Company Registration No: 5965116

PEEL PORTS GROUP LIMITED

Report and Financial Statements
For the year ended 31 March 2021

REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T E Allison (Chairman)
M Byrne
I C V Caumette
I G L Charnock (Group Chief Financial Officer)
H M M Mackenzie
M J Llewellyn
S Underwood
S Vyas
J Whittaker
M Whitworth (Group Chief Executive Officer)
J P Whittaker

COMPANY SECRETARY

F A Khan

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
Liverpool
L21 1LA

BANKERS

National Westminster Bank PLC
2-8 Church Street
Liverpool
L1 3BG

AUDITOR

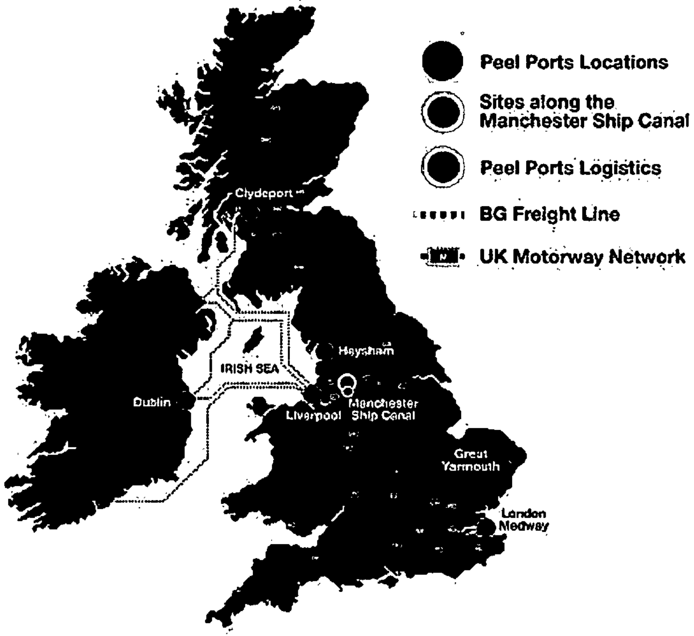
BDO LLP
Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT
United Kingdom

STRATEGIC REPORT

1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES

Group overview

The Group operates two business segments, Ports and Shipping. A third segment, Marine Support Services, was operated by the Group until its disposal on 23 July 2020.



Ports

Peel Ports Group Limited and its subsidiaries ("the Group") operate as the Statutory Harbour Authority for the Port of Liverpool, the Manchester Ship Canal, the River Medway, parts of the area along and around the River Clyde, Ardrossan Harbour, Twelve Quays at Birkenhead Docks and Heysham Port.

In addition, the Group operates Great Yarmouth Port as an agent of Great Yarmouth Port Authority, the Statutory Harbour Authority for that port, on a long-term basis.

Container facilities, freight forwarding and cargo handling services are also provided at Dublin Port under concession.

The Group's assets form a strategic hub centred on the Irish Sea, with locations in Liverpool, Dublin, Glasgow and along the Manchester Ship Canal. Linked by the Group's short sea shipping services and the Manchester Ship Canal container vessel service, the Group's assets provide direct access to the significant hinterland of North West England and the main Roll-on/Roll-off (RoRo) services to Ireland. Additionally, the Port of Sheerness provides access to London and Clydeport to Central Scotland. Great Yarmouth, as an offshore supply base, is strategically located close to the oil, gas and windfarm installations in the Southern North Sea.

In addition to providing landlord services to the many leading businesses that operate from the Group's port facilities, the Group also offers a value-added logistics solution to a customer's supply chain. This includes conservancy, pilotage, berthing, facilities rental, storage, cargo handling and shipping.

The Group handles a diverse range of cargos including bulk liquids, bulk solids, automotive, energy, agribulks and containers.

STRATEGIC REPORT (CONTINUED)

1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

Ports (continued)

The Group's container handling offering is centred on the Port of Liverpool, which operates two container terminals, Liverpool2 and the Royal Seaforth Container Terminal ("RSCT").

Liverpool2 is a new in-river deep-water container terminal capable of accommodating the world's largest container vessels with smaller post-Panamax vessels the most likely primary users of the terminal.

The terminal is being constructed in two phases. The first phase of the construction of Liverpool2 saw approximately £300m invested, in addition to further investment in the port infrastructure at Liverpool. This was part financed by a £150m loan secured from the European Investment Bank and a Regional Growth Fund grant of £35m.

The second phase of the project, which is due to be completed in the year ending 31 March 2022, will further increase the capacity of Liverpool2. This phase has an estimated cost of £50m, which in the main represents investment in additional quayside and landside cranes, together with some related infrastructure works. Work on this phase had been disrupted due to the COVID-19 pandemic, which resulted in a rephased timetable, but is now progressing well.

In January 2020, the Group entered into a joint venture agreement with Terminal Investment Limited S.A.R.L. in respect of the cargo handling operations of the Liverpool2 deep-water container terminal at the Port of Liverpool. The arrangement is intended to enable the business to achieve its ambitious growth plans for Liverpool2.

RSCT was the Port of Liverpool's existing container terminal. It has direct deep-sea and short-sea connections to a range of countries, including the USA, Canada, Spain, Italy, Portugal, Cyprus and Turkey, in addition to a number of feeder services connecting Liverpool with the Far East, India, Africa and South America.

The Group's two main terminals in Liverpool are complemented by facilities at Greenock in Scotland, Dublin in Ireland and at inland ports along the Manchester Ship Canal.

The combination of the Liverpool2 terminal with the Group's existing port assets and short sea shipping services in the Irish Sea, the Continent and along the Manchester Ship Canal is expected to provide significant advantages to shipping lines, importers and exporters. It is estimated, for example, that 35 million consumers live within a radius of 150 miles of the Port of Liverpool.

Shipping

The Group's port operations are complemented by a shipping line, providing short sea container services between the UK, Ireland and mainland Europe and feeder services between the UK and Ireland. Operating as BG Freight Line, based in Rotterdam, the segment took delivery of four new purpose-built vessels in 2018 designed specifically to meet the needs of customers. In addition to these seven-year charters, the segment also charters other vessels on a short-term basis as required to meet demand.

Marine Support Services

The Group's Marine Support Services segment, which provided a range of marine services, including ship repair and marine engineering, to ship owners and operators, was disposed of on 23 July 2020 and has been treated as a discontinued operation in these financial statements.

Overview of financial performance for the year

The financial performance of the Group is set out in Section 2 of the Strategic Report.

The subsidiaries principally affecting the profits or net assets of the Group in the year are listed in note 29.

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW

2.1 Operating performance

The results for the year and the previous year, and the Group's key performance indicators, are summarised below:

Continuing operations:	2021 £m	2020 £m	Change £m	Change %
Turnover	504.8	555.6	(50.8)	(9.1)
Gross profit before exceptional items[1]	179.8	189.3	(9.5)	(5.0)
Gross profit	169.2	168.6	0.6	0.4
EBITDA[2]	271.9	263.1	8.8	3.3
Group operating profit before exceptional items[1]	149.7	149.0	0.7	0.5
Group operating profit	129.1	125.5	3.6	2.9

	%	%
Gross profit margin before exceptional items[3]	35.6	34.1

Tonnage throughput (millions)*:				
Ports	53.1	60.2	(7.1)	(11.8)
Shipping	5.6	5.9	(0.3)	(5.1)
Total	58.7	66.1	(7.4)	(11.2)

*Uses standard tonnage measures for the port industry.

As explained on page 3, the Group disposed of the Marine Support Services segment on 23 July 2020. The comments in this section are in respect of the continuing operations.

The operating performance for the year ended 31 March 2021 reflects the following:

- EBITDA increasing from £263.1m to £271.9m, reflecting another strong performance by the Group in a very challenging year. This was particularly the case in the first half of the financial year as the first lockdowns were implemented around the world in response to the global COVID-19 pandemic. As the year progressed, volumes of commodities most badly affected by the economic disruption started to recover and this allowed the Group to end the financial year in a strong position.

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[1] The exclusion of exceptional items expenditure of £10.6m (2020: expense of £20.7m) from the gross profit of £169.2m (2020: £168.6m) and expenditure of £20.6m (2020: expense of £23.5m) from the Group operating profit of £129.1m (2020: £125.5m) to derive the adjusted gross profit and Group operating profit figures removes items that could distort the understanding of the Group's performance and the comparability between periods.

[2] EBITDA of £271.9m (2020: £263.1m) is group operating profit of £129.1m (2020: £125.5m) before depreciation of £109.4m (2020: £98.9m), amortisation of goodwill of £10.3m (2020: £14.5m), statutory unrealised foreign currency gains and losses of £0.9m (2020: £0.7m) and exceptional item expenditure of £20.6m (2020: expense of £23.5m), and after other finance income arising from the defined benefit pension schemes of £nil (2020: £nil) and dividends received from joint ventures of £1.6m (2020: £nil) and before minority interest. The use of EBITDA as a primary measure of profitability, and its definition, is derived from the Group's banking covenants. EBITDA is also commonly used by peer group companies, though definitions across the sector may differ.

[3] Gross profit margin before exceptional items of 35.6% (2020: 34.1%) is calculated by dividing the gross profit before exceptional items of £179.8m (2020: £189.3m) by the turnover of £504.8m (2020: £555.6m).

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW (CONTINUED)

2.1 Operating performance (continued)

- Although turnover and volumes were lower than in the prior year due to the pandemic, strong cost control and agile responses to changes in demand allowed the Group to improve its EBITDA year-on-year. The decrease in turnover is most noticeable in the Shipping segment, where turnover fell £18.8m from £136.9m to £118.1m; this segment is a high turnover low margin business and its ability to flex its costs relative to demand meant that the segment reported results that were comparable to the prior year.
- Group operating profit before exceptional items is higher by 0.5%, at £149.7m compared to £149.0m in the prior year. This is after recording a £10.5m increase in the annual depreciation charge as a result of increased investment in tangible fixed assets.
- Tonnage throughput has decreased from 66.1mt to 58.7mt, with both the Ports and the Shipping segments handling lower volumes than the previous year.
- As noted above, turnover decreased by 9.1%, from £555.6m to £504.8m, primarily as a result of the economic disruption caused by COVID-19. The Shipping segment reported a turnover decrease of 13.7% while the Ports segment saw turnover fall 7.6% from £418.7m to £386.7m. Within this, certain commodities were affected more badly by the COVID-19 disruption than others. There were no cruise vessel calls at the Greenock Ocean Cruise Terminal in Glasgow, for example. However, many commodities showed high levels of resilience, which demonstrates the benefit of being a diversified ports group.
- Gross profit margin before exceptional items increased from 34.1% to 35.6%, reflecting a change in mix and spot market opportunities in the year ended 31 March 2021.
- Group operating profit increased by 2.9% from £125.5m to £129.1m, after recognising exceptional item expenditure for the year of £20.6m (2020: expense of £23.5m). The Group's profit after tax from continuing operations was £116.6m, compared to a prior year loss after tax of £92.6m. This is after taking account of non-cash net income of £70.2m (2020: charges of £83.0m) relating to the change in the fair value of derivative financial instruments (in respect of which £6.2m (2020: £11.1m) relates to the accretion on the index-linked swaps) and a gain of £31.2m (2020: £10.0m loss) arising from the retranslation of foreign currency loans.
- Included within exceptional items in operating profit are £15.7m (2020: £20.0m) of costs arising from restructuring expenses and operational costs arising from the outbreak of COVID-19. Other exceptional costs of £4.9m (2020: £3.6m) relate to the settlement of legal claims and, in the year ended 31 March 2020, exceptional costs arising from the three named storms in February 2020. An exceptional profit of £25.0m (2020: £nil) arose on the disposal of the Marine Support Services segment, which is recorded below operating profit within discontinued operations.
- Operating cash flows[4] were £252.5m, up from £203.2m, due to the increase in EBITDA and the reversal of the prior year timing differences relating to movements in working capital.
- The Group invested £124.9m (2020: £124.8m) in net capital expenditure[5]. In addition, deferred consideration of £2.4m from the acquisition of Quality Freight (UK) Limited (now Peel Ports Logistics Limited) was paid in the year (2020: Initial consideration of £7.3m paid). Financing activities in the year raised £93.2m (2020: £72.0m) of net new funds[6]. The Group paid interest of £110.7m (2020: £109.9m) and £14.7m of accretion on index linked swaps (2020: £nil). Dividends paid to the owners of the parent company totalled £38.9m (2020: £90.1m). Dividends of £nil were paid to the non-controlling interests (2020: £1.0m). The Group received a £1.6m (2020: £nil) dividend from a joint venture undertaking and a net cash receipt of £3.9m (2020: £nil) from the disposal of the Marine Support Services segment.
- The strong results for the year demonstrate the Group's ability to continue to respond with agility to challenging markets.

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[4] Cash inflows from operating activities of £252.5m (2020: £203.2m), before adjustment for tax paid of £0.3m (2020: £3.9m).

[5] Net capital expenditure of £124.9m (2020: £124.8m) is the sum of payments to acquire tangible fixed assets of £145.1m (2020: £128.9m) less receipts from the sale of tangible fixed assets of £20.2m (2020: £4.1m).

[6] Net new funds raised of £93.2m (2020: £72.0m) represents new private placement loans of £50.0m (2020: £252.9m), repayment of private placement loans of £nil (2020: £22.0m), new institutional loans of £50.0m (2020: £150.0m) and repayment of bank loans of £6.8m (2020: £308.9m). A net repayment of £60.0m (2020: net drawdown of £55.0m) was made in respect of revolving bank facilities.

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW (CONTINUED)

2.1 Operating performance (continued)

- As noted below, there are continued economic uncertainties surrounding the effects of COVID-19, though the fundamentals of the business are unchanged and the Group is planning for further growth.

2.2 Other financial developments

Other financial developments include:

- During the year, the Group raised £50.0m (2020: £252.9m) from the issuance of a private placement loan with a maturity of 10 years and £50.0m (2020: £150.0m) from a new institutional loan with a term of 15 years. The Group repaid £6.8m (2020: £330.9m) of bank facilities and private placement loans and made a net repayment of £60.0m (2020: net drawdown of £55.0m) of revolving bank facilities. Subsequent to the year-end, the Group has raised a further £135.0m of new facilities comprising a £95.0m private placement with a maturity of 12 years and a £40.0m institutional term loan with a maturity of 15 years.
- Net investment in capital expenditure totalled £124.9m (2020: £124.8m)[7]. This included further investment in Liverpool2 and new warehouses at the Port of Liverpool. Investment in infrastructure has been made at each of the Group's principal ports. In Scotland, land adjacent to King George V Dock in Glasgow was acquired while the infilling of Canada Graving Dock in Liverpool is extending the port's land footprint. The Group has also continued to invest in a business-wide ERP system (see section 3 below). Maintenance projects in the year included the replacement of the QEII outer caisson on the Manchester Ship Canal and improvement work on the outer caisson gate at Langton Lock at the Port of Liverpool.
- Ordinary dividends of £38.9m (2020: £90.1m) were paid during the year. These are set out below:

	2021 £m	2020 £m
Dividends (includes the prior year final declared dividend of £nil (2020: £44.5m))	38.9	90.1

A final dividend of £44.5m has been proposed (2020: £nil).

2.3 Financial position at the end of the year

- Net liabilities were £1,885.8m as at 31 March 2021 (2020: £1,946.2m). In addition to the profit for the financial year of £143.2m (2020: loss of £102.1m), the net liability position has changed primarily because of an actuarial loss, net of deferred tax, of £37.4m (2020: gain of £18.4m) relating to the Group's defined benefit pension schemes, and the payment of ordinary dividends of £38.9m (2020: £90.1m).

3. OTHER DEVELOPMENTS DURING THE YEAR AND FUTURE DEVELOPMENTS

Disposal of Marine Support Services segment

On 23 July 2020, the Group disposed of its majority shareholding in the Marine Support Services segment to Peel Ports Holdings (No 2) (IOM) Limited, a company in which the then shareholders in the Group's parent undertaking, Peel Ports Holdings (CI) Limited, held interests in equivalent proportion. An exceptional profit of £25.0m arose on disposal, which is explained further in note 29.

Shareholder transaction

On 23 July 2020, AS Infra PP Pty Limited acquired a 25% shareholding in Peel Ports Holdings (CI) Limited from the existing shareholders in proportion to their shareholdings. As a result of this transaction, AS Infra Pty Limited became a related party and Peel Ports Investments (IOM) Limited ceased to be the majority shareholder in the Group's parent undertaking.

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[7] Net investment in capital expenditure of £124.9m (2020: £124.8m) represents payments to acquire tangible fixed assets of £145.1m (2020: £128.9m) less receipts from sales of tangible fixed assets of £20.2m (2020: £4.1m).

STRATEGIC REPORT (CONTINUED)

3. OTHER DEVELOPMENTS DURING THE YEAR AND FUTURE DEVELOPMENTS (CONTINUED)

ERP

The Group has continued to make good progress with its ERP implementation project, with several further releases of SAP having been successfully rolled out during the year ended 31 March 2021. Despite the disruption caused by COVID-19, the expected final cost remains in line with the original investment proposal.

Disposal of joint venture undertaking

On 30 March 2021, the Group disposed of its interest in Estuary Services Limited, a joint venture undertaking. In advance of the disposal, a £1.6m dividend from the joint venture's accumulated undistributed reserves was paid to the Group. See notes 13 and 29.

Port Infrastructure Fund

Three of the Group's ports, the Port of Liverpool, Heysham Port and Clydeport, were awarded a total of £26.3m from the UK Government's Port Infrastructure Fund to invest in border infrastructure following the UK's departure from the EU. Work began on the projects in the year ended 31 March 2021 with the significant remainder of the work expected to be completed during the first half of the year ending 31 March 2022. All amounts due from the Port Infrastructure Fund were outstanding at 31 March 2021.

4. PRINCIPAL RISKS AND UNCERTAINTIES

4.1 COVID-19

When the report and accounts for the year ended 31 March 2020 were signed in July 2020, the Group was, like many businesses at that time, managing its way through an unprecedented period in its history. The global COVID-19 pandemic had brought about national lockdowns around the world and disrupted global economies and supply chains in ways not seen before. The timing of the pandemic meant that it affected the results of the Group in the final month of the year ended 31 March 2020 and the report for that year gave an expectation that it would undoubtedly affect the results of the group for the subsequent financial year. The Financial Review sets out how the Group's results have been affected by a disruption that has continued for far longer than many had expected. With the vaccine roll out under way nationally and globally, the cautious optimism expressed in July 2020 appears to have a firmer basis when it is repeated in July 2021.

Although the nature and extent of the disruption may have been unprecedented when it first took hold in early 2020, the Group had previously shown itself to be agile in responding to past economic shocks, including the global financial crisis of 2008, and it moved quickly to put in place measures to mitigate the effects of the pandemic as soon as they became apparent.

As was the case at the time that the 2020 report was prepared, the priority for the Board and the management team continues to be the health and well-being of the Group's employees. Even before the pandemic, significant investment had been made in improving measures designed to keep employees, and other port users, safe in the workplace. That investment meant that the Group was as well prepared as it could be to respond to something it could not at the time have reasonably foreseen.

As a major ports group, however, it was and continues to be essential to the UK economy and key sectors and organisations, including the National Health Service, that the Group continues to operate as close to normal as possible while maintaining its core focus on health and safety.

The early steps to introduce extensive cleaning routines and availability of hand sanitiser have continued throughout the pandemic. Signage was installed reminding employees and visitors to observe good personal hygiene and to maintain suitable social distancing measures. Masks continue to be worn when moving around the Group's premises and some office-based employees have worked from home where practicable to do so. The Group continues to enforce formal policies regarding the reporting of potential symptoms and the requirement to self-isolate. Regular reporting of potential cases to the Executive Management Board continues, allowing for this to be monitored.

Regular communications throughout the pandemic have kept employees and third parties up to date as to how the Group is responding to the situation as it develops and as guidance is issued by the UK Government and regulatory authorities.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.1 COVID-19 (continued)

Continuing to operate as close to normal as possible during the pandemic necessitated the Group deploying many of its business continuity procedures and this demonstrated the value of investment in technology, including that necessary to allow employees to work remotely where required.

From a commercial perspective, the strength of the Group is, as it has been for many years, its diversification. It is still the case, despite the disruption to supply chains, that the vast majority of goods by volume imported and exported from the UK are moved by sea. Peel Ports is the second largest ports group in the UK, and one of the most diversified, meaning that the Group plays an essential role in supporting the recovery of the UK and global economies.

The steps taken in the early stages of the year ended 31 March 2021, and commented on in the 2020 annual report, included the curtailing or delaying of non-essential expenditure, including development capital expenditure and the raising of a further £50.0m of finance to provide additional liquidity. The final shareholder dividend for the year ended 31 March 2020, traditionally paid in the summer, was cancelled. Additionally, in order to respond to reduced volumes, the Group had to take some difficult decisions and this resulted in some employees being made redundant. This was not a decision taken lightly; the Board and management team are proud of the growth achieved by the Group and the impact it has had on employment opportunities, stemming from investments made in the business. It was necessary, however, to align our cost base with our revised outlook for the UK economy. As an example of the effect that the pandemic has had, and that the Group had to respond to, there were no cruise vessel calls at Greenock Ocean Cruise Terminal throughout the financial year, after a record number of calls in the preceding year. At the time of preparing this report, it is still not known when, and to what extent, confidence will return to the cruise industry.

Since the 2020 accounts were signed, the Group has continued to curtail or delay non-essential expenditure. The annual pay increase to employees that was deferred initially was awarded with effect from December 2020, but only to those employees who earned less than a certain threshold. That decision was intended to ensure appropriate recognition for those port operatives who had continued to work throughout the pandemic, keeping the business and the essential UK supply chain going. Through a strong focus on credit and careful treasury management, the Group was able to commit to paying its suppliers in accordance with agreed terms wherever possible and to continue to pay the scheduled deficit repair contributions to the defined benefit pension schemes to which it is party.

Commercial opportunities will still present themselves, and we are engaging proactively with customers and potential customers alike to identify ways in which we can provide Group-wide solutions for those companies looking to optimise their supply chains.

4.2 Operational

Health and safety – landside

The nature of the Group's activities is such that many operational tasks are hazardous, however, it is our view that all hazards can be controlled and all injuries can be prevented. All cargoes passing over the quay need to be handled with care and in accordance with risk assessments and safe systems of work. The Board of Directors is committed to ensuring that the Group complies with all appropriate health and safety requirements and to achieving continuous improvement to the effectiveness of the Group's health and safety management. The safety of its workforce, and anyone who enters the working environment, is an essential part of the Group's overall strategy.

It is Peel Ports' policy that health and safety should be placed to the fore in the conduct of our operations. This was particularly evident in the Group's response to the COVID-19 pandemic.

The Group's operational approach to health and safety matters is overseen by an Environment, Health and Safety Governance Committee, chaired by the Group Chief Executive Officer.

The investment that the Group has made in recent years was recognised externally in June 2020, when Port Skills and Safety announced their annual benchmarking results for 2019, ranking Peel Ports in first place for the lowest rate of significant injuries as measured by lost-time incidents. Over the last three years, the Group recorded a 70% decrease in lost-time incidents.

For the year ended 31 March 2021, Peel Ports had targeted fewer than four one-day lost time incidents (LTIs) across the Group as a component of a five-year strategy to reduce LTIs to zero. We are pleased to confirm that our target was met for the year ended 31 March 2021, and we remain on track towards achieving the five-year objective.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.2 Operational (continued)

Health and safety – landside (continued)

The Group has continued to enhance its focus on health and safety in the year ended 31 March 2021, with continued investment in staff development, training, safety equipment and a comprehensive survey of employees' views on environment, health and safety matters being undertaken. This feedback has been incorporated into our port improvement plans on every port and terminal. Further initiatives are planned with the objective of continuing the progress made so far in reducing the incidence of injury and ill-health.

Continued and targeted investment in this area will make a significant contribution to:

- Reducing the risk of injury to employees and others who enter the Group's working environment;
- Protecting the health of employees;
- Building a strong and effective safety culture among employees at every level; and
- Demonstrating full compliance with all statutory requirements in this area.

This investment is intended to maintain Peel Ports' reputation as a 'responsible operator' amongst all stakeholders, including the communities in which the Group operates.

Health and safety – marine

Marine incidents, which could include vessels colliding or foundering, have the potential to cause injury or loss of life. The Group has in place several safety processes, including risk assessments, vessel traffic services, pilotage and hydrography to mitigate this risk.

Several of the Group's subsidiary port companies are Statutory Harbour Authorities with some also being designated Competent Harbour Authorities. As a Statutory Harbour Authority, they have a duty to conserve the harbour so that it is fit for use as a port and a duty of reasonable care to see that the harbour is in a fit condition for a vessel to utilise it safely.

In addition, as a Competent Harbour Authority, it has a duty to assess what, if any, pilotage services are required to secure the safety of ships, and to provide services as deemed necessary.

A local port marine safety management system, operated within the wider Group Marine Safety Management System, which is derived from formal risk assessments developed from formal hazard observations, is the principal control measure in place to ensure the entire operation is run at as low a risk as is reasonably practicable. A programme of internal marine safety management system audits, supported by external audits and an independent designated person, are utilised to maintain the integrity of the system. Each port maintains a Marine and Coastguard Agency (MCA) endorsed oil spill response plan with distinctive tiered plans, supported by external contractors at notice, depending on the size of the incident. A regular series of exercises to test readiness underpin these responses. A Group Emergency Plan, supported by Local Port Emergency Plans, lays out the organisation of the emergency response.

Capital expenditure projects

The efficient management of the Group's projected capital expenditure will impact on the ability of the Group to complete projects on time and deliver the expected financial returns. In addition to the Group's own experience of completing capital projects, additional personnel with experience of managing major construction projects are recruited from time to time to mitigate this risk.

Resilience of operational assets

The nature of ports is such that operations are reliant on the infrastructure of those ports, including quaysides, lock gates, cranes and warehousing. The Group invests significantly in capital maintenance in order to mitigate the risk of major infrastructure failure which could adversely affect the operations of the respective ports.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.2 Operational (continued)

Cyber security

As well as the risk to our physical infrastructure, like most businesses, the Group faces risks associated with a cyber security breach. Threats can vary in their complexity and sophistication and can potentially have a negative impact on organisations of all sizes. Although the Group has successfully protected itself from threats to date, a steady increase in the number of phishing scams and malicious software creation, mean that the Group will continue to be at risk of cyber-attack that could compromise the Group's IT environment. Over a number of years, the Group has increased its investment in this area to put in place appropriate resilience and recovery measures as well as a comprehensive employee training programme to raise awareness and defend against malicious attacks. This is reinforced by regular tests to ensure that employees remain vigilant. We employ a range of industry-standard security products, both internally and on our network perimeters. Formal security and IT conditions of use policies are established, which define security standards and acceptable use.

The Group has a dedicated Cyber Security and Information Security team who are responsible for identifying and resolving security incidents, and for advising on group policy with regards to information security. Strong relationships are maintained with the National Cyber Security Centre and the Cyber Compliance Team of the Department for Transport, and the Group is represented on the Maritime Information Exchange, which facilitates the sharing of threats and intelligence amongst members of the UK maritime security industry.

Technology and innovation

The rate of development of technology and innovation continues to be a strategic risk, and opportunity, for many businesses. The construction of the Liverpool2 container-handling terminal at the Port of Liverpool provided an opportunity to future-proof aspects of our port-wide technology. We have also invested in other technology that has improved the effectiveness and resilience of operations, including our group-wide vessel traffic management system. The Group is currently progressing the deployment of a business-wide Enterprise Resource Planning ('ERP') system.

General Data Protection Regulation ('GDPR')

Non-compliance with GDPR, and before it the Data Protection Act 2018, continues to be a significant regulatory risk facing the Group. The Group has put in place appropriate policies and procedures, comprehensive training and reference materials and issued reminders through signage and intranet/IT screen background messages. Compliance with the GDPR is overseen by the Group's Data Protection Officer.

4.3 Commercial

Brexit

The UK left the EU on 1 January 2021. To date, the Group has not encountered any material adverse impacts that might be directly attributable to Brexit.

Prior to the date of departure from the EU, the Group had reviewed its operations in readiness for Brexit and obtained Authorised Economic Operator status for each of its principal ports. Available UK Government funding to invest further in port infrastructure has been awarded to a number of the Group's ports in the year ended 31 March 2021, and work is well progressed on those projects.

The Group's main concern with respect to Brexit was the actual and potential economic uncertainty and the effect that might have on UK ports, though any negative effect is likely to be less apparent while the global economy is also recovering from the global COVID-19 pandemic. However, the Group is well diversified both by geography and by commodity and its business fundamentals are robust. This provides a resilient base from which it can respond to challenges and opportunities as they arise.

Dependency of the Group's ports on economic activity

The regional ports within the Group each form part of a wider transport infrastructure. The key operational risks and uncertainties relate to the dependency upon the economic activity of the businesses and consumers within the geographic proximity of the ports. These consumers and businesses generate the trade which flows through the ports and when they are subject to economic cycles or, at the extreme, to failure, there is an unavoidable impact on the ports. In addition, the Group may be exposed to declining volumes in certain sectors, downward pricing pressure or the loss of major contracts. This potential is particularly the case as the global economy deals with the effects of the COVID-19 pandemic.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.3 Commercial (continued)

Dependency of the Group's ports on economic activity (continued)

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the ports. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another. In addition, the Group benefits from a high proportion of secure revenue from customers on long-term contracts at its port operations and has no significant concentration of revenue or profits dependent on any one customer. Further, the Group continues to invest in maintaining and developing its facilities and services to meet the needs of its current and future customers.

Container shipping sector developments

The container shipping line industry can face significant logistical challenges in ensuring the resilience of supply chains, including disruption caused by COVID-19 and other events such as the blocking of the Suez Canal and congestion at certain ports. The Group's Shipping operations manage those risks through agile planning and responses to mitigate their effects including, where necessary, re-routing of services. The Group has invested significantly in modern technology and practices so that its Shipping operations are efficient, reliable and attractive to existing and potential customers.

Tendering for shipping contracts

For the Group's Shipping segment, there is a greater degree of commercial tendering for lower margin contracts which are typically of a shorter duration than those in the Ports segment. The mitigation of this risk comes from developing a strong track record for delivering excellent service, ensuring operational efficiency and maintaining the flexibility to respond quickly to potential upsides and downsides in activity levels.

In addition, the Group's Shipping segment utilises time chartered vessels that typically have less than two years duration, which means that the segment is exposed to charter rate increases and the risk of suitable vessels not being available when they are needed. The risk is mitigated by staggering the duration of charter contracts to achieve gradual renewal in line with the charter market.

4.4 Financial

Liquidity, cash flow and interest risks

The key financial risk arises from the level of long-term debt held by the Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 1 April 2021 and 30 September 2046 ("long-term debt") amount to £2,145.5m (2020: £2,143.3m)[8]. The cash flow risk arising in connection with interest charges is mitigated through the use of interest rate and index-linked swaps. Further details can be found in notes 18 and 19.

The directors consider that the combination of the swap instruments, stable trading of the ports business, effective working capital management and the investment in the asset base assists in managing the risks arising from the level of debt and variability in interest rates. The Group's bank loans and swap instruments are spread over a large number of banks. As at 31 March 2021, within the current facility agreements, there were undrawn funds of £175.0m available in addition to cash of £87.8m on the Group's balance sheet. In addition, the Group has in place £110.0m of debt service reserve liquidity facilities to cover annual interest costs. Consideration of this in the context of going concern, and the additional risks arising from COVID-19, can be found in note 3.

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[8] Loans and loan note instruments of £2,145.5m (2020: £2,143.3m) represents total loans and borrowings of £2,142.7m (2020: £2,138.3m) less perpetual debenture stock of £2.2m (2020: £2.2m), 3% irredeemable loan stock of £1.2m (2020: £1.2m), 3.625% irredeemable debenture stock of £0.7m (2020: £0.7m), finance leases of £0.6m (2020: £1.0m) and after adding back unamortised debt issue costs of £7.5m (2020: £10.1m).

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.4 Financial (continued)

Credit risk

Financial risk also arises from credit extended to customers. This risk is mitigated by using strict credit control procedures, the imposition of appropriate credit limits and obtaining third party credit references. The disruption caused by COVID-19 has increased the potential risk that customers may not pay or may pay later than agreed terms. The Group's ports play an essential role in maintaining the UK's (and Global) supply chains, including the supply of essential supplies to organisations such as the National Health Service. It is, therefore, important that the Group is able to secure payments due from customers in order to ensure it can operate effectively and pay suppliers on a timely basis. The Group engages proactively with customers to mitigate the risks arising and takes appropriate action when necessary. The Group has no material concentration of credit risk.

Investment activity is reviewed on a regular basis and cash and cash equivalents are placed with approved counterparties, whose credit ratings are in accordance with internal treasury policies.

The Group monitors the credit rate of derivative counterparties on a regular basis and ensures no positions are entered into with counterparties with credit ratings that are below assigned limits.

Capital risk

The Group's financing arrangements are set out in note 18 to the financial statements. The Group keeps its funding structure under review with the objective of maximising shareholder value and the capacity to meet its operational requirements and to facilitate the execution of its strategy. The Group's external loan covenants impose certain restrictions on the Group relating to capital which are regularly monitored by management. The Group's management carefully monitors the headroom against its covenants and a number of potential actions could be taken in the event that these are necessary. These include, among other things, aggressive management of working capital, deferral of uncommitted capex, deferral of recruitment activity and other cost reduction measures. The Group was in compliance with these covenants during 2020 and 2021 and although headroom was lower in 2021 than in the prior year, this was in line with expectations and reflective of the anticipated trading challenges in the year ended 31 March 2021. As referred to in note 3 to the financial statements, there is significant headroom in the forecast covenants.

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk. The Group's Shipping segment (based in Rotterdam) transacts primarily in euros and US dollars and the Group's Irish container terminals (based in Dublin) transacts primarily in euros. In addition, the Group has in issuance US dollar denominated private placement loans and may also purchase items from third party companies in currencies other than sterling.

Transaction exposures, including those associated with forecast transactions, are hedged when known. The Group manages its foreign exchange exposure on a net basis, and, if required, uses forward foreign exchange contracts and financial instruments to reduce the exposure. For example, the US dollar denominated private placement loans were fixed into sterling at the time of issuance using cross currency swaps. In addition, the new long-term charter commitments within the Group's Shipping segment are subject to forward contracts. If the hedging activity does not mitigate the exposure, then foreign currency fluctuations may adversely affect the results and the financial condition of the Group.

Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for these financial statements. The Group reviews its exposure to translation risk arising from its overseas investments on a continual basis and will enter into hedges if considered necessary.

Pensions risk

The Group operates defined benefit pension schemes and is party to a number of industry-wide defined benefit pension schemes. Modest changes to the assumptions used to value each schemes' assets and liabilities can have a significant effect on the asset or liability that the Group records. As at 31 March 2021, the Group balance sheet recorded a pension liability of £103.2m (2020: £76.3m). Changes in actuarial assumptions, in particular the discount rate in response to changes in bond yields, have seen the liability increase. This has been partly offset by employer contributions of £9.9m, investment returns and the disposal of the Marine Support Services segment.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.4 Financial (continued)

Pensions risk (continued)

The arrangements and the assumptions used are more fully explained in note 20 of the financial statements. It is also explained in note 20 that the assumptions used, and balance sheet positions, as determined by FRS 102 are not representative of the funding position of the defined benefit pension schemes, which are subject to triennial actuarial valuations.

Contribution rates are agreed with the trustees of each of the Group's schemes to enable deficits to be recovered over appropriate periods of time, by reference to the triennial actuarial valuations. The results of the triennial valuation of the Pilots National Pension Fund, as at 31 December 2019, was completed in the year ended 31 March 2021. Although this valuation was prepared as at a date that pre-dates the COVID-19 pandemic, continuing focus on pension deficit positions by The Pensions Regulator, including guidance it issues to Trustees, can lead to different positions being taken at each valuation date and additional contributions being requested by the Trustees. The Group engages constructively with the Trustees of each of the defined benefit pension schemes that it is party to. In the year ended 31 March 2021, the Group paid employer contributions to defined benefit pension schemes of £9.9m (2020: £12.0m), and this reduction reflects the disposal of the Marine Support Services segment.

The Group engages with the Trustees of the pension schemes to which it is party to in order to discuss measures to derisk the pension scheme arrangements. In January 2021, after a period of engagement and consultation, the Pilots National Pension Fund (PNPF) closed its defined benefit section to new members and opened a "cash balance" section. Although this has features of a defined benefit pension arrangement, there is a rebalancing of the share of the funding risks between the member and the company, while affording the member access to greater pension flexibility. The wider eligibility rules for membership also allow companies greater flexibility when it comes to who can join the scheme, which could help to mitigate potential "Section 75", or lump sum payment, risks that can arise when a participating body ceases to engage a pilot who is a member of the PNPF.

Going concern

As referred to in note 3 to the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This has also taken into account the potential risks associated with the global COVID-19 pandemic. As reported above, the Group moved quickly to mitigate the financial effects of the disruption caused by the pandemic, including the curtailing and deferment of non-essential expenditure, including development capital expenditure, accessing the Government's business interruption financial assistance packages and job retention schemes and putting in place a more concerted focus on the recovery of trade debtors. Although the Group has significant resources available to it, a further £135m of finance has been raised in June 2021.

4.5 Environmental

Operations

The Group is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and considering possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

Climate change

Climate change has become an increasingly important consideration across the world and is an important principal risk to which the Group has to respond. The Climate Change Act 2011 required certain of the Group's ports to complete a risk assessment and submit a climate change adaption report to DEFRA. The Group continues to monitor and consider the risks identified in those reports.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.5 Environmental (continued)

Climate change (continued)

The UK Government has made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. To achieve this, there will need to be significant changes across the economy and, by extension, the ports that serve it. For example, this is likely to result in the long-term reduction in tonnages of oil related cargoes and a move away from diesel and petrol cars to electric and other forms of low carbon transport. Existing vessels' propulsion systems will need to transition to lower carbon options, an event mitigated within the Group's shipping division in recent years by the entering into of long-term charters for the hire of modern-built and more environmentally friendly vessels. The Group will need to adopt new technologies and deal with currently unforeseen legislative changes.

The Group's five year plan includes initiatives that will help support the response to risks associated with climate change, including the use of technology and energy efficiency solutions.

In the year ended 31 March 2021, the Group extended the remit of a member of the Executive Management Board to include environmental matters and a number of initiatives have commenced, including work on port air quality studies. The Group expects to continue working on initiatives that will contribute to helping tackle climate change in the year ending 31 March 2022.

5. STREAMLINED ENERGY AND CARBON REPORTING ('SECR')

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 require the disclosure of annual UK energy consumption and greenhouse gas emissions from SECR regulated sources.

The disclosures below are in respect of each of the Group's port operations, including those port operations that are reported within subsidiary statutory undertakings that are not required to disclosure information on the basis that, individually, they are considered to be "low energy users" for the purposes of the streamlined energy and carbon reporting legislation. No disclosure is required or provided in respect of the Company, as it is acts only as a holding company and does not consume energy.

	2021	2020
	kWh	kWh
Energy used to calculate emissions	129,676,728	141,106,720
	tC02	tC02
Greenhouse gas emissions from:		
- combustion of gas	1,042	1,032
- combustion of fuel for transport purposes	14,203	19,140
- employees' business travel where the company is responsible for buying the fuel	-	-
- purchased electricity	16,321	16,512
Total emissions	31,566	36,684

	2021	2020
	tC02 per thousand tonnes	tC02 per thousand tonnes
Intensity ratio[9]	0.59	0.61

[9] The intensity ratio is the total emissions of 31,566 tC02 (2020: 36,684 tC02) divided by the 53,100 tonnes (2020: 60,200 tonnes) handled by the Group's UK and Irish port operations.

STRATEGIC REPORT (CONTINUED)

5. STREAMLINED ENERGY AND CARBON REPORTING ('SECR') (CONTINUED)

The year-on-year reduction in energy usage and greenhouse gas emissions reflects primarily the disruption caused to operations caused by the global COVID-19 pandemic, with the group managing its port operations and associated energy usage and other costs to match customer demand. The reduction in the intensity ratio will in part reflect some of the energy efficiency measures set out below, but also changes in the mix of energy consumed as a result of customer demand responding to the pandemic.

Methodology

The calculation of the SECR greenhouse gas emissions requires the application of a choice of methodology and the use of estimations, which is explained further below.

Greenhouse gas emissions have been calculated using conversion factors published by DEFRA in 2019. Additionally, electricity emissions calculations also use supplier-specific fuel-mix disclosures in gCO2/kWh, accounting for the contractual arrangements in place. Electricity and natural gas calculations use metered kWh consumption taken from supplier invoices where possible. Transport emissions have been calculated using purchased fuel where available.

Energy efficiency actions

As set out in 4.5 above, the Group's five year plan includes initiatives to extend the use of technology and energy efficiency solutions and further work is planned in order to develop the reporting of data in this area.

In the period covered by the report, the Group has continued to promote the awareness of and ways in which energy usage and greenhouse gas emissions can be reduced, including the publication of the Group's first Environment Yearly Plan. In addition, the Group has undertaken a number of behavioural change programs, including the introduction of "environmental golden rules" and a climate change policy to highlight to employees the challenges we face and the changes we need to make to progress the decarbonisation of the Group's ports. Port locations have continued to roll out LED lighting upgrades that facilitate the use of smart technology lighting control systems, ensuring the lighting is only used when required. A project to replace nearly 100 fossil fuelled company vehicles to fully electric models is also underway. As part of the roll out of the Group's new ERP system, investment has also been made in business intelligence tools that allow the Group to analyse and better manage its energy consumption. Looking ahead, the group will continue to explore how alternative fuels such as ammonia and hydrogen could contribute to future power generation, alongside evaluating greater use of renewable energy generation such as solar, wind and hydroelectric power to reduce our greenhouse gas emissions. Feasibility studies to assess potential shoreside power options for visiting vessels and the implementation of a minimum design standard for building refurbishments are also planned.

6. SECTION 172 STATEMENT

Section 172 ('S172') of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, with respect to Peel Ports Group Limited, S172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Group.

In discharging its S172 duties, the Board of Directors ("the Board") has had regard to the factors set out above, although at times some factors may have been given greater weighting than others.

Appropriate regard was also given to other factors considered relevant to the decision being made, for example our relationship with regulators, industry bodies and other business relationships. We acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities. However, by giving consideration to key stakeholder groups and aligning our activities with our strategic plan, as well as the Group's culture and values, we aim to balance those different perspectives in the best interests of the Group over the long term.

We identify our key stakeholders as employees, defined benefit pension schemes, customers, suppliers, communities, the environment, government, local authorities and regulators, financial investors and shareholders.

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

As the Board of Directors includes representatives of the Group's three shareholders[10], Peel Group, DWS and Australian Super, they are more directly able to engage on matters relevant to them. In so doing, the Board is also cognisant of the importance of considering the needs of other stakeholders when making decisions.

The Board will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders, and of the Group, means that stakeholder engagement often takes place at an operational level.

The Executive Management Board is chaired by the Group Chief Executive Officer and attended by the Group Chief Financial Officer, both of whom are also directors and attend meetings of the Board. The Executive Management Board also comprises senior group management, including the Group Director overseeing Health and Safety and Environmental Matters, as well as the senior management responsible for each of the Ports and Shipping segments. Within the Ports segment, each port cluster group has its own management teams with delegated levels of authority. Engagement with stakeholders may take place at a port cluster level, business segment level or at senior group management level, depending on the nature of the stakeholder relationship and delegated levels of responsibility. This approach is intended to ensure alignment of engagement and decision-making with the long-term strategic objectives of the Group and greater responsiveness to the needs of stakeholders. Through the participation of the Chief Executive Officer and Chief Financial Officer at Shareholder Board and Executive Management Board level, together with reports and attendance at meetings by other members of senior management, the Board is able to exercise oversight and challenge as appropriate.

The Board considers information from across the organisation to help it understand the impact of the Group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance.

The Board are aware that they set the tone for the overall control environment across the whole Group and, therefore, they review and, where appropriate, approve key policies such as anti-bribery and corruption, the policy on modern slavery, the Group's code of conduct and the supplier code of conduct. These policies are designed to ensure that the Group maintains the highest standards of conduct in its business dealings with stakeholders and internally within the Group. The Group's policies are disseminated to all employees when they join the Group and to existing employees through regular communication and training where appropriate. They are also available on the Group's intranet and, where appropriate, on the Group's external website.

Principal decisions taken by the Board

We consider the principal decisions to be those decisions taken by the Board directly, which should not be delegated to either the management or a committee of the Board, and which may have a potentially material impact on the Group's strategy, a stakeholder group or the long-term value creation of the Group. We have grouped the Board's principal decisions into the following categories:

- Financial results (the full and half year results);
- Capital allocation (the approval of the annual budget, the recommendation of the full-year dividend and declaration of an interim dividend);
- Material funding and treasury matters;
- Tax strategy;
- M&A activity;
- Review of matters reserved for the Board;
- Board member changes;
- Material supplier contracts;
- Strategy review (the review of the Group's five year business plan); and
- Group statements (the approval of the Group's modern slavery statement and gender pay report).

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[10] The shareholder investments in the Group's immediate parent company (Peel Ports Holdings (CI) Limited) are through immediate investor companies that are referenced in these financial statements, being Peel Ports Investments (IOM) Limited (Peel Group), Infrastructure JVCo (Lime) S.a.r.l. (Deutsche Wealth Services) and AS Infra PP Pty Ltd (Australian Super).

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

Principal decisions taken by the Board (continued)

Principal decisions taken by the Board during the year ended 31 March 2021, and how they have had regard to the interests of stakeholders, include:

Responding to the COVID-19 pandemic

As set out on page 7, the Group has taken, and continues to take, measures to respond to the global COVID-19 pandemic. Many of these required decisions to be taken by the Board, some of which were difficult and required trade-offs between competing stakeholder expectations. These were often taken in fast changing circumstances against a backdrop of unprecedented national and global uncertainty. With the benefit of hindsight, as with the response of governments around the world and those of many other companies, other decisions may have been taken or decisions may have been taken at different times. However, the Group's management, and its Board, focused on a number of guiding principles when making those decisions. These included the continuing priority focus on the health and safety of our employees and all of those individuals who work within its facilities and the knowledge that, as an essential part of the UK and Ireland's national supply chains, it was essential that the business continued to operate as close to normal as possible. Through the considerable efforts of the Group's employees and its suppliers, the vital role that Peel Ports plays in keeping commodities moving has continued throughout the pandemic.

The Group has had to withstand a number of economic downturns over the last decade, including the Global Economic Crisis, but the effects of the COVID-19 pandemic have been unprecedented. In Scotland, for example, the record number of cruise vessel visits recorded in prior years fell to nil overnight, with no vessel calls handled in the year ended 31 March 2021. While the cruise industry is optimistic it will return to pre-pandemic levels, there are understandable uncertainties as to when, and by what extent, confidence will return.

Through careful treasury management, the Group has sought to continue to pay suppliers on time and to continue to fulfil its agreed contributions to the defined benefit pension schemes to which it is a party. However, difficult decisions have had to be taken with respect to the restructuring of business operations and this has meant that many valued colleagues have left the business in the year. In addition, the decision as to the annual pay rise that would have been applied in June 2020 was deferred until later in the calendar year, when it was decided to award an inflationary increase to employees except those earning above a certain threshold. In reaching that decision, the Board had wanted to acknowledge the continuing economic uncertainty and outlook with the importance of rewarding the many employees who, as "key workers" had continued to operate its port terminals and provide other essential labour throughout the pandemic. The final shareholder dividend for the year ended 31 March 2020, which would normally have been paid in the summer of 2020, was cancelled.

Management, and the Board, are committed to returning the Group to growth and to allow it to resume delivering improved benefits to the stakeholders on whom it relies. The Board have approved a budget for the year ending 31 March 2022 that sets out a plan, incorporating initiatives set out in the previously approved five year strategic business plan, to grow the business while still acknowledging the continuing levels of uncertainty arising from the global pandemic and its effect on economic activity.

Disposal of Marine Support Services segment

As disclosed in note 29 to the accounts, the Group disposed of the Marine Support Services segment on 23 July 2020. The Marine Support Services segment was increasingly seen as non-core to the primary focus of the Group, which is to provide port and shipping services. The decision to dispose of Marine Support Services will allow the Board to focus on the long-term strategy of the continuing Group.

Investment in port infrastructure to support customers

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 reviews and, where appropriate, approves capital projects that exceed a certain monetary threshold 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.

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

Principal decisions taken by the Board (continued)

Investment in port infrastructure to support customers (continued)

The disruption caused by the pandemic has meant that capital expenditure has been lower than it would otherwise have been in the year ended 31 March 2021, with capital projects either cautiously scaled back or deferred so as to better match capital cash outflows with the level of business activity and associated cash generation, while reflecting the unprecedented level of economic uncertainty that the pandemic has caused. However, as set out in section 2.1, the Group has still invested a total of £124.9m (2020: £124.8m) in net capital expenditure in the year ended 31 March 2021.

During the year ended 31 March 2021, the Board approved a number of proposals to invest in port assets that directly and indirectly support customers who use those ports. This has included the replacement of lock gates and enhancements to the grain terminal at the Port of Liverpool, investment in a warehouse alongside the Manchester Ship Canal to support a new contract with a customer and the installation of a new terminal operating system to support container operations in Greenock and Dublin. Although subject to board approval in a prior period, the Group has continued to invest in the Liverpool2 container terminal and the roll out of an ERP system during the year ended 31 March 2021.

When considering such proposals, the Board receives detailed papers that includes the proposal's business case and key financial information, a statement as to the effect that the proposal will have on energy usage, customer expectations and business risks and opportunities. Where a proposal involves significant capital expenditure to support a particular customer, the Board will consider whether it is supported by a long-term commitment from the customer that is aligned with the Group's long-term revenue and growth objectives.

Stakeholders

Details of the Group's key stakeholders and how we engage with them are set out below.

Employees

Our employees are key to our success and we want them to be safe, well trained and successful, individually and as a team. We engage with our employees in a number of ways, including face-to-face briefings, newsletters, an intranet, social media and through engagement with unions. If an employee is not comfortable raising an issue with the Group directly, they can engage indirectly (and anonymously) via an Ethics Hotline, details of which are set out in the Group's Code of Conduct.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits. Page 8 sets out steps that the Group have taken with respect to ensuring the health and well-being of our employees. In addition, the Board engaged with employees during the year ended 31 March 2021 through the undertaking of a Health and Safety Climate Survey. Surveys such as this, also known as employee engagement or culture surveys, are used to measure employee engagement and perceptions of the working environment. Safety climate describes how people feel about safety and offers insight into an organisation's culture. The results of the survey, which was completed anonymously, are used to inform the Board as to how to develop and improve the overall culture of the organisation. Following the survey, guidance was issued or reissued to employees in certain areas to respond to matters raised, for example how office-based staff can report an incident (injury, environmental incident, security, near-miss Incident or hazard observation).

Examples of ways in which the Group has responded to the expectations of employees include our response to COVID-19, with the emphasis on safe working practices, having continuous improvement of health and safety practices at the core of everything we do, publication of gender pay reports and development opportunities such as apprenticeship programmes.

Although the majority of those who provide labour services to the Group are employees, there are many individuals who are engaged through third party labour providers. Such workers are often under our supervision and will be party to many of the same stakeholder engagement considerations as direct employees, including through their inclusion in Health and Safety statistics.

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

Defined benefit pension schemes

The Group is party to a number of defined benefit pension schemes, including industry-wide schemes such as the Pilots National Pension Fund. We take seriously our commitments to these pension schemes, which serve to provide benefits for current and former employees of the Group. We engage with these pension schemes on a regular basis through trustee meetings and involvement in industry-wide groups such as the Association of Participating Bodies of the Pilots National Pension Fund. Key areas of focus include the funding of the pension schemes and the covenant strength of the companies that provide this funding.

The Group continues to fulfil its funding commitments and, through focusing on the growth and financial strength of the business, continues to maintain and build its covenant strength.

Customers

We aim to deliver a high level of service to our customers. We build strong lasting relationships and spend time with them to understand their needs and listen to how we can improve our offer and service to them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

The Group has responded to the expectations and requirements of its customers through investment in major capital expenditure projects, such as the Liverpool2 container terminal and in respect of preparing the Group's ports for the UK's departure from the European Union.

Suppliers

The Group's procurement function is engaged with building strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include building long-term partnerships, fair terms and conditions and health and safety. The Board recognises that relationships with key suppliers are important to the Group's long-term success.

Twice yearly in-scope group companies report on payment practices and terms, with payments within agreed terms an important objective for the group. The Group also works with suppliers on ensuring compliance with the Modern Slavery Act, the Group's statement on which can be found on its website.

More recently, the Group has introduced a Supplier Code of Conduct that suppliers are asked to sign up to. This covers areas such as compliance with laws and regulations, health and safety and working conditions, environmental matters, child labour, forced labour, freedom of association, discrimination, wages and benefits, working hours, bribery, confidentiality, data protection, conflicts of interest and local communities.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support and resolve any concerns that local communities may have with regard to the operation of our ports, create opportunities to recruit local people and help to look after the environment.

Our ports employ a significant numbcr of people from thc communities in which they are based. We engage constructively with local community groups and individuals where they may have concerns regarding our operations, so we can be a good neighbour to those who live near our ports. By their nature, ports are busy places with the transit of goods and services in and out. As a responsible operator, it is important that we manage these interactions in a way that minimises the external impacts to our local communities. This is a continual process as we refine and review our working practices and look to keep improving. Unfortunately, in some instances, our activities give rise to concerns and complaints from our local communities. We will always investigate these complaints and look for opportunities to reduce these external impacts. Often a complaint is found to be caused by something that has changed and, in some instances, that change is short-term, such as changes in the dominant wind direction or a particular visitor to a site. In other instances, we may be able to change or adapt our operations to reduce an impact, whilst keeping operations ongoing. For our larger ports, we have engaged in the port Master Planning process and produced port plans. These plans are consulted on with the local stakeholders and help to coordinate medium-term planning. These documents clearly set out our strategic plans for our sites and help to inform port users, employees and local communities as to how they can expect to see the port develop over the following years.

We also support local charities and community projects.

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

Environment

The environment has been considered to be strongly related to communities and they are often considered together, although we are ever more conscious that the environment also impacts our customers and suppliers and is of increasing importance to our employees as well. The Group is committed to developing its business to meet the needs of its customers in a sustainable way, with initiatives such as reducing our carbon footprint through better energy management and recycling schemes. The annual Group Environment Plan sets out a number of initiatives to manage the effect that the business has on the environment, including the development of port air quality strategies, sustainable procurement policies and resource management policies as well as initiatives around waste management, storage of fuels and chemicals, drainage, conservation of nature, wildlife and habitats, and the beneficial use of dredge material.

One of our biggest opportunities to reduce our environmental impact is to look at our procurement and capital investment programmes. What we buy has a direct relationship on what we consume and ultimately generate as waste. By influencing our purchasing decisions, we can potentially change our buying habits and reduce our environmental impact. Looking at the whole-life costs of a purchase we can look past the upfront purchase price and consider both the running and disposal costs of the purchase. We may also look to favour or rule out certain purchases due to their environmental credentials. This will apply to all purchases and contracts we engage in (including leasing).

Our capital investment programme is where we are investing for the long-term in our sites. The decisions we make during the capital investment process impacts our operations for years to come. It is therefore important that we take the opportunity to design in efficiencies (best available technologies, controls etc.) from the start of a project. By reviewing and adapting our current processes we can ensure that we look at and have the opportunity to design in both sustainable development principles and consideration of the environmental impacts of our operations.

The Group also engages with key environmental stakeholders such as the Environmental Agency, the Department for Environment, Food and Rural Affairs and the Marine Management Organisation. Engaging with these stakeholders is important to ensure that planning and licenses are granted and that we are able to meet legislative requirements.

Government, local authorities and regulators

We engage with the government, local authorities and regulators through a range of industry consultations and meetings to communicate our views to policy makers relevant to our business. When planning development projects, we work closely with local authorities to ensure that an appropriate solution is delivered for our customers within planning requirements. Key areas of focus are compliance with laws and regulations and health and safety. Of particular note in the year ended 31 March 2021 has been our engagement with the Department for Transport and other bodies in support of the UK's preparations for leaving the European Union. At a port level, there has also been constructive engagement with bodies such as HMRC and Border Force to secure Authorised Economic Operator status. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Financial investors

Through the group's wholly-owned subsidiary companies, Peel Ports PP Finance Limited and Peel Ports Limited, the Group raises debt and undertakes related hedging with a wide range of counterparties. This includes private placement borrowing, which is undertaken by Peel Ports PP Finance Limited, and bank borrowing, which is undertaken by Peel Ports Limited.

We rely on the support of our financial investors and we aim to maintain a timely, open and constructive dialogue with them. In addition to twice yearly presentations on the financial performance of the Group and key developments, we engage with our financial investors on an ad hoc basis through a Financial Investor relationship programme. Key areas of focus are the use to which we put financial investment, financing and refinancing opportunities, the Group's ability to pay interest payments/debt repayments when they fall due and covenant compliance.

STRATEGIC REPORT (CONTINUED)

6. SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

Shareholders

As owners of our Group we rely on the support of shareholders and their opinions are important to us. Our shareholders appoint representatives to sit on the Board. Where matters to be discussed are in respect of shareholder reserved matters, those relating to the conduct of the shareholders' agreement, these are discussed at meetings of the Board of Directors of the Group's immediate parent undertaking, Peel Ports Holdings (CI) Limited, in respect of which the shareholders are each represented among the directors and in which company each invests directly. The Group Chief Executive Officer and Group Chief Financial Officer, both of whom are directors of Peel Ports Group Limited, attend meetings of the Peel Ports Holdings (CI) Limited Board, but they are not directors of that company. Discussions with shareholders cover a wide range of topics including environment, health and safety ('EHS'), financial performance, strategy, outlook and governance.

On behalf of the Board

I G L Charnock
Director
21 July 2021

DIRECTORS' REPORT

This report contains the statutory information disclosed in addition to that set out in the separate Strategic Report. Information relating to the future development of the business, which would otherwise be included in the Directors' Report, is included in the Strategic Report.

DIVIDENDS

Dividends paid in the year totalled £38.9m (2020: £90.1m). Of these, £38.9m (2020: £45.6m) is an interim dividend and £nil (2020: £44.5m) is a final dividend declared in respect of the preceding financial year. A final dividend of £44.5m has been proposed (2020: £nil).

DIRECTORS

The directors who held office during the financial year and thereafter were as follows:

T E Allison (Chairman)
M Byrne (appointed 4 August 2020)
I C V Caumette (appointed 4 August 2020)
I G L Charnock
M J Llewellyn (appointed 8 March 2021)
H M M Mackenzie
S Underwood
S Vyas
J A Walsh (appointed 4 August 2020, resigned 8 March 2021)
J Whittaker
M Whitworth
J P Whittaker (appointed 4 August 2020)

The Company maintains directors' and officers' liability insurance which provides insurance cover for the directors and officers of the Company and its subsidiaries against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

DISABLED PERSONS

Applications for employment by disabled persons are given full consideration, having regard to the capabilities of the applicant. In the event of employees becoming disabled, every effort is made to provide them with employment in the Group and to arrange any necessary re-training. 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 a person who does not suffer from any disability. Appropriate access and facilities are also provided for any disabled employees as required. Training programmes are in place to ensure that the Group has suitably qualified individuals to undertake the various operational tasks within the Group.

EMPLOYEE ENGAGEMENT

A statement on employee engagement is included in the Section 172 statement in the Strategic Report.

STATEMENT ON BUSINESS RELATIONSHIPS

A statement on business relationships is included in the Section 172 statement in the Strategic Report.

STREAMLINED ENERGY AND CARBON REPORTING

Disclosures in respect of the Streamlined Energy and Carbon Reporting requirements are included in the Strategic Report.

DIRECTORS' REPORT (CONTINUED)

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP resigned as auditor during the period and BDO LLP were appointed as auditor. BDO LLP have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be deemed appointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

I G L Charnock
Director
21 July 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Peel Ports Group Limited ("the Parent Company") and its subsidiaries ("the Group) for the year ended 31 March 2021 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report other than the financial statements and our auditor's 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Stuart Wood
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Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT
United Kingdom

21 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2021

	Note	2021 £m Continuing operations	2021 £m Discontinued operations	2021 £m Total	2020 £m Continuing operations	2020 £m Discontinued operations	2020 £m Total
GROUP TURNOVER	5	504.8	89.7	594.5	555.6	236.7	792.3
Other cost of sales		(325.0)	(76.8)	(401.8)	(366.3)	(202.5)	(568.8)
Exceptional items	8	(10.6)	-	(10.6)	(20.7)	(17.4)	(38.1)
Cost of sales		(335.6)	(76.8)	(412.4)	(387.0)	(219.9)	(606.9)
GROSS PROFIT		169.2	12.9	182.1	168.6	16.8	185.4
Other administrative expenses		(30.1)	(10.8)	(40.9)	(40.3)	(29.6)	(69.9)
Exceptional items	8	(10.0)	-	(10.0)	(2.8)	-	(2.8)
Administrative expenses		(40.1)	(10.8)	(50.9)	(43.1)	(29.6)	(72.7)
GROUP OPERATING PROFIT/(LOSS)	6	129.1	2.1	131.2	125.5	(12.8)	112.7
Share of operating profit of joint ventures	13	0.6	-	0.6	0.1	-	0.1
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES		129.7	2.1	131.8	125.6	(12.8)	112.8
Profit on disposal of discontinued operations	6, 29	-	25.0	25.0	-	-	-
Net interest expense	9	(15.4)	-	(15.4)	(212.0)	(0.3)	(212.3)
PROFIT/(LOSS) BEFORE TAXATION		114.3	27.1	141.4	(86.4)	(13.1)	(99.5)
Taxation	10	2.3	(0.5)	1.8	(6.2)	3.6	(2.6)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		116.6	26.6	143.2	(92.6)	(9.5)	(102.1)

PROFIT/(LOSS) ATTRIBUTABLE TO:

	2021 £m Total	2020 £m Total
- Owners of the parent	142.8	(101.6)
- Non-controlling interest	0.4	(0.5)
	143.2	(102.1)

The Consolidated Profit and Loss Account for the year ended 31 March 2020 has been restated to reflect the Marine Support Services segment as a discontinued operation following its disposal on 23 July 2020 (note 29). All other operations are continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Profit/(loss) for the financial year		143.2	(102.1)
Other comprehensive (expense)/ income:			
Remeasurement of net defined benefit liability	20(a)	(46.0)	22.8
Currency translation differences		(2.2)	1.1
Total tax on components of other comprehensive income	10(d)	8.6	(4.4)
Other comprehensive (expense)/income for the year, net of tax		(39.6)	19.5
Total comprehensive income/(expense) for the year		103.6	(82.6)
Total comprehensive income/(expense) attributable to:			
- Owners of the parent		104.6	(82.3)
- Non-controlling interests		(1.0)	(0.3)
		103.6	(82.6)

CONSOLIDATED AND COMPANY BALANCE SHEETS
As at 31 March 2021

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
FIXED ASSETS					
Intangible assets:	11				
- positive goodwill		58.3	69.7	-	-
- negative goodwill		(0.4)	(1.5)	-	-
		57.9	68.2	-	-
Tangible assets	12	1,374.4	1,393.8	-	-
Interests in joint ventures:	13				
- share of gross assets		-	7.1	-	-
- share of gross liabilities		-	(6.1)	-	-
		-	1.0	-	-
Other investments	13	0.7	0.9	337.5	337.5
		1,433.0	1,463.9	337.5	337.5
CURRENT ASSETS					
Stocks	14	6.4	6.3	-	-
Debtors - due within one year	15	162.7	201.7	215.0	215.0
- due after more than one year	15	45.4	84.3	123.0	123.0
Cash at bank and in hand		87.8	91.1	-	-
		302.3	383.4	338.0	338.0
CREDITORS: amounts falling due within one year	16	(382.8)	(485.4)	(109.8)	(109.8)
NET CURRENT (LIABILITIES)/ASSETS		(80.5)	(102.0)	228.2	228.2
TOTAL ASSETS LESS CURRENT LIABILITIES		1,352.5	1,361.9	565.7	565.7
CREDITORS: amounts falling due after more than one year	17	(3,135.1)	(3,231.8)	(123.0)	(123.0)
Post-employment pension liability	20(a)	(103.2)	(76.3)	-	-
NET (LIABILITIES)/ASSETS		(1,885.8)	(1,946.2)	442.7	442.7
CAPITAL AND RESERVES					
Called-up share capital	21	389.4	389.4	389.4	389.4
Merger reserve		(506.1)	(506.1)	-	-
Profit and loss account		(1,769.1)	(1,834.8)	53.3	53.3
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,885.8)	(1,951.5)	442.7	442.7
Non-controlling interests	28	-	5.3	-	-
TOTAL EQUITY		(1,885.8)	(1,946.2)	442.7	442.7

The profit of the Company for the financial year was £38.9m (2020: £93.0m).

The financial statements of Peel Ports Group Limited (company registration number 5965116), were approved and authorised for issue by the Board of Directors on 21 July 2021 and signed on its behalf by:

I G L Charnock
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Called-up share capital £m	Merger reserve £m	Profit and loss account £m	Total £m	Non-controlling interest £m	Total equity £m
As at 1 April 2019	389.4	(506.1)	(1,662.4)	(1,779.1)	6.6	(1,772.5)
Loss for the financial year	-	-	(101.6)	(101.6)	(0.5)	(102.1)
Other comprehensive income for the financial year	-	-	19.3	19.3	0.2	19.5
Total comprehensive expense for the financial year	-	-	(82.3)	(82.3)	(0.3)	(82.6)
New share capital issued	-	-	-	-	-	-
Dividends (note 21)			(90.1)	(90.1)	(1.0)	(91.1)
Total transactions with owners, recognised directly in equity	-	-	(90.1)	(90.1)	(1.0)	(91.1)
As at 31 March 2020	389.4	(506.1)	(1,834.8)	(1,951.5)	5.3	(1,946.2)
Profit for the financial year	-	-	142.8	142.8	0.4	143.2
Other comprehensive expense for the financial year	-	-	(38.2)	(38.2)	(1.4)	(39.6)
Total comprehensive income/(expense) for the financial year	-	-	104.6	104.6	(1.0)	103.6
Dividends (note 21)	-	-	(38.9)	(38.9)	-	(38.9)
Total transactions with owners, recognised directly in equity	-	-	(38.9)	(38.9)	-	(38.9)
Disposal of discontinued operations (note 29)	-	-	-	-	(4.3)	(4.3)
As at 31 March 2021	389.4	(506.1)	(1,769.1)	(1,885.8)	-	(1,885.8)

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Note	Called-up share capital £m	Profit and loss account £m	Total £m
As at 1 April 2019		389.4	50.4	439.8
Profit for the financial year		-	93.0	93.0
Total comprehensive income for the financial year		-	93.0	93.0
Dividends	21	-	(90.1)	(90.1)
Total transactions with owners, recognised directly in equity		-	(90.1)	(90.1)
As at 31 March 2020		389.4	53.3	442.7
Profit for the financial year		-	38.9	38.9
Total comprehensive income for the financial year		-	38.9	38.9
Dividends	21	-	(38.9)	(38.9)
Total transactions with owners, recognised directly in equity		-	(38.9)	(38.9)
As at 31 March 2021		389.4	53.3	442.7

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Cash inflow from operating activities	22(a)	252.5	203.2
Taxation paid		(0.3)	(3.9)
Net cash inflow from operating activities		252.2	199.3
Cash flow used in investing activities	22(b)	(121.7)	(130.6)
Cash flow used in financing activities	22(c)	(133.3)	(79.2)
Net decrease in cash and cash equivalents		(2.8)	(10.5)
Cash and cash equivalents at the beginning of the year		91.1	101.3
Exchange (losses)/gains on cash and cash equivalents		(0.5)	0.3
Cash and cash equivalents at the end of the year		87.8	91.1
Cash and cash equivalents consist of:			
Cash at bank and in hand		87.8	91.1
Cash and cash equivalents		87.8	91.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

2. STATEMENT OF COMPLIANCE

The financial statements of Peel Ports Group Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), as issued by the Financial Reporting Council, and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

In considering the appropriateness of the going concern basis of preparation, the directors have considered forecasts for the next 12 months following the date of the signing of the 2021 financial statements, which include detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the next 12 months. In addition, the directors note the following:

- the directors prepare and update detailed annual budgets, two year projections, and five year strategic plans. As the five year strategic plan was prepared before the outbreak of the global COVID-19 pandemic, management have re-reviewed that plan and adopted a revised outlook that reflects the disruption caused by the pandemic. For the period extending at least 12 months from the date of signing of these accounts, the Group has modelled different scenarios in the absence of further mitigating actions that show that the Group has sufficient headroom to withstand significant further downward pressure on results from reduced volumes or customer opportunities not being converted, both in terms of available liquidity and the Group's covenant ratios. 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, a decreased level of capital expenditure or the postponement/cancellation of shareholder distributions;
- at the balance sheet date, the Group has net liabilities of £1,885.8m (2020: £1,946.2m) which are principally attributed to two factors. Firstly, the reorganisation of the Group in 2006 which was accounted for under merger accounting principles and resulted in the creation of a merger relief reserve of £506.1m. Secondly, the fair value of the Group's derivative financial instruments, primarily interest rate and index-linked cross currency swaps, which have a net liability of £998.1m (2020: £1,083.0m);
- as at 31 March 2021, the Group has borrowings of £2,022.5m (2020: £2,020.3m), which are subject to covenant restrictions[11]. No breaches have occurred in the historical period or are forecast to occur. After taking account of potential changes in trading performance, the Group's forecasts and projections indicate that it is expected to continue to comply with covenant requirements for a period of at least 12 months from the date of approval of the financial statements;

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[11] Borrowings subject to covenant restrictions of £2,022.5m (2020: £2,020.3m) comprise bank loans of £840.6m (2020: £856.1m) and private placement loans of £1,174.4m (2020: £1,154.1m) and after adding back unamortised issue costs of £7.5m (2020: £10.1m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- other than £9.6m of bank loans which are due for repayment in the year ending 31 March 2022 and a further £2.3m due for repayment in the six months ending 30 September 2022, the Group's loans and loan note instruments have repayment dates between 1 October 2022 and 30 September 2046;
- the payment of swap accretion, held as a liability of £40.8m as at 31 March 2021, is scheduled to be paid on 1 October 2021 from available facilities; payment of the accretion was deferred from 1 October 2020 to provide the Group with additional liquidity in the immediate period following the outbreak of the COVID-19 pandemic;
- in the year ended 31 March 2021, although turnover from continuing operations decreased from £555.6m to £504.8m, group operating profit before exceptional costs from continuing operations increased by £0.7m to £149.7m despite the disruption to supply chains caused by the COVID-19 global pandemic. This reflected a strong focus on cost management and the continuing benefit of having a diversified service offering and robust customer base;
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance tangible fixed asset additions of £145.1m (2020: £128.9m) (cash outflow);
- at the balance sheet date the Group held £87.8m (2020: £91.1m) of cash balances and had undrawn loan facilities of £175.0m available; a further £110.0m of liquidity facility is available for the payment of interest. Subsequent to the year-end, the Group has raised a further £135m of finance, providing additional liquidity;
- despite the significant disruption to the global economy caused by the global COVID-19 pandemic, the above considerations together with the Group's robust business model underpinned by long-term customers with a high percentage of secure, and typically RPI-linked, revenue and the ability of management to take appropriate steps to mitigate as far as possible the downside scenarios presented by the pandemic, provides confidence that the Group has the resources and flexibility to respond timely to events as they occur. The group has already instigated certain costs saving and capital expenditure reduction initiatives; and
- 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. 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.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose:

a) A statement of cash flows;
b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
c) Key management personnel compensation in total.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal to the extent of Group control.

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

Merger accounting principles were used when preparing the financial statements for the year ended 31 March 2005, when Peel Holdings (Ports) Limited was combined with Peel Ports Holdings Limited, and for the year ended 31 March 2007, when Peel Holdings (Ports) Limited combined with the Company. In both cases the combinations met the requirements for group reconstructions. Consequently, the results and cashflows in both cases were presented as if the entities had combined from the beginning of the financial period in which the merger occurred. All other subsidiaries were consolidated under acquisition accounting principles.

The Group profit and loss account incorporates the Group's share of the results of joint ventures. In the Group balance sheet, the fixed asset investment in joint ventures represents the Group's share of net assets of those undertakings.

The separable net assets of subsidiary undertakings acquired and accounted for under acquisition accounting and joint ventures are included in the Group financial statements at their fair value to the Group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for Peel Ports Group Limited is not presented.

Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in pound sterling and rounded to millions.

The Group's and Company's functional and presentation currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation

The trading results of Group undertakings are translated into pound sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interests as appropriate.

Revenue recognition

Revenue is recognised in each of the Group's main turnover categories on the principal bases set out below. All revenue recorded excludes value added tax and consideration is given as to the collectability of any amounts due from customers.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Ports

Revenue from the provision of ports services comprises rates and dues, cargo handling charges, infrastructure charges, marine operations, utilities and fuel, service fees, port-related rental income and other sundry income. Revenue from the provision of ports services is recognised when the service is provided.

Contracts with customers are typically long-term in nature and often include minimum volume guarantees which, if not achieved by the customer, result in additional revenue to the Group to cover the shortfall. These shortfall revenues are recognised at the point that the underperformance on the contract can be reliably measured and the underperformance is reasonably certain, taking into account the period and other terms specified in the contract.

Port related rental income comprises property rental income and rental premiums, which is recognised on a straight-line basis over the lease term unless another systematic basis of recognition is more appropriate.

Revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the product have been transferred to the buyer.

Shipping

Revenue from the provision of shipping services is recognised when the service is provided.

Marine Support Services

The Marine Support Services segment was disposed of on 23 July 2020 and is shown as a discontinued operation in these financial statements. Prior to disposal, and for the periods recorded in these financial statements, the policy below has been applied.

Revenue in Marine Support Services can be long-term contractual in nature. Profit is recognised on such contracts if the final outcome can be assessed with reasonable certainty by including in the profit and loss account turnover and related costs as contract activity progresses. Revenue is calculated by reference to the value of work performed to date as a proportion of the total contract value. Projected losses are fully provided for at the point at which the forecast costs of delivering the contract exceed forecast revenues.

Other income

Interest income on financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is included in net interest expense in the profit and loss account.

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. Pension costs are charged to the profit and loss account as they fall due. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(iii) Defined benefit pension plans

The Group operates a number of defined benefit pension plans for certain employees and is also party to certain industry-wide defined benefit pension plans. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) The increase in pension liability arising from employee service during the period; and

b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Other finance costs'.

Exceptional items

Exceptional items are those significant items which are separately disclosed on the face of the profit and loss account by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Where the reverse is the case, negative goodwill is recognised.

On acquisition, goodwill is allocated to cash-generating units that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is between 5 and 20 years. Negative goodwill is amortised over a period of five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. No reversals of impairment are recognised.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

- operational buildings at rates varying between 1% and 4% per annum;
- plant and machinery at rates varying between 1% and 25% per annum;
- freehold and leasehold land is not depreciated; and
- no depreciation is charged on capital work-in-progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Finance costs

Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance costs (continued)

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments – Company

Investments in a subsidiary company are held at cost less accumulated impairment losses.

Investments in joint ventures are accounted for using the gross equity method.

Listed investments are stated at their fair value.

Stocks

Stocks are stated at the lower of original purchase price and net realisable value, being the estimated selling price less costs to sell. Provision is made for obsolete, slow moving or defective items where appropriate.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Government grants

Government grants received in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over the useful economic life of the assets to which they relate.

Other government grants which represent revenue grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Financial assets (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as an interest expense.

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Share capital

Ordinary shares are classified as equity.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, 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 period. These are based on management's best knowledge of the amount, event or actions, taking into account historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

As has been noted elsewhere in this annual report, the COVID-19 global pandemic has caused unprecedented disruption to economies around the world and this has created significant uncertainty for all companies. Consideration has been given as to how this might impact the critical accounting judgements and estimates with the most likely significant affect being in respect of the valuation of defined benefit pension scheme assets and liabilities and of derivative financial instruments. Volatility in investment markets as a result of economic uncertainty can affect both the valuation of pension scheme assets and the assessment of liabilities.

(i) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

Revenue in respect of Marine Support Services, which was disposed of on 23 July 2020, includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. Further detail is provided in the Group's accounting policies in note 3. An exceptional charge of £16.7m was recorded in the year ended 31 March 2020 in respect of unexpected costs arising on a long-term contract in this segment (note 8).

(ii) Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant potential risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful economic lives of tangible assets (notes 3 and 12)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. The depreciation charge for the year ended 31 March 2021 was £110.2m (2020: £101.5m).

Discount rates and other assumptions used to determine the carrying amount of the Group's defined benefit pension obligation (note 20)

The Group's defined benefit pension obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. As an indication of the sensitivity of the resulting liability to changes in the discount rate, it is estimated that a 0.5% decrease in the rate applied would increase the liability approximately 7%.

In addition, the Group has to make assumptions regarding a number of other factors including life expectancy, salary increases and inflation rates. The Group takes actuarial advice when determining the appropriate assumptions to use. Further information on the Group's defined benefit pension arrangements can be found in note 20.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (continued)

Interest rates, inflation rates, exchange rates, discount rates and other assumptions used to determine the fair value of the Group's derivative financial instruments (note 19)

The fair value of the Group's derivative financial instruments requires judgement to determine the appropriate rates to use when calculating discounted cashflows to compare against the nominal value of the instrument. The Group engages a specialist third-party firm to calculate fair values.

Further information on the Group's derivative financial instruments can be found in note 19.

5. TURNOVER

Analysis of turnover by category:	**2021 £m**	**2020 £m**
Continuing operations		
Port	386.7	418.7
Shipping	118.1	136.9
	504.8	555.6
Discontinued operations		
Marine Support Services	89.7	236.7
	594.5	792.3

Port turnover represents income derived from the services provided by each of the Group's ports. The Group operates a "value added model" in respect of which it acts as both operator and landlord.

Shipping revenue is derived from the provision of vessel charter and associated services.

Revenue in respect of Marine Support Services is materially all contractual in nature. Further information on the methods used to determine the stage of completion and the amount of revenue recognised can be found in note 4.

Turnover does not include the Group's share of turnover arising from joint venture companies amounting to £19.1m (2020: £3.8m) (note 13). Sales between segments are immaterial and are therefore not separately disclosed.

Analysis of turnover by geography:	**2021 £m**	**2020 £m**
United Kingdom	455.4	607.0
Rest of Europe	127.0	151.2
Australia	12.1	34.1
	594.5	792.3

Included within the amounts above are amounts in respect of the Marine Support Services segment, which was disposed of on 23 July 2020 and which is presented as a discontinued operation in these financial statements. The table presents the analysis of turnover by geography for the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

5. TURNOVER (CONTINUED)

Analysis of turnover by geography (continuing operations):	2021 £m	2020 £m
United Kingdom	378.7	409.2
Rest of Europe	126.1	146.4
	504.8	555.6

6. GROUP OPERATING PROFIT/(LOSS)

Group operating profit/(loss) is stated after charging/(crediting):

	2021 £m	2020 £m
Amortisation of goodwill (note 11):		
Positive goodwill	11.4	16.1
Negative goodwill	(1.1)	(1.6)
Net goodwill amortisation	10.3	14.5
Depreciation (note 12)		
Depreciation - owned assets	109.8	101.5
Depreciation – leased assets	0.4	-
Total depreciation	110.2	101.5
Operating lease charges	50.5	60.1
Foreign currency losses	0.3	0.1

Foreign currency losses of £0.3m (2020: losses of £0.1m) include statutory unrealised foreign currency losses of £0.9m (2020: £1.2m) and trading foreign currency gains of £0.6m (2020: £1.1m).

Amortisation charged to operating profit in both years presented is included within continuing operations. Total depreciation and statutory unrealised foreign currency losses charged to operating profit in respect of continuing operations was £109.4m and £0.9m respectively in the year ended 31 March 2021 (2020: £98.9m and £0.7m respectively).

The impairment of trade receivables and the value of inventory recognised as an expense is not material in either of the years presented.

	2021 £m	2020 £m
Fees payable to the auditor for the audit of the Group's annual financial statements	0.6	0.7
Fees payable to the auditor for non-audit services:		
Taxation	-	0.1
Advisory	-	1.7
	-	1.8

The disclosures above are for the Group. The Company is not required, in its individual financial statements, to separately disclose information about fees for non-audit services provided to the Company because the consolidated financial statements are required to disclose such fees on a consolidated basis. The auditor's remuneration for audit work, carried out on behalf of the Company, of £10,000 (2020: £10,000) was borne by a subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

7. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed by the Group during the year was 1,612 (2021: 3,135). The decrease in the average number of persons employed by the Group and total staff costs, as shown below, reflects the full year effect of the TUPE transfer of employees to MDHC Container Services Limited, a joint venture, on 15 January 2020 and the disposal of the Marine Support Services segment on 23 July 2020.

The staff costs for the above persons were:

	2021 £m	2020 £m
Wages and salaries	72.4	123.8
Social security costs	7.3	13.6
Pension funds service and administrative costs (note 20(a))	1.9	2.1
Other pension costs - Group defined contribution pension schemes (note 20(b))	5.4	8.1
Total staff costs	87.0	147.6
Amounts capitalised	(7.1)	(6.5)
Staff costs charged to profit and loss	79.9	141.1

The Company had no employees during the year or during the previous year.

Directors and key management personnel

The remuneration of the directors of the Group, who are also deemed to be the key management personnel, was as follows:

	2021 £'000	2020 £'000
Emoluments	7,092	2,842
Amounts payable to third parties for directors' services	277	-
Group contribution to defined contribution pension schemes	4	10
	7,373	2,852

At 31 March 2021, retirement benefits are accruing to one director (2020: one) under a Group defined benefit pension scheme and to one director under a defined contribution scheme (2020: one).

The above analysis excludes the emoluments of directors who are remunerated by undertakings outside of the Peel Ports Group Limited group of companies and have to account in turn to those undertakings.

From 23 July 2020, the shareholders in Peel Ports Holdings (CI) Limited are entitled to an annual fee of £50,000 for each director appointed to the Board of the parent company. These directors are also appointed to the Board of Peel Ports Group Limited and their services are principally in respect of the Group. A total fee of £277,000 is payable in respect of the year ended 31 March 2021 (2020: £nil), of which £104,000 is payable to each of Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l. and £69,000 is payable to AS Infra PP Pty Ltd (see note 25).

The remuneration of the highest paid director was as follows:

	2021 £'000	2020 £'000
Emoluments	4,495	1,583
Group contribution to defined contribution pension schemes	4	10

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

8. EXCEPTIONAL ITEMS

Above operating profit

	2021 £m	2020 £m
Restructuring	4.6	3.4
COVID-19 related costs	11.1	17.2
Other exceptional costs	4.9	3.6
Unexpected costs on long-term contract	-	16.7
	20.6	40.9
Cost of sales	10.6	38.1
Administrative expenses	10.0	2.8
	20.6	40.9

Below operating profit

	2021 £m	2020 £m
Exceptional profit on disposal of Marine Support Services segment	(25.0)	-

The extraordinary circumstances arising from the global COVID-19 pandemic have given rise to a number of exceptional costs in the years ended 31 March 2021 and 31 March 2020. In the year ended 31 March 2021, the Group recognised an exceptional charge of £11.1m (2020: £17.2m, of which £0.6m was in respect of the discontinued operations). The majority of the costs in the year ended 31 March 2021 relate to additional operating costs that were necessary in order for the Group's ports to continue operating safely through the pandemic. The prior year charge also includes exceptional costs that arose in respect of risks arising from the economic disruption caused by the pandemic, including £5.8m in respect of abandoned vessels, a £4.5m bad debt provision and £6.0m in respect of impaired cruise terminal assets.

In response to the pandemic, the Group has recorded restructuring costs of £4.6m (2020: £3.4m), which includes redundancy and other costs incurred in connection with the streamlining and reorganisation of activities in the Group.

Other exceptional costs of £4.9m (2020: £3.6m) include the settlement of legal claims and, in the year ended 31 March 2020, costs arising from the three named storms in February 2020, an unprecedented event that caused significant disruption to port operations.

The total charge for the year ended 31 March 2020 also includes £16.7m in respect of unexpected costs on a long-term contract within the Marine Support Services segment. This segment was disposed of on 23 July 2020 and an exceptional profit on disposal of £25.0m recorded in the year ended 31 March 2021 (note 29).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. NET INTEREST EXPENSE

		2021 £m	2020 £m
a)	**Interest payable and similar charges**		
	Other interest on bank loans and overdrafts	60.7	65.0
	Interest on private placement notes	40.2	37.2
	Accretion on index-linked swaps (note 19)	6.2	11.1
	Bank loans, overdrafts and private placement notes	107.1	113.3
	Amortisation of debt issue costs (note 18)	3.5	4.0
	9% subordinated redeemable loan notes payable to related parties (note 25)	11.1	11.1
		121.7	128.4
b)	**Interest expense on financial instruments measured at fair value through profit or loss**		
	Losses on derivative financial instruments (note 19)	51.7	104.5
	Losses on retranslation of foreign currency loans (note 18)	-	10.0
		51.7	114.5
c)	**Other finance costs**		
	Net interest expense on post-employment benefits (note 20(a))	1.5	2.2
d)	**Interest receivable and similar income**		
	Interest receivable and similar income	(0.2)	(0.2)
e)	**Interest income on financial instruments measured at fair value through profit or loss**		
	Gains on derivative financial instruments (note 19)	(128.1)	(32.6)
	Gain on retranslation of foreign currency loans (note 18)	(31.2)	-
		(159.3)	(32.6)

	2021	2020
Net interest expense		
Total interest payable and similar charges (note 9(a))	121.7	128.4
Interest expense on financial instruments measured at fair value through profit or loss (note 9(b))	51.7	114.5
Other finance costs (note 9(c))	1.5	2.2
Interest receivable and similar income (note 9(d))	(0.2)	(0.2)
Interest income on financial instruments measured at fair value through profit or loss (note 9(e))	(159.3)	(32.6)
	15.4	212.3

	2021 £m	2020 £m
Movement in fair value of derivative financial instruments		
Change in fair value of derivative financial instruments recorded as interest expense measured at fair value through profit or loss (note 19)	(76.4)	71.9
Increase in accretion on index-linked swaps (note 19)	6.2	11.1
	(70.2)	83.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

10. TAXATION

a) Analysis of tax (credit)/charge in the year

	2021 £m	2020 £m
Current tax:		
United Kingdom		
UK corporation tax	(0.7)	0.5
Foreign tax		
Corporation tax	1.4	2.1
Other current tax		
Adjustments in respect of previous years	-	1.2
Total current tax charge	0.7	3.8
Deferred tax:		
Origination and reversal of timing differences - United Kingdom	(0.9)	1.1
Adjustment in respect of prior years	(1.5)	(2.1)
Origination and reversal of timing differences – foreign tax	(0.1)	(0.2)
Total deferred tax credit	(2.5)	(1.2)
Total tax (credit)/charge	(1.8)	2.6

b) Reconciliation of total tax (credit)/charge

The tax assessed for the year is lower (2020: higher) than that arising from applying the standard rate of UK corporation tax of 19% (2020: 19%). The differences are explained below:

	2021 £m	2020 £m
Profit/(loss) before taxation	141.4	(99.5)
Profit/(loss) before taxation multiplied by the standard rate of UK corporation tax of 19% (2020: 19%).	26.9	(18.9)
Effects of:		
Expenses not deductible for tax purposes	5.6	12.6
Deferred tax not recognised	(32.9)	9.7
Differences in tax rates	0.1	(2.1)
Adjustments in respect of prior years	(1.5)	1.1
Adjustments in respect of foreign tax rates	-	0.2
Total tax (credit)/charge	(1.8)	2.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

10. TAXATION (CONTINUED)

c) Factors affecting future tax charges

The Government announced in the Budget on 3 March 2021 that the UK rate of corporation tax would rise to 25% from 1 April 2023. As the increase had not been substantially enacted at the balance sheet date, the deferred tax balance in these financial statements are stated at 19%, the current rate of corporation tax. An additional deferred tax asset of £6.1m will be recognised in the year ending 31 March 2022 as the Finance Act 2021 has now been enacted.

d) Deferred tax

The net deferred tax asset as at 31 March is as follows:

	2021 £m	2020 £m
Accelerated capital allowances	(18.2)	(16.4)
Short-term timing differences	-	(0.2)
Derivative contracts	20.5	22.1
Other fair value adjustments	(2.5)	(5.5)
Post-employment benefits	19.6	14.5
	19.4	14.5

The net deferred tax asset is recorded in debtors (note 15).

The net deferred tax asset expected to reverse in the year ending 31 March 2022 is £nil. This is primarily due to the net deferred tax asset that principally relates to derivative contracts, which is not expected to reverse in that year. It is possible that the deferred tax asset in respect of the post-employment benefits liability may reverse, though it is not possible to determine this until the liability is updated as at the next reporting date.

Movements in deferred tax

	Asset £m
As at 1 April 2020	14.5
Arising on disposal of a subsidiary (note 29)	(6.2)
Credited to the profit and loss account (note 10(a))	2.5
Charged to other comprehensive income	8.6
As at 31 March 2021	19.4

As at 31 March 2021, the Group had deferred tax not recognised of £103.3m (2020: £126.5m) relating to derivative financial instruments and has gross tax losses of £96.1m (2020: £65.0m) available to carry forward.

Company

The Company has no deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

11. INTANGIBLE FIXED ASSETS

Group	Positive goodwill £m	Negative goodwill £m	Total £m
Cost			
As at 1 April 2020 and 31 March 2021	249.3	(8.4)	240.9
Amortisation			
As at 1 April 2020	179.6	(6.9)	172.7
Charge for the year	11.4	(1.1)	10.3
As at 31 March 2021	191.0	(8.0)	183.0
Net book value			
As at 31 March 2021	58.3	(0.4)	57.9
As at 31 March 2020	69.7	(1.5)	68.2

Company

The Company has no intangible fixed assets.

12. TANGIBLE FIXED ASSETS

Group	Freehold and long leasehold land and buildings £m	Plant and machinery £m	Capital work in progress £m	Total £m
Cost				
As at 1 April 2020 (as restated)	1,222.6	669.4	105.3	1,997.3
Additions	61.6	16.6	37.2	115.4
Disposals	(4.2)	(4.0)	-	(8.2)
Arising on disposal of subsidiary	(21.4)	(19.3)	-	(40.7)
Reclassifications	42.7	(11.1)	(31.6)	-
Exchange difference	(0.3)	(1.2)	-	(1.5)
As at 31 March 2021	1,301.0	650.4	110.9	2,062.3
Depreciation				
As at 1 April 2020 (as restated)	330.9	272.6	-	603.5
Charge for the year	71.5	38.7	-	110.2
Disposals	(0.2)	(3.9)	-	(4.1)
Arising on disposal of subsidiary	(8.7)	(11.5)	-	(20.2)
Exchange difference	(0.4)	(1.1)	-	(1.5)
As at 31 March 2021	393.1	294.8	-	687.9
Net book amount				
As at 31 March 2021	907.9	355.6	110.9	1,374.4
As at 31 March 2020	891.7	396.8	105.3	1,393.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12. TANGIBLE FIXED ASSETS (CONTINUED)

The cost and accumulated depreciation in respect of plant and machinery have been restated to reflect the reversal of a historic fair value adjustment. The effect of the adjustment was to increase both cost and accumulated depreciation as at 31 March 2020 by £105.0m, with the net effect of the adjustment on opening and closing net book value being £nil.

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £13.2m (2020: £13.2m).

The net carrying amount of assets held under finance leases included in plant and machinery is £1.1m (2020: £1.4m).

Non-depreciable land

Included within tangible fixed assets is freehold and long-leasehold land, which is not subject to depreciation, which amounted to £138.1m (2020: £141.9m).

Company

The Company has no tangible fixed assets.

13. INVESTMENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£m	**£m**	**£m**	**£m**
Subsidiary undertakings (note 13(a))	-	-	337.5	337.5
Joint venture undertakings (note 13(b))	-	1.0	-	-
Other investments (note 13(c))	0.7	0.9	-	-
	0.7	1.9	337.5	337.5

a) Subsidiary undertakings

	Company £m
Cost and net book value	
As at 1 April 2020 and as at 31 March 2021	337.5

The Company holds an investment in 337,492,988 ordinary shares of £1 each in Peel Ports Intermediate Holdco Limited, representing the entire issued share capital of that company.

b) Joint venture undertakings

	Group £m
As at 1 April 2020	1.0
Share of results for the year	0.6
Dividend received from joint venture undertaking	(1.6)
Disposal of a joint venture undertaking	-
As at 31 March 2021	-

The turnover and net liabilities of the joint ventures amounted to £38.1m (2020: £7.5m) and £3.7m (2020: net assets of £2.1m) respectively, of which the Group's share is 50%. In the year ended 31 March 2021, the Group did not recognise its share of the net loss of £1.4m (2020: £0.3m) of joint venture undertakings as the shareholders agreement does not place a legal obligation on either shareholder to fund. Both investors continue to support the joint venture undertakings and it is expected that the joint venture's results will improve in the foreseeable future as the business continues to grow. The share of the actuarial loss net of deferred tax relating to the Group's investment in Estuary Services Limited was not material in the year ended 31 March 2021. As set out in note 29, the Group's disposed of its joint venture investment in Estuary Services Limited on 30 March 2021.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

13. INVESTMENTS (CONTINUED)

c) Other investments

	Group 2021 £m	Group 2020 £m
As at 1 April 2020 and as at 31 March 2021	0.7	0.9

Included within other investments is £0.7m (2020: £0.8m) of listed investments, which are recorded at the closing mid-market price on the London Stock Exchange.

14. STOCKS

	Group 2021 £m	2020 £m
Raw materials and consumables	6.4	6.3

There is no material difference between the balance sheet value of stocks and their replacement cost.

Company

The Company has no stocks.

15. DEBTORS

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Amounts falling due within one year:				
Trade debtors	70.0	105.9	-	-
Amounts recoverable on contracts	-	20.6	-	-
Amounts owed by subsidiary undertakings	-	-	215.0	215.0
Amounts owed by group undertakings (note 25)	-	3.0	-	-
Amounts owed by related undertakings (note 25)	9.4	2.1	-	-
Other debtors (as restated – see below)	10.7	3.0	-	-
Prepayments and accrued income	48.5	46.5	-	-
Derivative financial instruments (note 19)	1.9	3.3	-	-
Corporation tax	2.8	2.8	-	-
Deferred tax asset (note 10(d))	19.4	14.5	-	-
	162.7	201.7	215.0	215.0
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	123.0	123.0
Amounts owed by related undertakings (note 25)	4.1	2.5	-	-
Derivative financial instruments (note 19)	41.3	81.8	-	-
	45.4	84.3	123.0	123.0
	208.1	286.0	338.0	338.0

Amounts owed by subsidiary undertakings falling due after more than one year relate to a loan made to a subsidiary undertaking. The loan bears interest at 9% per annum and is repayable in full on 30 September 2046.

Amounts owed by related undertakings falling due after more than one year include a loan to a joint venture undertaking of £3.5m (2020: £2.5m) that bears interest at the Bank of England base rate plus 3% and is repayable in full on 15 January 2030.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

15. DEBTORS (CONTINUED)

Other debtors in the year ended 31 March 2020 have been restated to present VAT balances on a net basis with a corresponding adjustment made to the other taxes and social security balance in note 16, so as to be comparable with the presentation as at 31 March 2021. The effect of the change on balances as at 31 March 2020 as presented in the financial statements for that year was to decrease other debtors by £10.3m and to decrease the other taxes and social security creditor in note 16 by £10.3m.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Bank loans	7.3	6.8	-	-
Private placement loans	2.3	-	-	-
Finance leases	0.2	0.5	-	-
Loans and other borrowings (note 18(b))	9.8	7.3	-	-
Trade creditors	45.1	89.3	-	-
Amounts owed to parent undertakings	104.3	104.3	104.3	104.3
Amounts owed to related undertakings (note 25)	5.1	1.6	-	-
Other taxes and social security (as restated – see below)	6.1	7.0	-	-
Other creditors	17.5	21.9	-	-
Accruals and deferred income	115.5	170.2	5.5	5.5
Accretion on index-linked swaps (note 19)	40.8	50.7	-	-
Derivative financial instruments (note 19)	38.6	33.1	-	-
	382.8	485.4	109.8	109.8

As explained in note 15, the other taxes and social security balance as at 31 March 2020 has been restated so as to be presented on a consistent basis with the balance as at 31 March 2021.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Bank loans	833.3	849.3	-	-
Private placement loans	1,172.1	1,154.1	-	-
9% subordinated redeemable loan notes due to related parties (note 25)	123.0	123.0	123.0	123.0
Other loans	4.1	4.1	-	-
Finance leases	0.4	0.5	-	-
Loans and other borrowings (note 18(b))	2,132.9	2,131.0	123.0	123.0
Derivative financial instruments (note 19)	960.6	1,084.3	-	-
Accretion on index-linked swaps (note 19)	1.3	-	-	-
Accruals and deferred income	40.3	16.4	-	-
Other creditors	-	0.1	-	-
	3,135.1	3,231.8	123.0	123.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

18. LOANS AND OTHER BORROWINGS

	Group	
	2021	2020
	£m	£m
(a) Loans and other borrowings		
Bank loans	840.6	856.1
Private placement loans	1,174.4	1,154.1
9% subordinated redeemable loan notes 2046 due to related parties (note 25)	123.0	123.0
Perpetual debenture stocks	2.2	2.2
3% irredeemable loan stock	1.2	1.2
3.625% irredeemable debenture stock	0.7	0.7
Finance leases	0.6	1.0
	2,142.7	2,138.3

	Group	
	2021	2020
	£m	£m
(b) Maturity of loans and other borrowings as presented in the notes to these financial statements		
Financial liabilities falling due within one year (note 16)	9.8	7.3
Financial liabilities falling due after more than one year (note 17)	2,132.9	2,131.0
	2,142.7	2,138.3
(c) Maturity of loans and borrowings		
In one year or less or on demand	9.8	7.3
In more than one year, but not more than two years	473.0	167.0
In more than two years, but not more than five years	462.4	786.9
In more than five years not by instalments	1,197.5	1,177.1
	2,142.7	2,138.3
Financial liabilities, net of unamortised issue costs and finance charges allocated to future periods	2,142.7	2,138.3
Unamortised issue costs	7.5	10.1

Bank loans and private placement notes[12]

As at 31 March 2021, financial liabilities include bank loans totalling £843.5m (2020: £860.4m), of which £7.3m (2020: £6.8m) is due for repayment within one year and £836.2m (2020: £853.6m), with repayment dates between 1 April 2022 and 13 December 2033, is presented as falling due after more than one year. The bank loans principally bear interest at LIBOR plus varying rates of margin, apart from £50.0m (2020: £50.0m), which bears interest at a fixed rate of 4%. During the year, the Group borrowed £50.0m with a maturity of 2035, bearing interest at a rate of 3.4%. Subsequent to the year-end, the Group borrowed a further £20.0m at a rate of 3.38% and entered into a committed facility for a further £20.0m.

Financial liabilities include £1,179.0m (2020: £1,159.9m) relating to the proceeds from the issue of sterling and US dollar denominated private placement notes, of which £2.3m (2020: £nil) is due for repayment within one year and £1,176.7m (2020: £1,159.9m) is presented as falling due after more than one year. During the year, the Group raised additional £50.0m with a maturity of 2032 and an interest rate of 2.95%. Subsequent to the year end, the Group borrowed a further £95.0m with a maturity of 12 years and an interest rate of 3.05%.

[12] Financial liability amounts referenced in this section are gross of unamortised issue costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

18. LOANS AND OTHER BORROWINGS (CONTINUED)

Bank loans and private placement notes (continued)

The sterling denominated private placement notes comprise:

- £82.0m (2020: £82.0m) which bear fixed interest rates of between 5.7% and 6.6% and are due for repayment in instalments between 10 December 2021 and 10 December 2037;
- £211.5m (2020: £211.5m) which bear floating interest rates and are due for repayment between 2 January 2025 and 1 October 2029;
- £55.0m (2020: £55.0m) which bear a fixed rate of interest of 4.1% and are due for repayment on 15 December 2027;
- £125.0m (2020: £125.0m) which bear a fixed rate of interest of 3.5% and are due for repayment on 31 January 2027;
- £35.0m (2020: £35.0m) which bear interest at a fixed rate of 2.8% and are due for repayment on 26 June 2029;
- £40.0m (2020: £40.0m) which bear interest at a fixed rate of 2.7% and are due for repayment on 17 July 2029;
- £75.0m (2020: £75.0m) which bear a fixed rate of interest of 2.9% and are due for repayment on 17 September 2028;
- £50.0m (2020: £50.0m) which bear a fixed rate of interest of 2.5% and are due for repayment on 16 January 2030;
- £100.0m (2020: £100.0m) which bear a fixed rate of interest of 3.0% and are due for repayment on 18 December 2031; and
- £80.0m (2020: £80.0m) which bear a fixed rate of interest of 2.8% and are due for repayment on 18 December 2026.
- £50.0m (2020: £Nil) which bear a fixed rate of interest of 2.95% and are due for repayment on 19 January 2031.

The US dollar denominated notes total \$380.0m (2020: \$380.0m), bear fixed interest rates of between 3.49% and 5.3% (2020: 3.49% and 5.3%) and are due for repayment between 10 December 2022 and 18 December 2026 (2020: between 10 December 2022 and 18 December 2026).

Upon entering into the US private placement notes, the dollars were immediately swapped into Sterling to eliminate exposure to future exchange rate movements. The fixed Sterling amount was £242.9m (2020: £242.9m). However, under FRS 102, the dollar notes are retranslated into Sterling at the balance sheet date using the spot rate, with changes in value being recognised as a finance cost/credit in the profit and loss account. As at 31 March 2021, the US private placement notes were recorded in the financial statements at £275.4m (2020: £306.6m), a cumulative difference of £32.5m (2020: £63.7m) compared to the fixed Sterling amount. For the year ended 31 March 2021, a retranslation gain of £31.2m (2020: loss of £10.0m) was recorded (note 9).

The bank loans and private placement notes are secured by a combination of fixed charges, floating charges and assignments by way of security over all, or substantially all of the assets of certain group undertakings.

Issue costs

The Group incurred issue costs during the year in connection with the raising of new borrowings amounting to £0.9m (2020: £2.3m). Amortisation of £3.5m (2020: £4.0m) has been charged during the year (note 9).

Other loans and borrowings

Other loans and borrowings include 9% subordinated redeemable loan notes issued to Peel Ports Investments (IOM) Limited (£46.2m; 2020: £61.6m), Infrastructure JVCo (Lime) S.a.r.l. (£46.0m; 2020: £61.4m) and AS Infra PP Pty Ltd (£30.8m; 2020: £nil) at par. The loan notes have a final repayment date of 30 September 2046 and interest is payable bi-annually in arrears.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

18. LOANS AND OTHER BORROWINGS (CONTINUED)

Other loans and borrowings (continued)

The 3% irredeemable loan stock issued by Clydeport Operations Limited, which amounts to £1.2m (2020: £1.2m), has no fixed redemption dates and can only be redeemed with the agreement of the respective stockholders. Stockholders have no right to demand redemption.

The perpetual debenture stocks of £2.2m (2020: £2.2m) are secured by floating charges over the undertaking of The Manchester Ship Canal Company Limited and bear interest at rates between 3.5% and 4.0%.

The 3.625% irredeemable debenture stock of £0.7m (2020: £0.7m) is secured by a fixed charge over certain securities and a floating charge over Peel Ports (IDS) Limited, a wholly owned subsidiary.

During the year ended 31 March 2020, the Group acquired £1.4m of obligations under finance leases as part of the acquisition of Peel Ports Logistics Limited (formerly Quality Freight (UK) Limited). As at 31 March 2021, £0.6m remained, of which £0.2m is presented as falling due within one year and £0.4m is presented as falling due after more than one year.

19. FINANCIAL INSTRUMENTS

Disclosures in respect of the Group

	Group	
	2021	**2020**
	£m	**£m**
Financial assets measured at fair value through profit or loss		
- Derivative financial instruments	43.2	85.1
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	70.0	105.9
- Other debtors	10.7	3.0
- Amounts owed by related undertakings	13.5	7.6
	94.2	116.5
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	(999.2)	(1,117.4)
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(2,142.7)	(2,138.3)
- Trade creditors	(45.1)	(89.3)
- Accretion on index-linked swaps	(42.1)	(50.7)
- Other accruals (excluding deferred income)	(107.0)	(116.5)
- Other creditors	(17.5)	(21.9)
- Amounts owed to related undertakings	(5.1)	(1.6)
- Amounts owed to parent undertaking	(104.3)	(104.3)
	(2,463.8)	(2,522.6)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

Derivative financial instruments

The Group enters into derivative financial instruments to hedge against certain risks, such as interest rate and exchange rate volatility, which is explained further below. Although the instruments represent hedge arrangements, the Group does not apply hedge accounting and, therefore, movements in the fair value of such instruments are recognised in the profit and loss account.

The Group's interest rate and index-linked swaps were restructured as part of the refinancing in the year ended 31 March 2013. The negative fair values of the existing swaps at the date of refinancing were rolled into the new swaps and are reflected in the pricing of those new swaps.

As at 31 March 2021, the fair value of the Group's derivative financial instruments was a liability of £998.1m (2020: £1,083.0m), which includes £42.1m (2020: £50.7m) in respect of the accretion on index-linked swaps.

	Group	
	2021	2020
	£m	£m
Fair values of derivative financial instruments		
Interest rate swaps	(442.3)	(556.8)
Index-linked swaps	(555.4)	(559.0)
Cross-currency swaps	38.7	76.6
Forward contracts	3.2	8.5
Fuel hedge	(0.2)	(1.6)
	(956.0)	(1,032.3)
Accretion on index-linked swaps	(42.1)	(50.7)
	(998.1)	(1,083.0)
Presentation of fair values		
Derivative financial instruments		
Debtors falling due within one year (note 15)	1.9	3.3
Debtors falling due after more than one year (note 15)	41.3	81.8
Creditors falling due within one year (note 16)	(38.6)	(33.1)
Creditors falling due after more than one year (note 17)	(960.6)	(1,084.3)
	(956.0)	(1,032.3)
Accretion on index-linked swaps		
Creditors falling due within one year (note 16)	(40.8)	(50.7)
Creditors falling due after more than one year (note 17)	(1.3)	-
	(42.1)	(50.7)
	(998.1)	(1,083.0)

As explained in note 3, the Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. FRS 102 does not require derivative fair values to reflect the entity's own credit risk and, therefore, the Group has chosen to apply a policy to exclude this when determining fair values. In addition, as LIBOR is shortly to be replaced by SONIA (the Sterling Overnight Interbank Average rate), SONIA has been used to calculate the fair values in these financial statements. The effect of these policy choices individually and collectively results in a higher fair value liability than would be the case otherwise. This is considered to more fairly reflect the Group's liability position as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

Derivative financial instruments – interest rate swaps

As at 31 March 2021, the Group was party to fixed interest rate swaps over £672.8m (2020: £677.7m) of notional principal, with fixed rates between 5.0% and 5.6% over £612.0m (2020: £612.0m) of principal with maturity dates between 2036 and 2041, and fixed rates between 1.7% and 2.3% over £60.8m (2020: £65.7m) of principal with maturity dates between 2023 and 2025. These instruments hedge the Group's exposure to interest rate movements on the Group's bank loans. The fair value calculated in respect of the swaps was a liability of £442.3m (2020: £556.8m), of which £25.0m (2020: £23.2m) is included in creditors falling due within one year and £417.3m (2020: £533.6m) is included in creditors falling due after more than one year.

Derivative financial instruments – index-linked swaps

As at 31 March 2021, the Group was also party to index-linked swaps over £352.0m (2020: £352.0m) of notional principal under which the Group receives a LIBOR floating rate of interest and pays interest at varying initial rates which increase over the term of the swaps by the movement in the UK Retail Prices Index ("UKRPI"). The swaps mature in 2036. The initial rate of interest was between 1.9% and 3.1%. In addition, the terms of the index-linked swaps provide for interim accretion payments to be made, based on the movement in the UK RPI. An accretion payment of £14.7m was made during the year ended 31 March 2021 (2020: none). The next accretion payment is scheduled to be paid in October 2021. As at 31 March 2021, the amount accrued for accretion payments, and presented in creditors falling due within one year, is £40.8m (2020: £50.7m) and in creditors falling due after more than one year of £1.3m (2020: £nil). The fair value of the index-linked swaps (excluding accretion), which at 31 March 2021 was a liability of £555.4m (2020: £559.0m), of which £13.4m (2020: £8.6m) is included in creditors falling due within one year and £542.0m (2020: £550.4m) is included in creditors falling due after more than one year.

Derivative financial instruments –cross-currency swaps

As explained in note 18, included within the Group's long-term borrowings is $380.0m (2020: $380.0m) of US dollar denominated private placement notes in respect of which the Group holds cross-currency swaps. Under the cross-currency swaps the Group receives fixed US dollar interest and pays sterling LIBOR interest plus margin, and the effect of the swaps is therefore to convert the US dollar fixed interest debt to sterling floating rate debt, and to fix the sterling amount of the final repayment on maturity. The fair value of these swaps at 31 March 2021 was an asset of £38.7m (2020: £76.6m), of which an asset of £0.9m (2020: asset of £1.3m) is presented as due within one year and an asset of £37.8m (2020: £75.3m) is presented as falling due after more than one year.

Derivative financial instruments – forward contracts

As at 31 March 2021, the Group had entered into forward currency contracts over a notional principal of $76.1m to mitigate the exchange rate risk for certain foreign currency payables. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for the foreign currency. The fair value of the forward foreign currency contracts is an asset of £3.2m (2020: £8.5m), of which £1.0m (2020: £2.0m) is presented as falling due within one year and £2.2m (2020: £6.5m) is presented as falling due after more than one year.

Derivative financial instruments – fuel hedges

The Group also has fuel price hedging derivatives in place, which are measured at fair value. As at 31 March 2021, the fair value of these contracts was a liability of £0.2m (2020: £1.6m), of which £0.2m (2020: £1.3m) is presented as falling due within one year and £nil (2020: £0.3m) is presented as following due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

Derivative financial instruments – profit and loss charges

Movements in the fair value of the financial derivative instruments are recognised in the profit and loss account. For the year ended 31 March 2021 the net gain was £70.2m (2020: charge £83.0m). This is presented as a gain on derivative financial instruments of £128.1m (2020: £32.6m) and a loss of £51.7m (2020: £104.5m) in note 9. Accretion on index-linked swaps of £6.2m (2020: £11.1m) was recognised in the profit and loss account and separately presented under interest payable and similar charges in note 9.

Disclosures in respect of the Company

	Company	
	2021	**2020**
	£m	**£m**
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by group undertakings	338.0	338.0
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(123.0)	(123.0)
- Amounts owed to group undertakings	(104.3)	(104.3)
- Accruals	(5.5)	(5.5)
	(232.8)	(232.8)

20. POST-EMPLOYMENT BENEFITS

The Group operates a number of defined benefit pension schemes based on final pensionable pay, the largest of which is the Peel Ports Final Salary Pension Scheme (the "Scheme"). These schemes are closed to future accrual. The Company is also a participating employer in a number of multi-employer industry-wide defined benefit pension schemes, the largest of which is the Pilots National Pension Fund ("PNPF").

The Group also operates a number of defined contribution (otherwise known as money purchase) pension schemes in the United Kingdom and the Republic of Ireland. The largest of these schemes is the Peel Ports Group Retirement Savings Plan, which operates in the United Kingdom. To meet the Government's workplace savings legislation, the Group automatically enrols employees who met the eligibility criteria and who are not members of a qualifying pension scheme into the Peel Ports Group Retirement Savings Plan.

Amounts recognised in profit and loss account are as follows:

	2021	**2020**
	£m	**£m**
Defined benefit schemes		
- Service cost (note 20(a))	0.3	0.3
- Scheme administrative costs (note 20(a))	1.6	1.8
Defined contribution scheme (note 20(b))	5.4	8.1
Total charge in operating profit	7.3	10.2
Defined benefit schemes		
- Net interest expense (note 20(a))	1.5	2.2
Total charge	8.8	12.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

Amounts recognised in the balance sheet in respect of the defined benefit pension scheme is as follows:

	2021 £m	2020 £m
Post-employment pension liability	103.2	76.3

a) Defined benefit pension schemes

Administration and valuations

Defined benefit pension schemes, which pay benefits based on final pensionable pay, are administered by trustees and managed professionally. By law, the trustees' primary responsibility is to protect the interests of the members of the respective pension schemes and the assets of each of the schemes are held separately from the assets of the Group.

Defined benefit pension schemes are subject to triennial valuations using the projected unit credit method. These valuations, performed by qualified actuaries who are independent of the Group, are used to determine the level of contributions that the trustees, taking into account actuarial advice, require of the Group. The Group is committed to meeting its responsibilities to each of the defined benefit pension schemes to which it is party.

In addition to the triennial valuations, each defined benefit scheme is also valued annually for the purposes of these financial statements. These valuations are prepared in accordance with accounting standards (FRS 102), which require that all companies assume their pension fund grows at a standard rate reflecting a relatively low level of risk. Although this can aid comparability between companies, it means that these valuations are not representative of the funding position of each of the schemes.

The trustees, taking into account the relative strength of the Group's companies and independent investment advice from pension experts, will set actuarial assumptions which reflect the investment strategy for each scheme rather than a prescribed approach as required for accounting disclosures. This can lead to a difference between the ongoing funding deficit based on the "technical provisions" and the accounting deficit. Generally, because of the maturity of the Group's pension schemes and the investments that the trustees hold, the accounting deficit is higher than the technical provisions deficit.

The majority of the defined benefit pension schemes of which the Group is a participating body are closed to future accrual. Of the two that are still open to future accrual (both of which are multi-employer industry schemes) only the Pilots National Pension Fund is open to new members, though there are eligibility restrictions. The Group's participating bodies have less than 80 active members in the PNPF, the majority of whom are self-employed pilots. The Group also participates in the Norfolk Pension Fund ("NPF"), part of the Local Government Pension Scheme, following the 2015 acquisition of Great Yarmouth Port Company Limited. Although open to future accrual, the Group's participation in the NPF does not permit new members to join. There are less than 15 active members in the NPF.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Administration and valuations (continued)

The investment strategy of each of the defined benefit pension schemes of which the Group is a member is set by the trustees of those schemes after taking independent advice and consulting with the relevant employers. The trustees will aim to achieve the investment objectives of the respective schemes through investing to varying degrees in a diversified mix of growth assets which, over the long term, would be expected to grow in value by more than low risk assets such as cash and gilts. Where appropriate, trustees will also invest in "Liability-driven investments" ("LDIs") that either hedge against interest rate or inflation risks. As interest rates fall or inflation increases the liabilities of the schemes will increase in value. LDIs that hedge against interest rate risk increase in value as interest rates decrease. LDIs that hedge against inflation risk increase in value as inflation increases. The trustees will also invest in hedge funds that may also hold financial derivatives designed to hedge the respective scheme's interest rate or inflation risks. The trustees will manage the risks associated with the different investment strategies by regular monitoring of investment managers and the overall strategy and results.

Defined benefit pension schemes operated by the Group

The Group operates a number of defined benefit pension schemes, the largest of which is the Peel Ports Final Salary Pension Scheme (the "Scheme"). In addition, there are unfunded pensions payable to certain retired employees, who are not members of the above schemes.

Peel Ports Final Salary Pension Scheme ("PPFSPS")

The Scheme closed to future accrual with effect from 31 December 2013. Following the closure, employer contributions continue to be payable in relation to the recovery plans in place for certain sections of the Scheme.

The most recent full triennial actuarial valuations for each of the five sections of the PPFSPS were as at 5 April 2018. As at the latest actuarial valuation, the value of the assets within each section of the scheme, which together totalled £419.5m, was sufficient to cover between 86% and 100% of the benefits that had been accrued to members, after allowing for expected future increases in earnings. The total deficit across all five sections was £26m.

The main assumptions applied in the 2018 triennial valuation were that the pre-retirement discount rate would be calculated as RPI plus 2.0% per annum, the post-retirement discount rate would be calculated using a fixed interest gilt yield curve plus 0.5% per annum and that RPI would be determined from the gilt market implied break-even inflation, based on Bank of England published data. CPI inflation is RPI minus 0.5%. For liability maturities ranging from 5 to 25 years, this would approximate to a range of 5.04%-5.53% for the post-retirement discount rate, 1.09%-1.88% for the pre-retirement discount rate and 3.04%-3.53% for RPI.

The recovery plan agreed with the Trustee commits the Group to continue to make annual deficit recovery payments each year. The recovery plan is designed to address the respective funding positions of each section so as to achieve fully funded status by 2023. Additionally, the Group will continue to pay the scheme administrative expenses of the PPFSPS. During the year, the Group made contributions of £4.9m (2020: £4.7m), which the Group will continue to pay on an annual basis until the results of the next triennial actuarial valuation are known. The triennial valuation as at 5 April 2021 is expected to be completed by the end of 2021.

A&P Group Pension Scheme ("A&PGPS")

As disclosed in note 29, the Group disposed of its interest in the Marine Support Services segment, in which the A&PGPS was held, on 23 July 2020.

The A&PGPS closed to future accrual in 2009. Following the closure, employer contributions continued to be payable in relation to the recovery plan in place for each section of the Scheme. The most recent full triennial actuarial valuations for each of the three sections of the A&PGPS were as at 31 March 2018. As at that date, the value of the assets within each section of the scheme, which together totalled £103.0m, was sufficient to cover between 75% and 115% of the benefits that had been accrued to members. The total deficit across all three sections was £17m.

The main assumptions in the 2018 triennial valuation were that, across the three sections, the pre-retirement discount rate would range between 3.75% and 4.9%, the post-retirement discount rate would be between 2.0% and 2.2% and that RPI would be 3.4%. CPI has been determined to be RPI minus 0.5%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Defined benefit pension schemes operated by the Group (continued)

The recovery plan agreed with the Trustee commits the payment of annual deficit recovery payments, designed to address the respective funding positions of each section in order to achieve fully funded status by 2026, and the payment of the scheme administrative expenses. During the year, the Group made contributions of £1.0m (2020: £3.3m). The contributions made during the year have decreased due to the disposal of the Marine Support Services segment on 23 July 2020. See note 29 for more information.

The assets and liabilities of the A&PGPS are shown as being disposed of in the reconciliation of scheme assets and liabilities.

Coastal Containers Group Pension and Life Assurance Scheme ("CCGPALS")

The scheme closed to future accrual in 2014.

The most recent full triennial valuation for the CCGPLAS was as at 6 July 2018. As at that date, the value of the assets, totalled £4.1m. The scheme had a surplus of 117%. The main assumptions in the actual valuation were that the pre-retirement discount rate would be 2.2%, the post-retirement discount rate would be 2.1%, RPI and CPI would be 3.0% and 2.3% respectively, and that pension earnings will increase by 3.0%. The triennial valuation as at 6 July 2021 is expected to be completed by the summer of 2022.

Industry-wide defined benefit pension schemes

The Group is also involved in a number of industry-wide defined benefit pension schemes, which are explained further in this section. Where industry-wide defined benefit schemes are required to be accounted for on a defined benefits basis the Group's share of those schemes is included in the consolidated numerical disclosures that follow.

The Pilots National Pension Fund ("PNPF")

The Pilots National Pension Fund ("PNPF") is a multi-employer industry-wide defined benefit pension scheme that is accounted for on a defined benefits basis. The trustee assessed and indicated the Group's share of the deficit as at 31 December 2010 to be 21.3%. Following a Flexible Apportionment Arrangement (FAA) in June 2018, the Group's share increased to 22.6%. Although the respective shares of the deficit as at 31 December 2010 hasn't changed, other than in respect of the aforementioned FAA, the Trustee has taken into account changes in the membership of the PNPF since the original recovery plan was introduced when allocating the share of the additional deficit arising from the most recent actuarial triennial valuation. Membership changes since the original plan will include the extent to which ports have active pilots, with active pilots continuing to accrue benefits and therefore increase the deficit, actual experience with mortality rates and pilot members who have transferred out of the PNPF to alternative pension arrangements. The latest valuation shows that the PNPF's deficit is approximately £20m higher than was expected by the original recovery plan. The Trustee has indicated that the Group's share of the new additional deficit is 28.1% and this has been applied when determining the additional future deficit repair contributions payable to the Fund, as set out further below.

The most recent formal actuarial valuation, completed by an independent actuary, is as at 31 December 2019.

As at that date, the scheme had assets with a market value of £322m, representing 67% of the benefits accruing to members. The total deficit was £159m. The main assumptions in the actuarial valuation were that long-term investment rates, and the discount rate, would be based on a fixed interest gilt yield curve plus 4.6% per annum for pre-retirement and plus 1.0% per annum for post-retirement, giving rates of 5.8% and 2.2% respectively. Pensionable salary increases were set at CPI, which is based on the Bank of England RPI curve less 1.0%, an assumed rate of 2.0% per annum. Price inflation is based on the Bank of England RPI curve less 0.3% per annum for RPI and less 1.0% for CPI, giving assumed rates of 3.0% and 2.0% respectively. The recovery plan is designed to address the funding position so as to achieve fully funded status by 31 December 2028. During the year ended 31 March 2021, the Group made contributions of £3.8m (2020: £3.6m) to the PNPF.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Industry-wide defined benefit pension schemes (continued)

The Pilots National Pension Fund ("PNPF") (continued)

As the deficit is approximately £20m higher than that expected by the existing 2013 Recovery Plan, the 31 December 2019 triennial actuarial valuation introduced a new additional recovery plan, the 2019 Recovery Plan, so as to retain the target of the PNPF being fully funded by 2028. The triennial valuation as at 31 December 2022 is expected to be completed by late 2023.

The Group is a participating body in the PNPF through its engagement of both self-employed and employed pilots. Although pilots may be self-employed, a High Court case in 2012 concluded that Competent Harbour Authorities that use self-employed pilots would be required to contribute to the scheme deficit. Predominantly all of the pilots used by the Group who are active members of the PNPF are self-employed. They are typically members of a co-operative organisation that contracts with Group companies to provide pilotage services. Accordingly, contributions due in respect of ongoing service are paid by the pilots themselves and/or by the organisations of which they are a member.

At 31 March 2021, the Group's share of the deficit, on an FRS 102 accounting standards basis, was £39.1m (2020: £36.1m), which is included in the amounts recognised in the balance sheet.

Merchant Navy Officers Pension Fund ("MNOPF")

The scheme closed to future accrual with effect from 31 March 2016 with a Defined Contribution Section being introduced for future pension accrual. The Group's share of the scheme has been assessed by the trustee and actuary to be 0.14%. The Group has no active members within the Defined Contribution Section.

During the year, the Group made contributions of £nil (2020: £nil) to the Defined Benefit Section in relation to the past-service deficit. The Group's share of the MNOPF Defined Benefit Section's scheme assets and liabilities is accounted for on a defined benefits basis.

The most recent triennial valuation of the Defined Benefit Section was carried out at 31 March 2018, when the Section had assets of £3,278m, representing 98% of the benefits accrued to members as at that date. The total deficit was £73m. The main assumptions were that the discounts would be based on gilts plus 1.0% to 2020, trending linearly down to gilts plus 0.25% from 2025, RPI would be 3.3% and CPI would be 2.3%. Investment returns on the assets are expected to be sufficient to return the MNOPF Defined Benefit Section to a fully funded level by 2023 and, therefore, no deficit recovery payment plan was necessary. The triennial valuation as at 31 March 2021 is expected to be completed by early 2022.

As at 31 March 2021, the Group's share of the deficit on an FRS 102 accounting standards basis was £0.4m (2020: £nil), which is included in the amount recognised in the balance sheet.

Local Government Pension Scheme ('LGPS')

The Group is a member of the Norfolk Pension Fund ("NPF") which is part of the LGPS. This is a multi-employer defined benefit pension scheme that is accounted for on a defined benefits basis.

The fund is administered by Norfolk County Council in accordance with the Local Government Pension Scheme Regulations 1987 (as amended). The Group's share of the LGPS has been calculated by the actuary as being 0.4% (2020: 0.4%).

The most recent formal valuation, completed by an independent actuary, is as at 31 March 2019. As at that date, the NPF had assets with a market value of £3.8bn, representing 99% of the benefits accruing to members. The total deficit was £28m. The main assumptions in the actuarial valuations were that the investment return would be 4.2%, benefit increases on a CPI basis would be 2.3% and pensionable salary increases would be 3.0%. During the year, the Group made contributions of £0.2m (2020: £0.4m), which the Group will continue to pay on annual basis until the results of the next triennial actuarial valuation are known. The contributions have been set by the actuary in order to achieve a fully funded status by 2033. The triennial valuation as at 31 March 2022 is expected to be completed by the summer of 2023. As at 31 March 2021, the Group's share of the deficit in this scheme on an FRS 102 accounting standards basis was £1.2m (2020: £1.2m), which is included in the amounts recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Disclosures in respect of both the defined benefit pension scheme operated by the Group and the Group's participation in multi-employer industry-wide schemes

Adjustments to the actuarial valuations as at the dates described in the preceding section have been made for FRS 102 accounting standards purposes based on the assumptions set out below.

Assumptions

	2021	2020
Discount rate	2.0%	2.3%
Price inflation (RPI)	3.3%	2.6%
Price inflation (CPI)	2.4%	1.7%
Rate of increase of:		
- pensionable salaries	3.3%	2.6%
- pensions in payment	3.2%	2.6%
- deferred pensions	3.3%	1.7%

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners:		
- Men	21.6	21.5
- Women	23.6	23.5
Longevity at age 65 for future pensioners (currently aged 45):		
- Men	23.4	23.3
- Women	25.4	25.3

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Sensitivities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	+/- 0.5%	-7%/+7%
Inflation	+/- 0.5%	+3%/-3%
Rate of increase in pensionable salaries	+/- 0.5%	+1%/-1%
Mortality	+1 year	+5%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Disclosures in respect of both the defined benefit pension scheme operated by the Group and the Group's participation in multi-employer industry-wide schemes (continued)

Net pension liability

	2021 £m	2020 £m
Fair value of scheme assets	499.2	599.8
Present value of funded obligations	(602.2)	(671.4)
	(103.0)	(71.6)
Present value of unfunded obligations	(0.2)	(0.3)
	(103.2)	(71.9)
Restriction of surplus in PPFSPS	-	(4.4)
Post-employment pension liability	(103.2)	(76.3)

Reconciliation of scheme assets and liabilities

	Assets £m	Liabilities £m	Total £m
As at 1 April 2020	599.8	(671.7)	(71.9)
Benefits paid	(34.7)	34.7	-
Employer contributions	9.9	-	9.9
Employee contributions	1.5	(1.5)	-
Service cost	-	(0.3)	(0.3)
Scheme administrative expenses	(1.6)	-	(1.6)
Interest income/(expense)	11.6	(13.1)	(1.5)
Remeasurement gains/(losses)			
- Actuarial losses	-	(81.5)	(81.5)
- Return on plan assets excluding interest income	31.1	-	31.1
Arising on disposal of Marine Support Services	(118.4)	131.0	12.6
As at 31 March 2021	499.2	(602.4)	(103.2)

The net remeasurement of the defined benefit liability for the year ended 31 March 2021, recorded in other comprehensive income, is a loss of £46.0m (2020: £22.8m), after an adjustment relating to the reversal of the restriction of surpluses of £4.4m (2020: recognition of the restriction of surpluses of £4.4m).

Total cost recognised as an expense

	2021 £m	2020 £m
Scheme administrative expenses	1.6	1.8
Service cost	0.3	0.3
Recognised within operating expenses (note 7)	1.9	2.1
Net interest expense (note 9(c))	1.5	2.2
	3.4	4.3

No amounts (2020: £nil) were capitalised into the cost of assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Disclosures in respect of both the defined benefit pension scheme operated by the Group and the Group's participation in multi-employer industry-wide schemes (continued)

Fair value of the plan assets

	2021 £m	2020 £m
Equities	62.4	63.4
Hedge funds	9.3	81.2
Fixed-interest gilts	1.5	8.0
Index-linked gilts	0.5	0.5
Corporate bonds	227.0	120.3
Liability-driven investments	85.2	109.1
Diversified growth funds	32.3	40.8
Insurance policies	9.7	35.1
Annuities	3.1	3.4
Property	1.9	1.9
Private credit	7.3	-
Cash	59.0	136.1
Total	499.2	599.8

The plan assets do not include any of the Company's or Group's financial instruments.

The return on the plan assets was:

	2021 £m	2020 £m
Interest income	11.6	14.1
Return on plan assets less interest income	19.3	4.4
Total gains	30.9	18.5

b) Defined contribution schemes

The Company provides a number of defined contribution schemes for its employees, with the largest being the Peel Ports Group Retirement Savings Plan. The assets of the schemes are held separately from the assets of the Company and are administered and managed professionally by an insurance company. Benefits are provided based on actual contributions paid and investment performance. Company contributions to this pension scheme typically match those paid by employees, up to a maximum of 10% of pensionable salaries. To meet the Government's workplace savings legislation, the Group automatically enrols employees who met the eligibility criteria and are not members of a qualifying pension scheme into the Peel Ports Group Retirement Savings Plan.

The amount recognised as an expense for the defined contribution scheme was:

	2021 £m	2020 £m
Current year contributions (note 7)	5.4	8.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

21. CALLED-UP SHARE CAPITAL

	Group and Company	
	2021 £m	2020 £m
389,473,990 allotted and fully paid £1 ordinary shares	389.4	389.4

There are no restrictions on the distribution of dividends and the repayment of capital.

Equity dividends

	2021 £m	2020 £m
Final ordinary dividends paid	-	44.5
Interim ordinary dividends paid	38.9	45.6
	38.9	90.1

A final ordinary dividend of £44.9m has been proposed by the shareholders after 31 March 2021 (2020: £nil).

22. NOTES TO THE GROUP CASH FLOW STATEMENT

a) Reconciliation of profit/(loss) to net cash inflow from operating activities

	2021 £m	2020 £m
Continuing activities		
Profit/(loss) for the year	143.2	(102.1)
Taxation	(1.8)	2.6
Net interest expense	15.4	212.3
Profit on disposal of discontinued operations	(25.0)	-
Share of operating profit of joint ventures	(0.6)	(0.1)
Group operating profit	131.2	112.7
Depreciation, amortisation and impairment	120.5	116.0
Profit on disposal of fixed assets	(15.9)	(13.4)
Increase in stocks	(1.1)	(1.9)
(Increase)/decrease in debtors	(12.9)	9.2
Increase/(decrease) in creditors	38.7	(9.5)
Difference between pension charge and cash contributions	(8.0)	(9.9)
Cash inflow from continuing operational activities	252.5	203.2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

22. NOTES TO THE GROUP CASH FLOW STATEMENT (CONTINUED)

b) Cash flow used in investing activities

	2021 £m	2020 £m
Payments to acquire tangible fixed assets	(145.1)	(128.9)
Receipts from sales of tangible fixed assets	20.2	4.1
Payments to acquire subsidiary undertaking	(2.4)	(7.3)
Cash disposed of with disposal of discontinued operations	(34.9)	-
Cash received on disposal of discontinued operations	38.8	-
Cash acquired on acquisition of subsidiary undertaking	-	1.5
Dividends received from joint venture undertakings	1.6	-
Interest received	0.1	-
	(121.7)	(130.6)

c) Cash flow used in financing activities

	2021 £m	2020 £m
Dividends paid to owners of the parent	(38.9)	(90.1)
Dividends paid to non-controlling interests	-	(1.0)
Net (repayment)/drawdown of revolving bank facilities	(60.0)	55.0
New private placement loans	50.0	252.9
Repayment of private placement loans	-	(22.0)
New bank loans	50.0	150.0
Repayment of bank loans	(6.8)	(308.9)
Loans to related parties	(1.0)	(2.5)
Payments in respect of finance leases	(0.3)	(0.4)
Issue costs paid	(0.9)	(2.3)
Accretion on derivative financial instruments paid	(14.7)	-
Interest paid	(110.7)	(109.9)
	(133.3)	(79.2)

23. ANALYSIS OF MOVEMENT IN GROUP NET DEBT

	As at 1 April 2020 £m	Cash flow £m	Other non-cash changes £m	Foreign exchange £m	As at 31 March 2021 £m
Cash at bank	91.1	(2.8)	-	(0.5)	87.8
Bank loans	(856.1)	16.8	(1.3)	-	(840.6)
Private placement loans	(1,154.1)	(50.0)	(1.5)	31.2	(1,174.4)
9% subordinated loan stock	(123.0)	-	-	-	(123.0)
Perpetual debenture stock	(2.2)	-	-	-	(2.2)
3% irredeemable loan stock	(1.2)	-	-	-	(1.2)
3.625% irredeemable loan stock	(0.7)	-	-	-	(0.7)
Finance leases	(1.0)	0.3	0.1	-	(0.6)
Debt	(2,138.3)	(32.9)	(2.7)	31.2	(2,142.7)
Net debt	(2,047.2)	(35.7)	(2.7)	30.7	(2,054.9)

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24. CAPITAL COMMITMENTS

	2021 £m	2020 £m
Capital expenditure contracted for but not provided for	56.0	61.1

25. RELATED PARTY TRANSACTIONS

Joint ventures

Related Party	Transaction	2021 £m	2020 £m
Estuary Services Limited	Sales and expenses recharged	0.3	0.8
	Purchases	(1.2)	(0.2)

As at 31 March 2021 and 31 March 2020 there are no balances owed by/(to) the above entity. As the Group disposed of its joint venture investment in Estuary Services Limited on 30 March 2021 (note 29), the entity is no longer considered to be a related party.

Related Party	Transaction	2021 £m	2020 £m
The Mersey Docks and Harbour Company (L2) Limited and MDHC Container Services Limited	Sales and expenses recharged	17.6	4.9
	Purchases	(17.2)	-

As disclosed in note 29, the Group entered into a joint venture agreement with Terminal Investment Limited S.A.R.L. in respect of these companies in January 2020.

As at the balance sheet date, the following amounts were owed by/(to) the above joint venture undertakings:

	2021 £m	2020 £m
Amounts owed by the related party	11.2	2.5
Amounts owed to the related party	(5.0)	-

Included in the amounts owed by the related party is a loan balance of £3.5m, which is presented in debtors falling due after more than one year (2020: £2.5m). The loan bears an interest at the Bank of England base rate plus 3% and is repayable in full on 15 January 2030.

Entities in the Peel Holdings (IOM) Limited group of companies

The following summarises the transactions during the year between entities in the Group and divisions of the Peel Holdings (IOM) Limited group of companies. Peel Holdings (IOM) Limited is a related party due to the group of which it is part having a shareholding in Peel Ports Holdings (CI) Limited, the Group's immediate parent undertaking, through Peel Ports Investments (IOM) Limited.

Related Party	Transaction	2021 £m	2020 £m
Peel Holdings (IOM) Limited	Sales and expenses recharged	4.0	4.7
	Purchases, rent and expenses reimbursed	(5.1)	(5.4)

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For the year ended 31 March 2021

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Entities in the Peel Holdings (IOM) Limited group of companies (continued)

As the balance sheet date the following amounts were owed by/(to) entities in the Peel Holdings (IOM) Limited group of companies:

	2021 £m	2020 £m
Amounts owed by the related party	2.3	3.0
Amounts owed to the related party	(0.1)	(1.6)

Marine Support Services

The following summarises the transactions during the year between entities in the Group and companies within the former Marine Support Services segment. These companies, which principally include Cammell Laird Shiprepairers and Shipbuilders Limited and companies within the Atlantic and Peninsula Marine Services Limited group of companies, were disposed of on 23 July 2020 to Peel Ports Holdings (No 2) (IOM) Limited, a company in which Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l have a 50.1% and 49.9% shareholding respectively. The disclosure below is in respect of the year ended 31 March 2021, including the period from 1 April 2020 to 23 July 2020. As the Marine Support Services segment was consolidated in these financial statements prior to disposal, no disclosure is provided in respect of the year ended 31 March 2020. The principal transactions with the former Marine Support Services segment are in respect of the lease of land.

Related Party	Transaction	2021 £m	2020 £m
Marine Support Services	Sales, rent and expenses recharged	5.3	n/a
	Purchases	-	n/a

As at 31 March 2021, there were no amounts due from/(to) the related party.

Transactions with shareholders in the Group's immediate parent company in their capacity as shareholders

On 23 July 2020, AS Infra PP Pty Ltd became a related party following its acquisition of a 25% shareholding in the Group's parent undertaking, Peel Ports Holdings (CI) Limited. As a result of that transaction, the existing shareholders in Peel Ports Holdings (CI) Limited, Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l., saw their shareholding decrease from 50.1% and 49.9% to 37.6% and 37.4% respectively.

Each shareholder also holds a share of the 9% subordinated loan notes 2046 (note 17) and receives a share of the interest payable on those loan notes (note 9) in proportion to their shareholding. Prior to 23 July 2020, due to its majority shareholding, these amounts were presented as being due to group undertakings. They are now presented as being due to related parties, as per the amounts due to the other shareholders.

As at 31 March 2021, the share of the 9% subordinated loan notes held by Peel Ports Investments (IOM) Limited was £46.2m (2020: £61.6m), by Infrastructure JVCo (Lime) S.a.r.l. was £46.0m (2020: £61.4m) and by AS Infra PP Pty Ltd was £30.8m (2020: £nil).

Interest payable in the year ended 31 March 2021 includes £4.2m (2020: £5.6m) payable to Peel Ports Investments (IOM) Limited, £4.2m (2020: £5.5m) payable to Infrastructure JVCo (Lime) S.a.r.l. and £2.8m (2020: £nil) payable to AS Infra PP Pty Ltd.

Included in accruals and deferred income in note 16 is accrued interest of £2.1m (2020: £2.8m) payable to Peel Ports Investments (IOM) Limited, £2.1m (2020: £2.8m) payable to Infrastructure JVCo (Lime) S.a.r.l. and £1.4m (2020: £nil) payable to AS Infra PP Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

25. RELATED PARTY TRANSACTIONS (CONTINUED)

As disclosed in note 7, from 23 July 2020, the shareholders in Peel Ports Holdings (CI) Limited are entitled to an annual fee of £50,000 for each director appointed to the Board of the parent company. These directors are also appointed to the Board of Peel Ports Group Limited and their services are principally in respect of the Group. A total fee of £277,000 is payable in respect of the year ended 31 March 2021 (2020: £nil), of which £104,000 is payable to each of Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l and £69,000 is payable to AS Infra PP Pty Ltd. These amounts are included in accruals and deferred income in note 16 as at 31 March 2021.

Details of equity dividends paid to the shareholder are shown in the Directors' Report and note 21.

26. OTHER FINANCIAL COMMITMENTS

At 31 March 2021, the Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £m	2020 £m
Within one year	43.0	38.5
Within two to five years	99.0	111.0
After five years:		
Ellesmere Port – see below	1,006.6	1,007.7
Other leases	373.2	324.3
	1,379.8	1,332.0
	1,521.8	1,481.5

Included within non-cancellable operating lease commitments after five years is £1,317.4m (2020: £1,329.0m) in respect of long life land leases. This includes £1,006.6m (2020: £1,007.7m) in respect of a 999 year lease over the Group's Ellesmere Port site, in respect of which there are 953 years remaining.

Company

The Company has no annual commitments under non-cancellable operating leases.

27. CONTROLLING PARTIES

The directors regard Peel Ports Holdings (CI) Limited as the ultimate controlling party and the immediate parent company.

Peel Ports Holdings (CI) Limited is incorporated in the Cayman Islands. Peel Ports Group financial statements form part of the consolidated financial statements of Peel Ports Holdings (CI) Limited which are available to the public from its registered office:

C/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

28. NON-CONTROLLING INTERESTS

The movement in non-controlling (minority) interests was as follows:

	£m
As at 1 April 2020	5.3
Total comprehensive income attributable to non-controlling interests	(1.0)
Arising on disposal of Marine Support Services segment (note 29)	(4.3)
As at 31 March 2021	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

29. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The Group holds investments in the ordinary share capital of the subsidiary undertakings listed below. All of the subsidiaries are 100% owned other than those denoted with an asterisk, which are 75% owned.

Principal subsidiary undertakings

The principal subsidiary undertakings consolidated as at 31 March 2021 were as follows. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

Subsidiary	Principal activity
Birkenhead Port Limited (1)	Regional Port Operator
B.G. Freight Line B.V. (2)	Shipping
Clydeport Operations Limited (3)	Regional Port Operator
Great Yarmouth Port Company Limited (1)	Regional Port Operator
Heysham Port Limited (1)	Regional Port Operator
Ligna Biomass Limited (1)	Biomass Facility Operator
Marine Terminals Limited (4)	Stevedoring
Peel Ports Limited (1)	Treasury Company
Peel Ports Logistics Limited (1)	General Cargo Services Provider
Peel Ports PP Finance Limited (5)	Treasury Company
Port of Sheerness Limited (1)	Regional Port Operator
The Manchester Ship Canal Company Limited (1)	Regional Port Operator
The Mersey Docks and Harbour Company Limited (1)	Regional Port Operator
The Mersey Docks and Harbour Company (RSCT) Limited (1)	Container Terminal Operator

Other subsidiary undertakings

The Group's other subsidiary undertakings consolidated at 31 March 2021 were as follows, categorised by principal activity. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

Trading companies

Subsidiary	Principal activity
Ardrossan Harbour Company Limited (3)	Regional Port Operator
B.G. Freight Line Limited (4)	Shipping
Coastal Container Line Limited (6)	Shipping
Dublin Container and Transport Services Limited (4)	Container Services
Peel Ports (IDS) Limited (1)	Investment Holding
Seaforth Power Limited (1)	Electricity Supply to the Port of Liverpool

Intermediate holding companies

Each of the following companies act as intermediate holding companies within the Group.

B.G. Freight Line Holding B.V. (2)
Clydeport Limited (3)
Imari Limited (4)
Ligna Biomass Holdings Limited (1)
Maritime Centre Limited (1)
Medway Ports Limited (1)
Peel Ports Operations Limited (1)
Peel Ports UK Financeco Limited (1)
Merlin Ports Limited (1)
Peel Holdings (Ports) Limited (1)
Peel Ports Containers Limited (1)
Peel Ports Holdings Limited (1)
Peel Ports Intermediate Holdco Limited (1)
Peel Ports Land & Property Investments Limited (1)
Peel Ports Investments Limited (1)

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For the year ended 31 March 2021

29. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (CONTINUED)

Dormant or non-trading companies

Each of the following companies was either dormant or did not trade as at the balance sheet date.

A&PA Property Limited (1)
A&P Dry Docks Limited (1)
A&P Ports & Properties Limited (1)
A&PPP 2006 Limited (1)
A&P Tyne Properties Limited (1)
B.G. Freight Line (Agency) B.V. (2)
B.G. Freight Line Shipping B.V. (2)
Birkenhead East Float (North Vittoria) Newco Ltd (5)
Birkenhead East Float (South Vittoria) Newco Ltd (5)
Birkenhead East Float Newco Limited (5)
Birkenhead West Float No 1 Newco Limited (5)
Birkenhead West Float No 2 Newco Limited (5)
Birkenhead West Float No 3 Newco Limited (5)
Birkenhead West Float No 4 Newco Limited (5)
Birkenhead West Float No 5 Newco Limited (5)
Birkenhead West Float No 6 Newco Limited (5)
Birkenhead West Float No 7 Newco Limited (5)
Coastal Line Container Terminal Limited (4)
De Facto 1693 Limited (1)
Eastport UK Cargo Handling Limited (1)
Ellesmere Newco Limited (5)
Irwell Newco Limited (5)
James Scott & Co (Dublin) Limited (4)
Peel Ports Finance Limited (5)
Peel Ports Freight Limited (1)
Peel Ports Land & Property Investments (No. 2) Ltd (1)
Peel Ports Trustees Limited (1)
Port Falmouth Limited (1)
Portia World Travel Limited (1)
Runcorn Newco Limited (5)
Seaforth Stevedoring Limited (1)
Seawing Landguard International Limited (1)
TR Shipping Services Limited (6)

Joint venture undertakings

The joint venture undertakings at 31 March 2021 were as follows. The country of incorporation of each company is the United Kingdom, unless otherwise denoted. Number references in parentheses relate to the registered address of each company, which are set out at the end of this note.

In January 2020, the Group entered into a joint venture agreement with Terminal Investment Limited S.A.R.L. in respect of the cargo handling operations of the Liverpool2 deep-water container terminal at the Port of Liverpool. The agreement is in respect of the joint venture companies The Mersey Docks and Harbour Company (L2) Limited and MDHC Container Services Limited.

Joint venture	Principal activity
Clarke Chapman Portia Port Services Limited (1)	Non-trading
The Mersey Docks and Harbour Company (L2) Limited (1)	Container Terminal Operator
MDHC Container Services Limited (1)	Labour Provider

The Group had a 50% shareholding in each of the joint venture undertakings above.

Registered offices

Reference	Address
1	Maritime Centre, Port of Liverpool, Liverpool, L21 1LA, UK
2	Den Hamweg 30, 3089KK, Rotterdam, The Netherlands
3	16 Robertson Street, Glasgow, G2 8DS, UK
4	South Bank Quay, Pigeon House Road, Ringsend, Dublin 4, Ireland
5	c/o Maples Corporate Services Ltd, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
6	c/o Elliott Duffy Garrett, 40 Linenhall Street, Belfast, BT2 8BA, UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

29. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (CONTINUED)

Disposals in the year ended 31 March 2021 – subsidiary undertakings

On 23 July 2020, Peel Ports Investments Limited, a subsidiary undertaking, disposed of its investment in the Marine Support Services segment, including investments in A&P Falmouth Limited, A&P Tees Limited, A&P Tyne Limited, Atlantic & Peninsula Australia Pty Limited, Cammell Laird Shiprepairers & Shipbuilders Limited, A&P Shipbuilders Limited, Atlantic Engineering & Laboratories Limited, Marine Designs Limited, Neway Industrial and Environmental Services Limited, The Falmouth Docks & Engineering Company, A&P GH 2006 Limited, A&P Group Limited, A&P Ship Repairers Limited, Atlantic & Peninsula Marine Services Limited, A&P Birkenhead Properties Limited, A&P Defence Limited, A&P Southampton Limited, A&P Wallsend Limited and Hydropower Services Limited.

The results of the Marine Support Services segment have been presented in these financial statements as discontinued operations.

The profit after tax for the year from the discontinued operations was £1.6m. In addition, an exceptional profit of £25.0m was generated on disposal of these discontinued operations, calculated as follows:

	£m
Consideration received	38.8
Less: Cash disposed of	(34.9)
Proceeds from sale of discontinued operations (net of cash disposed)	3.9
Net liabilities (excluding cash) disposed of:	
Tangible fixed assets	20.5
Stock	1.0
Debtors (including a deferred tax asset of £6.2m)	59.2
Creditors	(84.9)
Post-employment pension liabilities	(12.6)
Minority interest	(4.3)
Net liabilities excluding cash	(21.1)
Profit on disposal of discontinued operations	**25.0**

Disposals in the year ended 31 March 2021 – joint venture undertakings

On 30 March 2021, Port of Sheerness Limited, a subsidiary undertaking, disposed of its joint venture investment in Estuary Services Limited to its joint venture partner, Port of London Authority, for £1. Prior to the disposal the Group received a dividend from the joint venture of £1.6m out of accumulated undistributed reserves. Profit or loss arising on the disposal of the investment is not material for the financial statements.