid wholly by PD Ports Management Limited, which is a fellow group Company. It is not practicable to determine the proportions of such emoluments which were attributable to these Directors' services to the Company. The other directors were not paid by any subsidiary of the Company. The emoluments of the Directors paid by PD Ports Management Limited are disclosed below:

	2019 £'000	2018 £'000
Emoluments	677	715
Pension contributions	-	2

Amounts paid to the highest director

	2019 £'000	2018 £'000
Emoluments	343	361
Pension contributions	-	-

The Company contributed to the defined contribution pension arrangements of one Director (2018: one).

b) Employee costs

There were no employees other than the executive Directors.

5 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on loss for the year	-	(764)
Adjustment in respect of prior years	-	-
Total current tax	-	(764)
Deferred tax	-	-
	-	**(764)**

Factors affecting the tax credit in the year

The tax assessed for the year is different from the standard rate of UK corporation tax of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
(Loss)/profit before tax	(9,273)	251
(Loss)/profit multiplied by the standard of corporation tax in the UK of 19% (2018: 19%)	1,762	(48)
Effects of:		
Permanent differences	-	1,900
UK transfer pricing	(624)	(1,600)
Interest disallowed under BEPS Action 4	(1,138)	(1,016)
Total taxation	**-**	**(764)**

The permanent differences in the current and prior year relate to disallowed interest on the loan from a related party undertaking together with dividends receivable. The increase in disallowed interest in the year is due to the impact of BEPS action 4 which took effect from 1 April 2017. No deferred tax asset has been recognised in respect of this disallowed interest as it is uncertain that there will be sufficient profits to allow a deduction in the future.

Factors that may affect future tax charges

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget, it was announced that the reduction in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

There is no expiry date on timing differences unused tax losses or tax credits

.

6 Investments

	£'000
Cost	
Shares in subsidiary undertakings at 1 January 2019 and at 31 December 2019	365,137
Net book value	
At 31 December 2018 and 31 December 2019	**365,137**

The Company has direct and indirect investments in the following companies, all of which (with the exception of THPA Finance Limited) are registered and operate in the United Kingdom, and whose registered office is that of the Company, as set out on page 9.

Subsidiary undertakings	**Principal activity**	**Percentage of ordinary shares held**
PD Ports Management Limited (+)	Holding company	100%
PD Ports Group Limited	Holding company	100%
PD Portco Limited	Holding company	100%
PD Teesport Limited	Port operations, conservancy and property	100%
PD Group Management Limited	Management services	100%
PD Port Services Limited	Port operations	100%
Tees and Hartlepool Pilotage Company Limited	Pilotage	100%
THPA Finance Limited	Investment holding company	100%
Ports Holdings Limited	Investment holding and leasing company	100%
PD Shipping & Inspection Services Limited	Port operations	100%
PD Ports Properties Limited	Property management	100%
PD Ports Hull Limited	Leasing company	100%
PD Intermodal Solutions	Port operations	100%
PD Freight Solutions Limited	Port operations	100%
Groveport 2012 Limited	Holding company	100%
Groveport Logistics Limited	Port operations	100%
PD Ports Finance Limited	Leasing company	100%
THPA Group Services Limited	Labour supplier	100%
Cleveland Wharves Limited	Dormant	100%
Storefreight Ltd	Dormant	100%
R Durham & Sons Limited	Dormant	100%
Consolidated Land Services Limited	Dormant	100%
Consolidated Land Services (Scunthorpe) Limited	Dormant	100%
Allied Transport Limited	Dormant	100%
Sellers & Batty Limited	Dormant	100%
North Lincs Haulage Co Limited	Dormant	100%

6 Investments (continued)

Subsidiary undertakings	**Principal activity**	**Percentage of ordinary shares held**
Consolidated Engineering Limited	Dormant	100%
THPA Pension Trustees Limited	Dormant	100%
THPA Pension Trustees (1976) Limited	Dormant	100%
Associated Waterway Services Limited	Dormant	100%
East Coast Port Services Limited	Dormant	100%
PD Shipping Ltd	Dormant	100%
Humber Terminals Limited	Dormant	100%
PD Wharfage Ltd	Dormant	100%
PD Warehousing Limited	Dormant	100%
International Marine Management (Bond) Ltd	Dormant	100%
Mattak Limited	Dormant	100%
Roxburgh Henderson & Co Limited	Dormant	100%
Peterhead Towage Limited	Dormant	100%
F W Allen & Ker Limited	Dormant	100%
Glasgow Bulk Handling Limited	Dormant	100%
PD 2007 Limited	Dormant	100%
Northern Gateway Limited	Dormant	100%
C & C Agencies Limited	Dormant	100%
Worldwide Travel (Wales) Limited	Dormant	100%
Victoria Harbour Limited	Dormant	100%
Holidays & Sports Travel Ltd	Dormant	100%
Benj Ackerley & Son Limited	Dormant	100%
PD Agency Ltd	Dormant	100%
Italian General Shipping Limited	Dormant	100%
General Freight Ltd	Dormant	100%
Groveport Pension Trustees Limited	Dormant	100%
L.S.D. Transport (1944) Ltd	Dormant	100%

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

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

7 Trade and other receivables

	2019 £'000	2018 £'000
Current receivables		
Amounts owed by related parties	109,823	109,823
	109,823	**109,823**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Further information relating to amounts from related parties is set out in note 12 to the financial statements.

8 Trade and other payables

	2019 £'000	2018 £'000
Loan from related parties	98,254	97,490
Accruals	324	462
	98,578	**97,952**

The Directors consider that the carrying amount of accruals and other payables approximates to their fair value. Further information relating to amounts from related parties is set out in note 12 in the Financial Statements.

9 Borrowings

	2019 £'000	2018 £'000
Loans from related party	134,444	125,033
Borrowings are repayable as follows:		
Between two and five years	134,444	-
	134,444	-
On demand or within one year	-	125,033
	134,444	125,033

The book value of borrowings is equal to their fair value.

The loan from related party represents a loan from PD Ports Finco Limited. The balance comprises an interest bearing loan of £89,202,000 and a non-interest bearing loan of £45,242,000 (2018: interest bearing loan of £125,033,000). The current interest bearing and non-interest bearing loans are unsecured and are fully repayable in November 2024. The interest bearing debt attracted interest at variable rate of LIBOR plus a margin of 7.5% (2018: 7.5%). This debt is listed on the International Stock Exchange (TISE).

9 Borrowings (continued)

The Company's undrawn committed borrowing facilities at 31 December 2019 amounted to £470,000,000 (2018: £nil). Of these amounts, £40,000,000 is only available in the event that the Group is in default on the terms of its whole business securitisation and is the undrawn element of the Revolving Credit Facility. In addition, the Company had an undrawn committed borrowing facility amounting to £470,000,000, which was contracted in December 2019 and was only available to be used to repay in full the securitised loan notes and the Term and Revolving Facility, and subsequently for the funding of capital investment and general working capital. This facility was partly drawn for its agreed purpose on 17 January 2020

10 Financial Instruments

Financial risk management objectives

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

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

On 20 November 2009, the Company was acquired by PD Ports Limited, a subsidiary of Brookfield Asset Management Inc. Since this date the entity is exposed to interest rate risk on floating rate loans with a related party. The ultimate parent company and consolidated group is not exposed to interest rate risk on these loans as they are eliminated on consolidation.

Capital risk management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 8 and 9, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 11. As disclosed within borrowings (note 9), the Company has a shareholder loan in place and this facility is unsecured.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group provides the Company with any working capital and long term finance that it is projected to require.

10 Financial Instruments (continued)

Liquidity and interest risk tables

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

2019	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	0	98,578	-	-	-	-	98,578
Variable interest rate instruments	8.33	3,713	3,713	7,426	156,103	-	170,955
		102,291	3,713	7,426	156,103	-	269,533

2018	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	0	98,716	-	-	-	-	98,716
Variable interest rate instruments	8.16	5,103	129,285	-	-	-	134,388
		103,819	129,285	-	-	-	233,104

Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at floating interest rates. The risk is managed by the Company and its subsidiaries maintaining an appropriate mix between fixed and floating rate borrowings.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The Company is exposed to interest rate risk as its borrowings are at floating interest rates. As a consequence, the Company has exposure to changes in interest rates at 31 December 2019.

If interest rates were 100bps higher/lower, the loss before taxation and net assets for the year ended 31 December 2019 would have decreased/increased by £1.34m (2018: £1.25m). It has been assumed all other variables remained the same when preparing the interest rate sensitivity.

Credit risk management

Credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance Sheet. The Company's credit risk is attributed to its current receivables, the details of which are set out in note 7.

There are no assets or liabilities in the Balance Sheet that incur a deferred tax asset or liability.

11 Called-up share capital

	2019 £'000	2018 £'000
Company		
Allotted, called-up and fully paid		
260,579,000 ordinary shares of £1 each	260,579	260,579

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

12 Related party transactions

a) Equity interests in related parties

Details of interests in subsidiaries are disclosed in note 6 to the financial statements.

b) Transactions involving key management

The remuneration of key management personnel is disclosed in the Financial Statements of PD Ports Limited.

During the year ended 31 December 2015, the immediate parent company, PD Ports Limited, issued 29,500 'C' shares and 1,500 'D' shares at par, (the 'Employee Shares'). During the year ended 31 December 2017, PD Ports Limited issued a further 3,000 'C' shares of a price of £5.14 each and 10,000 'E' shares at par. The Employee Shares were issued to the PD Ports Limited Employee Share Trust (the 'EBT') which holds the shares on trust for the Participating Employees in accordance with the terms of the Company's Articles of Association, the EBT Trust Deed and the relevant subscription agreements. The Participating Employees are certain of the Group's key management. Further details of the Employee share based payments can be found in the consolidated financial statements of PD Ports Limited.

PD Ports Limited recognised the following in relation to cash settled share based payment transactions:

	2019 £'000	2018 £'000
Closing balance of liability for Employee Shares	-	-
Income arising from decrease in fair value of liability for Employee Shares	-	-

c) Transactions involving the parent entity

The Company did not enter into any transactions with PD Ports Limited.

12 Related party transactions (continued)

d) Transactions involving other related parties

During the year, the Company entered into transactions with subsidiaries and related parties and had balances outstanding at the year end as set out in the table below:

	2019 Interest expense £'000	2019 Amounts due from related parties £'000	2019 Amounts due to related parties £'000	2018 Interest expense £'000	2018 Amounts due from related parties £'000	2018 Amounts due to related parties £'000
Subsidiary undertakings	-	109,823	(98,254)	-	109,823	(97,490)
BIP PD Capital Management SARL	(9,273)	-	(134,444)	(9,745)	-	(125,033)
	(9,273)	**109,823**	**(232,698)**	**(9,745)**	**109,823**	**(222,523)**

No amounts were provided for doubtful debts due from related parties at 31 December 2019 or 31 December 2018. The amounts payable to subsidiary undertakings are interest free and have no final repayment date.

13 Post balance sheet event

On 20 December 2019, the Company entered into a new financing agreement with 2 banks, under which it secured a five year term loan and revolving facilities amounting to £470,000,000. The purpose of the financing was to facilitate the refinancing of the Group's long-term debt. At the year-end, the facility remained completely undrawn. Subsequent to the year-end, on 17 January 2020, the Company drew down the term loan of £395,000,000, and used the proceeds to repay £58,221,000 of the Company's related party loan and £299,809,000 to lend to subsidiaries of the Company to allow them to repay their 3rd party financial liabilities.

14 Ultimate parent undertaking and controlling party

The Company's intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company was PD Ports Limited, a company registered in England and Wales. Copies of the financial statements of this company are available from its registered office, 17-27 Queens Square, Middlesbrough TS2 1AH.

The Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements including the results of the Company, was Brookfield Asset Management Inc., a company incorporated in Canada. Copies of the financial statements of this company are available from its registered office, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.