Company Registration No: 5965116

PEEL PORTS GROUP LIMITED

Report and Financial Statements
For the year ended 31 March 2023

REPORT AND FINANCIAL STATEMENTS

CONTENTS

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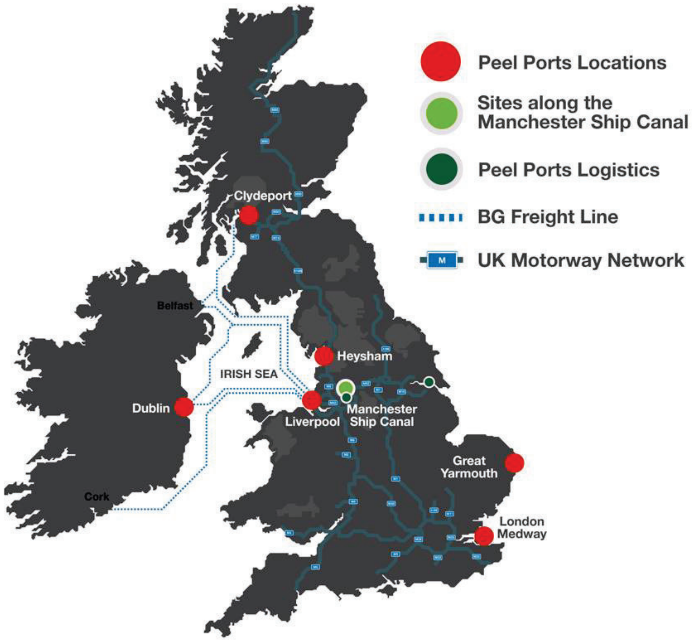
STRATEGIC REPORT

1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES

Group overview

The Group operates two business segments, Ports and Shipping.



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. In March 2023, the Group acquired the Humber Bulk Terminal, which is located on the South Bank of the Humber Estuary, from H.E.S. International B.V.

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, 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.

The Port of Liverpool, the largest port in the Group, is the UK's third largest port by tonnage and one of its most diversified, handling a wide range of cargos including agribulks (such as grain and animal feed), biomass, bulk liquids, bulk solids (including metals and aggregates), containers and forest products, as well as providing services to RoRo and cruise customers. Facilitating automotive imports and exports is an important part of the service provided by the Port of Sheerness, alongside a wide range of other commodities handled, with the River Medway also being the route for Liquefied Natural Gas (LNG) vessels heading to the National Grid LNG Terminal on the Isle of Grain. Clydeport operates a container terminal and a forest products terminal at Greenock as well as Greenock Ocean Terminal, a dedicated cruise vessel facility. The King George V facility in Glasgow handles a diverse range of commodities, including scrap and the importation of salt. Great Yarmouth is a significant base for the offshore energy industry, while also handling the import of commodities such as aggregates and timber products and the export of agricultural products.

STRATEGIC REPORT (CONTINUED)

1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

Ports (continued)

The Group provides a value-added logistics solution to a customer's supply chain. This includes conservancy, pilotage, berthing, facilities rental, storage, cargo handling and shipping. Peel Ports Logistics offers other value-added services such as ships chartering and agency, as well as providing bulk solids cargo handling at its facilities at Runcorn and Ellesmere Port on the Manchester Ship Canal and the Humber Bulk Terminal on the South Bank of the Humber Estuary.

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, though smaller post-Panamax vessels are the primary users of the terminal. The second and final phase of the construction was completed in the year ended 31 March 2022; this further increased the capacity of Liverpool2 and in the main, represented investment in additional quayside and landside cranes. 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. Terminal Investment Limited S.A.R.L is a major investor in container terminals around the world and is majority owned by Mediterranean Shipping Company (MSC), the world's largest shipping line.

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, Israel, 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 and Dublin in Ireland.

The combination of the Liverpool2 terminal with the Group's existing port assets and short sea shipping services in the Irish Sea and the Continent is expected to provide significant advantages to shipping lines, importers and exporters.

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. Ports served include Antwerp, Belfast, Cork, Dublin, Dunkerque, Felixstowe, Grangemouth, Greenock, Hull, Immingham, Liverpool, Montoir, Rotterdam, Southampton, South Shields, Teesport and Zeebrugge. Operating as BG Freight Line, based in Rotterdam, the segment operates a mix of long-term and short-term charter vessels to meet demand.

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 liabilities of the Group in the year are listed in note 28.

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:	2023 £m	2022 £m	Change £m	%
Turnover	696.3	617.8	78.5	12.7
Gross profit before exceptional items[1]	290.2	260.3	29.9	11.5
Gross profit	290.2	255.3	34.9	13.7
EBITDA[2]	330.9	299.7	31.2	10.4
Group operating profit before exceptional items[1]	228.1	206.2	21.9	10.6
Group operating profit	228.1	190.4	37.7	19.8

	%	%
Gross profit margin before exceptional items[3]	41.7	42.1

Tonnage throughput (millions)*:				
Ports	58.0	60.0	(2.0)	(3.3)
Shipping	5.6	5.8	(0.2)	(3.4)
Total	63.6	65.8	(2.2)	(3.3)

*Uses standard tonnage measures for the port industry. Includes commodity volumes handled by the Group.

[1] The exclusion of exceptional items expenditure of £nil (2022: £5.0m) from the gross profit of £290.2m (2022: £255.3m) and expenditure of £nil (2022: £15.8m) from the Group operating profit of £228.1m (2022: £190.4m) 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 £330.9m (2022: £299.7m) is group operating profit of £228.1m (2022: £190.4m) before depreciation of £90.8m (2022: £81.3m), amortisation of goodwill of £11.5m (2022: £11.6m), statutory unrealised foreign currency gains and losses of £0.2m (2022: £0.6m) and exceptional item expenditure of £nil (2022: £15.8m), and after dividends received from joint ventures of £0.3m (2022: £nil). 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 41.7% (2022: 42.1%) is calculated by dividing the gross profit before exceptional items of £290.2m (2022: £260.3m) by the turnover of £696.3m (2022: £617.8m).

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW (CONTINUED)

2.1 Operating performance (continued)

The comments in this section are in respect of the continuing operations for both years presented.

The operating performance for the year ended 31 March 2023 reflects the following:

- EBITDA increasing from £299.7m to £330.9m, reflecting another strong performance by the Group in a challenging year that included the continuing global disruption caused by the war in Ukraine and the effects of the industrial action in the Port of Liverpool container terminals in late 2022.
- Turnover was higher than in the prior year and the increase is particularly noticeable in the Shipping segment, where revenue has increased by 48.2% as a result of higher charter and bunker rates. Overall, the Group's turnover increased from £617.8m to £696.3m, representing a 12.7% increase.
- Group operating profit before exceptional items is higher by 10.6% at £228.1m, compared to £206.2m in the prior year.
- Tonnage throughput of commodities handled by the Group has decreased from 65.8mt to 63.6mt, with both the Ports and the Shipping segments handling slightly lower volumes than the previous year, primarily due to the disruption in the containers market caused by the war in Ukraine and general global economic uncertainty, together with the effects of the industrial action in the Liverpool container terminals.
- Due to the location of the Group's ports, the Group also benefits from commodity volumes transported to and from third party terminals, including oil refineries and LNG, which are not included in the tonnage throughput handled. The Group has seen strong growth in these volumes in the year ended 31 March 2023.
- Gross profit margin before exceptional items decreased from 42.1% to 41.7%, reflecting a change in mix in the Ports segment and the strong performance of the Shipping segment, a lower margin business, in the year ended 31 March 2023.
- Group operating profit increased by 19.8% from £190.4m to £228.1m, after recognising exceptional item expenditure for the year of £nil (2022: £15.8m). The Group's profit after tax from continuing operations was £397.5m, compared to a prior year profit after tax of £59.1m. This is after taking account of non-cash net income of £256.5m (2022: £15.1m) relating to the change in the fair value of derivative financial instruments (in respect of which £75.1m (2022: £39.3m) relates to the accretion on the index-linked swaps) and a gain of £41.9m (2022: loss of £13.5m) arising from the retranslation of foreign currency loans.
- No exceptional costs have been reported in respect of the year ended 31 March 2023 (2022: £15.8m). Included within exceptional items in the prior year were restructuring expenses and operational costs arising from the outbreak of COVID-19, costs relating to the settlement of legal claims and aborted project costs.
- Operating cash flows[4] were £296.2m, up from £281.0m, due to the increase in EBITDA and the reversal of the prior year timing differences relating to movements in working capital.
- The Group invested £135.2m (2022: £122.8m) in net capital expenditure[5]. In addition, £24.5m was paid for the acquisition of H.E.S. (UK) Limited (see Section 3). Financing activities raised £194.5m (2022: £125.4m) of net new funds[6]. The Group paid interest of £120.1m (2022: £118.1m) and £nil of accretion on index linked swaps (2022: £51.7m). Dividends paid to the owners of the parent company totalled £138.9m (2022: £88.9m).
- The strong results for the year demonstrate the Group's ability to continue to respond with agility to risks and opportunities in challenging markets.
- As noted below, there are continued economic uncertainties surrounding the continuing global effects of the war in Ukraine, though the fundamentals of the business are unchanged and the Group is planning for further growth.

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[4] Cash inflows from operating activities of £296.2m (2022: £281.0m), before adjustment for tax paid of £1.1m (2022: £0.5m).

[5] Net capital expenditure of £135.2m (2022: £122.8m) is the sum of payments to acquire tangible fixed assets of £136.0m (2022: £127.2m) less receipts from the sale of tangible fixed assets of £0.8m (2022: £4.4m).

[6] Net new funds raised of £194.5m (2022: £125.4m) represents new private placement loans of £349.5m (2022: £95.0m), repayment of private placement loans of £222.4m (2022: £2.3m), new bank loans of £76.9m (2022: £40.0m) and repayment of bank and institutional loans of £9.5m (2022: £7.3m).

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW (CONTINUED)

2.2 Other financial developments

Other financial developments include:

- During the year, the Group raised £349.5m (2022: £95.0m) from the issuance of private placement loans with a maturity of 7 to 12 years and £76.9m (2022: £40.0m) from a bank loan with a term of 7 years. The Group repaid £231.9m (2022: £9.6m) of bank facilities and institutional and private placement loans.

- Net investment in capital expenditure totalled £135.2m (2022: £122.8m)[7]. This included further investment in Liverpool2 to increase the terminal's capacity and construction of new warehouses. Investment in border control infrastructure has also been made at each of the Group's principal ports. Maintenance projects in the year included the installation of new lock gates at Gladstone Dock, refurbishment of the sluice gates at the Manchester Ship Canal, and the North and South caisson replacement at the Port of Sheerness.

- Ordinary dividends of £138.9m (2022: £88.9m) were paid during the year. These are set out below:

	2023 £m	2022 £m
Dividends (includes the prior year final declared dividend of £54.5m (2022: £44.9m))	138.9	88.9

A final dividend of £64.5m has been proposed (2022: £54.5m).

2.3 Financial position at the end of the year

- Net liabilities were £1,610.4m as at 31 March 2023 (2022: £1,868.2m). In addition to the profit for the financial year of £397.5m (2022: £59.1m), the net liability position has changed primarily because of an actuarial loss, net of deferred tax, of £2.3m (2022: gain of £47.6m) relating to the Group's defined benefit pension schemes, and the payment of ordinary dividends of £138.9m (2022: £88.9m).

3. OTHER DEVELOPMENTS DURING THE YEAR AND FUTURE DEVELOPMENTS

H.E.S. (UK) Limited

On 17 March 2023, the Group acquired the entire issued share capital of H.E.S. (UK) Limited, and its wholly owned subsidiaries H.E.S. Humber Bulk Terminal Limited and H.E.S. Humber Shipping Limited, for a total consideration, including fees, of £24.5m. Subsequent to the transaction, the companies were renamed Peel Ports Logistics Humber Limited, PPL Humber Bulk Terminal Limited and PPL Humber Shipping Limited. The bulk terminal, now operated by PPL Humber Bulk Terminal Limited, is situated on the South Bank of the Humber Estuary, and will be managed by Peel Ports Logistics, which specialises in 'One-Stop-Shop' logistics solutions. Further information is provided in note 28.

[7] Net investment in capital expenditure of £135.2m (2022: £122.8m) represents payments to acquire tangible fixed assets of £136.0m (2022: £127.2m) less receipts from sales of tangible fixed assets of £0.8m (2022: £4.4m).

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES

4.1 Ukraine

At the time of preparing this report, the war in Ukraine is continuing following the territorial invasion by Russia in February 2022. Most governments, including that of the UK, have imposed economic sanctions on Russia and this has placed certain obligations on the Group's ports with respect to vessels that seek to enter their areas of jurisdiction. The Group continues to engage with the Department for Transport and other statutory bodies to ensure that the Group complies with the sanctions. This may result in disruption to the handling of certain commodities, though there has been no material effect on the Group to date and it is anticipated that this will continue to be the case.

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.

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. From April 2022, this Committee was joined by Unite the Union's National Officer to further enhance the engagement with employee representatives on health and safety priorities. In March 2022, a three-year Environment, Health and Safety strategy was announced based on eight themes, including the further development of mental health initiatives.

For the year ended 31 March 2023, the Group had targeted a Total Recordable Injury Rate (TRIR) of 0.44. TRIR includes lost time incidents, restricted workday incidents and medical treatment incidents. This target was achieved with a final TRIR of 0.44, which is also an improvement against the 0.53 recorded in the previous financial year. The Group will continue to set challenging targets so as to drive a culture of continuous improvement in this area.

The Group has continued to enhance its focus on health and safety in the year ended 31 March 2023, with further investment in staff development, training and safety equipment. Safety Bulletin communications advise employees of recent or emerging issues and a "Think Safe This Winter" campaign covered topics such as PPE, road safety, mental health and drug and alcohol awareness.

In January 2022, the EHS element of the Group's SAP deployment went live, which provided for more integrated reporting of EHS matters. In November 2022, to further enhance adoption of this system and to make it available to more users (including third parties), a new SAP EHS reporting application was introduced that can be accessed on any device. This new tool allows individuals to report EHS matters while away from their desk using any mobile device.

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.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.2 Operational (continued)

Health and safety – marine

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

Several of the Group's subsidiary port companies are Statutory Harbour Authorities (SHAs) with some also being designated Competent Harbour Authorities (CHAs). As a SHA, 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 CHA, they have 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.

In September 2022, the Group started to roll out a new life jacket jointly developed over a two year period with Mullion Survival Technology that increases survival times in cold water. Initially intended for marine pilots, it could also be rolled out to other workers in water-based roles. The project was initiated after an audit of similar products available on the market concluded that existing jackets would not protect against the threat of cold-water shock.

Resilience of operational assets and the ability to deliver capital expenditure projects

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.

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.

Cyber security

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 avoided any significant disruption from threats to date, a steady increase in the number of phishing scams and malicious software creation means 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. Regular network scans are performed and an independent third party perform internal and external facing penetration tests annually to check for exploitable IT network and system vulnerabilities.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.2 Operational (continued)

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 a group-wide vessel traffic management system and the deployment of a business-wide Enterprise Resource Planning (‘ERP’) system.

In April 2022, the Group entered into a partnership with the University of Liverpool’s Management School to enhance the Group’s newly formed Innovation Forum. The Forum looks to bring together a broad range of suppliers including starts-ups, entrepreneurs and consultants to explore the biggest issues in accessing and purchasing carbon-neutral solutions for the group’s ports. In late 2022, the inaugural Peel Ports Innovation Challenge took place at the Museum of Liverpool. This week-long challenge focused on sustainability within the Peel Ports Group and brought together students on the LCR Founders Project from both the University of Liverpool and Liverpool John Moore University to work in mixed teams to ideate and pitch back potential solutions in the areas of operational efficiency and sustainability, making a positive impact in the communities within which the Group operates and the future of the blue economy. Further information on the Group’s response to climate change can be found in Section 5.

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 GDPR is overseen by the Group’s Data Protection Officer.

4.3 Environmental

Climate change

Climate change has become an increasingly important consideration across the world and is an important principal risk to which the Group is responding. Further information on the Group’s response to the risks arising from climate change can be found in the climate change disclosures in Section 5.

4.4 Commercial

COVID-19

Although the UK, like many other countries, is now operating with a much greater level of normality and stability following the global pandemic, COVID-19 continues to provide an unhelpful backdrop. This has particularly been the case with regards to China, where continuing “lockdowns” disrupted economic activity and global supply chains in 2022. It has been reported that the lifting of restrictions in China in late 2022, and the subsequent surge in infections, has not given rise to any new variants of concern. There is cautious optimism that this will continue to be the case. Globally, economies are still recovering from the disruption caused by the pandemic and some of the changes either brought about by or linked with the pandemic, such as people leaving and not returning to the workforce, may slow economic recovery.

Impact of the UK’s exit from the European Union

To date, the Group has not encountered any material adverse impacts that might be directly attributable to the UK having left the EU on 1 January 2021. 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, including to facilitate post-Brexit border checks, was awarded to a number of the Group’s ports in the year ended 31 March 2021. These works were substantially completed in the year ended 31 March 2023. In April 2022, the UK Government postponed the post-Brexit border checks on goods arriving into the UK from the EU and in April 2023 it issued for consultation draft proposals for new post-Brexit border controls, a final version of which is expected in the second half of 2023. In January 2023, the UK Government formally approved the business case for the Liverpool City Region Freeport, which includes the Port of Liverpool and the Manchester Ship Canal within its 45km designated area. Once fully operational, it is estimated by the that the freeport create more new highly skilled jobs, deliver increased investment and generate additional economic activity for the Liverpool City Region’s economy.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.4 Commercial (continued)

Economic activity levels

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 risk is particularly the case as the global economy continues to deal with the after-effects of the COVID-19 pandemic and the continuing war in Ukraine.

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 in recent financial years 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. More modern vessels, and new technology, are also helping to reduce carbon emissions.

4.5 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 2024 and 30 September 2046 ("long-term debt") amount to £2,437.3m (2022: £2,284.3m)[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 2023, within the current facility agreements, there were undrawn funds of £150.0m available in addition to cash of £177.7m on the Group's balance sheet. In addition, the Group has in place £130.0m of debt service reserve liquidity facilities to cover annual interest costs and a £10.0m overdraft facility. Consideration of this in the context of going concern can be found in note 3.

Credit risk

Financial risk 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 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.

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[8] Loans and loan note instruments of £2,437.3m (2022: £2,284.3m) represents total loans and borrowings of £2,435.1m (2022: £2,281.7m) less perpetual debenture stock of £2.2m (2022: £2.2m), 3% irredeemable loan stock of £1.2m (2022: £1.2m), 3.625% irredeemable debenture stock of £0.7m (2022: £0.7m), finance leases of £0.2m (2022: £0.4m) and after adding back unamortised debt issue costs of £6.5m (2022: £7.1m).

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.5 Financial (continued)

Credit risk (continued)

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 2022 and 2023. 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 2023, the Group balance sheet recorded a pension liability of £41.8m (2022: £49.5m). Changes in actuarial assumptions, in particular the discount rate in response to changes in bond yields, together with employer contributions of £13.2m have seen the liability decrease over the year.

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.

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

4.5 Financial (continued)

Pensions risk (continued)

The Group engages constructively with the Trustees of each of the defined benefit pension schemes that it is party to, including with respect to measures to derisk the pension scheme arrangements where appropriate and practicable. Contribution rates are agreed with the Trustees to enable deficits to be recovered over appropriate periods of time, by reference to the triennial actuarial valuations. The triennial valuation of the Peel Ports Group Final Salary Pension Scheme, as at 5 April 2021, was completed in the year ended 31 March 2022 with new recovery plans put in place that increased deficit contributions from £4.0m to £8.0m per annum. The triennial actuarial valuation of the Pilots National Pension Fund, an industry-wide multi-employer pension scheme, as at 31 December 2022, will be completed during the year ending 31 March 2024. In the year ended 31 March 2023, the Group paid total employer contributions to defined benefit pension schemes of £13.2m (2022: £9.3m).

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.

5. CLIMATE CHANGE

As noted in 4.3, Climate Change is one of the principal risks facing the Group.

The UK Government has made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. To achieve these targets, there will need to be significant changes across the economy and, by extension, the ports that serve it, as the changes implemented are likely to result in a reduction of fossil fuel-related products; conversely, the demand for greener alternative fuel cargoes, low-carbon transport solutions and auxiliary services supporting the energy transition are predicted to increase significantly.

In response to the UK Government's Net Zero legislation, in November 2021, the Group committed to becoming a Net Zero port operator by 2040[9], ten years ahead of the UK Government's national targets. The Group's ports provide critical infrastructure as the UK's gateway for food, medical, energy and fuel supplies. It is therefore important that as a responsible business, the Group acts as a catalyst for positive change in the UK's logistics market to tackle climate change by facilitating green transition through ports and adopting new technologies which are going to enable the shift to green supply chain practices.

The Net Zero 2040 commitment, and the transition to low carbon operations, will also present opportunities for the Group, such as the development of facilities to support offshore windfarms at Hunterston and Great Yarmouth, expanding solar power production, offering greener port-centric solutions to the Group's customers by offering sustainable and environmentally-friendly storage and warehousing facilities, energy and logistics solutions.

The scale of the challenge is significant and while progress has already been made, there is a considerable way to go to achieve the ambitious target that the Group has committed to.

[9] UK Scope 1 and 2 emissions. The objective for the Group's Shipping segment is to be a Net Zero operator by 2050.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.1 Our Journey So Far

Over the last few years, the Group has reached a number of significant milestones in its commitment to sustainable and low carbon operations, with the most notable being:

2020

- First use of electric vehicles in place across all of the Group's ports.
- Enviro365 strategy developed to set and deliver high standards in environmental management.
- Health & Safety Committee remit extended to include Environment, becoming the EHS (Environment, Health & Safety) Committee
- First three-year Group EHS Strategy published.

2021

- The Group commits to becoming a Net Zero port operator by 2040.
- Peel Ports wins Private Sector Commercial Fleet of the Year Award from Greenfleet, recognising the Group's transition of over 50% of its fleet to electric.
- Port of Liverpool doubles its freight train capacity, with the objective of reducing the volume of freight transported by road.
- Climate Change Adaption Report covering the ports of Liverpool and Sheerness submitted to DEFRA in response to an invitation to participate in their third round of climate reporting.
- Introduction of the Group Climate Change Statement.

2022

- Climate Change Steering Committee established with representatives from across the business
- Diesel vehicles replaced with 100% electric and biodiesel
- Hydrotreated Vegetable Oil (HVO) introduced as alternative fuel for plant and equipment
- Group's shipping division entered into long-term charters for the hire of modern-built and more environmentally friendly vessels.
- Peel Ports wins 'Sustainability' category at the 2022 Multimodal Awards, recognising the steps taken by the Group towards its 2040 Net Zero target for its port operations.
- The Group supports Essar Oil UK with the arrival of a new furnace capable of running on hydrogen, part of Essar's strategy to decarbonise its Stanlow operations.

2023

- Peel Ports named Clean Port Operator of the Year at the Maritime UK awards.
- The Group partners with Svitzer as it converts 22 tugs operating in Peel Ports locations from Marine Gas Oil to Hydrogenated Vegetable Oil.
- Plans announced for a new Green Automotive Hub in Merseyside, in partnership with Suardiaz and Stellantis.
- Vattenfall selects Great Yarmouth Port, the Company's principal offshore energy port on the East Coast, as the preferred bidder for the operation and maintenance contract for their Norfolk Offshore Wind Zone.
- Establishment of ESG Committee.
- Launch of ESG Policy, Sustainability Stakeholder Engagement Programme – "Enabling the Future"
- Five-year Sustainability Framework developed around the United Nations Sustainable Development Goals.
- Development of GHG Inventory Tool and independent verification of GHG emissions against ISO14064-3.
- First Group ESG Conference held.
- Early adoption of climate change disclosures aligned with the TCFD framework in the annual report.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.1 Our Journey So Far (continued)

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 require certain companies, which includes in its scope Peel Ports Group, to incorporate a Non-financial and Sustainability Information Statement (NFSI statement) in the Strategic report of certain companies in relation to financial years beginning on or after 6 April 2022. The Group has voluntarily elected to early adopt these requirements in its annual report. The report that follows has been prepared by reference to those requirements but also with regard to aligning the disclosures with the requirements of TCFD. This reflects the Group's commitment to greater transparency with respect to the steps being taken and how the Group will look to address the challenges arising from the global climate emergency. These areas are covered by TCFD that the Group acknowledges need further progress. These areas are referred to in the report.

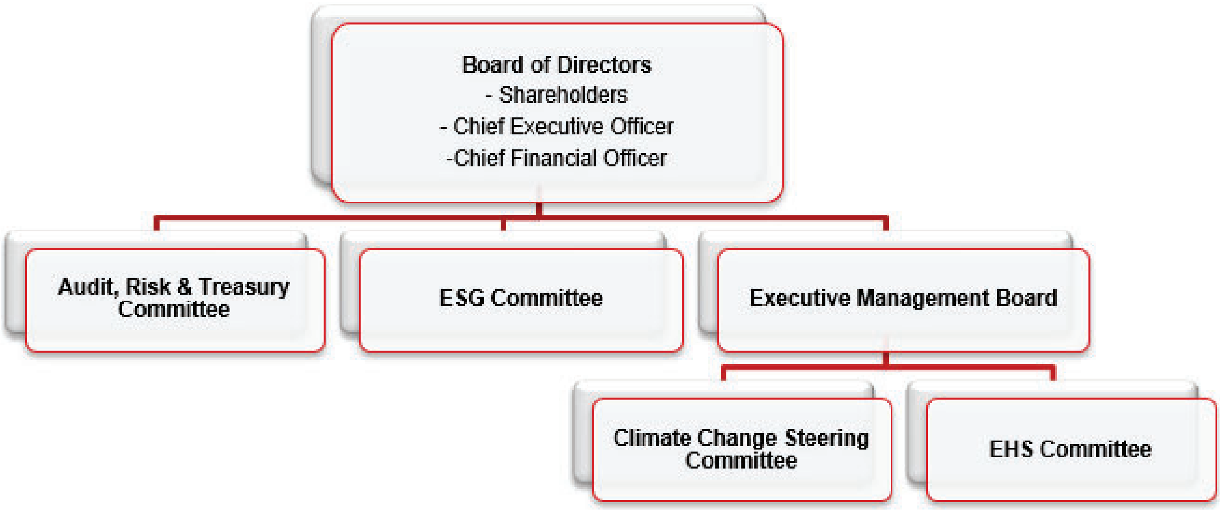
In addition, the Group's Shipping segment, based in Rotterdam, will be reporting under newly-enacted EU Corporate Sustainability Reporting Directive (CSRD) in 2026.

5.2 Climate Change Disclosures Aligned with the TCFD Framework

5.2.1 Governance

Peel Ports Group has made a number of steps towards effective governance in relation seeking to assess and manage climate related risks and opportunities, with the progress to date set out in this section.

The following diagram provides an overview of the governance framework, which is explained further below.



STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.1 Governance (continued)

The Board's oversight of climate related risks and opportunities

Governance Structure	Climate-related role
Board of Directors ('the Board') As explained in the Section 172 Statement in Section 7, the Board includes representatives from each of the Group's three shareholders, who are all fully committed to the Group's role in helping to tackle the global climate emergency.	• Oversees all aspects of Environmental, Social and Governance ('ESG') matters with ultimate responsibility for determining strategy and key focus areas. • Receives climate-focused updates throughout the year. • The objective of achieving Net Zero by 2040 was a principal decision taken by the Board in the prior financial year. • Approves the Group's Strategic Five Year Business Plan, which includes climate-related strategies, the annual budget and capital expenditure proposals that include climate-related considerations, such as energy usage.
Audit, Risk and Treasury Committee ('ARTCo') Includes shareholder representatives as committee members and the chairperson. The ARTCo meets four times per year and is a sub-committee of the Board.	• Oversees the Group's financial statements and non-financial disclosures, including climate-related disclosures. • Additionally, the ARTCo supports the ESG strategy by ensuring risks, including climate-related risks and opportunities, are effectively assessed and managed. The Chief Financial Officer ('CFO'), who is a Director of the Company and attends Board meetings, is responsible overall for the Group's risk register, which includes environmental and climate change risks, and this is annually presented to and review by the ARTCo at least annually, or more frequently if there are significant changes or events that indicate a more timely review is required.
ESG Committee The ESG Committee, which is a sub-committee of the Board, is chaired by a shareholder representative Director on a rotating basis, and is attended by members of the management team. The Committee meets four times per year.	• Exercises the Board's oversight and review of ESG practices and strategy of the Group. • Reports regularly to the Board on progress against ESG ambitions, climate strategy and related commitments. • Approves the Group's five-year ESG Strategy Framework[10]. • Advises the Board on the Group's ESG strategy, including objectives and targets on an ongoing basis. The Committee is responsible, on an ongoing basis, for reviewing and developing the Group's ESG strategy. • Reviews the Group's ESG-related risks and associated mitigating actions, and provides advice to the Board on the Group's ESG risk management. • Advises the Board on the Group's approach to carbon and greenhouse gases reduction strategy. • Reviews the integrity of the Group's systems to capture and process ESG data.

[10] The current framework is for the five-year period from 2023 to 2028.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.1 Governance (continued)

Management's role in assessment and management of climate-related risks and opportunities

Governance Structure	**Climate-related role**
Chief Executive Officer ('CEO') and Management Team	• The CEO, who is a Director of the Company and attends meetings of the Board, has responsibility for implementation of the Group's ESG strategy, including climate related risks and opportunities, with support from the Executive Management Board and the wider management leadership within the business. The CEO and CFO provide regular verbal and written updates to the Board in this respect.
EHS Committee Meeting on a monthly basis, the EHS Committee reports into the Executive Management Board.	• Approves the Group's Three Year EHS Strategy and the annual EHS plan that puts the strategy into effect, which contains actions and targets set out across various environmental areas, including climate change. The current Three Year EHS Strategy runs from 2022 to 2025. • Oversees progress made against targets set out in the annual EHS plan.
Climate Change Steering Committee The Climate Change Steering Committee is a sub-committee of the Executive Management Board. Chaired by a member of the Executive Management Board, the Committee comprises leaders from across the business.	• Assesses climate-related issues throughout the year. • Develops plans for delivering and embedding the ESG strategy across the Group, to monitor and track progress against the plans, to support Group leadership and functions on climate-related matters, and makes recommendations to the Board. • Separate workings streams are set up, if required, to address particular issues in more detail, such as: o Group Climate Change Strategy o Decarbonisation Plan o Mitigation Workstreams ▪ Shore-side power ▪ Alternative low carbon fuels ▪ Energy management ▪ Electrification of fleet ▪ Renewable power ▪ Adaptation Workstreams o Climate change risk assessment o Climate change adaptation changes • In 2023, the Committee commissioned a third-party report to support the Group's assessment of the physical risks arising from climate change and its adoption of TCFD framework requirements.

Processes used to inform management

An EHS dashboard, including climate-related metrics, has been developed and presented at each meeting of the EHS and ESG Committees. Development of the dashboard will continue alongside the ongoing process of identifying and evaluating climate change risks and opportunities and risk mitigation measures, to ensure that it records the most appropriate metrics.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.1 Governance (continued)

Group ESG Policy, Group Climate Change Policy Statement and Environmental Policy

The Group's ESG Policy, Climate Change Policy Statement and Environmental Policy establish the framework for ensuring that environmental and sustainability issues are considered in financial and non-financial decision making, that the Group continues to assess and plan for the impact of climate change, and that climate change considerations are integrated into the business as a whole; this is to ensure the Group continues to work towards achieving Net Zero in greenhouse emissions in its Ports segment by 2040 and within its Shipping segment by 2050.

The ESG Policy commits to the continuous improvement of performance with monitoring and reporting of the Group's performance against ESG targets through an annual sustainability report. The Climate Change Policy Statement commits to reporting on the Group's climate change risks and opportunities in order to ensure business resilience with climate change. The Environmental Policy additionally requires us to prepare, publish and monitor environmental objectives and targets with the aim of continual improvement.

5.2.2 Strategy

Ports are inherently vulnerable to the effects of climate change, including rising sea levels, storm surges and coastal erosion amongst other potential hazards. Resilience of climate change is of increasing importance to port operators, who must anticipate potential climate impacts and protect port assets, local ecosystems, and supply chains.

Amongst potential generic and global physical and economic implications of climate change, sea level rise is the most frequently cited impact on ports which may result in direct impacts to harbour infrastructure. Rising sea levels, together with associated increase in wave length, increase in both frequency and intensity of rainfall events, increased risk of flooding, and rise in both average summer and winter temperatures might impact the operations of the Group, such as navigation, loading and unloading of cargoes and disruption in transport, energy and telecoms networks, cause damage to the Group's assets, and impact staff welfare.

The Group's identification of physical climate change risks has been supported by a third-party report commissioned by the Climate Change Committee. The project to prepare the report was undertaken based on the CCRA Guidelines (Equator Principles, 2020) and the TCFD framework (TCFD, 2017).

Due to the inherent uncertainty, the climate-related risks are monitored across multiple time frames and climate change scenarios: The scenarios are based on those developed by the Intergovernmental Panel on Climate Change (IPCC), which published its Sixth Assessment Report (AR6 in 2022). The AR6 assessment is based on a set of five illustrative emissions scenarios called Shared Socio-economic Pathways (SSPs), that cover the range of possible future development of the anthropogenic drivers of climate change. The time frames selected reflect the Group's business Planning timeframes.

Timeframes		**Climate change scenarios**
Short-term (S):	2023 – 2028	**Scenario 1:** Low emissions, net zero by 2075.
Medium-term (M):	2028 – 2048	**Scenario 2:** Emission levels maintained to 2050, > 2°C warming by 2100.
Long-term (L):	2048 – 2078	**Scenario 3:** Emissions double by 2100.
Far Future (F):	2078 – 2123	**Scenario 4:** Emissions triple by 2100, warming of >4°C by 2100.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.2 Strategy (continued)

Physical climate change risks to Peel Ports assets and operations have been identified for each physical climate change hazard, considering the combination of impact and likelihood. The matrix below was used to assess and identify the most significant risks:

Likelihood	Impact				
	Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Almost certain	Low	Moderate	High	Extreme	Extreme
Likely	Low	Moderate	Moderate	High	Extreme
Moderate	Low	Low	Moderate	High	Extreme
Unlikely	Low	Low	Moderate	Moderate	High
Very unlikely	Very Low	Low	Low	Moderate	Moderate

The assessment of likelihood ranges from "very unlikely", which is considered to be a 1 in 1000 years event, to "almost certain", considered to be a 1 in 5 years event. The "moderate" likelihood considers the risk to be 1 in 50 years.

The impact assessment ranges from "insignificant", which would mean no damage, no adverse effect on the surrounding environment and no additional costs, through to "catastrophic", which would reflect permanent damage requiring replacement of a major asset, a severe lasting effect on a port's ability to operate and/or a very significant adverse effect to the surrounding environment requiring remediate and restoration. The "moderate" impact would suggest limited damage requiring maintenance or repairs, a limited short-term impact on port operations and/or an adverse effect to the surrounding environment.

The priority risks, identified in the tables below, can be summarised as follows:

- The highest priority risks mainly relate to flooding, including extreme sea levels, storm surges, river flows and heavy rainfall, which can all cause direct damage to buildings, infrastructure or cargoes, or result in operational downtime or causing a loss of power. The flooding risks vary for each location depending on the specific port layouts, types of assets and operations.
- The risk of higher sea levels increases the frequency and severity of the flooding risks, as well as introducing some additional risks such as increased height of tidal surges, restricting the flow from drains or rivers, or risk of structural failures.
- The risk of high winds causing damage is a high priority risk for all locations in the medium term.
- Extreme high temperatures affecting staff welfare, damaging infrastructure or affecting operations are high priority risks for all locations in the long term.
- The risk assessment considered data for four climate change scenarios, although there was found to be relatively limited variation between the scenarios over the next 50 years. For most physical climate change risks, gradual change is expected up to 2060, with more rapid change after that time. The scenarios diverge in the Far Future timeframe (to 2100).
- Most risks have a low priority for action in the short term, but become more significant in the longer term, particularly sea level increases and the risk of drought. These risks will therefore be considered in planning decisions about long-term issues that may need to be taken in the short to medium term.

For those physical climate change risks considered to be 'high' or 'extreme' using the above matrix, the tables below set out the identified risk by scenario.

Because of the geographical spread of the Group's ports, and the different type of port operations within the Group's portfolio, the majority of the physical risks identified will adversely affect at least one of the Group's ports under Scenario 1 and all will affect at least one of the Group's ports when Scenario 2 is considered.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.2 Strategy (continued)

Physical Risks under Scenario 1 (Low emissions, net zero by 2075)

Scenario 1 is currently considered to be less relevant for the assessment of physical climate change risks, due to the assessment that the present day situation is somewhere between Scenario 2 and Scenario 4.

Time	Climate Hazard	Physical Risk
S	Extreme sea levels / storm surges, river flows or rainfall	• Flooding. • Damage to buildings, infrastructure or other assets, including power and / or IT systems, and/or goods and cargoes.
M	Extreme sea levels / storm surges, river flows or rainfall Increased wind speeds	• Port restricted access, causing operational downtime. • Drainage systems overwhelmed. • Vessels becoming lodged within canals or rivers, resulting in delays, blockages or damage to infrastructure. • Damage to core infrastructure, including lock gates, piers etc.
L	Extreme sea levels / storm surges or river flows Extreme wave conditions	• Road/rail closure or damage, adversely affecting movement in and out of ports. • Flooding, and damage to buildings, infrastructure or other assets, caused by wave overtopping.
F	Extreme high temperatures Extreme sea levels Drought conditions Increasing average temperatures	• Damage/delays to rail operations due to expanding (internal) rail tracks. • Rail or road closures, affecting external movement to & from port locations. • Operation of lock gates or lifting bridges e.g. due to faults in hydraulic or mechanical equipment, causing damage and/or operational downtime. • Increased hydrostatic loading on infrastructure, reducing life and increasing risk of failure. • Reduced operational range of berthing infrastructure, ramps and pontoons. • Structural stability of quays affected by extreme low water levels. • Loading and unloading operations significantly affected, as operators need to take more frequent breaks.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.2 Strategy (continued)

Physical Risks under Scenario 2 (Emission levels maintained to 2050, > 2°C warming by 2100)

These additional risks were identified as 'high' or 'extreme' risks for the Medium emissions scenario.

Time	Climate Hazard	Physical Risk
F	Extreme high temperatures	• Thermal discomfort and/or overheating, increased cooling demand, staff welfare. • Damage to control and telecoms infrastructure and associated operational downtime.
	Drought conditions	• Ability of vessels to navigate waterways adversely affected by low water levels. • Water supply shortages, adversely affecting the provision of essential services such as fire protection, sanitation and vessel maintenance.
	Increased frequency of heavy rainfall	• Flooding of service ducts, which could cause outage of IT systems.

'High' and 'extreme' physical risks identified in Scenarios 1 and 2 above would all be applicable to high emissions scenarios 3 and 4 and would affect at least one of the Group's ports.

Transition Climate Change Risks

In addition to the Physical Risks identified above, the following Transition Risks have also been identified:

Time	Theme	Transition Risks
S-M	Policy and legal	• Enhanced reporting regulations. • Increasing costs of analysing and gathering climate mitigation-related data.
	Technology	• Barriers to deployment of fossil-fuel alternatives. • Speed of innovation needed to support ambitious targets.
	Market	• Increasing customer demand for green, low-carbon solutions.
	Reputation	• Increased stakeholder concern or negative feedback. • Potential difficulties in recruiting or retaining employees concerned with climate change if sufficient progress isn't made. • Risk to revenue and investment streams as customers and investors increasingly expect high levels of sustainability performance.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.2 Strategy (continued)

Climate-related opportunities

Achieving Net Zero by 2040, and working towards the global imperative to tackle climate change, has also produced, and will continue to produce opportunities across the Group's operations. The climate-related opportunities aligned with the Group's business-model for long-term sustainable growth are presented in the table below.

Time	Theme	Climate-related opportunities
S-M	Markets	• Increased demand for renewable energy. • Shift to green / blue economies. • Positive reputational benefits from visible climate adaptation and improved resilience.
	Products/Services	• Increased demand for green/low-carbon logistics solutions. • Net Zero warehousing and storage facilities.
	Energy Source	• Shift from fossil fuels to renewable energy.
	Resource Efficiency	• Expansion of solar and wind energy production.

Further analysis to be undertaken

The Group is undertaking further analysis into the potential impact of climate change and the transition to a lower carbon economy to types of commodities handled or services offered by the Group, potential significant legal, technology and market changes, and their effects on each port.

In addition, the Climate Change Committee are evaluating the recommendations of the Physical Climate Change Risk Report and further work in this regard is likely to enhance the identification, impact and reporting of climate-related risks. This work will also better refine the potential financial risk to the business of a physical hazard. Resilience/adaptation reports will be developed and costed to mitigate the risk.

The outputs from this further work will be reflected in future annual reports.

The impact of risks and opportunities on strategy

The identification and evaluation of opportunities is additionally aligned with the Strategic Five Year Business Plan and annual budget processes and will evolve over time, particularly as customers and markets develop their own climate change responses. The outcomes from the Physical Climate Change Risks Report, and the further analysis referred to above, will be used to inform the Group's financial planning, including in respect of capital expenditure proposals.

Consideration of identified risks when preparing the annual accounts

It is acknowledged that identified risks need to be considered when preparing the annual accounts, particularly in respect of judgements and estimates applied. At this stage, the Group does not consider that asset values or useful economic lives need to be amended based on the initial scenario analysis report. Further work will be undertaken to evaluate, and validate, the identified risks alongside planned mitigation measures to allow appropriate conclusions to be reached with respect to the accounting for existing tangible fixed assets.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.3 Risk Management

Identifying and assessing climate-related risks and opportunities

The Climate Change Committee has the primary responsibility for identifying climate-related risks and opportunities. Material climate-related risks form part of the Group's risk register, which is the responsibility of the CFO, and this is presented to, and reviewed by, the ARTCo at least annually (or more frequently if appropriate). In addition, material and emerging climate risks facing the Group are reviewed by the EHS Committee initially and, where appropriate, the ESG Committee, which in turn reports into the Board of Directors.

Physical Risks

In the year ended 31 March 2023, the Climate Change Committee commissioned a third party prepared Climate Change Risk Assessment ('CCRA') report to evaluate the physical risks to each of the Group's port operations on a location-by-location basis. The outputs of the CCRA have been summarised in this report. The Climate Change Committee is now evaluating the report and establishing the subsequent actions to refine the priority risks, understand the exposure and vulnerability of key assets and develop an adaptation plan to map out proportionate future actions to mitigate risk.

The risk assessment is designed to be updated as new information becomes available or as business priorities change, including the release of updated climate change projections.

Transition Risks

As noted in 5.2.2, further work is planned to develop the process for identifying and assessing Transition Risks, including regular updates on new and developing legislation, and incorporating regular reviews of Transition Risks so that they can be updated as new information becomes available.

Managing climate-related risks and opportunities

The overarching responsibility for the management of climate-related risks and opportunities sits with the Board. It has delegated the day-to-day responsibility for this to the Chief Executive Officer and, by extension, the management team through his chairing of the Executive Management Board (all of whom report directly into the Chief Executive Officer), in line with the structure explained in the Governance section.

The Climate Change Committee, which is chaired by a member of the Executive Board, informs management of climate-related risks and appointments through their ongoing identification and monitoring. As noted above, the Committee has appointed environmental consultants to further facilitate the identification of climate-related risks and to assist with the development of mitigation solutions and/or further actions to validate those risks.

Group policies have been established in respect of ESG, Environmental and Climate Change matters, among others. These are communicated prominently within the business, including on the intranet and within the annual EHS Plan that is made available to all employees. The EHS Committee is responsible for maintaining and re-issuing the policies in line with the EHS three year strategy and annual plan, with updated policies recommended to the Executive Management Board for issuance to the wider Group and, where deemed appropriate, presented to the ESG Committee. These policies are signed on behalf of the Board by the Chief Executive Officer, and where deemed appropriate, presented to the ESG committee.

Any breaches of policies, including climate-related, are reported to the EHS Committee. Where they are material, these will be reported to the ESG Committee, which is a sub-committee of the Board and chaired by shareholder representatives.

The identification, and recommended mitigation of, climate-related risks, and the identification of climate-related opportunities are used to inform the Group's five-year business planning and annual budget processes, including particularly where financial investment is required to support the mitigating actions or to secure the potential opportunities. The approval of the Business Plan and annual budget are the principal decisions taken by the Board.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.4 Metrics and Targets

The Group uses a range of metrics to measure and manage climate-related risks and opportunities.

In 2021, the TCFD identified seven recommended cross-industry climate metric categories that organisations are encouraged to disclose metrics and targets under. These are: GHG Emissions, Transition Risks, Physical Risks, Climate-Related Opportunities, Capital Deployment, Internal Carbon Prices and Remuneration. The implementation of these metrics and the evolution of methodologies is part of the strategy for developing our response to climate-related issues and opportunities. We have reported against the TCFD recommended categories, where alignment with our current reporting metrics exists within the table below. There are currently no metrics in the TCFD areas of Remuneration or Internal Carbon Prices. Where metrics have been aligned in the other five areas, further refinement of these, and the associated targets, are expected and will be included in subsequent TCFD framework reports.

Disclosure of Scope 1, Scope 2, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

The Group's Scope 1 and 2 GHG emissions have been publicly reported since the implementation of the UK Government's Streamlined Energy and Carbon Report ('SECR') on 1 April 2019.

Prior year Scope 1 and Scope 2 emissions have been verified by external consultants and the Group is in the process of measuring its Scope 3 emissions, which are those for which the Group is indirectly responsible. As with most businesses, the Group's Scope 1 and 2 emissions will likely be dwarfed by its Scope 3 emissions. However, gathering accurate data on these emissions is a complex undertaking and work is underway to establish an accurate baseline to allow a credible reduction target to be set.

Targets used to manage climate-related risks and opportunities, and performance against targets

Although the targets and policies set out in the tables below are largely qualitative, the Group aims to set out quantifiable targets and measurement policies for climate-related risks concurrently with the additional analyses on potential climate change impact referred to above.

Metrics, Targets and Progress Mapped to TCFD Cross-Industry Climate-Related Category

GHG Emissions

Metric	Targets	Progress
Energy Consumption – MWh GHG Emissions – tCO2 Energy Intensity - tCO2 per thousand tonnes On-site Renewable Energy - MWh	By 2024, to have measured Ports segment Scope 3 emissions and set a target to reduce these. By 2023, to have reduced Scope 1 and 2 emissions over which the Ports segment has operational control by 50%[11]. By 2030, 50% of the energy provided to our ports and tenants to be renewable. Ports segment to be Net Zero (Scope 1 and 2 emissions) by 2040 Shipping segment to reduce its Scope 1 and 2 emissions over which it has operational control by at least 42% per tonne of goods per kilometre moved by 2030[12].	Scope 1 and 2 emissions publicly reported for the Ports segment since the implementation of the UK SECR reporting requirements on 1 April 2019. In the year ended 31 March 2023, energy used has decreased by 21.1% from prior year and totalled 114,168 MWh. Total Scope 1 and Scope 2 greenhouse emissions decreased by 47.3% to 18,067 tCO2 from prior year with the intensity ratio decreasing from 0.57 to 0.31 tC02 per thousand tonnes.

[11] Compared to a 2020 baseline on an absolute emissions basis using a market-based method.

[12] Compared to a 2020 baseline using a market-based method.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.4 Metrics and Targets (continued)

Metrics, Targets and Progress Mapped to TCFD Cross-Industry Climate-Related Category (continued)

Transition Risks

Metric	Target	Progress
ISO 14001 Certification ISO 50001 Certification	100% of port operational facilities to be certified to ISO 14001 standard[13] by 2024. Group certification to ISO 50001[14] during the year ending 31 March 2024.	76% of the port operational facilities have received the ISO 14001 accreditation with the remainder to be certified during 2024. The Stage 1 ISO 50001 audit was successfully completed in May 2023. Full certification is targeted by the end of March 2024.
Number of suppliers signed up the Group's Supplier Code of Conduct, which outlines ethical and environmental practices	To extend the percentage of suppliers of operational and capital expenditure who have signed up to the Supplier Code of Conduct. To develop the Supplier Code of Conduct to include waste management and further compliance requirements in 2024.	Over 70% of the supplier base have signed up to the existing Supplier Code of Conduct, including all major suppliers and labour providers.

Physical Risks

Metric	Target	Progress
Physical Climate Risk Assessment	By 2023, undertake Physical Climate Risk Assessment	Physical Climate Risk Assessment report completed by third-party consultant; now being evaluated by the Climate Change Committee.
Port climate adaptation plans	By 2025, produce port climate adaptation plans.	The Group has engaged external consultants to assist in producing the climate adaptation plans.

[13] ISO 14001 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organization can follow to set up an effective environmental management system.

[14] ISO 50001 is a widely recognised system of energy management modelled on continuous improvement.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.4 Metrics and Targets (continued)

Metrics, Targets and Progress Mapped to TCFD Cross-Industry Climate-Related Category (continued)

Climate-Related Opportunities

Metric	Target	Progress
Energy efficiency of buildings	By 2024, implement a strategy to ensure all new buildings have an EPC rating of B, and create a plan to ensure all existing buildings have a rating of C by 2028.	The Group is in the process of identifying the buildings in scope with a target to set the baseline position and by 31 March 2024 appoint the contractors who will carry out the works.
Climate-related waste management strategies	By 2024, measure waste quantities across all business areas and create a performance target for waste reduction, reuse and recycling.	Starting in October 2022, the Group has partnered with a third-party waste and environmental specialist to manage sustainable waste operations across the Port of Liverpool and the Manchester Ship Canal. The initial stage is to adapt existing processes to an acceptable measurable baseline against which targets can be set, to drive an increase in recycling performance and to reduce carbon emissions and costs related to waste collection. This model will then be added to complement operations at other port operations to establish a standard baseline and set of targets for each of the Group's ports.
Collaboration on projects to drive innovation with industry and educational institutions	Collaboration on 15 innovative projects by 2028.	Initiative launched in April 2023.

STRATEGIC REPORT (CONTINUED)

5. CLIMATE CHANGE (CONTINUED)

5.2 Climate Change Disclosures Aligned with the TCFD Framework (continued)

5.2.4 Metrics and Targets (continued)

Metrics, Targets and Progress Mapped to TCFD Cross-Industry Climate-Related Category (continued)

Capital Deployment

Metric	Target	Progress
Investment deployed towards Net Zero aligned projects and opportunities	Increased investment and deployment of projects aligned to Net Zero opportunities	Investment has been made in Net Zero initiatives such as the installation of charging infrastructure, making owning electric vehicles more accessible to employees and visitors to the ports, and developing rail infrastructure to reduce road volumes. During the current Strategic Business Plan period ending on 31 March 2025, further investment is planned in extending rail connectivity and other Net Zero Initiatives such as installation of solar panels and energy saving proposals.

Net zero standards and assumptions

The Group has engaged with external consultants to ensure its net zero targets are fully aligned with climate science. Specifically, the Group ensures its targets align with the net zero standard defined by the Science Based Targets Initiative (SBTi).

Carbon offsetting does not represent a significant part of the Group's target to achieve net zero. Additionally, while technological innovation will play an important role in helping the Group to achieve net zero, the targets set do not assume any significant step change in technology.

6. 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.

	2023	2022
	MWh	MWh
Energy used to calculate emissions	114,168	144,692
	tC02	tC02
Greenhouse gas emissions from:		
- combustion of gas	634	983
- combustion of fuel for transport purposes	6,874	17,993
- employees' business travel where the company is responsible for buying the fuel	-	-
- purchased electricity	10,559	15,298
Total emissions	18,067	34,274

STRATEGIC REPORT (CONTINUED)

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

	2022 tC02 per thousand tonnes	**2022** tC02 per thousand tonnes
Intensity ratio[15]	0.31	0.57

The year-on-year decrease in energy usage, greenhouse gas emissions and the intensity ratio reflects the energy efficiency actions implemented during the year, as outlined in section 5.1.

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 Section 5 above, the Group's three year plan includes initiatives to extend the use of technology and energy efficiency solutions in order to reduce the Group's carbon footprint, with specific targets and their measurement set out in section 5.2.4.

7. 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.

[15] The intensity ratio is the total emissions of 18,067 tC02 (2022: 34,274 tC02) divided by the 58,000 tonnes (2022: 60,000 tonnes) handled by the Group's UK and Irish port operations.

STRATEGIC REPORT (CONTINUED)

7. SECTION 172 STATEMENT (CONTINUED)

As the Board of Directors includes representatives of the Group's three shareholders[16], Australian Super, Lemon 2021 Ltd (a joint venture between APG Infrastructure and Global Infrastructure Partners) and Peel Group, 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. To support directors and assist them in complying with their duties, management provides feedback on their engagement with relevant stakeholders when matters are put forward for Board consideration.

The Executive Management Board is chaired by the Chief Executive Officer and attended by the Chief Financial Officer, both of whom are also directors of the Company and attend meetings of the Board. The Executive Management Board also comprises senior group management, including the Group Director overseeing Environmental, Health and Safety 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 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

The principal decisions are considered 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. The Board's principal decisions have been grouped 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 three year business plan); and
- Group statements (the approval of the Group's modern slavery statement and gender pay report).

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[16] 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 AS Infra PP Pty Ltd (Australian Super), Lemon 2021 Ltd, an entity jointly owned by Lepiri Investments Holdings B.V. (APG Infrastructure) and GIP IV Morse Holdco Ltd (Global Infrastructure Partners) and Peel Ports Investments (IOM) Limited (Peel Group).

STRATEGIC REPORT (CONTINUED)

7. SECTION 172 STATEMENT (CONTINUED)

Principal decisions taken by the Board (continued)

Principal decisions taken by the Board during the year ended 31 March 2023, and how they have had regard to the interests of stakeholders, include:

Approval of the three year business plan

The Board has approved the updated existing three year business plan, covering the period from 1 April 2022 to 31 March 2025. In addition to setting challenging growth targets, the business plan also incorporates initiatives designed to support other business priorities, including the objective of becoming a Net Zero company by 2040.

Approval of the annual pay award

The Board annually approves the annual pay award for the Group's employees. Like many companies in the current period of high inflation, the Board has to balance a number of competing considerations in reaching its conclusion. Following the 2022 pay award communications, the Group experienced a period of industrial action at the container terminals at the Port of Liverpool by members of Unite the Union. The action from September to November 2022, which disrupted container operations, was concluded following a period of constructive negotiation and an increased pay award. Following the conclusion of the industrial action, the Group and Unite the Union committed to work in partnership to support key customers and restore confidence in operations at the Liverpool container terminals. The Board recognises that the high inflationary environment is challenging for many people and businesses. Growing the business allows the Group to both retain existing and recruit new employees and to create greater opportunities for pay increases, with the Group's commitment to annual pay increases over the last decade being reflective of the strong growth that the Group has delivered.

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.

As set out in section 2.1, the Group invested a total of £135.2m (2022: £122.8m) in net capital expenditure in the year ended 31 March 2023[17].

During the year ended 31 March 2023, the Board approved a number of proposals to invest in port assets that directly and indirectly support customers who use those ports. This included investment in new straddle carriers at the Port of Liverpool, the enhancement of core infrastructure assets across the Group's ports and the redevelopment of Inchgreen, part of Clydeport in Scotland, in collaboration with Inverclyde Council.

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.

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[17] Net capital expenditure of £135.2m (2022: £122.8m) is the sum of payments to acquire tangible fixed assets of £136.0m (2022: £127.2m) less receipts from the sale of tangible fixed assets of £0.8m (2022: £4.4m).

STRATEGIC REPORT (CONTINUED)

7. SECTION 172 STATEMENT (CONTINUED)

Stakeholders

Details of the Group's key stakeholders and how we engage with them, and have regard to, 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. The Group undertakes periodic environment, health and safety "climate surveys" amongst its employees. This feedback from our employees allows the Group to continuously improve and develop, particularly in relation to its health and safety processes and practices. In March 2022, the Unite National Officer joined the Group's Environment, Health and Safety Committee in order to further enhance engagement with employees on health and safety priorities.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits. Pages 7 and 8 set out steps that the Group have taken with respect to ensuring the health and well-being of our employees.

Examples of ways in which the Group has responded to the expectations of employees include 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. In February 2023, aligned with celebrating the National Apprenticeship Week, the Group announced that it had become a member of The 5% Club. This is a committed group of employer members that exists to increase the number, quality and range of "earn & learn" opportunities across the UK.

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.

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. The Group takes seriously its 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.

STRATEGIC REPORT (CONTINUED)

7. SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

Suppliers (continued)

The Group has 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.

The Group's procurement function is accredited to the Chartered Institute of Procurement and Supply's (CIPS) Corporate Ethics Mark, which reflects that team members are trained in ethical sourcing and supplier management and that the team adopts ethical values in how it sources and manages suppliers.

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 number of people from the 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.

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. Further information on the Group's response to climate change can be found in Section 5.

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.

STRATEGIC REPORT (CONTINUED)

7. SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

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. 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.

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

C Veritiero
Director
7 July 2023

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 £138.9m (2022: £88.9m). A final dividend of £64.5m (2022: £54.5m) has been proposed.

DIRECTORS

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

T E Allison (Chairman, representing Peel Group)
M Byrne (representing AustralianSuper)
I G L Charnock (resigned 1 April 2022) (previously Chief Financial Officer)
P M Iley (representing Lemon 2021 Limited – Global Infrastructure Partners)
M J Llewellyn (representing AustralianSuper)
L McIntyre (appointed 1 July 2023) (Chief Financial Officer)
I McLaren (appointed 30 May 2022; resigned 19 June 2023) (previously Chief Financial Officer)
R C Smith (representing Lemon 2021 Limited – Global Infrastructure Partners)
S Underwood (representing Peel Group)
C Veritiero (appointed 1 April 2022) (Chief Executive Officer)
J A Walsh (representing AustralianSuper)
J Whittaker (representing Peel Group)
J P Whittaker (resigned 1 April 2022) (representing Peel Group)
M Whitworth (resigned on 23 May 2023) (previously Chairman)
J J van Wulfften Palthe (representing Lemon 2021 Limited – APG Infrastructure)

On 25 May 2023, M Whitworth stood down as Chairman of the Group. T E Allison was appointed as Chairman of the Group on the same date and continues to represent Peel Group.

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.

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

C Veritiero
Director
7 July 2023

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 2023 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 2023 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and company balance sheets, the Consolidated statement of changes in equity, the Company statement 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 are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 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 Report and Financial Statements, 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.

We have nothing to report in this regard.

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

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

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to Ports and Docks, the financial reporting framework FRS 102 and the relevant tax compliance regulations in the jurisdictions in which the group operates;
- We understood how Peel Ports Group Limited is complying with the relevant frameworks by making enquiries of management and those responsible for legal and
- compliance procedures. We corroborated these enquiries through review of Board minutes, as well as observation in Audit Committee meetings;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment;
- Agreement of financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of derivatives, valuation of defined benefit pension schemes, provisions and revenue recognition;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, unusual manual journals to revenue, unusual manual journals to cash or including specific keywords;
- Testing a sample of one-off revenue transactions to ensure revenue has been recognised appropriately on these contracts;
- Testing a sample of revenue around the year end to ensure revenue has been recognised in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of Board meetings throughout the period; and
- Made specific enquiries with component teams to confirm any non-compliance with laws and regulations. There were no significant instances of non-compliance with laws and regulations.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

This report is made solely to the Parent Company's directors, as a body, in accordance with our engagement letter dated 11 May 2023. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Stuart Wood
D8CD362D513C4D9...

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

7 July 2023

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 2023

	Note	2023 £m Total	2022 £m Total
GROUP TURNOVER	5	696.3	617.8
Other cost of sales		(406.1)	(357.5)
Exceptional items	8	-	(5.0)
Cost of sales		(406.1)	(362.5)
GROSS PROFIT		290.2	255.3
Other administrative expenses		(62.1)	(54.1)
Exceptional items	8	-	(10.8)
Administrative expenses		(62.1)	(64.9)
GROUP OPERATING PROFIT	6	228.1	190.4
Share of operating profit of joint ventures	13	0.5	-
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES		228.6	190.4
Net interest income/(expense)	9	168.7	(123.8)
PROFIT BEFORE TAXATION		397.3	66.6
Taxation	10	0.2	(7.5)
PROFIT FOR THE FINANCIAL YEAR		397.5	59.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Profit for the financial year		397.5	59.1
Other comprehensive (expense)/income:			
Remeasurement of net defined benefit liability	20(a)	(3.1)	47.9
Currency translation differences		1.5	(0.2)
Total tax on components of other comprehensive income/(expense)	10(d)	0.8	(0.3)
Other comprehensive (expense)/income for the year, net of tax		(0.8)	47.4
Total comprehensive income for the year		396.7	106.5
Total comprehensive income attributable to:			
- **Owners of the parent**		396.7	106.5

CONSOLIDATED AND COMPANY BALANCE SHEETS
As at 31 March 2023

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
FIXED ASSETS					
Intangible assets:	11				
- positive goodwill		56.8	46.3	-	-
- negative goodwill		-	-	-	-
		56.8	46.3	-	-
Tangible assets	12	1,474.8	1,429.1	-	-
Interest in joint ventures	13	0.2	-	-	-
Other investments	13	0.7	0.7	337.5	337.5
		1,532.5	1,476.1	337.5	337.5
CURRENT ASSETS					
Stocks	14	7.8	8.3	-	-
Debtors - due within one year	15	182.4	202.7	369.1	251.3
- due after more than one year	15	9.8	6.2	123.0	123.0
Cash at bank and in hand		177.7	108.1	-	-
		377.7	325.3	492.1	374.3
CREDITORS: amounts falling due within one year	16	(438.7)	(616.8)	(235.7)	(161.0)
NET CURRENT (LIABILITIES)/ASSETS		(61.0)	(291.5)	256.4	213.3
TOTAL ASSETS LESS CURRENT LIABILITIES		1,471.5	1,184.6	593.9	550.8
CREDITORS: amounts falling due after more than one year	17	(3,040.1)	(3,003.3)	(123.0)	(123.0)
Post-employment pension liability	20(a)	(41.8)	(49.5)	-	-
NET (LIABILITIES)/ASSETS		(1,610.4)	(1,868.2)	470.9	427.8
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		(1,493.7)	(1,751.5)	81.5	38.4
TOTAL EQUITY		(1,610.4)	(1,868.2)	470.9	427.8

The profit of the Company for the financial year was £182.0m (2022: £74.0m).

The financial statements of Peel Ports Group Limited (company registration number 5965116), were approved and authorised for issue by the Board of Directors on 7 July 2023 and signed on its behalf by:

C Veritiero
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Called-up share capital £m	Merger reserve £m	Profit and loss account £m	Total equity £m
As at 1 April 2021	389.4	(506.1)	(1,769.1)	(1,885.8)
Profit for the financial year	-	-	59.1	59.1
Other comprehensive income for the financial year	-	-	47.4	47.4
Total comprehensive income for the financial year	-	-	106.5	106.5
Dividends (note 21)	-	-	(88.9)	(88.9)
Total transactions with owners, recognised directly in equity	-	-	(88.9)	(88.9)
As at 31 March 2022	389.4	(506.1)	(1,751.5)	(1,868.2)
Profit for the financial year	-	-	397.5	397.5
Other comprehensive expense for the financial year	-	-	(0.8)	(0.8)
Total comprehensive income for the financial year	-	-	396.7	396.7
Dividends (note 21)	-	-	(138.9)	(138.9)
Total transactions with owners, recognised directly in equity	-	-	(138.9)	(138.9)
As at 31 March 2023	389.4	(506.1)	(1,493.7)	(1,610.4)

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Note	Called-up share capital £m	Profit and loss account £m	Total £m
As at 1 April 2021		389.4	53.3	442.7
Profit for the financial year		-	74.0	74.0
Total comprehensive income for the financial year		-	74.0	74.0
Dividends	21	-	(88.9)	(88.9)
Total transactions with owners, recognised directly in equity		-	(88.9)	(88.9)
As at 31 March 2022		389.4	38.4	427.8
Profit for the financial year		-	182.0	182.0
Total comprehensive income for the financial year		-	182.0	182.0
Dividends	21	-	(138.9)	(138.9)
Total transactions with owners, recognised directly in equity		-	(138.9)	(138.9)
As at 31 March 2023		389.4	81.5	470.9

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Cash inflow from operating activities	22(a)	296.2	281.0
Taxation paid		(1.1)	(0.5)
Net cash inflow from operating activities		295.1	280.5
Cash flow used in investing activities	22(b)	(158.9)	(123.3)
Cash flow used in financing activities	22(c)	(67.2)	(136.6)
Net increase in cash and cash equivalents		69.0	20.6
Cash and cash equivalents at the beginning of the year	23	108.1	87.8
Exchange gains/(losses) on cash and cash equivalents	23	0.6	(0.3)
Cash and cash equivalents at the end of the year		177.7	108.1
Cash and cash equivalents consist of:			
Cash at bank and in hand	23	177.7	108.1
Cash and cash equivalents		177.7	108.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 2023 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 and two year projections that support the going concern assessment. 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 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 reductions in variable staff and other variable costs to match reduced activity, a decreased level of capital expenditure or the deferment/cancellation of shareholder distributions;
- at the balance sheet date, the Group has net liabilities of £1,611.9m (2022: £1,868.2m) 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 £675.1m (2022: £931.3m);
- as at 31 March 2023, the Group had borrowings of £2,314.2m (2022: £2,161.3m), which are subject to covenant restrictions[18]. 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;

[18] Borrowings subject to covenant restrictions of £2,314.2m (2022: £2,161.3m) comprise bank loans of £943.7m (2022: £872.7m) and private placement loans of £1,370.5m (2022: £1,281.5m) and after adding back unamortised issue costs of £6.5m (2022: £7.1m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- during the year ended 31 March 2023, the Group drew down £350m of private placement debt with maturities ranging from 7 to 12 years, the raising of which had been completed in March 2022; this was used in part to repay US private placement notes that had been fixed at Sterling value of £220m by derivative financial instruments and that matured in December 2022. In addition, the Group raised an additional £77m through the extension of an existing loan;
- as at 31 March 2023, there is £101.2m of bank loans that are due for repayment in the year ending 31 March 2024 and a further £1.8m due for repayment in the six months ending 30 September 2024; all other loans and loan note instruments have repayment dates between 1 October 2024 and 30 September 2046. Subsequent to the year-end, an existing £2.5m facility was extended for a further five years and increased to £25.0m;
- in the year ended 31 March 2023, turnover from continuing operations increased by £78.5m to £696.3m and group operating profit before exceptional costs increased by £21.9m to £228.1m. 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 net tangible fixed asset additions of £135.2m (2022: £122.8m) (cash outflow)[19];
- as at the balance sheet date, the Group held £177.7m (2022: £108.1m) of cash balances and had undrawn loan facilities of £150.0m available and an overdraft facility of £10.0m; a further £130.0m of liquidity facility is available for the payment of interest;
- there is confidence that the Group has the resources and flexibility to respond timely to events as they occur; the Group's robust business model is underpinned by long-term customers with a high percentage of secure, and typically RPI-linked, revenue;
- management have concluded that the Group should generate sufficient EBITDA and cash to continue as a going concern and 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.

[19] Net capital expenditure of £135.2m (2022: £122.8m) is the sum of payments to acquire tangible fixed assets of £136.0m (2022: £127.2m) less receipts from the sale of tangible fixed assets of £0.8m (2022: £4.4m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

When a third-party is involved in providing goods or services to the Group's customers, consideration is given to whether the Group is a principal or an agent in these transactions by evaluating the nature of the commitment to the customer. The Group is a principal if it controls the promised goods or services before transferring them to the Group. If the Group's role is to arrange for a third-party to provide the goods or services, then the Group is acting as an agent and will record revenue at the net amount it retains for its agency services.

Shipping

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

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 2023

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.

Surpluses arising at a balance sheet date are recognised as assets only to the extent that it is considered probable that economic benefit will flow to the Group, whether through a refund or a reduction in future contributions. Where that is not considered to be the case, those surpluses are restricted.

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 decrease 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Government grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all conditions pertaining to the grant.

Grants are recognised in the profit and loss account on a systematic basis that matches the timing of the related expenditure that they are intending to compensate in line with the performance conditions of the grant funding. Where the performance conditions have not been satisfied, grants are credited to a deferred income account until they are.

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 2023

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 2023

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 war in Ukraine continues to cause disruption to global economies and this has created significant uncertainty for many 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.

Consideration has also been given as to the potential effects of climate change, with the Group's first climate change disclosures included in the Strategic Report, Section 5. At this stage, the Group does not consider that asset values or useful economic lives need to be amended based on the initial Physical Climate Change Risks Report, which evaluates the potential risks under different scenarios and timeframes, or that this constitutes a specific critical judgement. The useful economic lives of tangible assets is already considered a key source of estimation uncertainty. Further work will be undertaken to evaluate, and validate, the identified risks at a more detailed level alongside planned mitigation measures to allow appropriate conclusions to be reached with respect to the accounting for existing tangible fixed assets and the extent to which critical judgements may be required.

(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:

The Group has deferred tax not recognised of £43.8m (2022: £146.4m) relating to derivative financial instruments, £24.5m (2022: £10.5m) relating to corporate interest restrictions and has gross tax losses of £nil (2022: £25.9m) available to carry forward. Although these are available to offset future taxable profits, judgement is required as to whether to recognise a deferred tax on the balance sheet. This assessment considers whether it is probable that they will be utilised in the foreseeable future and takes into account considerations such as the likely availability of capital allowances arising from the Group's ongoing significant capital investment levels.

(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 2023 was £90.8m (2022: £81.3m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

(ii) Key sources of estimation uncertainty (continued)

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.

Where an accounting surplus arises at a balance sheet date, the Group considers whether it is probable that economic benefit will flow to the Group, whether through a refund or through reduced future contributions. Where this is not considered probable, the surplus is restricted. In the year ended 31 March 2023, £13.4m of surplus has been restricted (2022: £8.4m).

Further information on the Group's defined benefit pension arrangements can be found in note 20.

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 segment:	**2023 £m**	**2022 £m**
Continuing operations		
Ports	470.4	465.4
Shipping	225.9	152.4
	696.3	617.8

Within Ports, the Group operates a "value added model" business based on port-centric solutions that reflects the integral part the ports play in customer supply chains, with the objective of adding value at each touchpoint. As Statutory Harbour Authority (SHA) and Competent Harbour Authority (CHA) at the principal port locations, the Group derives revenue from the levying of dues for the use of harbours and the provision of services such as pilotage, mooring and towage. Within the port locations, short and long-term rentals in combination with other services, including additionally cargo handling, allow customers to benefit from the proximity of the ports to major cities, industrial areas and motorway networks. Logistics services, including chartering, agency and transport, extend the value chain offered by the Group. The Group does not distinguish between each of these elements of port turnover, which in combination support the objective of attracting and maintaining commodity volume throughput at each of the Group's ports.

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

Turnover does not include the Group's share of turnover arising from joint venture companies amounting to £29.0m (2022: £29.8m) (note 13(b)). Sales between segments are immaterial and are therefore not separately disclosed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. TURNOVER (CONTINUED)

Analysis of turnover by geography:	**2023 £m**	**2022 £m**
United Kingdom	453.6	454.8
Rest of Europe	242.7	163.0
	696.3	617.8

6. GROUP OPERATING PROFIT

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

	2023 £m	**2022 £m**
Amortisation of goodwill (note 11):		
Positive goodwill	11.5	12.0
Negative goodwill	-	(0.4)
Net goodwill amortisation	11.5	11.6
Depreciation (note 12)		
Depreciation - owned assets	90.4	80.9
Depreciation – leased assets	0.4	0.4
Total depreciation	90.8	81.3
Operating lease charges	80.9	63.4
Foreign currency gains	(1.3)	(0.2)

Foreign currency gains of £1.3m (2022: gains of £0.2m) include statutory unrealised foreign currency losses of £0.2m (2022: £0.6m) and trading foreign currency gains of £1.5m (2022: £0.8m).

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

	2023 £m	**2022 £m**
Fees payable to the auditor for the audit of the Group's annual financial statements	0.8	0.6

There are no non-audit fees payable to the auditor in each of the financial years presented.

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 (2022: £10,000) was borne by a subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

7. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed by the Group during the year was 1,243 (2022: 1,201).

The staff costs for the above persons were:

	2023 £m	2022 £m
Wages and salaries	67.4	58.4
Social security costs	7.1	6.1
Pension funds service and administrative costs (note 20(a))	1.3	1.4
Other pension costs - Group defined contribution pension schemes (note 20(b))	3.8	3.5
Total staff costs	79.6	69.4
Amounts capitalised	(5.3)	(5.7)
Staff costs charged to profit and loss	74.3	63.7

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:

	2023 £'000	2022 £'000
Emoluments	3,806	4,487
Amounts payable to third parties for directors' services	450	278
Group contribution to defined contribution pension schemes	4	4
	4,260	4,769

At 31 March 2023, retirement benefits are accruing to no directors (2022: one) under a Group defined benefit pension scheme and to one director under a defined contribution scheme (2022: 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.

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 £450,000 is payable in respect of the year ended 31 March 2023 (2022: £278,000) (see note 25).

The remuneration of the highest paid director was as follows:

	2023 £'000	2022 £'000
Emoluments	2,022	2,597
Group contribution to defined contribution pension schemes	4	4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

8. EXCEPTIONAL ITEMS

Above operating profit

	2023 £m	2022 £m
Restructuring	-	1.3
COVID-19 related costs	-	2.7
Other exceptional costs	-	11.8
	-	15.8
Cost of sales	-	5.0
Administrative expenses	-	10.8
	-	15.8

No exceptional items have been reported in the year ended 31 March 2023. Exceptional costs of £15.8m were reported in respect of the year ended 31 March 2022. These included £2.7m of additional operating costs that were necessary in order for the Group's ports to continue operating safely throughout the COVID-19 pandemic, £1.3m relating to streamlining and reorganisation of activities in the Group and £11.8m in connection to a settlement of a legal claim and aborted project costs

9. NET INTEREST EXPENSE

	2023 £m	2022 £m
a) Interest payable and similar charges		
Other interest on bank loans and overdrafts	62.9	65.7
Interest on private placement notes	51.4	43.1
Accretion on index-linked swaps (note 19)	75.1	39.3
	189.4	148.1
Bank loans, overdrafts and private placement notes		
Amortisation of debt issue costs (note 18)	3.2	3.5
9% subordinated redeemable loan notes payable to related parties (note 25)	11.1	11.1
	203.7	162.7
b) Interest expense on financial instruments measured at fair value through profit or loss		
Losses on derivative financial instruments (note 19)	49.1	58.6
Losses on retranslation of foreign currency loans (note 18)	-	13.5
	49.1	72.1
c) Other finance costs		
Net interest expense on post-employment benefits (note 20(a))	1.1	2.1
d) Interest receivable and similar income		
Interest receivable and similar income	(0.3)	(0.1)
e) Interest income on financial instruments measured at fair value through profit or loss		
Gains on derivative financial instruments (note 19)	(380.4)	(113.0)
Gain on retranslation of foreign currency loans (note 18)	(41.9)	-
	(422.3)	(113.0)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

9. NET INTEREST EXPENSE (CONTINUED)

	2023 £m	2022 £m
Net interest (income)/expense		
Total interest payable and similar charges (note 9(a))	203.7	162.7
Interest expense on financial instruments measured at fair value through profit or loss (note 9(b))	49.1	72.1
Other finance costs (note 9(c))	1.1	2.1
Interest receivable and similar income (note 9(d))	(0.3)	(0.1)
Interest income on financial instruments measured at fair value through profit or loss (note 9(e))	(422.3)	(113.0)
	(168.7)	123.8

	2023 £m	2022 £m
Movement in fair value of derivative financial instruments		
Change in fair value of derivative financial instruments recorded as interest income measured at fair value through profit or loss (note 19)	(331.3)	(54.4)
Increase in accretion on index-linked swaps (note 19)	75.1	39.3
	(256.2)	(15.1)

10. TAXATION

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

	2023 £m	2022 £m
Current tax:		
United Kingdom		
UK corporation tax	-	-
Foreign tax		
Corporation tax	0.5	0.6
Other current tax		
Adjustments in respect of previous years	-	-
Total current tax charge	0.5	0.6
Deferred tax:		
Origination and reversal of timing differences - United Kingdom	1.1	2.8
Adjustments in respect of prior years	(1.8)	-
Adjustments in respect of tax rates	-	4.2
Origination and reversal of timing differences – foreign tax	-	(0.1)
Total deferred tax (credit)/charge (note 10(d))	(0.7)	6.9
Total tax (credit)/charge (note 10(b))	(0.2)	7.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

10. TAXATION (CONTINUED)

b) Reconciliation of total tax (credit)/charge:

The tax assessed for the year is lower (2022: lower) than that arising from applying the standard rate of UK corporation tax of 19% (2022: 19%). The differences are explained below:

	2023 £m	2022 £m
Profit before taxation	397.3	66.6
Profit before taxation multiplied by the standard rate of UK corporation tax of 19% (2022: 19%).	75.5	12.7
Effects of:		
Expenses not deductible for tax purposes	(6.4)	0.5
Deferred tax not recognised	(67.8)	(9.7)
Differences in tax rates	0.5	4.2
Adjustments in respect of prior years	(1.8)	-
Adjustments in respect of foreign tax rates	(0.2)	(0.2)
Total tax (credit)/charge	(0.2)	7.5

c) Factors affecting future tax charges

The Government announced in the Budget on 3 March 2022 that the UK rate of corporation tax would rise to 25% from 1 April 2023. As a result, the deferred tax balances in these financial statements are stated at 25%.

d) Deferred tax

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

	2023 £m	2022 £m
Accelerated capital allowances	1.5	1.4
Short-term timing differences	1.8	(0.1)
Derivative contracts	-	0.4
Other fair value adjustments	(0.3)	(1.9)
Post-employment benefits	10.7	12.4
	13.7	12.2

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 2024 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

10. TAXATION (CONTINUED)

d) Deferred tax (continued)

Movements in deferred tax

	Asset £m
As at 1 April 2022	12.2
Credited to the profit and loss account (note 10(a))	0.7
Credited to other comprehensive income	0.8
As at 31 March 2023	13.7

As at 31 March 2023, the Group had deferred tax not recognised of £43.8m (2022: £146.4m) relating to derivative financial instruments, £24.5m (2022: £10.5m) relating to corporate interest restrictions and has gross tax losses of £nil (2022: £25.9m) available to carry forward.

Company

The Company has no deferred tax balances.

11. INTANGIBLE FIXED ASSETS

Group	Positive goodwill £m	Negative goodwill £m	Total £m
Cost			
As at 1 April 2022 (restated)	218.7	(8.4)	210.3
Additions (note 28)	22.0	-	22.0
As at 31 March 2023	240.7	(8.4)	232.3
Amortisation			
As at 1 April 2022 (restated)	172.4	(8.4)	164.0
Charge for the year	11.5	-	11.5
As at 31 March 2023	183.9	(8.4)	175.5
Net book value			
As at 31 March 2023	56.8	-	56.8
As at 31 March 2022	46.3	-	46.3

The cost and accumulated amortisation as at 1 April 2022 has been restated to remove the fully amortised goodwill of a business segment disposed of in a prior financial year. The goodwill had been fully amortised prior to the disposal.

Company

The Company has no intangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 2022	1,371.3	730.1	94.2	2,195.6
Additions	14.7	4.6	110.6	129.9
Disposals	(0.1)	(2.2)	-	(2.3)
Reclassifications	73.7	56.8	(130.5)	-
Arising on acquisition	13.1	8.3	-	21.4
Exchange differences	0.2	1.2	-	1.4
As at 31 March 2023	1,472.9	798.8	74.3	2,346.0
Depreciation				
As at 1 April 2022	433.7	332.8	-	766.5
Charge for the year	49.1	41.7	-	90.8
Disposals	(0.2)	(2.0)	-	(2.2)
Arising on acquisition	7.4	7.6	-	15.0
Exchange differences	0.1	1.0	-	1.1
As at 31 March 2023	490.1	381.1	-	871.2
Net book amount				
As at 31 March 2023	982.8	417.7	74.3	1,474.8
As at 31 March 2022	937.5	397.4	94.2	1,429.1

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £13.2m (2022: £13.2m).

The net carrying amount of assets held under finance leases included in plant and machinery is £0.5m (2022: £0.9m).

Non-depreciable land

Included within tangible fixed assets is freehold and long-leasehold land, which is not subject to depreciation, which amounted to £145.5m (2022: £144.9m).

Company

The Company has no tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

13. INVESTMENTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Subsidiary undertakings (note 13(a))	-	-	337.5	337.5
Joint venture undertakings (note 13 (b))	0.2	-	-	-
Other investments (note 13(c))	0.7	0.7	-	-
	0.9	0.7	337.5	337.5

a) Subsidiary undertakings

	Company
	£m
Cost and net book value	
As at 1 April 2022 and as at 31 March 2023	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 2022	-
Share of results for the year	0.5
Dividends received from joint venture undertakings	(0.3)
As at 31 March 2023	0.2

The turnover and net liabilities of the joint ventures amounted to £58.0m (2022: £59.6m) and £2.0m (2022: £0.4m) respectively, of which the Group's share is 50%.

In the year ended 31 March 2023, the Group did not recognise its share of the net loss of £2.2m (2022: profit of £2.8m) of a joint venture undertaking where the joint venture is in a net liabilities position. The Group's share of the net liabilities of the joint venture of £2.6m (2022: £0.4m) is not recognised as the shareholders' agreement does not place a legal obligation on either shareholder to fund. Both investors continue to support the joint venture undertaking and it is expected that the joint venture's results will continue to improve in the foreseeable future as the business continues to grow.

A dividend of £0.3m (2022: £nil) was received from Inchgreen Marine Park Limited, a joint venture undertaking, during the year ended 31 March 2023.

c) Other investments

	Group	Group
	2023	**2022**
	£m	**£m**
As at 1 April 2022 and as at 31 March 2023	0.7	0.7

Included within other investments is £0.7m (2022: £0.7m) of listed investments, which are recorded at the closing mid-market price on the London Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

14. STOCKS

	Group	
	2023	2022
	£m	£m
Raw materials and consumables	7.8	8.3

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		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade debtors	87.9	74.9	-	-
Amounts owed by subsidiary undertakings	-	-	369.1	251.3
Amounts owed by related undertakings (note 25)	13.7	7.1	-	-
Other debtors	20.6	10.2	-	-
Prepayments and accrued income	37.1	46.0	-	-
Derivative financial instruments (note 19)	6.1	49.6	-	-
Corporation tax	3.3	2.7	-	-
Deferred tax asset (note 10(d))	13.7	12.2	-	-
	182.4	202.7	369.1	251.3
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	123.0	123.0
Amounts owed by related undertakings (note 25)	4.0	4.1	-	-
Derivative financial instruments (note 19)	5.8	2.1	-	-
	9.8	6.2	123.0	123.0
	192.2	208.9	492.1	374.3

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 £3.6m (2022: £3.6m) 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 2023

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Bank loans	98.8	9.7	-	-
Private placement loans	2.3	268.4	-	-
Finance leases	0.2	0.2	-	-
Loans and other borrowings (note 18(b))	101.3	278.3	-	-
Trade creditors	42.5	49.0	-	-
Amounts owed to parent undertakings	104.2	104.3	230.2	155.5
Amounts owed to related undertakings (note 25)	6.3	2.6	-	-
Other taxes and social security	13.1	7.0	-	-
Other creditors	41.6	19.8	-	-
Accruals and deferred income	124.7	134.3	5.5	5.5
Derivative financial instruments (note 19)	5.0	21.5	-	-
	438.7	616.8	235.7	161.0

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

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Bank loans	842.5	863.0	-	-
Private placement loans	1,364.2	1,013.1	-	-
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	-	0.2	-	-
Loans and other borrowings (note 18(b))	2,333.8	2,003.4	123.0	123.0
Derivative financial instruments (note 19)	577.2	931.8	-	-
Accretion on index-linked swaps (note 19)	104.8	29.7	-	-
Accruals and deferred income	24.3	38.4	-	-
	3,040.1	3,003.3	123.0	123.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

18. LOANS AND OTHER BORROWINGS

	Group 2023 £m	2022 £m
(a) Loans and other borrowings		
Bank loans	941.3	872.7
Private placement loans	1,366.5	1,281.5
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	0.2	0.4
	2,435.1	2,281.7

	Group 2023 £m	2022 £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)	101.3	278.3
Financial liabilities falling due after more than one year (note 17)	2,333.8	2,003.4
	2,435.1	2,281.7
(c) Maturity of loans and borrowings		
In one year or less or on demand	101.3	278.3
In more than one year, but not more than two years	241.8	101.8
In more than two years, but not more than five years	722.6	909.5
In more than five years not by instalments	1,369.4	992.1
	2,435.1	2,281.7
Financial liabilities, net of unamortised issue costs and finance charges allocated to future periods	2,435.1	2,281.7
Unamortised issue costs	6.4	7.1

Bank loans and private placement notes[20]

As at 31 March 2023, financial liabilities include bank loans totalling £941.3m (2022: £876.2m), of which £98.8m (2022: £9.7m) is due for repayment within one year and £842.5m (2022: £866.5m), with repayment dates between 1 April 2024 and 1 July 2039, is presented as falling due after more than one year. The bank loans principally bear interest at SONIA plus varying rates of margin, apart from £200.0m (2022: £110.0m), which bears interest at a fixed rates between 3.2% and 4%. During the year ended 31 March 2023, the Group borrowed £76.9m with a maturity of 2030, bearing interest at SONIA plus 1.55% margin.

Financial liabilities include £1,366.5m (2022: £1,284.8m) relating to the proceeds from the issue of sterling and US dollar denominated private placement notes, of which £2.3m (2022: £268.4m) is due for repayment within one year and £1,364.2m (2022: £1,016.4m) is presented as falling due after more than one year. During the year ended 31 March 2023, the Group raised an additional £320.0m and $40m with a maturity of 7 to 12 years and fixed interest rates of 2.83% to 3.22% and floating interest rate of SONIA plus a margin of 1.42%.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

18. LOANS AND OTHER BORROWINGS (CONTINUED)

The sterling denominated private placement notes comprise:

- £77.4m (2022: £82.0m) which bear fixed interest rates of between 5.7% and 6.6% and are due for repayment in instalments between 10 December 2023 and 10 December 2037;
- £211.5m (2022: £211.5m) which bear floating interest rates and are due for repayment between 2 January 2025 and 1 October 2029;
- £55.0m (2022: £55.0m) which bear a fixed rate of interest of 4.1% and are due for repayment on 15 December 2027;
- £125.0m (2022: £125.0m) which bear a fixed rate of interest of 3.5% and are due for repayment on 31 January 2027;
- £35.0m (2022: £35.0m) which bear interest at a fixed rate of 2.8% and are due for repayment on 26 June 2029;
- £40.0m (2022: £40.0m) which bear interest at a fixed rate of 2.7% and are due for repayment on 17 July 2029;
- £75.0m (2022: £75.0m) which bear a fixed rate of interest of 2.9% and are due for repayment on 17 September 2028;
- £50.0m (2022: £50.0m) which bear a fixed rate of interest of 2.5% and are due for repayment on 16 January 2030;
- £100.0m (2022: £100.0m) which bear a fixed rate of interest of 3.0% and are due for repayment on 18 December 2031;
- £80.0m (2022: £80.0m) which bear a fixed rate of interest of 2.8% and are due for repayment on 18 December 2026;
- £50.0m (2022: £50.0m) which bear a fixed rate of interest of 2.95% and are due for repayment on 19 January 2031;
- £95.0m (2022: £95.0) which bear a fixed rate of interest of 3.05% and are due for repayment on 1 July 2033;
- £190.0m (2022: £nil) which bear a floating SONIA rate plus a margin of 1.42% and are due for repayment on 6 December 2029;
- £65.0m (2022: £nil) which bear a fixed rate of interest of 2.83% and are due for repayment on 30 June 2032;
- £65.0m (2022: £nil) which bear a fixed rate of interest of 2.84% and are due for repayment on 30 June 2034.

The US dollar denominated notes total $70.0m (2022: $380.0m), bear fixed interest rates of between 3.22% and 3.49% (2022: 3.49% and 5.3%) and are due for repayment between 18 December 2026 and 6 December 2029 (2022: between 10 December 2022 and 18 December 2026). During the year, the Company repaid $350.0m US dollar denominated notes, and borrowed $40.0m with a maturity of 2029, bearing interest of 3.22%. As explained below, the US private placement notes are subject to cross currency swaps and, therefore, repayment did not give rise to any cash outflows in excess of the fixed sterling amount.

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 £52.3m (2022: £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 2023, the US private placement notes were recorded in the financial statements at £56.6m (2022: £288.9m), a cumulative retranslation loss of £4.3m (2022: £46.0m) compared to the fixed Sterling amount. For the year ended 31 March 2023, a net retranslation gain of £41.9m (2022: loss of £13.5m) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

18. LOANS AND OTHER BORROWINGS (CONTINUED)

Issue costs

The Group incurred issue costs during the year in connection with the raising of new borrowings amounting to £2.5m (2022: £3.1m). Amortisation of £3.2m (2022: £3.5m) has been charged during the year (note 9).

Other loans and borrowings

Other loans and borrowings include 9% subordinated redeemable loan notes of £123.0m (2022: £123.0m) issued to Peel Ports Investments (IOM) Limited (£46.1m; 2022: £46.1m), AS Infra PP Pty Ltd (£39.9m; 2022: £39.9m), Lepiri Investments Holdings B.V. (£18.5m; 2022: £18.5m) and GIP IV Morse Holdco Limited (£18.5m; 2022: £18.5m) at par. The loan notes have a final repayment date of 30 September 2046 and interest is payable bi-annually in arrears.

The 3% irredeemable loan stock issued by Clydeport Operations Limited, which amounts to £1.2m (2022: £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 (2022: £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 (2022: £0.7m) is secured by a fixed charge over certain securities and a floating charge over Peel Ports (IDS) Limited, a wholly owned subsidiary.

As at 31 March 2023, the Group has finance lease liabilities of £0.2m (2022: £0.4m), of which £0.2m (2022: £0.2m) is presented as falling due within one year and £nil (2022: £0.2m) is presented as falling due after more than one year.

19. FINANCIAL INSTRUMENTS

Disclosures in respect of the Group

	Group 2023 £m	Group 2022 £m
Financial assets measured at fair value through profit or loss		
- Derivative financial instruments	11.9	51.7
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	87.9	74.9
- Other debtors	20.6	10.2
- Amounts owed by related undertakings	17.7	11.2
	126.2	96.3
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	(582.2)	(953.3)
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(2,435.1)	(2,281.7)
- Trade creditors	(42.5)	(49.0)
- Accretion on index-linked swaps	(104.8)	(29.7)
- Other accruals (excluding deferred income)	(99.2)	(129.8)
- Other creditors	(41.6)	(19.8)
- Amounts owed to related undertakings	(6.3)	(2.6)
- Amounts owed to parent undertaking	(104.2)	(104.3)
	(2,833.7)	(2,616.9)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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.

As at 31 March 2023, the fair value of the Group's derivative financial instruments was a liability of £675.1m (2022: £931.3m), which includes £104.8m (2022: £29.7m) in respect of the accretion on index-linked swaps.

	Group 2023 £m	2022 £m
Fair values of derivative financial instruments		
Interest rate swaps	(144.9)	(337.9)
Index-linked swaps	(429.0)	(613.7)
Cross-currency swaps	(2.9)	45.5
Forward contracts	6.6	3.9
Fuel hedge	(0.1)	0.6
	(570.3)	(901.6)
Accretion on index-linked swaps	(104.8)	(29.7)
	(675.1)	(931.3)
Presentation of fair values		
Derivative financial instruments		
Debtors falling due within one year (note 15)	6.1	49.6
Debtors falling due after more than one year (note 15)	5.8	2.1
Creditors falling due within one year (note 16)	(5.0)	(21.5)
Creditors falling due after more than one year (note 17)	(577.2)	(931.8)
	(570.3)	(901.6)
Accretion on index-linked swaps		
Creditors falling due within one year (note 16)	-	-
Creditors falling due after more than one year (note 17)	(104.8)	(29.7)
	(104.8)	(29.7)
	(675.1)	(931.3)

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, the Group's floating rate loans transitioned from LIBOR to SONIA (the Sterling Overnight Interbank Average rate) on 1 January 2022 and as such, SONIA has been used to calculate the fair values in these financial statements in both years presented.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

Derivative financial instruments – interest rate swaps

As at 31 March 2023, the Group was party to fixed interest rate swaps over £677.0m (2022: £677.0m) of notional principal, with fixed rates between 5.0% and 6.0% over £612.0m (2022: £612.0m) of principal with maturity dates between 2036 and 2041, and fixed rates between 1.7% and 1.9% over £62.5m (2022: £65.0m) 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 £144.9m (2022: £337.9m), of which an asset of £1.0m (2022: £0.2m) is included in debtors falling due within one year, an asset of £0.9m is included in debtors due after more than one year, a liability of £1.2m (2022: £17.3m) is included in creditors falling due within one year, a liability of £143.3m (2022: £320.8m) is included in creditors falling due after more than one year.

Subsequent to the year end, an existing £22.5m interest rate swap matured and the Group entered into a new interest rate swap at a fixed rate of 3.95% and a maturity in 2028.

Derivative financial instruments – index-linked swaps

As at 31 March 2023, the Group was also party to index-linked swaps over £352.0m (2022: £352.0m) of notional principal under which the Group receives a SONIA floating rate of interest plus a credit adjustment spread to reflect the transition from LIBOR to SONIA, 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 3.4%. 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 £nil was made during the year ended 31 March 2023 (2022: £51.7m). The next accretion payment is scheduled to be paid in October 2024. As at 31 March 2023, the amount accrued for accretion payments, and presented in creditors falling due within one year, is £nil (2022: £nil) and in creditors falling due after more than one year of £104.8m (2022: £29.7m). The fair value of the index-linked swaps (excluding accretion), which at 31 March 2023 was a liability of £429.0m (2022: £613.7m), of which of which £3.1m is included in debtors falling due within one year (2022: £3.8m including within creditors falling due within one year) and £432.1m (2022: £609.9m) 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 $70.0m (2022: $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 SONIA interest plus a credit adjustment spread to reflect the transition from LIBOR to SONIA and a margin. 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 2023 was a liability of £2.9m (2022: asset £45.5m), of which an asset of £0.3m (2022: £46.7m) is presented as due within one year, an asset of £nil (2022: £0.3m) is presented as falling due after more than one year, a liability of £1.6m (2022: £0.4m) is included in creditors falling due within one year and a liability of £1.6m (2022: £1.1m) is included in creditors falling due after more than one year.

Derivative financial instruments – forward contracts

As at 31 March 2023, the Group had entered into forward currency contracts over a notional principal of $145.6m (2022: $121.9m) 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 £6.6m (2022: £3.9m), of which £2.0m (2022: £2.3m) is presented as falling due within one year and £4.6m (2022: £1.6m) is presented as falling due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

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 2023, the fair value of these contracts was a liability of £0.1m (2022: asset of £0.6m), of which £nil (2022: £0.6m) is presented a debtor falling due within one year, and a liability falling due within one year of £0.1m (2022: £nil).

Derivative financial instruments – profit and loss charges

	2023 £m	2022 £m
Gains on derivative financial instruments	(380.4)	(113.0)
Losses on derivative financial instruments	49.1	58.6
Change in fair value of derivative financial instruments recorded as interest expense measured at fair value through profit or loss (note 9)	(331.3)	(54.4)
Increase in accretion on index-linked swaps (note 9)	75.1	39.3
Net gain arising from movements in the fair value of derivative financial instruments	(256.2)	(15.1)

Disclosures in respect of the Company

	Company 2023 £m	Company 2022 £m
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by group undertakings	492.1	374.3
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(123.0)	(123.0)
- Amounts owed to group undertakings	(230.2)	(155.5)
- Accruals	(5.5)	(5.5)
	(358.7)	(284.0)

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.

NOTES TO THE FINANCIAL STATEMENTS
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20. POST-EMPLOYMENT BENEFITS (CONTINUED)

Amounts recognised in profit and loss account are as follows:

	2023 £m	2022 £m
Defined benefit schemes		
- Service cost (note 20(a))	-	0.3
- Scheme administrative costs (note 20(a))	1.3	1.1
Defined contribution scheme (note 20(b))	3.8	3.5
Total charge in operating profit	5.1	4.9
Defined benefit schemes		
- Net interest expense (note 9(c) and 20(a))	1.1	2.1
Total charge	6.2	7.0

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

	2023 £m	2022 £m
Post-employment pension liability	41.8	49.5

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 10 active members in the NPF.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 2021. As at the latest actuarial valuation, the value of the assets within each section of the scheme, which together totalled £402.9m, was sufficient to cover between 85% and 104% 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 £27.1m.

The main assumptions applied in the 2021 triennial valuation were that the pre-retirement discount rate would be calculated as the fixed interest gilt yield plus 2.5% per annum, the post-retirement discount rate would be calculated as the 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 0.87%-1.92% for the post-retirement discount rate, 2.87%-3.92% for the pre-retirement discount rate and 3.59%-3.76% 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 the end of the recovery plan period (5 November 2024). Additionally, the Group will continue to pay the scheme administrative expenses of the PPFSPS. During the year, the Group made contributions of £8.5m (2022: £5.0m). The latest recovery plan commits to total annual contributions of £8.0m. The triennial valuation as at 5 April 2024 is expected to be completed by the end of 2024.

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 scheme was as at 6 July 2021. As at that date, the value of the assets totalled £3.1m and the scheme had a surplus of 105%. The main assumptions in the actuarial valuation were that the pre-retirement discount rate would be based on the nominal gilt yield less 0.1% per annum and the post-retirement discount rate would be based on the nominal gilt yield. RPI would be based on the gilt inflation curve plus 0.75% per annum post-retirement, and CPI would be based on RPI less 0.7% per annum until 2030, and the same RPI thereafter.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Defined benefit pension schemes operated by the Group (continued)

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 2023, the Group made contributions of £4.5m (2022: £4.1m) to the PNPF.

As the deficit was 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 2023, the Group's share of the deficit, on an FRS 102 accounting standards basis, was £31.9m (2022: £30.0m), which is included in the amounts recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Industry-wide defined benefit pension schemes (continued)

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 (2022: £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 2021, when the Section had assets of £3,250m, representing 102% of the benefits accrued to members as at that date. The total deficit was £58m. The main assumptions were that the discounts would be based on gilts plus 0.875% at 31 March 2021, trending linearly down to gilts plus 0.25% from 2025, RPI would derived from the break-even RPI curve and CPI would be 1.0% below RPI to 2030 and in line with RPI thereafter. As there are sufficient assets to cover the Fund's technical provisions, no deficit recovery payment plan is required. The triennial valuation as at 31 March 2024 is expected to be completed by early 2025.

As at 31 March 2023, the Group's share of the deficit on an FRS 102 accounting standards basis was £nil (2022: £0.1m), 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% (2022: 0.4%).

The most recent formal valuation, completed by an independent actuary, is as at 31 March 2022. As at that date, the NPF had assets with a market value of £4.9bn, representing 106% of the benefits accruing to members. The total surplus was £289m. The main assumptions in the actuarial valuations were that the investment return would be 4.0%, benefit increases on a CPI basis would be 2.7% and pensionable salary increases would be 3.4%. During the year, the Group made contributions of £0.2m (2022: £0.2m), 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 maintain a fully funded status. The triennial valuation as at 31 March 2025 is expected to be completed by the summer of 2026. As at 31 March 2023, the Group's share of the deficit in this scheme on an FRS 102 accounting standards basis was £nil (2022: £nil), which is included in the amounts recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

	2023	2022
Discount rate	4.7%	2.6%
Price inflation (RPI)	3.3%	3.7%
Price inflation (CPI)	2.7%	2.9%
Rate of increase of:		
- pensionable salaries	3.3%	3.7%
- pensions in payment	2.9%	3.6%
- deferred pensions	3.3%	3.7%

The mortality assumptions used were as follows:

	2023 Years	2022 Years
Longevity at age 65 for current pensioners:		
- Men	21.5	21.4
- Women	23.9	23.8
Longevity at age 65 for future pensioners (currently aged 45):		
- Men	23.1	23.0
- Women	25.7	25.6

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
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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

	2023 £m	2022 £m
Fair value of scheme assets	361.2	471.4
Present value of funded obligations	(389.5)	(512.3)
	(28.3)	(40.9)
Present value of unfunded obligations	(0.1)	(0.2)
	(28.4)	(41.1)
Restriction of surplus	(13.4)	(8.4)
Post-employment pension liability	(41.8)	(49.5)

Reconciliation of scheme assets and liabilities

	Assets £m	Liabilities £m	Total £m
As at 1 April 2022	471.4	(512.5)	(41.1)
Benefits paid	(31.5)	31.5	-
Employer contributions	13.2	-	13.2
Employee contributions	1.6	(1.6)	-
Scheme administrative expenses	(1.3)	-	(1.3)
Interest income/(expense)	12.3	(13.4)	(1.1)
Remeasurement gains/(losses)			
- Actuarial gains	-	106.4	106.4
- Return on plan assets excluding interest income	(104.5)	-	(104.5)
	361.2	(389.6)	(28.4)
Restriction of surplus	(13.4)	-	(13.4)
As at 31 March 2023	347.8	(389.6)	(41.8)

Liabilities included in the table are of £389.6m (2022: £512.5m) includes funded obligations of £389.5m (2022: £512.3m) and unfunded obligations of £0.1m (2022: £0.2m).

The net remeasurement of the defined benefit liability for the year ended 31 March 2023, recorded in other comprehensive income, is a loss of £3.1m (2022: gain of £47.9m), after an adjustment relating to the increase in the restriction of surpluses of £5.0m (2022: an increase of £8.4m).

Total cost recognised as an expense

	2023 £m	2022 £m
Scheme administrative expenses	1.3	1.1
Service cost	-	0.3
Recognised within operating expenses (note 7)	1.3	1.4
Net interest expense (note 9(c))	1.1	2.1
	2.4	3.5

No amounts (2022: £nil) were capitalised into the cost of assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

	2023 £m	2022 £m
Equities	7.2	65.2
Hedge funds	2.6	3.6
Fixed-interest gilts	1.0	1.3
Index-linked gilts	0.3	0.5
Corporate bonds	62.9	190.8
Liability-driven investments	99.7	90.4
Diversified growth funds	20.4	33.4
Insurance policies	-	8.2
Annuities	6.4	3.1
Property	0.1	3.2
Private credit	65.3	31.0
Cash	95.3	40.7
Total	361.2	471.4

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

The return on the plan assets was:

	2023 £m	2022 £m
Interest income	12.3	9.4
Return on plan assets excluding interest income	(104.5)	(16.1)
Total losses	(92.2)	(6.7)

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:

	2023 £m	2022 £m
Current year contributions (note 7)	3.8	3.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

21. CALLED-UP SHARE CAPITAL

	Group and Company	
	2023 **£m**	**2022** **£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

	2023 **£m**	**2022** **£m**
Final ordinary dividends paid (proposed subsequent to the preceding financial year)	54.5	44.9
Interim ordinary dividends paid	84.6	44.0
	139.1	88.9

A final ordinary dividend of £64.5m has been proposed by the shareholders after 31 March 2023 (2022: £54.5m).

22. NOTES TO THE GROUP CASH FLOW STATEMENT

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

	2023 **£m**	**2022** **£m**
Profit for the year	397.5	59.1
Taxation	(0.2)	7.5
Net interest (income)/expense	(168.7)	123.8
Share of joint venture profit	(0.5)	-
Group operating profit before share of joint venture profits	228.1	190.4
Depreciation, amortisation and impairment	102.3	92.9
Profit on disposal of fixed assets	(0.7)	(4.0)
Decrease/(increase) in stocks	0.5	(1.9)
Increase in debtors	(18.0)	-
(Decrease)/increase in creditors	(4.1)	11.4
Difference between pension charge and cash contributions	(11.9)	(7.9)
Cash inflow from operating activities	296.2	281.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

b) Cash flow used in investing activities

	2023 £m	2022 £m
Payments to acquire tangible fixed assets	(136.0)	(127.2)
Receipts from sales of tangible fixed assets	0.8	4.4
Payments to acquire subsidiary undertaking	(24.5)	(0.6)
Cash acquired from acquisition of subsidiary undertaking	0.2	-
Dividends received from joint venture undertakings	0.3	-
Interest received	0.3	0.1
	(158.9)	(123.3)

c) Cash flow used in financing activities

	2023 £m	2022 £m
Dividends paid to owners of the parent	(138.9)	(88.9)
New private placement loans	349.5	95.0
Repayment of private placement loans	(222.4)	(2.3)
New bank loans	76.9	40.0
Repayment of bank loans	(9.5)	(7.3)
Payments in respect of finance leases	(0.2)	(0.2)
Issue costs paid	(2.5)	(3.1)
Accretion on derivative financial instruments paid	-	(51.7)
Interest paid	(120.1)	(118.1)
	(67.2)	(136.6)

23. ANALYSIS OF MOVEMENT IN GROUP NET DEBT

	As at 1 April 2022 £m	Cash flow £m	Other non-cash changes £m	Foreign exchange £m	As at 31 March 2023 £m
Cash at bank	108.1	69.0	-	0.6	177.7
Bank loans	(872.7)	(67.4)	(1.2)	-	(941.3)
Private placement loans	(1,281.5)	(127.1)	0.5	41.6	(1,366.5)
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	(0.4)	0.2	-	-	(0.2)
Debt	(2,281.7)	(194.3)	(0.7)	41.6	(2,435.1)
Net debt	(2,173.6)	(125.3)	(0.7)	42.2	(2,257.4)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

24. CAPITAL COMMITMENTS

	2023 £m	202 £m
Capital expenditure contracted for but not provided for	70.7	23.4

25. RELATED PARTY TRANSACTIONS

Joint ventures

Related Party	Transaction	2023 £m	2022 £m
The Mersey Docks and Harbour Company (L2) Limited and MDHC Container Services Limited	Sales and expenses recharged	24.4	20.2
	Purchases	(3.8)	(33.1)
Inchgreen Marine Park Limited	Sales and expenses recharged	4.5	-
	Purchases	-	-

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

	2023 £m	2022 £m
Amounts owed by the related party	12.1	9.8
Amounts owed to the related party	(9.9)	(2.6)

Included in the amounts owed by the related party is a loan balance of £3.6m, which is presented in debtors falling due after more than one year (2022: £3.6m). 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	2023 £m	2022 £m
Peel Holdings (IOM) Limited	Sales and expenses recharged	5.6	6.9
	Purchases, rent and expenses reimbursed	(0.9)	(5.4)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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:

	2023 £m	2022 £m
Amounts owed by the related party	0.7	0.7
Amounts owed to the related party	-	(1.0)

Marine Support Services

Companies within the former Marine Support Services segment 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 principal transactions with the former Marine Support Services segment are in respect of the lease of land. During the year ended 31 March 2023, total rent and other income from the former Marine Support Services segment amounted to £4.1m (2022: £4.5m). As at 31 March 2023, £0.9m was due from the related party (2022: £0.5m). In addition, the Group is entitled to a management charge from Peel Ports Holdings (No 2) (IOM) Limited of £100,000 per annum for the provision of non-executive director and other services in respect of its holding in the former Marine Support Services segment. The total charge for the year ended 31 March 2023 was £100,000 (2022: £100,000). As at 31 March 2023, the amount outstanding was £nil (2022: £167,000).

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

On 8 March 2022, Infrastructure JVCo (Lime) S.A.R.L disposed of its 37.4% shareholding in Peel Ports Holdings (CI) Limited which was acquired by AS Infra PP Pty Limited (7.4%) and Lemon 2021 Ltd (30%), an entity jointly owned by Lepiri Investments Holdings B.V. and GIP IV Morse Holdco Limited. As a result of this transaction, Infrastructure JVCo (Lime) S.A.R.L ceased to be a related party and Lemon 2021 Ltd, Lepiri Investments Holdings B.V. and GIP IV Morse Holdco Limited became related parties. Following the transaction, AS Infra PP Pty Limited's shareholding in Peel Ports Holding (CI) Limited increased to 32.4%.

Each shareholder holds a share of the 9% subordinated loan notes 2046 (note 17) of £123.0m (2022: £123.0m) and receives a share of the interest payable on those loan notes of £11.1m (2022: £11.1m) (note 9), in proportion to their shareholding.

As at 31 March 2023, the share of the 9% subordinated loan notes of £123.0m (2022: £123.0m) held by Peel Ports Investments (IOM) Limited was £46.1m (2022: £46.1m), by AS Infra PP Pty Limited was £39.9m (2022: £39.9m), Lepiri Investments Holdings B.V. (£18.5m; 2022: £18.5m) and GIP IV Morse Holdco Limited (£18.5m; 2022: £18.5m).

Interest payable in the year ended 31 March 2023 includes £4.2m (2022: £4.2m) payable to Peel Ports Investments (IOM) Limited, £3.2m (2022: £3.2m) payable to AS Infra PP Pty Limited, £2.1m (2022: £2.1m) payable to Infrastructure JVCo (Lime) S.a.r.l,, £0.8m (2022: £0.8m) payable to Lepiri Investments Holdings B.V., and £0.8m (2022: £0.8m) to GIP IV Morse Holdco Limited.

Included in accruals and deferred income in note 16 is accrued interest of £2.1m (2022: £2.1m) payable to Peel Ports Investments (IOM) Limited, £1.8m (2022: £1.8m) payable to AS Infra PP Pty Limited, £0.8m (2022: £0.8m) payable to Lepiri Investments Holdings B.V., and £0.8m (2022: £0.8m) to GIP IV Morse Holdco Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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 £450,000 is payable in respect of the year ended 31 March 2023 (2022: £278,000), of which £150,000 (2022: £131,000) is payable to Peel Ports Investments (IOM) Limited, £150,000 is payable to Lemon 2021 Limited (2022: £nil), £150,000 (2022: £100,000) is payable to AS Infra PP Pty Limited and £nil (2022: £100,000) is payable to Infrastructure JVCo (Lime) S.a.r.l. Included in accruals and deferred income in note 16 is an outstanding balance as at 31 March 2023 of £431,000 (2022: £131,000).

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

26. OTHER FINANCIAL COMMITMENTS

At 31 March 2023, the Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023 £m	2022 £m
Within one year	74.1	73.6
Within two to five years	171.0	197.5
After five years:		
Ellesmere Port – see below	1,249.3	1,005.4
Other leases	457.3	563.9
	1,706.6	1,569.3
	1,951.7	1,840.4

Included within non-cancellable operating lease commitments after five years is £1,580.2m (2022: £1,370.8m) in respect of long life land leases. This includes £1,249.3m (2022: £1,005.4m) in respect of a 999 year lease over the Group's Ellesmere Port site, in respect of which there are 951 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

28. 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 2023 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
PPL Humber Bulk Terminal (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 2023 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 Germany GmbH (7)	Freight Forwarding
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
PPL Humber Shipping Limited (1)	Ships Chartering and Agency Services
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)
Merlin Ports Limited (1)
Peel Ports Operations Limited (1)
Peel Ports UK Financeco 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 Investments Limited (1)
Peel Ports Land & Property Investments Limited (1)
Peel Ports Logistics Humber Limited (1)

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For the year ended 31 March 2023

28. 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)
Rixton and Warburton Bridge Company 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 2023 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.

Joint venture	Principal activity
Clarke Chapman Portia Port Services Limited (1)	Non-trading
Inchgreen Marine Park Limited (3)	Warehousing and storage facilities provider
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
7	Hugo-Junkers-Str. 17, 50259 Pulheim, Germany

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For the year ended 31 March 2023

28. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (CONTINUED)

Acquisitions in the year ended 31 March 2023 – subsidiary undertakings

H.E.S. (UK) Limited

On 17 March 2023, the Group acquired the entire issued share capital of H.E.S. (UK) Limited, and its wholly owned subsidiaries, H.E.S. Humber Bulk Terminal Limited and H.E.S. Humber Shipping Limited (together 'HBT'). The principal activity of HBT is the operation of a bulk terminal on the South Bank of the Humber Estuary. Subsequent to the transaction, the companies were renamed Peel Ports Logistics Humber Limited, PPL Humber Bulk Terminal Limited and PPL Humber Shipping Limited.

The acquisition has been accounted for under the acquisition method. The following table sets out the book and provisional fair values of the identifiable assets and liabilities acquired:

	Book and fair value £m
Tangible fixed assets	6.4
Net current liabilities	(3.7)
Cash	0.2
Net assets acquired	2.9
Goodwill	21.6
Cash consideration and transaction costs	24.5

Net cash outflows:

	£m
Cash consideration and transaction costs	24.5
Cash at bank	(0.2)
	24.3

In the year ended 31 March 2023, the turnover and profit after tax included in the Group's profit and loss account in respect of H.E.S (UK) Limited was immaterial.

Management have established the useful life of the goodwill arising on acquisition to be ten years. This reflects the best estimate of the period over which the goodwill is expected to be realised.

Other acquisitions in the year ended 31 March 2023

On 3 March 2023, the Group acquired the trade and assets of Clydebank Port Services Limited, in respect of its operations at the Group-owned Rothesay Dock, Clydeport. Goodwill of £0.4m arose on the acquisition. In the year ended 31 March 2023, the turnover and profit after tax included in the Group's profit and loss account in respect of this acquisition was immaterial.