ABPA HOLDINGS LIMITED AND SUBSIDIARIES

(Company Number 07847153)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

ABPA HOLDINGS LIMITED AND SUBSIDIARIES

ANNUAL REPORT AND ACCOUNTS 2023

Strategic report

The directors present the strategic report of ABPA Holdings Limited for the year ended 31 December 2023.

This strategic report covers the group activities, strategy, performance and operations of ABPA Holdings Limited, (the "company") and its subsidiaries (the "group"). The company is an intermediate holding company within the group of companies owned by ABP (Jersey) Limited ("ABPJ").

1. Principal activities

The principal activity of the company is as an investment holding company.

The principal activities of the group comprise the ownership, operation and development of port facilities and the provision of related services in the United Kingdom ("UK"). The group's principal operating subsidiary is Associated British Ports ("ABP").

The group owns 21 general cargo ports around the UK and provides facilities (principally land, quays, storage sheds and warehouses, cargo handling equipment and access to open water) and services (including stevedoring, warehousing and bagging) to users of its ports.

2. Development and performance of the business

2.1 Health and Safety

The nature of the group's business means that the health and safety ("H&S") of its employees and other persons involved in its operations presents a continuous challenge requiring proactive and sustained leadership and management. Effective management of H&S matters contributes considerably to the prevention of loss of life, serious injury and damage to infrastructure.

While there is an organisation-wide emphasis on H&S which helped ABP achieve its lowest number of Lost Time Incidents in 2023, there was sadly a workplace fatality at ABP in January 2023. The incident occurred when an ABP pilot in the Humber came off a rope ladder while he was boarding an inbound ship. The Marine Accident Investigation Branch ("MAIB") and the Maritime and Coastguard Agency ("MCA") both attended the scene. The pilot boat was inspected by the MCA and there were no recommendations or directions given in relation to ABP's operations and procedures and there was no stoppage of work. The incident is being thoroughly investigated by both ABP and the MAIB. ABP is committed to learning any and all lessons from the incident to help prevent it occurring again.

The group manages this principal risk to the business through enforcement of rigorous policies and procedures in addition to behavioural training, strong communications and understanding in the context of H&S in the ABP workplace. These key strands are robustly supported by a strong commitment from the Board and are designed to achieve continuous improvement through a rolling 5-year H&S strategy.

H&S training continues to evolve across the group with employees embarking on an immersive training experience designed to promote behavioural and cultural change. With the addition of core media-based training, employees also have access to simple, high quality training modules, and feedback from our employee engagement survey acknowledges the focus on safety within ABP.

Strategic report (continued)

2. Development and performance of the business (continued)

2.1 Health and Safety (continued)

The group continues to use a suite of KPIs to measure and improve its H&S performance. Progress against the group's primary safety performance indicator is detailed below:

	Target	2023	2022	Change from 2022
Number of accidents resulting in lost working time (lost time incidents)	<11	5	6	-22.4%

Statistically, 2023 continued the improvement trend from previous years back to 2019 where the number of lost time incident was 26. Safety at ABP is at the centre of everything we do. This ethos and safety awareness, which through strong leadership at all levels within ABP and the promotion of a zero-harm safety culture across the organisation, has undoubtedly contributed to this improvement. Good progress continues to be made in behavioural safety, workplace transport initiatives, and a continual safety improvement programme in each of our regions as well as improvements to personal protective equipment for ABP's operatives and the wider safety management system. The ABP 'Spot It' reporting system, which permits any ABP staff and others to report any H&S observations, continues to improve and is being used more extensively as the system matures. 2023 saw another round of ABP`s behavioural safety programme, Beyond Zero, conducted online for ABP colleagues, targeting 100% attendance (barring absences such as maternity leave). Furthermore the 2024 Beyond Zero training programme will be delivered across the business during 2024. During 2023 a revised Safety Leadership training program was rolled out for management teams.

The group continues to work on delivering a secure environment for ABP to conduct its commercial business by ensuring it protects its people and business, safeguards its assets and the assets of its customers and does not accept breaches of security anywhere on its estate.

2.2 Important Events During the Year

On 1 October 2023 Associated British Ports Holdings Limited, a subsidiary undertaking of the group and company, acquired 100% of the issued share capital of Solent Gateway Limited ("SGL") from its intermediate, and the group's immediate, parent undertaking ABP Midco UK Limited as part of a group reorganisation. SGL operates Marchwood Port, located opposite the Port of Southampton, under long term agreements with the Ministry of Defence and has existing planning permission for development. ABP's record of port operation and capital investment will support SGL's plans for development and job creation. With capability to support a range of vessels, port-centric logistics and existing rail connectivity, the Marchwood site has significant potential. It is also part of the government designated Solent Freeport.

The acquisition was accounted for as a business combination under common control, details are set out in note 9.

Strategic report (continued)

2. Development and performance of the business (continued)

2.3 Financial performance and KPIs

The following KPIs are considered by the Board of Associated British Ports Holdings Limited ("ABPH"), that has responsibility for approving the group's overall business strategy, to provide a good representation of the performance of the business:

- Tonnage and unitised volumes indicate the level of cargo throughput at the group's ports which is a key driver of revenue;
- Passenger volumes is an indication of the level of cruise activities at the group's ports. Passenger numbers will have an impact on associated revenue;
- Revenue, consolidated EBITDA as defined by lending covenants, consolidated EBITDA pre-exceptional costs, underlying operating profit (see group income statement), operating profit, profit after finance costs and profit before tax indicate the financial performance of the business;
- Capital expenditure indicates the level of investment the company undertakes to maintain and increase the scope of operations and obtain future economic benefits. The delivery of capital projects is tracked as they may have significant impacts on financial performance; and
- Covenant Ratios are calculated on a 12-month rolling basis at each year end and include Interest Cover Ratio (Ratio of Adjusted Consolidated EBITDA to Net Interest Payable) and Leverage Ratio (Ratio of Consolidated Net Borrowing to Consolidated EBITDA).

Alternative performance measures included above are defined as follows:

- "Consolidated EBITDA", is defined as earnings before interest, tax, depreciation and amortisation and after excluding certain items calculated in accordance with the definitions set out in the Master Definitions Agreement under the group's lending covenants;
- "Underlying operating profit" is defined as operating profit before movement in fair value of investment properties, depreciation/amortisation/write off of fair value uplift of assets acquired in a business combination, impairment of fixed assets, and net unrealised gain/loss on fuel derivatives; and
- "Profit after finance costs" is defined as profit before tax and unrealised movements on financial instruments and foreign exchange.

These performance measures are used by the ABPH Board to monitor the underlying performance of the group, excluding the impact of accounting valuations resulting from recognising certain assets at fair value and from fair value adjustments arising from historic changes in the group structure. They are included in regular finance reports to the ABPH Board. Performance against each of these KPIs is as follows:

- Bulk cargo tonnage handled by the group's ports decreased by 7.4% to 48.5m tonnes in 2023 (2022: 52.4m tonnes), driven by soft volumes across the ports for coal, biomass, construction, forest products and metals. Unitised cargo increased by 2.9% to 3.1m units (2022: 3.0m units), helped by better trading conditions in the trade vehicles sector.
- Passenger volumes increased by 39.2% to 3,609.5k (2022: 2,592.2k), reflecting the sector's return to pre-COVID occupancy rates.
- Group revenue increased by 7.6% to £729.5m (2022: £678.2m) primarily driven by increases in cruise (+31.0% to £46.1m (2022: £35.1m)), liquid bulks (+12.3% to £56.1m (2022: £49.9m)), revenue from unitised commodities (+14.1% to £165.0m (2022: £147.4m)) and pilotage and conservancy activity (+4.4% to £68.3m (2022: £65.5m)), as well as the impact of inflationary price increases. This was partly offset by a decrease in coal & coke (-50.0% to £18.0m (2022: £28.5m)), and break bulks (-8.4% to £85.3m (2022: £92.5m)).

Strategic report (continued)

2. Development and performance of the business (continued)

2.3 Financial performance and KPIs (continued)

Reconciliation of Operating Profit to Consolidated EBITDA

	2023 £m	2022 £m
Consolidated EBITDA	**389.2**	349.5
Amortisation	**(13.5)**	(16.4)
Depreciation	**(102.1)**	(95.1)
Increase in fair value of investment properties	**92.8**	143.4
Net unrealised (loss)/gain on fuel derivatives	**(2.4)**	0.8
Profit/(loss) on disposal of property, plant and equipment, investment property and property and land held for sale	**9.0**	(6.7)
Operating profit	**373.0**	375.5
Net finance costs	**(491.1)**	(453.4)
Loss after finance costs	**(118.1)**	(77.9)
Net unrealised (loss)/gains	**(2.5)**	641.2
(Loss)/profit before tax	**(120.6)**	563.3

- Underlying operating profit (see group income statement) increased by 18.8% to £287.1m (2022: £241.6m). This is due to increased revenue and reduction in utilities partially offset by increased staff costs.
- Operating profit decreased by 0.7% to £373.0m (2022: £375.5m). The fair value of the group's investment property portfolio increased by £92.8m in 2023 (2022: increase of £143.4m).
- Loss after finance costs increased by 51.6% to £118.1m (2022: £77.9m) due to higher net finance costs (see note 6). Higher interest rates on debt increased finance costs to £499.6m (2022: £467.0m) with finance income decreasing to £8.5m (2022: £13.6m).
- Net unrealised loss of £2.5m (2022: net unrealised gain of £641.2m) relate to fair value adjustments of derivative financial instruments and foreign exchange differences reflecting stabilisation of rate movements.
- Net cash inflow from operating activities is £56.7m (2022: £18.9m) which includes loan interest payments of £310.3m (2022: £326.1m).
- Net cash outflow from investing activities is £198.2m (2022: £136.1m), includes £215.6m (2022: £157.1m) of capital expenditure.
- As at 31 December 2023, the group had net liabilities of £1,585.5m (2022: £1,420.5). This includes external senior borrowings of £2,515.2m (2022: £2,401.4m) and subordinated long term loans, due to its immediate parent undertaking, ABP Midco UK Limited, of £3,957.4m (2022: £3,744.4m);
- Historic Covenanted Financial Ratios:

At 31 December	**Default Tigger**	**2023**	**2022**
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	**<1.75**	**2.55x**	2.39x
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	**>7.50**	**6.26x**	6.53x

Strategic report (continued)

2. Development and performance of the business (continued)

2.4 Sustainability

Progress against the group's primary sustainability performance indicator is detailed below:

	Target	2023[4]	2022[3]	Change from 2022
ABP Direct tCO_2e emissions (tonnes) – market-based[1]	< prior year	**38,257**	49,874	-22%
ABP Direct tCO_2e emissions (tonnes) – location-based[2]	< prior year	**40,399**	41,222	-2%

1 Scope 1 & Scope 2 GHG emissions (market-based): Defined as the total GHG emissions from ABP's direct operations and Scope 2 GHG emissions which includes the benefit of Renewable Energy Guarantees of Origin (REGO) certificates. From Q2 2023 ABP has included Renewable Energy Guarantees of Origin (REGO) certificates under the market-based method for its grid electricity from the supplier. Under the market-based method, Scope 2 GHG emissions for these kWh are zero..

2 Scope 1 & Scope 2 GHG emissions (location-based): Defined as the total GHG emissions from ABP's direct operations and Scope 2 GHG emissions calculated assuming all the grid electricity the organisation purchased consists of the UK grid average mix of sources (i.e. not accountable for the renewable energy purchased).

3 2022 figures restated following external review and finalization of Q4 figures, correcting misallocation and updating estimates.

4 Includes estimated Q4 figures, subject to change following external review.

ABP has undertaken a third party limited-assurance review against its key sustainability KPIs for the years 2021 to 2023. As a consequence, there have been changes in the reported values in previous years, based on the findings. The sustainability KPIs that were reviewed are:

- Total GHG emissions (tCO_{2eq})
  - Total Scope 1 GHG emissions (tCO_{2eq})
  - Total Scope 2 GHG emissions (tCO_{2eq}) location & market based
- Total Energy Consumed (Fuel, grid electricity and renewable electricity) (GWh)
- Water withdrawal (million litres)
- Waste Generated & Waste Recycled (MT)

In 2023 the group's reported carbon emissions (market-based) decreased by 22% on an absolute basis compared to 2022.

Following external audits the group's Environmental Management System continues to be certified to ISO 14001 and the ABP Energy Management System successfully retained certification to ISO 50001.

The information below is reported in accordance with requirements under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. All figures reported are for the period of 1 January to 31 December and relate to the emissions of the ultimate group, (ABP (Jersey) Limited and all subsidiaries) in the United Kingdom and offshore areas.

Energy use and sources of Green House Gas ("GHG") Emissions

Total energy use	Energy used (kWh)[1]	CO_2e emissions ($kgCO_2e$)[2]	Intensity ($kgCO_2e$/ kWh)
2023	196,243,749	38,257,000	0.194
2022[3]	205,617,566	48,874,000	0.237

1 Calculated based on the group's consumption of purchased grid electricity, private wire connections,on-site renewable energy generation, and fuel (operation, marine & transport).

2 ABP Direct tCO_{2e} emissions – m-based.

3 2022 figures restated following external review and 5eason5ed Q4 figures.

Strategic report (continued)

2. Development and performance of the business (continued)

2.4 Sustainability (continued)

GHG Emissions by scope

2023	CO_2e emissions (tonnes)	Group Revenue (£m)	Intensity ($kgCO_2e$/£)
Scope 1[1]	31,047	729.5	0.043
Scope 2[2]	7,210	729.5	0.010
Total	**38,257**	**729.5**	**0.053**
2022[3]			
Scope 1[1]	31,836	678.2	0.047
Scope 2[2]	17,038	678.2	0.025
Total	**48,874**	**678.2**	**0.072**

1 Calculated based on the group's consumption of gas and fuels for operations and transport

2 Calculated based on the group's consumption of grid-electricity, private wire connections and renewable electricity purchased (market-based). Also, from Q2 2023 ABP has included Renewable Energy Guarantees of Origin (REGO) certificates under the market-based method for its grid electricity from the utility supplier. Under the market-based method, Scope 2 GHG emissions for these kWh are zero.

3 2022 figures restated following external audit and finalized Q4 figures.

Methodology

The energy data gathered is via billing data. ABP GHG emissions are calculated based on the GHG Protocol methodology via the system called GreenstonePlus or Cority. The system has inbuilt GHG emission factors and fuel conversion factors based on the Department for Environment, Food & Rural Affairs (DEFRA), UK and other relevant entities. On a year-on-year basis the system updates the emission & conversion factors based on DEFRA annual updates. As per GHG protocol, Scope 1 GHG emissions include emissions derived from the fuel consumption and F-gases usage, whereas Scope 2 GHG emissions account for electricity/energy purchased. Scope 3 is any energy sold onto third parties.

Energy Efficiency and Emissions Reduction Action Taken

As part of its drive to improve energy efficiency and successfully maintain ISO 50001 certification of ABP`s energy management system, ABP continued to identify and implement energy efficiency and emission reducing projects across the business in 2023 reducing scope 1 and 2 emissions. These include LED lighting, high efficiency transformers and further deliveries of new, more energy efficient pilot vessels and new electric harbour cranes that are delivering significant energy and emissions reductions.

ABP has renewable energy generation at 17 of its 21 ports, in the period covered by the report, and generated 26.9 GWh (2022: 27.9 GWh) of renewable energy on site.

ABP has committed to invest in the delivery of additional fuel-efficient pilot boats, electric cranes and reach stackers and other equipment over the course of the next five years to continue to reduce scope 1 emissions.

In February 2023, the group launched its sustainability strategy, further detail can be found in Section 4 'Non-Financial and Sustainability Information Statement'.

Strategic report (continued)

2. Development and performance of the business (continued)

2.5 People

Employee figures

During 2023, the monthly average number of people employed by ABP was 2,460 (2022: 2,394).

The table below sets out the staff turnover rate as a percentage of headcount as at 31 December 2023:

	Target	2023 % of total	2022 % of total	pp change from 2022
Annual leavers as a percentage of headcount	5-10%	15.8%	15.9%	-0.1%

Average headcount has increased by 66 in the last year. This is mainly due to the inclusion of SGL from October 2023.

Annual leavers as a percentage of headcount decreased by 0.1% to 15.8% in 2022 and remains above the targeted range. 9.7% (2022: 12.1%) were voluntary leavers. The remaining 6.18% (2021: 3.8%) were for other reasons such as ill health, TUPE transfers, redundancy, end of fixed term contract or dismissal.

The percentage of women in our workforce has increased in 2023 to 16% (2022: 15.2%). 30% of our Executive Team are female. The Gender Pay Gap 2023 results confirm our mean pay gap has moved from -5% to -4% and the median pay gap has moved from -2% to -6%, this is due to an increase in the number of women being paid in the Upper quartile. The key observation from our quartile results compared to 2022 is a 1% increase to 19% in favour of women in the Upper quartile and a 2% reduction to 16% in favour of women in the Lower quartile.

It is important to note that in future years, the pay gap could fluctuate both up and down depending on the make-up of the workforce at various levels and on the payments made.

People Strategy

To enable and underpin delivery of our business strategy, a group wide people strategy was developed and agreed in 2020. The strategy has 5 strategic themes: A healthy and safe place to work; getting the basics right; growing and retaining a highly skilled workforce; strong managers and leaders at every level; and creating a diverse and inclusive workplace. In 2023 we continued to make good progress in each area of the strategy.

A healthy and safe place to work

Our in-house training team developed a new version of our virtual Beyond Zero training in 2023 which 99% of our colleagues completed. This training programme is delivered to all levels across the organisation. Our immersive safety training programme Thrive saw 490 colleagues attend in 2023. The team has also now developed an Incident Investigation training course which will commence delivery in 2024 to support those employees who may be involved in investigating incidents.

Training on Mental Health continued in 2023 with Managing Mental Health and Wellbeing Conversations part of our people management modules. We also continued to increase the number of Mental Health First Aiders with a further 45 colleagues trained, along with increasing the knowledge within the HR Function with the delivery of a one-day Mental Health Champions course to 35 colleagues.

Strategic report (continued)

2. Development and performance of the business (continued)

2.5 People (continued)

A healthy and safe place to work (continued)

We supported the physical, mental and financial wellbeing of our employees through various initiatives including holding face to face "Introduction to Financial Wellbeing" sessions across most of our locations, we continued to provide our Flu Vaccination programme by offering free Flu vouchers or vaccinations at clinics in some of our locations, successfully implemented a new Dental Plan benefit which has over 850 members in its first year, enhanced our Private Medical Insurance scheme to include access to a Menopause Plan for employees to speak to an expert regarding symptoms of the menopause and how to manage them and launched a voluntary Health MOT service consisting of a face to face appointment with a qualified clinician who performs a series of assessments to give employees a snapshot of their current health status and provide information they need to support a longer and healthier life. This new initiative has so far supported over 400 employees and feedback is very positive. In addition, we continued to offer access to an employee assistance programme providing free access 24 hours a day to a confidential helpline.

Getting the basics right

In 2023 we continued to provide a range of employee benefits that support physical, mental, and financial wellbeing including cycle2work, stop smoking assistance, holiday buy scheme, pension scheme, life assurance, electric/low emission car scheme, ABP Rewards employee discount scheme and access to a transport credit union. We also granted employees an additional discretionary bank holiday in recognition of the King's coronation.

Due to positive feedback from our employees, we continued to issue all employees with a Total Reward Statement to help them understand the total value of their salary and benefits and to highlight other benefits available that they may not have taken up to help them make the most of what ABP offers its employees.

Growing and retaining a highly skilled workforce

In 2023 we continued to increase our numbers recruited onto our Early Career programme with 9 graduates recruited in a variety of functions across the group. We continue to ensure that we provide meaningful careers for our previous graduates when they leave our graduate programme, and all 7 graduates that completed the programme in 2023 moved into permanent positions.

Opportunities also continue to be offered for apprentices. We increased the number of apprentice hires in 2023 to 27 apprentices, improving our long-term talent pipeline. We are pleased that all our apprentices who completed apprenticeship programmes in 2023 successfully transitioned into full time roles in ABP.

We continued to strengthen our employee value proposition by redesigning ABP's careers website and developing marketing collateral for specific functions with additional functions to follow in 2024.

Strategic report (continued)

2. Development and performance of the business (continued)

2.5 People (continued)

Strong managers and leaders at every level

In 2023 our people manager training for existing colleagues was completed with a new programme approach introduced for all new managers to ABP or who were newly promoted.

In total 2,116 training courses were held in 2023 across ABP, an increase of 241 from 2022. This included induction training for new starters which consisted of 31 sessions covering 295 colleagues. Additionally, 4,715 e-learning modules were delivered, an increase compared to 2022 of 1,423. A focus on Digital Safety training was launched during 2023 for all colleagues recognising the importance of digital safety, not only to ABP, but also to colleagues in their home environment.

A Diverse and Inclusive workforce

Our Diversity & Inclusion ("D&I") network groups – focusing on ethnicity, faith and religion, gender, ability (including mental health & disability) and LGBTQ+, continued to build awareness and support key initiatives internally and externally to demonstrate our commitment.

To further demonstrate our commitment to being an inclusive employer, we set up partnerships with two external bodies in 2023, Inclusive Employers and the Business Disability Forum. This will provide additional support and access to resource material and external training.

ABP once again took part in Light Up Purple (#PositivelyPurple) in December 2023 to mark International Day of Persons with Disabilities. This was the 4th time ABP have participated in this annual event to celebrate the efforts of all persons living with visible or invisible disabilities who play a key role in contributing positively to UK society. Ports in each of our regions took part, lighting our prominent buildings in purple.

We are committed to giving full and fair consideration to applicants for employment who are disabled and to provide disabled employees with opportunities for training, career development and promotion. If an employee becomes disabled during their employment every effort is made to ensure that, wherever possible, the person can either continue in their present role or a different role by arranging appropriate training and making reasonable adjustments. Our ability (mental health and disability) D&I employee network provides a safe space for colleagues to support each other and raise awareness around disability matters.

In October 2023, we launched our new Menopause Policy as part of ABP's commitment to enabling an inclusive and supportive working environment for everyone who works here and to developing an environment where employees can openly and comfortably instigate or engage in discussions surrounding menopause and access support. In addition to the new Menopause Policy, a new e-learning module called 'Menopause Awareness' is now available to all employees and managers. In addition, our private medical insurance employee benefit also now includes access to a 'Menopause Plan'.

Strategic report (continued)

3. Risks and uncertainties

ABP's policy with respect to risk management is to direct resources to ensure that ABP, as far as possible, aligns its exposure to risk with defined risk appetite thresholds that are based on preventing harm to colleagues, and other port users, and preventing adverse financial impacts.

The principal risks facing the group, based on the residual risk to the business, are recorded in the group's risk and control register. The top risks are grouped based on their potential to impact on health and safety or the group's financial results.

The group's principal safety risks relate to the potential for a major incident, either on a tenanted site or an ABP controlled site, as a result of the high-risk operations carried out across the ports and the potential for fatalities, or serious injuries, to colleagues, or other port users, as a result of either their actions or a workplace transport accident.

- Tenant Loses Control of Operation: ABP's predominantly landlord-tenant operating model means that a high proportion of activities carried out across our ports are done so outside of ABP's direct control. These activities may include heavy industrial operations and the handling of dangerous cargoes such as ammonium nitrate. Consequently, there is a risk that a tenant, operating independently, experiences a fire or explosion on their site that results in harm to colleagues, or other port users, and prolonged business interruption at a port. In response, ABP has improved processes to ensure only tenants who can operate safely are onboarded and to assure ourselves of a tenant's compliance to their statutory and contractual obligations. Even with these control checks in place, ABP acknowledges that this will remain a significant risk to the business given the potential for a catastrophic health and safety outcome and the limited control ABP has at tenanted sites.
- Fire/Gas/Explosion: With ABP's increasing involvement in operations, there is a risk of a fire or explosion on an ABP controlled site. Robust, proactive controls are in place which help to prevent this risk from materialising. These include fire and Dangerous Substances and Explosive Atmospheres Regulations ("DSEAR") risk assessments to identify potential hazards, cargo care measures and essential maintenance of plant and equipment. ABP colleagues are also trained to respond to an incident should it arise. Fire and Control of Major Accident Hazards ("COMAH") regulations awareness training are complemented by regular drilling of emergency plans, which involve local resilience forums and other key stakeholders. Undertaking 'lessons learned' and sharing best practice across the group will continue to help to further improve ABP's controls, whilst audits are undertaken to verify the effectiveness of current controls.
- Workplace Transport Accident: This risk applies across all ABP's ports. There are existing controls in place at the ports which help to mitigate the risk, including segregation of plant and people, the use of speed cameras, safe systems of work and training, with additional actions underway to further reduce this risk, including improving road conditions, road markings and signage and improving telematics in ABP vehicles.
- Public Injured on Port Estate: There is a risk that members of the public entering the port estate may be fatally injured. This is a particular concern given the number of unsecured sites that can be easily accessed. At some ports there are specific challenges relating to dilapidated buildings and structures being accessed by the public and members of the public attempting to swim within the port estate. Controls are in place, including fencing, security staff and CCTV, to help prevent public access to high risk areas of ports and further work is underway to strengthen controls.

Strategic report (continued)

3. Risks and uncertainties (continued)

The group's principal financial risks relate to the loss of business from a major customer, multiple customers or tenant failures leading to an adverse impact on the group's EBITDA. In response to these risks, ABP has reviewed the risk status of top customers and proactively engages with them to find commercial solutions and retain their business. ABP monitors all its customers and maintains close relationships with these key customers.

Further significant financial risks relate to the potential for major development projects, to deliver business growth, being delayed or cancelled due to customer financial constraints, market conditions, increases in construction costs or difficulties in obtaining the necessary development approvals. ABP follows a strong approach to governance to ensure only sound project business cases are progressed, that customer requirements are well understood, that appropriate procurement strategies are followed and that project plans fully take account of consenting and approval requirements.

The group's principal technological risk remains that of cyber-attack. There is a risk that ABP's corporate computer systems could be compromised by the use of an e-mail or web based cyber-attack which results in employees being unable to operate connected devices and software because of the disruption caused by the attack, containment of the attack and the subsequent system restoration. Preventative controls are in place to detect and block attacks, along with training to raise staff awareness. Data back-ups are routinely undertaken. Penetration testing is undertaken to identify vulnerabilities, so that weaknesses can be addressed. Incident response plans are tested and Business Continuity Plans are in place covering critical business activities.

Emerging risks that could impact ABP's business beyond the current five-year plan, have been identified and categorised as follows.

- Environment: Predicted long term changes to our climate and weather patterns, beyond those already being experienced, not only have the potential to directly further impact our operations but may also result in increasingly restrictive environmental legislation. The global drive towards decarbonisation also poses challenges for ABP and our customers in the timeframe considered. In response to these challenges ABP launched its Sustainability Strategy in February 2023. ABP has undertaken flood risk assessments across all its ports and these are being used as part of the critical asset management processes. The flood risk assessments will be developed into long-term strategic flood risk plans for high risk port locations. These will support flood risk consideration when ABP develop new, or replace existing, port infrastructure.
- Public Policy and Regulation: ABP recognises that both the maritime industry and key sectors of ABP's business are susceptible to changes in public policy, regulatory requirements, and government support.
- Technology, Innovation and Competition: ABP endeavours to keep pace with technological change to remain competitive and to keep port users and assets safe and secure. ABP also acknowledges that as our economy becomes more technology-focussed, competition for certain skills will intensify.

Strategic report (continued)

3. Risks and uncertainties (continued)

3.1 Financial risk management

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), an intermediate subsidiary of the company. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure. The group's main financial risks are access to liquidity, interest rates, foreign exchange, capital and credit risk as described below. The group aims to manage these risks to an acceptable level.

The group does not use financial instruments for speculative purposes.

Liquidity risk

Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the group. As at 31 December 2023, the group had access to £250.0m of committed and undrawn borrowing facilities. The group also had access to £71.8m of cash and cash equivalents as at 31 December 2023. Debt maturities are spread over a range of dates, ensuring the group is not exposed to a material refinancing in any one year (see note 1 on going concern and note 17 on financial risk management). In addition, the ABPAH group has in place £160.0m of debt undrawn service reserve liquidity facilities to cover annual interest costs. These are renewed annually and are drawn with the cash ring-fenced for debt service if not renewed.

Management monitors rolling forecasts of the group's liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Risks arising from changes in interest rates are managed by maintaining a balance between fixed and floating rate debt. The group uses derivative instruments, such as interest rate swaps to hedge against changes in interest rates and to adjust the balance between fixed and floating rate debt. As at 31 December 2023, with the exception of loans from the immediate parent company, 91% of the ABPAH group's external exposure to floating rate borrowings was fixed.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. As at 31 December 2023, the group had debt in foreign currency comprising USD 461.5m in private placements and JPY 10.0bn in private placements and is therefore exposed to foreign exchange risk on these arrangements. This foreign currency exposure is fully hedged through cross currency swaps.

The group principally invoices its customers and settles its expenses in sterling. Accordingly, currency exposure arising from transactions being settled in other currencies tends to arise infrequently but where foreign currency exposure does arise, it is managed through forward currency contracts.

Strategic report (continued)

3. Risks and uncertainties (continued)

3.1 Financial risk management (continued)

Capital risk

The group's financing arrangements are set out in notes 15, 16, 17 and 24 to the financial statements. The group keeps its funding structure under review with the objective of maximising shareholder value and ensuring that it has the resources 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 was in compliance with these covenants during 2022 and 2023.

Credit risk

In common with other companies, the group is exposed to credit-related losses in the event of non-performance by counterparties to financial transactions. The group mitigates this risk by ensuring that its counterparties do not represent excessive credit risk prior to entering into new agreements. Ongoing exposure to counterparties is also reviewed on a regular basis. The group's credit risk policies are discussed further in note 17 to the financial statements.

Credit risk principally arises from cash and cash equivalents, derivative financial instruments and accounts receivable. The group has no material concentrations of credit risk. The group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring transactions are only with counterparties within defined credit risk parameters.

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

The group monitors the credit rating of all financial counterparties and ensures no positions are entered into with counterparties with credit ratings that are below assigned limits.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement

ABP recognises that, without action, climate change has the potential to significantly affect our business, both through physical impacts (notably flooding of our port estates) and changes in our customer base through changes in technology, regulation and market demand, as well as wider geo-political events. We are committed to becoming net zero from our own operations by 2040 and supporting our customers to achieve their own decarbonisation ambitions. We have already taken significant action to manage physical and financial exposure to climate change, managing the flood risk of our assets, investing over £60m in green technology and circa 29 MW of operational wind and solar energy capacity across 17 of our 21 ports. At a strategic level we are supporting the decarbonisation of the UK economy with initiatives from Port Talbot (floating offshore wind and decarbonisation of steel manufacturing) to the Humber (green hydrogen and carbon capture, utilisation and storage). As noted earlier, as part of our commitment, ABP launched its first sustainability strategy during 2023 which sets out the plans to invest a further £2bn in green infrastructure through major projects and equipment over the next two decades, enabling us to decarbonise our own operations and supporting our customers through the energy transition. More detail is provided as part of this disclosure.

Governance

The following section outlines the governance bodies/structure within ABP for the oversight and management of climate-related risks and opportunities.

Associated British Holdings Limited (ABPH) Board – the Board has responsibility for approving the group’s overall business strategy considering risks and opportunities, including those related to climate change. In September 2022, the Board approved the sustainability strategy ‘Ready for Tomorrow’. From the end of 2023 the Directors will receive updates on progress against agreed key climate and sustainability metrics and targets at Board meetings twice a year to ensure the business remains on track. In addition, the Board considers the alignment with the sustainability strategy when considering major capital expenditure proposals and when approving the group’s business plan and budget.

ABPH Board Committees – the Board is supported in its governance of risks and opportunities relating to climate change and the energy transition by the Audit & Risk Committee (“ARC”) and the Remuneration & Nomination Committee (“RemCo”).

The group has adopted a risk management process which is designed to identify and assess current and emerging risks and to mitigate their impact. This process is described in more detail below. The ARC reviews the group’s key risks and mitigations identified through this process and reports on its activities to the ABPH Board. The ARC also oversees this Climate-Related Financial Disclosure reporting.

Each year the RemCo agrees the annual balanced scorecard which is used to measure company performance. In 2022, the scorecard included a target to develop the sustainability strategy. This was updated in 2023 to measure the group’s progress against the sustainability strategy roadmap, thereby ensuring that all employees and the executive team are incentivised to deliver sustainability targets.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Management

ABP Board – the group's Chief Executive Officer and other members of the ABP (Executive) Board have day to day responsibility for assessing and managing climate-related risks and opportunities across the business. In 2022, the ABP Board reviewed and approved the group's sustainability strategy and recommended its approval by the ABPH Board. The ABP Board is now focussed on the roadmap to deliver that strategy. Performance against targets is tracked and reported to the ABP Board on a regular basis and directors ensure that all business proposals, including capex proposals consider both the effect on climate change and align with the sustainability strategy. Opportunities arising from climate change are also identified during discussions with customers and potential customers during the year.

Ready for Tomorrow Delivery Group (RFTDG) – the RFTDG supports the ABP Board in driving action to deliver the sustainability strategy. It was created in 2023 and is sponsored by the Chief Executive Officer. The RFTDG's remit includes monitoring of progress against specific Ready for Tomorrow activity plans, analysing performance against key sustainability and climate change targets and metrics, and coordinating sustainability-related employee initiatives throughout ABP. It reports back to the ABP Board periodically. The RFTDG comprises management from across ABP with expertise in health, safety and the environment, biodiversity, finance and asset/infrastructure management.

Risk Management Working Group (RMWG) – the Risk Management Working Group, sponsored by the Chief Financial Officer, supports the ABP Board by ensuring appropriate review and robust challenge of key risks and mitigations is undertaken, including of climate-related risks, and that there is consistency of risk assessment approach across the business prior to review by the ABP Board and subsequently, the ARC. It comprises a cross section of leaders from each of the group's regions and functions.

Flood Risk Working Group (FRWG) – as outlined further below the group has identified flood risk and rising sea levels as a key climate-related risk for ABP, which warrants specific focus. The FRWG which is sponsored by the Director, Safety, Engineering and Marine, was created to ensure that there is cross regional review of flood risk and appropriate planning is undertaken to prepare for rising sea levels and to also consider opportunities arising from the climate transition. Outcomes and findings from its activities are reported to the RMWG.

Risk Management

ABP has in place a Risk Management Policy which is reviewed, modified as necessary and approved annually by the ABP Board and the ABPH Board. The purpose of the Risk Management Policy is to:

- confirm and communicate ABP's commitment to risk management as a means of directing resources to ensure that ABP aligns exposure to risks with its defined risk appetite thresholds as far as possible, and in particular for those risks with the potential to harm people or the environment, contravene applicable legal/regulatory requirements and/or reduce business value; and
- define the high-level governance, roles and responsibilities and risk management methodology associated with this commitment.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Risk Management (continued)

The Risk Management Policy includes a risk scoring guide which sets out the risk impact and likelihood thresholds, and associated scores, for the categories of risks.

ABP applies a rigorous risk management process, which includes:

- maintaining details of business risks, controls and actions within the corporate risk register;
- the identification and assessment of new and emerging risks, via risk workshops and other forums;
- risks, controls and actions are reviewed and refreshed on at least a quarterly basis by Risk Owners, with support from Risk Coordinators and Senior Risk Leads;
- quarterly Regional and Functional leadership team risk reviews are completed and the corporate risk register updated accordingly;
- following the Regional and Functional quarterly leadership risk reviews, the RMWG meet quarterly to review and, where necessary challenge, the top risks identified via the Regional and Functional quarterly leadership risk reviews. The RMWG also considers any new or emerging risks and ensures these are developed and analysed and that actions are agreed to address these risks;
- on a regular basis the Group Head of Risk and Assurance reports to the ABP Board the top risks across the Group for their consideration; and
- annually the Group Head of Risk and Assurance reports to the ARC setting out the top risks across the Group. These risks are also reported to the ABPH Board.

Climate change related risks are considered as part of the risk management processes described above and where necessary specific projects to further assess these risks are undertaken, with specialist third-party support as required. One such example of this is port flood risk as a result of rising sea levels or extreme weather events. ABP Marine Environmental Research Limited, a sister company of ABP and specialist marine consultants provided flood risk assessments across all of ABP's ports in 2015 which were updated in 2021. These are considered as part of the critical assets management process and are taken into account when ABP develops new, or replaces existing, port infrastructure. Infrastructure design, positioning and resilience are factors considered in connection with port flood risk. The FRWG was established in 2022 to ensure focus on this key risk area.

Climate-related Risks and Opportunities

ABP has the potential to be impacted by both physical and transition risks and opportunities which could possibly cause a material impact on the value of ABP and its assets:

- Physical risks are those arising from climatic events and long-term shifts in climate patterns. These include the increased frequency and severity of extreme weather events as well as rising sea levels, leading to more frequent flooding.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Climate-related Risks and Opportunities (continued)

ABP has previously considered the potential impact and likelihood of a range of physical climate-related risks on operations at our ports. Those impacts and impact scores have been published for ABP Humber and Southampton, as part of our voluntary Climate Change Adaptation reporting requirements, most recently in 2021. We have found that by far the greatest physical risk to ABP and its operations is that of flooding from the sea, with long-term sea-level rise increasing the height of extreme water levels during storm events. Other physical risks (such as increases in temperature or changes in rainfall patterns) are found to cause neither a significant material impact on the value of our assets nor greatly impede operations so are not mentioned further here.

Transition risks and opportunities are those arising from the changes in technology, markets, policy, regulation, and consumer sentiment which will result from our transition to net zero. Our business is sensitive to our customers' markets, with changes in the type and volume of commodities passing through our ports impacting revenue.

Both categories are intricately linked and inter-dependent, with overlap especially apparent between markets and government policy.

As the future is highly uncertain and difficult to predict and to fully assess ABP's resilience to climate-related downside risks (as well as opportunities that may emerge) ABP has developed two key scenarios which enable the implications of different climate impacts to be explored.

These are:

- Divergent Net Zero ("DNZ") – where the UK achieves its 2050 net zero target. However, significant and abrupt changes in policy, high carbon prices, and sudden changes to investment practices, along with greater socio-economic effects occur; and
- Hot House World ("HHW") – this scenario considers a future in which net zero targets are relaxed, with energy security and growth prioritised over policies controlling CO2 emissions.

The scenarios are not intended to be projections or predictions but instead represent plausible versions of the future on which to base our analyses.

The climate scenarios and impact assessment methodologies have been developed to understand risk in the short term (to 2028), medium term (to 2050) and long term (to 2100). The risk assessment considers the magnitude of impact in terms of estimated financial impact or opportunity using a five-point scale ranging from immaterial (less than £3m EBITDA and/or <£15m one off cash payment) through to catastrophic or transformational (where estimates are greater than £70m EBITDA and/or >£600m one off cash payment). It also considers the associated probability of the impact occurring, again using a five-point scale ranging from a remote chance (less than 5%) through to almost certain (greater than 95%). The risk assessment calculates the level of risk by multiplying the impact and probability scores with low being up to 5; medium 6-14 and high being 15-25.

Both the physical and transition risks and opportunities have been analysed over the short (to 2028), medium (to 2050) and long term (to 2100). It should be noted that the most pronounced transitional risks and opportunities will emerge over short to medium timescales, whilst flood risk will be greatest over longer timescales.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Physical Risks Analysis

Flood Risk

<table>
<tr><td>Relevance to ABP</td><td>Flooding from the sea is the most significant physical risk facing ABP's business with potential to damage assets and infrastructure, interrupt trade and limit development of low-lying areas of the port estate.

The risk of flooding at each of ABP's ports is not the same, either in time or space, some ports are currently well defended or have high land elevations relative to the height of extreme surge water levels meaning they are not expected to be at risk for several decades, whilst others are at greater risk even in the short term. It should be recognised that even if flooding were to occur, it does not necessarily imply physical damage/financial loss will occur. It is the exposure of critical assets within each port estate to flooding that defines the level of risk.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment
<table>
<tr><th></th><th>Short Term</th><th>Medium Term</th><th>Long Term</th></tr>
<tr><td>Divergent Net Zero</td><td>Low</td><td>Low</td><td>Medium</td></tr>
<tr><td>Hot House World</td><td>Low</td><td>Medium</td><td>High</td></tr>
</table></td></tr>
<tr><td>Potential Financial Impacts</td><td>Direct impacts – damage to both ABP and customer assets/infrastructure, as well as loss of earnings. Scale of impact will depend on storm surge magnitude and port preparedness.

Indirect impacts – cost of insurance, increase in credit risk (if ABP is not able to demonstrate preparedness), constraints on development (due to planning policy in flood risk areas)</td></tr>
<tr><td>ABP Risk Mitigations</td><td>In recent years, ABP has commissioned several investigations to enhance understanding of flood risk at each port location. These have considered present day and future time horizons (out to 2115). A strategic group-wide approach to the determination and management of flood risk is currently being implemented, building upon these investigation studies. This will help determine overall infrastructure and operational resilience and will ensure that flood risk management and climate change risk is integrated into existing asset management and decision-making processes. Following the completion of the flood risk assessments in 2021, ABP has upgraded its flood defence infrastructure which includes maintaining and replacing lock gates. ABP has committed to continue to improve its flood defence infrastructure through its capital program.</td></tr>
</table>

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Transition Risks Analysis

Market Transition – Risks

<table>
<tr><td>Relevance to ABP</td><td>ABP’s financial position is intimately linked to the strength of the markets our customers operate within and the nature of their operations. Many of ABP’s main customers and primary market sectors have the potential to be impacted by climate and environment-related statutory policy decisions over the coming decades. Some of our ports derive a considerable proportion of revenue from customers in the energy sector. The level of risk is therefore expected to be greatest in the DNZ scenario which sees stringent carbon reduction measures implemented over coming decades.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment<table>
<tr><th></th><th>Short Term</th><th>Medium Term</th><th>Long Term</th></tr>
<tr><td>Divergent Net Zero</td><td>Low</td><td>High</td><td>High</td></tr>
<tr><td>Hot House World</td><td>Low</td><td>Low</td><td>Low</td></tr>
</table></td></tr>
<tr><td>Potential Financial Impacts</td><td>The transition to lower carbon energy could see key customers leave a port or downscale their operations. This could significantly impact property rental income as well as revenue from handling, ships dues and pilotage if revenue is not replaced by clean energy sectors. The impact would not be equally felt across all ports but would be dependent on the nature of the trade and degree of exposure to climate-related market changes.</td></tr>
<tr><td>ABP Risk Mitigations</td><td>Risks will be managed by a programme of investment focused on infrastructure and facilities supporting customers to decarbonise their operations and customers within the clean energy sectors. This will diversify revenue streams and offset expected long-term declines in traditional fossil-fuel based energy sources such as coal, oil and petroleum.</td></tr>
</table>

Market Transition Opportunities

New, long-term opportunities in green technologies and renewable energy are emerging which are heavily reliant on port infrastructure and many of our ports are in optimum geographic locations to benefit from these opportunities. The greatest potential opportunities are expected under the DNZ scenario which sees stringent carbon reduction measures implemented over the coming decades, driving growth in renewable energy as well as carbon capture and storage. These opportunities are expected to be more pronounced over the medium to long term, although major opportunities also arise over shorter timescales.

The transition to lower carbon energy could also see several entirely new customers using ABP’s ports, including at locations which are currently underutilised, and which have significant capacity for growth. Major increases could result in property rental income, handling, ship dues and pilotage. The financial impacts would not be equal across all ports, as some would be better located for certain opportunities than others.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Policy & Legal Transition – Risks

<table>
<tr><td>Relevance to ABP</td><td>Government has the potential to directly influence the costs of ABP’s future developments and operations as well as the value of some assets. There is a risk that shipping emissions will be included in updates to carbon levies as well as rises in the price of carbon emissions. This will increase the cost of running diesel vessels, with investment in alternative vessel technology by both ABP vessels and our customers. In addition, policy may result in more stringent regulations regarding development in flood risk areas and energy performance standards for buildings. Policy may also impact ABP through the viability/profitability of customers’ businesses.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment
<table>
<tr><td></td><td>Short Term</td><td>Medium Term</td><td>Long Term</td></tr>
<tr><td>Divergent Net Zero</td><td>Medium</td><td>Medium</td><td>Low</td></tr>
<tr><td>Hot House World</td><td>Medium</td><td>Low</td><td>Low</td></tr>
</table></td></tr>
<tr><td>Potential Financial Impacts</td><td>Potential impacts include increased operating costs (e.g. higher tax burden, compliance costs and increased insurance premiums), asset impairment and early retirement of existing assets, increased development/capex costs to achieve compliance with policy, and increased cost of capital if ABP is unable to provide sufficient reassurance to markets as to adequacy of measures to manage climate-related financial risks.</td></tr>
<tr><td>ABP Risk Mitigations</td><td>ABP has already invested in green technology and has c.32MWp of wind and solar energy capacity across 17 of our 21 ports and plans to invest a further capital to decarbonise infrastructure and equipment between 2024 and 2040 to further reduce scope 1 and 2 emissions. ABP continues to prepare for known changes in planning regulations in flood prone areas and for new Minimum Energy Efficiency Standards. We also monitor for changes in law and regulation on an ongoing basis, so appropriate planning can be undertaken.</td></tr>
</table>

Policy & Legal Transition Opportunities

The decarbonisation of the shipping industry poses potential opportunities for ABP. As the industry moves to reduce carbon intensity, new bunkering opportunities associated with the use of green fuels, such as hydrogen may arise. Changes to policy and regulation may also see market changes which could result in new business/customers for ABP (see Market Transition Risks/Opportunities above).

In 2019 ABP installed its first shore power facility at a total cost of £9m in the port of Southampton. Shore power-enabled ships can now plug in at the port’s Horizon Cruise Terminal and Mayflower Cruise Terminal, for zero emissions at berth. Opportunities for further shore power deployment across ABP’s ports are being kept under review but are dependent on local grid infrastructure capacity (see further below for Technology Transition Risk).

Government decarbonisation plans are also developing. This may provide significant opportunities for ABP and its customers to develop opportunities that would be powered by entirely renewable energy sources.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Technology Transition – Risks

Relevance to ABP	Technology drives (and is influenced by) market change and therefore also directly impacts ABP through the viability/profitability of its customers' businesses. Electricity grid infrastructure is heavily constrained in areas around the UK with the network not having capacity to transport the electricity required or produced from a new connection. Grid constraints could limit the green energy generated on ABP's port estates and exported to the national grid, and limit the opportunities to sell services, such as shore side power, to customers. Continued electricity grid constraints could also impact the future development of offshore wind opportunities.
Time Horizon/Materiality (unmitigated)	Risk Assessment

	Short Term	Medium Term	Long Term
Divergent Net Zero	Low	Low	Low
Hot House World	Low	Low	Low

Potential Financial Impacts	Lost future revenue generation opportunities.
ABP Risk Mitigations	ABP continues to engage with Distribution Network Operators (DNOs) to understand grid restriction and timescales to reduce system constraints. For new renewable energy projects, formal grid connection requests to the local DNO are submitted to identify any limitations. If there are limitations, ABP engages in detailed discussions to identify solutions that may be available. ABP is reviewing the potential to request additional import capacity (from the DNO) for ports that anticipate future electricity demand being materially Higher.

Technology Transition – Opportunities

Both ABP and its customers have an increasing demand for clean energy in the short/medium term, making on port based generation of energy increasingly attractive. Next generation renewable energy generation (tidal, wave, small nuclear, etc) will start to become more financially viable in the medium term and battery technology costs are expected to reduce, making storage solutions widely viable and offering opportunities for expansion of on-port energy generation. The sale of clean energy to customers, who are increasingly seeking to reduce their carbon footprint, has the potential to deliver significant future income. As ABP is a major user of energy, significant cost reductions can be achieved through minimising the amount of energy that is purchased from the grid and investment in batteries for energy storage has the potential to further manage energy costs. ABP will continue to explore the potential for new renewable/decarbonised energy projects and will actively engage with customers to improve our understanding of their short- and medium-term energy requirements so we are well positioned to respond to potential future demand. Investment in automation, such as Terminal Operating Systems which streamline the flow of goods and bring efficiencies to ABP and its customers, also offer opportunities to reduce carbon emissions.

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Reputational Risks

<table>
<tr><td>Relevance to ABP</td><td>Several of ABP’s ports handle carbon intensive commodities (especially oil and petroleum products) and raw materials for carbon intensive industries (such as iron ore and coal for steel making). These industries have their own decarbonisation agendas. There is a risk that divergent approaches to decarbonisation could have an adverse impact on the delivery of ABPs sustainability strategy.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment
<table>
<tr><td></td><td>Short Term</td><td>Medium Term</td><td>Long Term</td></tr>
<tr><td>Divergent Net Zero</td><td>Low</td><td>Low</td><td>Low</td></tr>
<tr><td>Hot House World</td><td>Low</td><td>Low</td><td>Low</td></tr>
</table></td></tr>
<tr><td>Potential Financial Impacts</td><td>Operational disruption/direct loss of earnings due to protests
Loss of customers/new business due to actual or perceived risk of disruption
Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention)</td></tr>
<tr><td>ABP Risk Mitigations</td><td>ABP will continue to demonstrate leadership across sustainability by implementing the commitments set out in its sustainability strategy ‘Ready for Tomorrow’ and will continue to work on climate transition plans with customers in hard-to-abate industries such as steel manufacturing, cement and oil refining. In addition, we will continue to invest in high growth green industries like floating offshore wind and hydrogen/ammonia which can play a key part in decarbonising the economy. We will also maintain dialogue with regulators, developers and non-governmental organisations to understand and mitigate the impacts of development and operations on the marine environment.</td></tr>
</table>

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Targets and Metrics

A series of targets have been developed to assist ABP in managing climate-related risks and to realise climate-related opportunities. These will build upon our existing metrics and targets to help guide the implementation of our sustainability strategy. These are set out below, together with the KPIs identified to assess progress. Targets and the associated timeframes envisaged before the target is met (or implemented) will be developed as data is collected and understood in the context of the overall strategic goals. Other than existing emission data collected the developed KPIs are expected to be implemented and specific targets set throughout 2024.

Risks and impacts requiring management	Target	Relevance to future ABP operations	Key performance indicator(s) (KPIs)	Time frame before target met/implemented
1: Physical risk: flooding - Damage to assets - Increased development costs - Interruption to operations	Development of long-term strategic flood risk plans for high-risk port locations as per the 2021 ABP port flood risk assessment	This will improve understanding of long-term vulnerability to sea level rise, identifying where and when investment in improved flood defence infrastructure may be required at each port. It will also help improve long term resilience through future land use planning, enabling (for instance) cargoes sensitive to flooding to be stored in less flood prone areas	Number of high-risk ports with long term strategic flood risk plans	Short term flood risk mitigation plans to be developed by 2028
2a: Transitional risk: markets Reliance on customers operating in carbon-intensive sectors	Our strategy includes an indicative £1.4bn cumulative investment in infrastructure and facilities supporting customers involved in the energy transition. Specific interim targets to be developed.	This investment will capture new market opportunities, diversifying existing revenue streams and reducing reliance on carbon intensive markets/ commodities.	Capex spent on energy transition projects completed (£m/year)	Medium term (met by 2040)

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Targets and Metrics (continued)

Risks and impacts requiring management	**Target**	**Relevance to future ABP operations**	**Key performance indicator(s) (KPIs)**	**Time frame before target met/implemented**
2b: Transitional risk: markets – Increased stakeholder concern regarding carbon intensity/ environmental sustainability of ABP customer operations	Achievement of net zero by scope 1 and 2 by 2040 as set out in the Sustainability Strategy	Our reputation for environmental responsibility is important, both to our customers and to our staff: our customers have increasingly strict climate and wider sustainability requirements for their supply chain, and these must be met to ensure we retain (or secure) their business. ABP's Sustainability Strategy articulates the strategy for creating a positive impact on the environment and the wider support we are providing to our customers to achieve their own decarbonisation ambitions.	Tracking of sustainability implementation to be based on progress against net zero target by 2040 (Scope 1 and 2)	Short to Medium term (first implementation milestone to be assessed by 2030)

Strategic report (continued)

4. Non-Financial and Sustainability Information Statement (continued)

Targets and Metrics (continued)

Risks and impacts requiring management	Target	Relevance to future ABP operations	Key performance indicator(s) (KPIs)	Time frame before target met/imple-mented
3: Transitional risk: policy - Carbon taxation driving higher energy costs for operations, reducing profitability	10% energy intensity improvement across our business	Higher carbon taxes have the potential to erode profitability. The measures/ targets identified will reduce this tax burden whilst also achieving wider environmental benefits.	(MWh per £ of revenue)	Short term (met by 2030)
	Additional 40 MWp of installed wind & solar energy (above 2022 baseline)		Cumulative (MWp) installed above 2022	Short term (met by 2030)
	Net Zero Scope 1 & 2 greenhouse gas emissions		(tCO_2e)/ year) See section 2.4	Medium term (met by 2040)
4: Transitional risk: technology - Costs to transition to lower emissions technology	Our strategy includes an indicative £600m investment to decarbonise ABP infrastructure and equipment. Investment will result in emission reductions* from the 2021 baseline of: -37% by 2030 -64% by 2035 -90% by 2040	ABP has a large amount of infrastructure and equipment across its 21 ports: replacing this with zero-carbon alternatives will be capital intensive. We have set out a strategic plan for achieving an orderly transition that minimises the risk of write-offs and early retirement of existing assets.	Capex supporting Sustainability strategy (£m/ year)	Medium term (met by 2040)

Strategic report (continued)

5. Outlook

Despite ongoing uncertainty in the global economy due to geopolitical events, ABP's ports continue to operate with minimal disruption due to the resilience and hard work of all our frontline and marine colleagues. Trade volumes in 2023 have been impacted by the global disruption, inflation, and the challenges presented by the implementation of the EU-UK trade and Cooperation Agreement. On 29 August 2023 the government published a final version of the Border Target Operating Model to be progressively implemented from the end of January 2024. ABP continues to engage with all stakeholders with regards to any future changes.

ABP continues to deliver an ambitious investment programme to progress the group's strategic objectives and to support the UK's clean energy transition. Major projects on the Humber should see critical infrastructure for the generation and distribution of green hydrogen and carbon capture and storage technology, helping to decarbonise the UK's largest industrial clusters. Transformational plans for the future of Port Talbot aim to establish the port as a hub for the burgeoning floating offshore wind sector in the Celtic Sea. ABP has launched its plans for South Wales in its "Future Ports: Wales Vision", with Floating Offshore Wind (FLOW) at its core. ABP will continue to play an important role in the ongoing growth and transformation of the Offshore Wind sector.

The benefits of these projects include: supporting the UK Government's plans for a low-carbon economy; significant growth and benefits to the local regions; including the provision of jobs for supply chains and local businesses, and the elimination of significant greenhouse gas emissions.

Following the success of Green Port Hull, and the announcement of Lowestoft Eastern Energy Facility ("LEEF") in November 2021, ABP has now made the decision to fully develop LEEF which will provide a facility that is suitable for Operations & Maintenance activities and construction support for the offshore energy industry.

During 2023 the group acquired Solent Gateway Limited ("SGL"). SGL operates Marchwood Port, located opposite the Port of Southampton, under long term agreements with the Ministry of Defence and has existing planning permission for development. With capability to support a range of vessels, port-centric logistics and existing rail connectivity, the Marchwood site has significant potential.

Following the Freeports policy announcement by the UK Government, ABP's ports on the Humber and in Southampton and Plymouth were successful in their bids for Freeport status with Garston benefiting from the Freeport status in the Liverpool City Region. More recently was the announcement that the Celtic Freeport (where ABP is a leading partner) has been award Freeport status. This presents an opportunity to grow trade and exports in these locations by attracting further investment, helping to create jobs and boost manufacturing and ABP continues to collaborate with all private and public stakeholders.

The launch of ABP's sustainability strategy on 28 February 2023 will ensure the group is well placed to continue to reduce carbon emissions across all port operations, while also addressing critical issues such as air quality, biodiversity and resource management. This strategy means ABP will continue to fulfil its central mission, keeping Britain trading into the future.

Strategic report (continued)

6. Section 172 Statement

The company is a wholly-owned indirect subsidiary of ABP (Jersey) Limited ("ABPJ") and an intermediate holding company within the group. The directors recognise the importance of stakeholder engagement in delivering the long-term and sustainable success of the company, and when making decisions the directors have regard to the potential consequences over the short, medium, and long term, and their responsibilities and duties to the company's shareholder and other stakeholders. Given the nature of the company and the group's governance structure (see the Corporate Governance Statement in section 6 of the director's report), the company has few matters that are considered by the Board. A key stakeholder for the company, other than the shareholder, is the group's lenders (see below) but the directors are mindful of the interests of the wider stakeholders for the group and the reputation of the business when taking decisions.

The key stakeholders relevant to the group are employees, customers, local and national government, suppliers, the communities in which ABP operates, the environment and the group's lenders.

The following section outlines how the group engages with, and has regard to, each of the key stakeholder groups. References to the Board in the section below are to the Board of Associated British Ports Holdings Limited.

Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis, as necessary. To support directors and assist them in complying with their duties, management is required, when submitting board papers, to ensure that feedback on their engagement with stakeholders is reflected so that the impact on, and views of, key stakeholders can be considered within the decision-making process.

6.1 Employees

The group's employees are fundamental to our success, and we cannot deliver our strategy and continue to grow without an engaged, safe, and well-trained workforce. We obtain feedback and views from our employees on a regular basis which enables us to continuously improve and develop, particularly in relation to our health and safety processes and practices. See our 'Health and Safety' and 'People' sections respectively for further information.

What matters to our employees

- A safe and healthy working environment
- Diversity, equality and inclusion
- Growth and development opportunities
- Recognition and fair reward
- Communication
- Correct tools and equipment to perform their roles well

How ABP measures

- Lost time incidents and sickness absence rates
- Gender pay gap and diversity of employees
- Internal hire rates (including promotions)
- Attendees on development programmes and training attendance
- Employee turnover
- Employee engagement survey responses
- 'Spot-Its' and safety conversations
- Whistleblowing reports

Strategic report (continued)

6. Section 172 Statement (continued)

6.1 Employees (continued)

How ABP engages

- Weekly 'Pulse' newsletter on updates from around the business
- Direct engagement with trade unions.
- Regular employee 'Town Halls'
- Issuing safety alerts and giving 'toolbox' talks
- CEO business briefings at port locations and virtually
- Bi-annual Senior Leadership Team conference
- Actioning and reviewing near misses, incidents or concerns identified through the 'Spot-It!' portal
- Anonymous employee engagement survey with associated action plans
- Sharing regular information on financial and economic factors affecting the performance of the group

How the Board complements the engagement

- Visits to ports by Board members with direct engagement with the local workforce
- Updates provided to the Board on engagement survey results and actions being taken
- Oversight of whistleblowing reports by the Board's Audit and Risk Committee

Actions and Decisions

- Action plans to address outcomes from employee engagement survey
- Beyond Zero 2023 with a focus on reinforcing ABP's safety culture
- Launch of confidential health MoTs for employees
- New employee dental plan launched

6.2 Customers

The group's future success is dependent on the maintenance and development of its relations with current and potential customers. ABP works closely with our customers at port, regional and corporate level to understand their needs and develop facilities and services to meet their requirements.

What matters to our customers

- Building long term sustainable partnerships of mutual value
- Availability of infrastructure and resources to support customer operations
- Clear communication regarding port-based activities
- Sustainability and de-carbonisation of port operations

How ABP measures

- Direct customer feedback through day-to-day activities and joint projects
- Net promoter, customer satisfaction, and customer effort scores
- Business growth
- Annual customer engagement survey feedback
- Performance surveys conducted

Strategic report (continued)

6. Section 172 Statement (continued)

6.2 Customers (continued)

How ABP engages

- Regular dialogue with our customers to understand current and future challenges
- Port user groups to provide a forum for feedback and discussion on key topics
- Bi-annual update to customers
- Publication of the Annual Review
- Attending industry events alongside customers and partners
- Hosting customer events

How the Board complements the engagement

- Meeting with key customer representatives
- Considering feedback from customers, including when discussing new projects and opportunities
- Customer representatives presenting directly to the Board on their business/sector and outlook
- Consideration of update from management on customer engagement survey responses and action plans

Actions and Decisions

- Instigation of customer engagement plans
- Investment in onsite roof-based solar
- Investment in new infrastructure and equipment to support customer activities
- Customers engaged with and invited to attend launch of ABP's 'Ready for Tomorrow' sustainability strategy

6.3 Local Authorities and National Government

ABP has a unique position as the UK's largest port operator and is an essential part of the supply chain for key industries throughout the UK, a key enabler of infrastructure for the energy transition and a catalyst for jobs and prosperity in coastal communities. Government policy in respect of matters such as trade and the environment impact the way that businesses operate and accordingly, engagement with local and national government helps ABP to understand topical issues and to work with both government and our customers on areas of shared interest.

What matters to Local Authorities and National Government

- Local/Regional employment opportunities and economic growth
- Support for the Government's climate strategy, including achieving net zero by 2050
- Enabling the controlled flow of people and goods into/out of the UK
- Effective support of supply chains for local businesses and industry/agriculture

How ABP measures

- Using our strong relationships with local authorities to ensure solutions are delivered within planning requirements
- Ability to deliver core business objectives with consent and support of relevant government bodies
- Engagement with UK and local government to understand and positively input into policy through both formal processes (e.g. consultation, local plan formation) and ongoing dialogue
- Feedback from discussions on projects, consultations and applications for grant funding

Strategic report (continued)

6. Section 172 Statement (continued)

6.3 Local Authorities and National Government (continued)

How ABP engages

- Directly with UK government departments, including the Department for Transport, the Department for Energy Security & Net Zero, devolved administrations and local government bodies relevant to ABP's ports
- Membership of trade associations and business groups that engage with government on policy issues e.g. the UK Major Ports Group and Renewable UK
- With executive agencies of the government including the Marine Maritime Organisation and the Environment Agency
- Through regular dialogue with local authorities and Local Enterprise Partnerships
- Providing thought leadership on key topics where ABP has a distinctive, authoritative perspective
- Hosting and attending engagement events, regionally and centrally

How the Board complements the engagement

- Directors meeting with government representatives
- Liaising with the Executive Team on key priorities and aligning Government engagement, where appropriate
- Consideration of engagement and views of local and national government when reviewing project proposals

Actions and Decisions

- Working closely with government on key industry issues, including in relation to the green energy transition, industrial strategy and economic growth
- Revision of project proposals to take into account feedback from government stakeholders
- Attendance at political party conferences, sponsoring roundtable discussions and webinars and speaking at online conferences on policy issues
- Working with stakeholders and independently to secure a positive investment environment for UK ports and associated industries

6.4 Suppliers

ABP relies on its suppliers to provide products and services that enable us to deliver our strategy. We seek to engage the best supply chain partners to sustainably deliver value and performance for the business and we regularly work with local and small businesses in our port communities.

We recognise that strong relationships, regular communication and engagement with our suppliers are key to delivering our projects in a timely and cost-efficient manner and ensuring that specifications are aligned with the needs of the business and our customers.

Strategic report (continued)

6. Section 172 Statement (continued)

6.4 Suppliers (continued)

What matters to suppliers

- Clear and transparent communication of requirements and expectations
- Timely decision making
- Smooth onboarding of new suppliers
- Payment in accordance with agreed terms

How ABP measures

- By successful outcomes, such as delivery of equipment on time and on budget
- By seeking regular supplier feedback in respect of payment processes and the use of supplier portal
- Absence of disputes/unresolved issues
- Monitoring of payment period for invoices, and delays in the process (e.g. due to failure to match an invoice with a purchase order)

How ABP engages

- Through the use of a supplier portal to enable organisations to register and tender for contracts, complete due diligence and correspond directly with ABP
- Through regular dialogue and close collaboration with suppliers and contractors to ensure projects are delivered on time and in budget

How the Board complements the engagement

- Receiving reports on project progress updates and any supplier issues
- Regular review of credit risk reports
- Review by the Audit and Risk Committee of whistleblowing reports, which would include any concerns or suspicions of malpractice raised by suppliers

Actions and Decisions

- Introduction of contractor engagement days for new project opportunities to generate increased participation in key areas of the supply chain
- Following feedback from the relationship management questionnaire, earlier contractor engagement and more focus on publicising ABP pipeline opportunities within various categories

6.5 Communities

ABP recognises the importance of local communities to its continued success and the impact its decisions can have on those communities across its port estate. We seek to develop relationships based on mutual trust and respect and to understand the issues that matter locally.

What matters to local communities

- Job creation and contribution to regional economy
- Being a good neighbour and supporting the local community
- Acceptable levels of noise and air pollution
- Company’s commitment to sustainability
- Consultation with local community, in particular when significant projects are planned

Strategic report (continued)

6. Section 172 Statement (continued)

6.5 Communities (continued)

How ABP measures

- Monitoring air quality and greenhouse gas emissions
- Tracking social and environmental incidents
- Donations to charities and local/national community organisations
- By measuring the group's wider economic impact, principally through:
  - the value of trade handled at our ports
  - jobs supported in regions where we operate
  - the value of our contribution to the economy measured in Gross Value Added ("GVA")

How ABP engages

- Proactive communications to local communities around developments and changes to business practices
- Seeking feedback from communities and residents on significant project proposals
- Port and heritage open days
- Through sponsorship of and fundraising by ABP and its employees for a number of charities and community organisations
- Through regular engagement with community representatives (e.g. councillors, MPs) and local residents

How the Board complements the engagement

- Through allocation of budget to support community and charity projects
- Investment in sites to mitigate the effect of habitat loss
- Through consideration of local community impacts when project proposals are being reviewed by the Board for approval
- Overseeing the group's sustainability strategy

Actions and Decisions

- Sponsorship of a variety of regional charities located in the communities where ABP's ports operate (e.g. Ty Hafen, St. Elizabeth's Hospice, British Divers Marine Life Rescue and Water Rats)
- Proactive communication and engagement programmes with communities around major projects such as Future Port Talbot (e.g surveys and focus groups)
- Nationwide schools competition aligned with ABP's sustainability strategy
- Sponsorship of marathons and other mass participation running events in Southampton, Newport, Cardiff and Humber
- Launch of the group's sustainability strategy

6.6 Environment

ABP is committed to developing its business to meet the needs of its customers in a sustainable way, with due regard for both its operations and the environment. Engaging with stakeholders is key to supporting our planning and licence applications and ensuring we are able to meet legislative requirements. When planning projects, ABP also works with stakeholders to ensure sustainability and mitigate or reduce the impact of its projects on the environment where possible.

What matters in respect of the Environment

- Reducing greenhouse gas emissions ("GHG") and carbon emissions
- Promotion of biodiversity/protection of wildlife
- Air quality and pollution control
- Noise control/reduction
- Effective waste management practices, minimizing environmental impact

Strategic report (continued)

6. Section 172 Statement (continued)

6.6 Environment (continued)

How ABP measures

- Air and water quality monitoring
- Tracking and monitoring waste
- Tracking key carbon GHG reduction metrics
- Monitoring energy performance
- ISO 14001 and 50001 Energy Management certification across all ports and terminals

How ABP engages

- Engaging with key environmental stakeholders, the Environment Agency, the Department for Environment, Food & Rural Affairs and the Marine Management Organisation in respect of major projects and initiatives
- Attendance at local port user groups to understand the key issues faced by port users and give feedback on how any environmental issues or concerns are being addressed.
- Member of the Zero Carbon Humber initiative and a signatory to the Green City Charter in Southampton

How the Board complements the engagement

- Investment in a number of renewable energy projects and infrastructure which align with the group's sustainability strategy
- Oversight of implementation and progress of the ABP sustainability strategy with a target of reaching net zero by 2040
- Consideration of the environmental impact as a key aspect of the decision-making process, particularly in all major project decisions
- Development and oversight of the ABP strategy which includes energy generation and storage as a key strategic direction

Actions and Decisions

- Approval of the Lowestoft Eastern Energy Facility, a major investment project on Lowestoft's Outer Harbour, to support the offshore energy sector
- Launch of ABP's sustainability strategy with a target of reaching net zero by 2040
- Energy reduction programme undertaken, with a focus on increasing energy efficiency and reducing consumption, including roll out of smart meters throughout the port estate.
- Purchase of lower emission plant and equipment pursuant to ABP's sustainability strategy

6.7 Lenders

The group raises debt and undertakes related hedging with a number of counterparties. Sources of debt and facilities include public capital markets issuances, loans and private placements. We recognise the importance of providing these stakeholders with information to ensure they are kept up to date with the development, growth and strategy of the business and continue to recognise the benefits of investing in ABP.

What matters to our lenders

- Debt service and covenant compliance
- Clear and transparent communication
- Regular updates on performance
- Access to management
- Credit ratings of ABP Finance Plc and ABP Acquisitions UK Limited
- Insight into the drivers of performance and business growth

Strategic report (continued)

6. Section 172 Statement (continued)

6.7 Lenders (continued)

How ABP measures

- Through positive relationships with lenders and an understanding of the main drivers behind investing in ABP
- Loan covenant compliance monitoring
- Reporting by rating agencies

How ABP engages

- By providing regular information on the group's performance, major investments and other forward-looking data to lenders
- By directly engaging with lenders through an annual update as well as regular calls and meetings as required

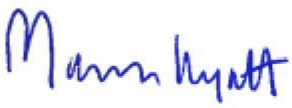
How the Board complements the engagement

- By agreeing the strategy for the long-term capital requirements and the financing methods available.

Actions and Decisions

- Continuing to manage ABP's debt portfolio in line with the Board agreed strategy
- New group long-term debt issuances; in 2023 the group issued £457m of new US Private Placement format debt

By Order of the Board



MM Wyatt
Director
11 April 2024

Directors' report

The directors present their report and the group and company audited accounts for the year ended 31 December 2023.

1. Registered office

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

2. Ownership

The group's ultimate parent company, ABP (Jersey) Limited ("ABPJ"), which is registered in Jersey, is owned (directly or through intermediaries, as set out in note 29 to the accounts) by Canada Pension Plan Investment Board (incorporated in Canada), 9348654 Canada Inc. (incorporated in Canada), OMERS Administration Corporation (incorporated in Canada), GIC (Ventures) Pte Limited (incorporated in Singapore), Kuwait Investment Authority (incorporated in Kuwait) and Federated Hermes Diversified Infrastructure Fund LP (incorporated in Scotland), Hermes Infrastructure Fund I LP (incorporated in Guernsey) and Hermes Infrastructure (Alaska) LP (incorporated in Guernsey), acting by their manager Hermes GPE LLP (incorporated in the UK).

3. Directors

The Board comprises 10 non-executive directors who have been appointed as representatives of the group's shareholders, together with PMG Nolan (Chair), HL Pedersen (Chief Executive Officer) and MM Wyatt (Chief Financial Officer). Appointments to the Board are governed by a Shareholders' Deed. The following table lists the directors of the company during the year and up to the date of these accounts, and states the group shareholders that the non-executive directors represent:

Director	Role/Shareholder group represented	
Executive		
Pedersen, HL	Chief Executive Officer	
Wyatt, MM	Chief Financial Officer	
Non-executive		
Nolan, PMG	Chair	
Barr, RN	Omers Administration Corporation	
Bryce, JA	Canada Pension Plan Investment Board	
Burganov, K[1]	GIC (Ventures) Pte Limited	
Butcher PG[2]	Canada Pension Plan Investment Board	(resigned 21 March 2024)
Castelein, AS	Canada Pension Plan Investment Board and Hermes Infrastructure	
Lupo, L	Omers Administration Corporation	(appointed 23 January 2023)
Machiels, EPM	Omers Administration Corporation	
Maheshwari, P	Omers Administration Corporation	(resigned 23 January 2023)
Noergaard, B	Canada Pension Plan Investment Board	
Pestrak, GS	Kuwait Investment Authority	
Quinlan, AJ	GIC (Ventures) Pte Limited	
Rosati, V	Canada Pension Plan Investment Board	(appointed 21 March 2024)

.

Directors' report (continued)

3. Directors (continued)

Director	Role/Shareholder group represented	
Non-executive (continued)		
Onarheim, HO	(alternate to R Barr, EPM Machiels, P Maheshwari and L Lupo)	(appointment as alternate to P Maheshwari ceased on resignation of P Maheshwari on 23 January 2023. Appointed as alternate to L Lupo on 23 January 2023)
Paris, J-FM	(alternate to GS Pestrak)	
Pugh, SN	(alternate to AS Castelein)	
Phillip, RJ	(alternate to K Burganov)	(appointed as alternate to K Burganov on 28 April 2023)
Williams, CI	(alternate to PG Butcher)	(appointment as alternate to P Butcher ceased on resignation of P Butcher on 21 March 2024)

[1] Also alternate to AJ Quinlan

[2] Also alternate to JA Bryce and B Noergaard until resignation on 21 March 2024

4. Directors' indemnities

ABPJ maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the company. In addition, the Articles of Association of the company permit the directors and officers of the company to be indemnified in respect of liabilities incurred as a result of their office.

Qualifying third party indemnity provisions (as defined by s.234 of the Companies Act 2006) for the benefit of directors and officers were in force for all directors and officers during the year and remain in force in relation to certain losses and liabilities which directors and officers may incur (or have incurred) in connection with their duties, powers or office.

5. Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

6. Corporate Governance Statement

The group recognises the importance of robust governance in meeting its strategic objectives and delivering shareholder value. The group has voluntarily adopted the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles') as its corporate governance code. Details of how the group has applied the Wates Principles throughout the year and the group's governance framework, which follows best practice and is considered suitable for its ownership, size, structure and complexity of operations, are explained below.

Management and oversight of the ABPJ group, including principal and strategic decisions which affect the group, are undertaken by the Board of Associated British Ports Holdings Limited ("ABPH"), an indirect subsidiary of ABPJ and the parent company of the operating group, which includes Associated British Ports, the group's principal operating subsidiary. Further information on the principal and strategic decisions taken in 2023 can be found within the Annual Report and Accounts of ABPH.

Directors' report (continued)

6. Corporate Governance Statement (continued)

In this Corporate Governance Statement, references to the Board are to the Board of ABPH, unless otherwise stated. The group's governance practices and rules are set out in a number of key documents, including: a Shareholders' Deed between the group and its shareholders (as set out in note 29) which details certain reserved matters; Board Committees' terms of reference; the group risk management framework; and various group policies which inform the business on how to conduct its activities in line with our risk appetite and values.

6.1 Principle One – Purpose and Leadership

The group's ports are an integral part of supply chains within multiple sectors of the UK economy and our purpose is to support our customers in "Keeping Britain Trading". We seek to accomplish this by being recognised as the best port operator in the UK. Our purpose is aligned with, and built upon a foundation of, five core values: Health & Safety; Openness & Honesty; Teamwork & Respect; Making a Difference; and Exceeding Expectations.

The group is committed to a pro-active safety culture, ensuring a safe working environment and looking after the welfare of all our employees and port users. Safety culture is monitored through KPIs and also our 'Spot-It!' reporting system, which is designed to capture any safety, marine or environmental incident, near miss or observations that could cause injury or impact the environment, and to share best practice throughout the organisation. Other methods used by the group to monitor culture include: feedback at regular regional staff briefings undertaken by the Chief Executive Officer ("CEO") and other Executive Team members; employee engagement surveys; reviewing whistleblowing disclosures; and trade union engagement.

6.2 Principle Two – Board Composition

The Board of ABPH comprises an independent Chair, the CEO, the Chief Financial Officer ("CFO"), and ten Non-Executive Directors ("NEDs"), who are nominated by the group's shareholders. The appointment of the Chair, the CEO and the CFO are made by the Board on the recommendation of the group Remuneration and Nomination Committee ("RemCo"). A list of directors and their alternates can be found in section 3.

The Board benefits from directors with a broad range of skills, backgrounds and knowledge, who have held roles in a number of different sectors and industries. Biographies of the Directors, which detail their backgrounds and experience, can be found on the group's website at www.abports.co.uk.

The group recognises the benefits of diversity on the Board and throughout the organisation and has continued to support efforts to increase diversity across the Maritime Industry, remaining a signatory of the Women in Maritime and Mental Health in Maritime pledges, as well as being a Diversity in Maritime Charter organisation.

There is a clear division between the roles of the Chair and CEO. The Chair is responsible for overseeing the working of the Board and for setting the Board's agenda. The CEO has responsibility for strategy implementation, putting into effect decisions and policies made by the Board and for the day to day management of the group.

Directors' report (continued)

6. Corporate Governance Statement (continued)

6.2 Principle Two – Board Composition (continued)

On appointment, directors receive a thorough tailored induction programme which can include port visits, meetings with members of senior management, and meetings with the group's auditors. In addition, directors receive training on their duties and other key legislation/regulation, as required. Board meetings have historically been held at different ports at least twice a year, so directors have the opportunity to tour locations and meet local staff. Customer visits and meetings are also organised from time to time to enable the Board to engage with this key stakeholder group.

6.3 Principle Three – Director Responsibilities

The Board is responsible for the governance framework within which the group operates. It sets the strategy and direction of the group, reviews performance, ensures that appropriate controls and standards are applied and that the group has adequate funding. Each director has a clear understanding of their accountability and responsibilities.

The Board has five scheduled meetings a year, with ad hoc meetings held as necessary, to ensure matters are considered and progressed in a timely manner. To enable the Board to discharge its duties effectively, directors receive appropriate and timely information on the group's business and financial performance. The group's finance function is staffed by appropriately qualified individuals who ensure the integrity of financial information provided to the Board. The group is externally audited by Ernst & Young LLP, with internal audit services provided by appropriate internal and external specialists to assess financial and other internal controls and health and safety processes. Procedures are in place to deal with any director conflicts of interest. 38easoe actual or potential conflicts are identified appropriate safeguards are put in place, which may include excluding directors from discussion and papers in respect of certain matters.

The Board has a schedule of matters reserved for its consideration and certain matters require the approval of the group's shareholders. The Company Secretary maintains an annual calendar to ensure that matters, including strategy, business planning, operational deep dives, treasury, risk and governance are considered by the Board at appropriate times in the business cycle. Papers for Board meetings are circulated in advance to ensure sufficient time for directors' review and consideration.

The Board undertakes regular Board evaluations to obtain directors' views on how the Board is operating and areas for future focus. Action plans are then put in place accordingly and progress monitored.

Board Committees

The Board has delegated certain matters to the Audit and Risk Committee ("ARC") and RemCo, which consider specific items and recommend matters to the Board for approval. Both committees have their own terms of reference and their membership is comprised entirely of NEDs who are able to provide appropriate challenge and are independent of management. A review of the committees' terms of reference and effectiveness is undertaken annually.

Directors' report (continued)

6. Corporate Governance Statement (continued)

6.4 Principle Four – Opportunity and Risk

The Board is committed to the long-term sustainable growth of the group and to seeking opportunities whilst ensuring effective oversight and mitigation of risk. Longer term and strategic initiatives to create value are identified through the strategic review, annual five-year planning exercises and the Port Master Planning process. This also enables the business to determine the level of long-term infrastructure investment that may be required to secure and achieve growth. Other opportunities may be identified by the Executive Team and senior management during regular business updates, discussions with customers and potential customers, and day to day activities.

The Board recognises the importance of effective risk management to preserve value. The group's risk appetite is a matter reserved for the Board and, at least annually, the Board reviews a report on risk management within the group, including top risks and emerging risks, and the risk management policy. Processes are in place within the group to ensure that inherent and emerging risks are identified in a timely manner and are then appropriately managed (see also Risk Management in section 1 of the strategic report). The group maintains risk registers covering key operational and strategic risks and reports are provided to the ARC, as part of their oversight of risk management and controls. ABP has a Fraud Risk Management Framework which will be reviewed, and where necessary strengthened, in 2024 ahead of the introduction of the new Economic Crime and Corporate Transparency Act 2023.

Proposals for Board approval, including for material capital expenditure, are always required to detail risk considerations and mitigation. Further information on the company's principal and financial risks can be found in the Strategic Report.

6.5 Principle Five – Remuneration

The group is committed to executive remuneration structures which are aligned to our culture and values and promote the long-term sustainable success of the business and the interests of the group's stakeholders. The group's policy is to provide appropriate and fair levels of remuneration and incentives at a level which attracts and retains high-quality directors, senior management and employees.

The remuneration of the Chair, CEO and CFO is determined by the Board, on the recommendation of the RemCo. In line with its terms of reference, the RemCo seeks to provide responsible incentives that encourage enhanced performance and reward individual contributions to the long-term strategic goals of the group. When considering the remuneration of the Chair, CEO and CFO, and annual salary increases, the RemCo takes into account the pay and conditions across the group. No director is present during discussion of their own remuneration.

The group annually approves and publishes on its website the ABP Gender Pay Gap Report, which details the progress made to reduce the pay gap between men and women.

6.6 Principle Six – Stakeholder Relationships and Engagement

The group recognises the impact its decisions can have on its internal and external stakeholders and understands the importance of engagement with stakeholders to achieving its long-term strategy. Further information on the group's stakeholders and engagement methods can be found in the Strategic Report.

Directors' report (continued)

7. Auditor re-appointment

The group's external audit for the financial year ending 31 December 2024 was tendered during 2023. Following the tender, Ernst & Young LLP will be resigning as the company's auditor on completion of the audit of this year's Annual Report and Accounts. On the recommendation of the Audit and Risk Committee the Board intends to appoint PricewaterhouseCoopers LLP to fill the casual vacancy created by Ernst & Young's resignation.

8. Matters disclosed in the strategic report

The directors consider the following matters of strategic importance and have chosen to disclose these in the strategic report instead of the directors' report:

- Financial risk management objectives and policies and details of the group's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures;
- Employee involvement and engagement and how the directors have had regard to employee interests and the need to foster business relationships with stakeholders;
- Policy regarding employment of disabled persons;
- Carbon emission and energy use reporting, including intensity metrics and steps taken to increase energy efficiency; and
- Likely future developments in the business.

9. Audit information

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

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

By Order of the Board

Angela Morgan

For ABP Secretariat Services Limited
Secretary
25 Bedford Street, London, WC2E 9ES
11 April 2024

Company number: 07847153

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

The directors are responsible for preparing the annual report and accounts in accordance with applicable United Kingdom 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 group and parent company financial statements in accordance with UK adopted International Accounting Standards ("IAS"). 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 assets, liabilities and financial position of the company and of the group and of the profit or loss of the group. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether IAS have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether IAS 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 appropriate to presume that the company and the group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABPA HOLDINGS LIMITED

Opinion

We have audited the financial statements of ABPA Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group income statement, the group statement of comprehensive income, the group and parent company balance sheets, the group statement of cash flows, the group and parent company statement of changes in equity, and the related notes 1 to 29 for the group and 1 to 13 for the parent company, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- •the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- •the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- •the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ABPA HOLDINGS LIMITED (continued)

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. Our evaluation of the directors’ assessment of the group and parent company’s ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the financial statement close process, we confirmed our understanding of the Group’s going concern assessment process and related internal controls;
- We obtained management’s going concern assessment for the group headed by the ultimate parent company ABP (Jersey) Limited, including the Group’s cashflow forecasts and the Group’s forecast covenant compliance calculations with regard borrowings for the going concern review period. We obtained a letter of support from the Ultimate Parent company covering the period to 30 June 2025, including any events beyond the period, and considered it to be appropriate. We note the Group headed by the Ultimate Parent company has modelled an adverse scenario in their cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity and covenant compliance of the Group;
- We have tested the assumptions included in the modelled scenario and the adverse scenario for the cashflow forecasts and forecast covenant calculations. We considered the appropriateness of the methods used to calculate the cashflow forecasts and forecast covenant compliance and determined through inspection and testing of the methodology and calculations. We performed reverse stress testing to ascertain the headroom within the forecast covenant compliance before default occurs and also to exhaust liquidity, and considered whether factors or circumstances could plausibly arise that could lead to a breach of loan covenants or exhausting liquidity; and
- We considered the mitigating factors included in the cashflow forecasts and forecast covenant compliance calculations that are within control of the Group. This included reviewing of the Group’s non-operating cash outflows and evaluating the Group’s ability to control these outflows as mitigating actions if required. We also agreed credit facilities available to the Group to loan agreements and confirmations obtained from lenders.

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 and parent company’s ability to continue as a going concern for a period to 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group’s ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABPA HOLDINGS LIMITED (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 set out on page 41, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABPA HOLDINGS LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework and taxation, namely: Companies Act 2006, Corporation Tax, Value Added Tax and Payroll legislation and UK adopted international accounting standards;

- We understood how ABPA Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee and noted that there was no contradictory evidence;
- We met with in house legal counsel to discuss identified instances of potential and actual non-compliance with laws and regulations and reviewed advice from received external specialists and met with the external specialists to discuss their advice. We also reviewed correspondence with relevant regulatory authorities where relevant. Further we reviewed reports by Internal Audit to the Audit and Risk Committee;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility of fraud. We also considered performance targets and their influence on efforts made by management to manage Key Performance Indicators. Where this risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error. Where appropriate we involved specialists to assist in the design of our procedures; and
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included: a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with laws and regulations, enquiries of in-house legal counsel and of Management, obtaining confirmations from external lawyers that the company had consulted and a review of correspondence with regulators.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABPA HOLDINGS LIMITED (continued)

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Lunn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 **April 2024**

Group income statement for the year ended 31 December 2023

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

	Note	2023 £m	2022* £m
Revenue	2	**729.5**	678.2
Cost of sales		**(308.1)**	(315.4)
Gross profit		**421.4**	362.8
Administrative expenses		**(146.4)**	(137.9)
Other income		**5.2**	7.2
Increase in fair value of investment properties	12	**92.8**	143.4
Operating profit	3	**373.0**	375.5
Analysed between:			
Underlying operating profit before the following items:		**287.1**	241.6
Depreciation and amortisation of fair value uplift of assets acquired in a business combination	3	**(4.5)**	(10.3)
Increase in fair value of investment properties	12	**92.8**	143.4
Net unrealised (loss)/gain on fuel derivatives		**(2.4)**	0.8
		373.0	375.5
Finance costs	6	**(499.6)**	(467.0)
Finance income	6	**8.5**	13.6
Loss after realised finance costs		**(118.1)**	(77.9)
Net unrealised (loss)/gain on derivatives at fair value through profit and loss and foreign exchange	6	**(2.5)**	641.2
(Loss)/profit before taxation		**(120.6)**	563.3
Taxation charge	7	**(40.2)**	(201.1)
(Loss)/profit for the year attributable to equity shareholder		**(160.8)**	362.2

*Comparatives have been reclassified to conform with current presentation

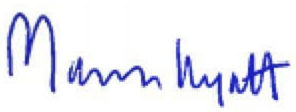
Group statement of comprehensive income for the year ended 31 December 2023

	Note	2023 £m	2022 £m
(Loss)/profit for the year attributable to equity shareholder		**(160.8)**	362.2
Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods:			
Surplus arising on revaluation of investment property	12	**7.7**	29.1
Deferred tax on revaluation of investment property	21	**(0.5)**	(8.6)
Remeasurement loss relating to net retirement benefit liability/asset	14	**(14.7)**	(45.2)
Deferred tax associated with remeasurement loss relating to net retirement benefit liability/asset	21	**3.3**	10.9
Other comprehensive loss for the year, net of tax		**(4.2)**	(13.8)
Total comprehensive (loss)/income for the year, net of tax, attributable to equity shareholder		**(165.0)**	348.4

Group balance sheet as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Goodwill	8	**1,083.8**	1,051.9
Intangible assets	10	**96.7**	81.7
Property, plant and equipment	11	**1,810.6**	1,785.9
Investment property	12	**2,713.1**	2,486.3
Retirement benefit assets	14	**19.5**	15.3
Derivative financial instruments	16	**38.9**	78.0
Trade and other receivables	13	**2.8**	2.4
		5,765.4	5,501.5
Current assets			
Derivative financial instruments	16	**41.6**	34.1
Trade and other receivables	13	**133.2**	130.5
Cash and cash equivalents		**71.8**	50.4
		246.6	215.0
Total assets		**6,012.0**	5,716.5
Liabilities			
Current liabilities			
Borrowings	15	**(282.1)**	(352.0)
Derivative financial instruments	16	**(14.8)**	(13.8)
Trade and other payables	18	**(114.9)**	(101.3)
Deferred income	19	**(46.0)**	(42.1)
Provisions	20	**(39.2)**	(42.9)
		(497.0)	(552.1)
Non-current liabilities			
Borrowings	15	**(6,251.0)**	(5,819.1)
Derivative financial instruments	16	**(285.9)**	(258.4)
Retirement benefit liabilities	14	**(33.6)**	(26.6)
Trade and other payables	18	**(46.5)**	(35.0)
Deferred income	19	**(107.5)**	(105.6)
Provisions	20	**(15.9)**	(14.6)
Deferred tax liabilities	21	**(360.1)**	(325.6)
		(7,100.5)	(6,584.9)
Total liabilities		**(7,597.5)**	(7,137.0)
Net liabilities		**(1,585.5)**	(1,420.5)
Shareholders' deficit			
Share capital	22	**-**	-
Revaluation reserve		**1,242.8**	1,140.2
Other reserve		**1,000.0**	1,000.0
Accumulated losses		**(3,828.3)**	(3,560.7)
Total shareholders' deficit		**(1,585.5)**	(1,420.5)

The financial statements were approved by the Board and signed on its behalf on 11 April 2024 by:



MM Wyatt
Director

Group statement of cash flows for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated by operations	23	**384.5**	349.8
Interest paid		**(310.3)**	(326.1)
Interest received		**12.5**	14.7
Lease interest paid		**(2.0)**	(0.5)
Income tax paid		**(28.0)**	(19.0)
Net cash inflow from operating activities		**56.7**	18.9
Cash flows from investing activities			
Net proceeds from sale of property, plant and equipment		**1.8**	1.0
Net proceeds from sale of investment property		**6.1**	3.9
Net proceeds from sale of land held for sale		**-**	0.8
Government grants received		**1.5**	15.3
Purchase of intangible assets		**(10.6)**	(9.6)
Purchase of property, plant and equipment		**(108.1)**	(117.5)
Purchase of investment property		**(96.9)**	(30.0)
Cash acquired on business combination under common control	9	**8.0**	-
Net cash outflow from investing activities		**(198.2)**	(136.1)
Cash flows from financing activities			
New borrowings		**646.5**	220.1
Payment of transaction costs on issue of borrowings		**(2.7)**	(0.7)
Repayment of Borrowings		**(477.0)**	(154.6)
Payment of principal portion of lease liabilities		**(3.9)**	(3.1)
Net cash inflow from financing activities		**162.9**	61.7
Change in cash and cash equivalents during the year		**21.4**	(55.5)
Cash and cash equivalents at 1 January		**50.4**	105.9
Cash and cash equivalents at 31 December		**71.8**	50.4
Cash and cash equivalents comprises			
Cash		**18.6**	9.6
Deposits		**42.2**	29.8
Rent deposit accounts		**11.0**	11.0
Cash and cash equivalents at 31 December		**71.8**	50.4

Group statement of changes in equity

For the year ended 31 December 2023

	Share capital £m	Revaluation reserve £m	Other reserve £m	Accumulated losses £m	Total £m
At 1 January 2023	**-**	**1,140.2**	**1,000.0**	**(3,560.7)**	**(1,420.5)**
Profit/(loss) for the year	-	94.9	-	(255.7)	(160.8)
Other comprehensive income/(loss)	-	7.7	-	(11.9)	(4.2)
Total comprehensive income/(loss)	**-**	**102.6**	**-**	**(267.6)**	**(165.0)**
At 31 December 2023	**-**	**1,242.8**	**1,000.0**	**(3,828.3)**	**(1,585.5)**

	Share capital £m	Revaluation reserve £m	Other reserve £m	Accumulated losses £m	Total £m
At 1 January 2022	-	**959.4**	**1,000.0**	**(3,728.3)**	**(1,768.9)**
Profit for the year	-	151.7	-	210.5	362.2
Other comprehensive income/(loss)	-	29.1	-	(42.9)	(13.8)
Total comprehensive income	-	**180.8**	**-**	**167.6**	**348.4**
At 31 December 2022	-	**1,140.2**	**1,000.0**	**(3,560.7)**	**(1,420.5)**

The revaluation reserve is used to record unrealised increases in the fair value of fixed assets, primarily investment properties. Decreases in the fair value of fixed assets are recognised in the revaluation reserve to the extent that they reverse increases previously recognised.

The other reserve represents amounts forgiven by the parent undertaking for no consideration where the group de-recognised the amounts forgiven by the parent undertaking and recognised an equivalent amount in other reserve.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and on the historical cost basis, except for investment property and derivative financial instruments which have been measured at fair value.

The consolidated financial statements are presented in sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated. Where current presentation has been changed to aid understanding of the financial statements the comparatives have been reclassified to follow the new presentation.

Statement of compliance

These consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IAS").

Basis of consolidation

The consolidated financial statements include the accounts of the company and all its subsidiary undertakings (fully consolidated). The group's subsidiary undertakings prepare their financial statements under IAS and for the same reporting period as the parent company using consistent accounting policies, except the Dowds group and SGL which report under Financial Reporting Standard 102, applicable in the United Kingdom and Republic of Ireland. For consolidation purposes, the financial statements of the Dowds group and SGL are converted to IAS. This conversion did not have a material impact on the Dowds group's financial statements. The impact on SGL's financial statements was to recognise a right of use asset of £24.6m and lease liability of £33.3m. All intra-group balances and transactions are eliminated in full.

The results of subsidiary undertakings acquired are included from the date of acquisition (being the date control is obtained), using the acquisition method of accounting.

Changes to presentation

Some presentation has been changed in the financial statements to aid understanding. Items reclassified are:

- Exceptional costs of £1.0m (2022 £1.6m) have been included within underlying operating profit as they were not considered to be exceptional in nature to operating profit or material.
- Provisions (note 20) has been reanalysed to separately disclose property provisions of £32.5m (2022: £25.9m) that were previously included within other provisions. Restructuring provisions of £0.6m (2022: £0.1m), previous shown separately, are now included within other provisions. This reflects the relative materiality of each class of provision.
- Reclassification of 5.6m deferred income from contract liability to property (note 19)

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Going concern basis

The directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the group will have adequate resources to continue to trade for the foreseeable future. In particular the directors have considered the following:

- For the year ended 31 December 2023 the group generated cash from operations of £384.5m and cash from operating activities of £56.7m . The group's strategic plan forecasts this level of performance to continue in the future;
- As at 31 December 2023, the group had net liabilities of £1,585.5m. These include:
  - external senior borrowings of £2,515.2m that are not due until between the second half of 2024 and 2047;
  - Subordinated long-term loans, including accrued interest, due to its immediate parent undertaking, ABP Midco UK Limited, of £3,957.4m; and
  - long dated derivative financial instrument liabilities classified as non-current of £285.9m that are not expected to result in significant cash flows in the next twelve months.
  - since the reporting date of 31 December, a further £350.0m was received in new financing and £240m of maturing debt has been repaid.
- As at 31 December 2023, the ABPAH Group has cash and cash equivalents of £71.8m in addition to £250m of committed and undrawn revolving loan facilities and £160m of debt service reserve liquidity facilities to cover annual interest costs.
- On 21 March 2024, the group's ultimate parent undertaking, ABP (Jersey) Limited, confirmed that it will continue to finance the group to enable it to meet its liabilities until 30 June 2025

The group's business plan was developed taking into consideration the ongoing geopolitical events and their potential impact on the global economy and consequently on business performance. The emergence of conflict in the Middle East increases the risk of negative macroeconomic consequences. Management continues to monitor the impact of these factors and their potential business impacts and do not expect them to adversely impact the going concern assumption, based on the significant proportion of revenue that is contractually guaranteed, the strong 2023 performance, and the company's ability to take effective mitigating actions to counter downside scenarios. The company has demonstrated the ability to deliver cost control measures and cost saving initiatives and to establish strict criteria for capital investment. Management will continue to forecast the company's results as new information becomes available and have modelled different scenarios, including a downside scenario, where headroom against the leverage covenant becomes limited within the going concern period, before mitigating actions are applied. 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 labour and other variable costs to match reduced activity, delaying or holding back its capital programme, reassessing amounts distributed to shareholders and, if the downside period persists, structurally reviewing costs for further savings. Management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Going concern basis (continued)

Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the group. As at 31 December 2023, the group had access to £250m of committed and undrawn borrowing facilities, which are available for between two and four years. Debt maturities are spread over a range of dates, ensuring the group is not exposed to a material refinancing in any one year (see note 17 on financial risk management). In addition, the group has in place £160m of debt service reserve liquidity facilities to cover annual interest costs.

These are renewed annually and are drawn with a final maturity of 2028 if not renewed. Given the nature, maturity dates and counterparties of these liabilities (as set out in notes 15, 16 and 17), as well as the group's track record of its ability to refinance debt and generate cash flows, notwithstanding the impact of the external economic environment, the directors are confident that the group has the ability to continue to meet its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

1.2 New standards and amendments adopted

No new standards effective for the first time for the annual reporting period commencing 1 January 2023 have a material impact on the consolidated financial statements of the group.

New standards, amendments and interpretations issued but not yet effective

The IASB and IFRIC have issued a number of standards, amendments and interpretations for IFRS 16 on sale and leaseback transactions, IAS 1 on the classification of current and non current liabilities, IAS 21 on lack of exchangeability of currency and IFRS7 and IAS 7 on disclosure of supplier finance arrangements. These all have an effective date of implementation for accounting periods beginning after the start of the group's current financial year. The impact of these new standards will be analysed in advance of the accounting period ending 31 December 2024.

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

1.3 Significant estimates, judgements and assumptions

The preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

1. Accounting policies (continued)

1.3 Significant estimates, judgements and assumptions

Estimates

The significant estimates in applying these policies are as follows:

- Goodwill impairment – note 8
- Valuation of investment property – note 12
- Valuation of defined benefit pension scheme liabilities – note 14

Judgements

In the process of applying the group's accounting policies, management have made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

- Classification of investment property – see accounting policy in note 1.4
- Measurement of deferred taxation of investment property – see accounting policy in note 1.4

1. Accounting policies (continued)

1.4 Material accounting policies

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

Revenue recognition

Revenue comprises the amounts receivable in respect of contracts with customers and rental income from investment properties.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the performance obligations under the contract have been satisfied. The allocation of the transaction price to the performance obligations depends on the type of service being provided.

- Call revenue is related directly to the visit of a vessel to the port and includes fees for pilotage, conservancy, environmental charges, dues for accessing the port, and mooring fees. Each service is a performance obligation and revenue is recognised once provision of the service is complete. All call related performance obligations are completed once a vessel has docked at the port.
- Traffic revenue is related to the volumes of cargo crossing the quay and primarily consists of consolidated rate charges covering multiple services including cargo dues, passenger dues, carriage and the loading and unloading of cargo from vessels. Each service is an individual performance obligation. Revenue is allocated to each service based on the estimated standalone selling price of that service, usually based on a tariff rate. Revenue is recognised once provision of the service is complete.
- Cargo operations revenue relates to the handling, processing and storage of cargo before or after it has been loaded to a vessel. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue is recognised when the process or service is complete. Storage revenue is recognised over the period that the cargo is stored.
- Shortfall revenue relates to contracts with customers that have minimum volume guarantees which, if not achieved by the customer result in additional revenue to the group to cover the shortfall in volumes. These shortfall revenues, are assessed both over the life of the contract as well as each reporting period end, and subsequently recognised over the remaining term of the contract when it is highly probable a significant reversal will not occur.
- Fixed revenue does not vary with the number of vessel visits, volumes of cargo or any other measure of customer activity, and primarily consists of fixed payments to compensate the group for investments in capital infrastructure for specific customers. Fixed revenue is largely recognised over time, spread over the term of the underlying contract.
- Utilities revenue relates to the supply of electricity and other services to tenants. Revenue is recognised as utilities are supplied.
- Dredging revenue relates to dredging services both for specific customers at our own ports and by ABP's dredging operations working in non-ABP locations. Revenue is recognised when the dredging work is completed.

1. Accounting policies (continued)

1.4 Material accounting policies (continued)

Revenue recognition (continued)

***Revenue from contracts with customers* (continued)**

- Other revenue consists of individual services provided to customers, primarily sales of environmental consultancy services and provision of marina facilities. Each service is a performance obligation and revenue is recognised at a point in time when the performance obligation is complete or, where appropriate, over time as the service is provided. Where revenue is recognised over time the transaction price is allocated based on the time spent on the performance obligation in the period of recognition against the time the performance obligation will take to complete.

If a customer pays consideration before the performance obligations under the contract are completed, a contract liability is recognised at the earlier of the date payment is made or is due. Contract liabilities are recognised as revenue when the performance obligations are complete.

Agent versus principal relationships
When a third party is involved in providing goods or services to the group's customers, management determines whether the group is a principal or an agent in these transactions by evaluating the nature of the promise to the customer. The group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. If the group's role is only to arrange for a third party to provide the goods or services then the group is an agent and will record revenue at the net amount that it retains for its agency services.

Lease income from investment properties
Lease payments from operating leases are recognised as lease income over the lease term on a straight line basis. Variable lease income is recognised as lease income in the period in which it is earned.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") to which the goodwill relates. The recoverable amount is determined as the value in use of the assets of the CGU. Where the recoverable amount of the CGU is less than its carrying amount an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

1. Accounting policies (continued)

1.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

Intangible assets
Intangible assets with finite useful lives are reviewed for indications of impairment at least annually, either individually or at each cash-generating unit level, as appropriate. When circumstances indicate that the carrying value may be impaired an impairment review is carried out as described above.

Investment property

Property (including land held for development and property held by the group as a right of use asset under a lease) is classified as investment property if:

- it is not occupied by the group or used by the group for the provision of operational port services that are material in nature (e.g. stevedoring);
- it is a defined area (land, buildings, jetties and other fixed structures) and one or more users pay an amount, whether rent or commercial revenue for use of that area for a period of one or more years; and
- any "ancillary services" provided by the group at the property are insignificant to the arrangements as a whole. Ancillary services are judged to be significant when they take place within the property, the value of the services exceeds one quarter of the estimated rental value of the property and they are provided under a non-cancellable contract.

All completed investment property is measured at fair value. Investment property in the course of construction is measured at cost (including borrowing costs and other appropriate net outgoings) until such time as it is possible to determine fair value, consistent with the criteria in measuring completed investment property, with the exception of underlying land, which is included at carrying value before construction commenced.

Valuations are conducted annually by qualified valuers employed by the group and reviewed by independent external valuers at least once every five years. Surpluses or deficits arising on the revaluation of investment property are recognised in the income statement and then transferred from accumulated losses to the revaluation reserve.

Transfers of investment properties to property, plant and equipment or land held for sale are made at fair value at the date of change in use or classification.

Transfers of property from property, plant and equipment to investment property are at carrying value. Subsequent to transfer, investment property will be carried at fair value. The initial revaluation gain or loss arising on an asset transferred from property, plant and equipment to investment property is treated as follows:

- an upward revaluation movement is recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement; or
- a downward revaluation movement is recognised in the income statement. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the revaluation reserve.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Material accounting policies (continued)

Investment property (continued)

The group reviews potential tax liabilities and benefits to assess the appropriate accounting treatment. Tax provisions are made if it is probable that a liability will arise. Tax benefits are not recognised unless it is probable that they will be obtained. Assessing the expected realisation of the value of investment property through sale or use requires judgements to be made based on past experience and the current tax environment.

Property, plant and equipment

Property, plant and equipment is measured at cost, subject to depreciation and impairment and includes assets held by the group as right of use asset under leases.

Depreciation is provided on a straight-line basis spread over the expected useful lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually. Estimated useful lives extend up to a maximum of 50 years for capital dredging costs, dock structures, roads, quays and buildings, up to 30 years for floating craft and range between 2 and 30 years for plant and equipment. Freehold land is not depreciated.

Retirement benefits

In respect of defined benefit plans, obligations are measured at their discounted present value using the projected unit credit method, while plan assets are recorded at fair value. The operating and financing costs of such defined benefit plans are recognised as staff costs in the income statement; operating costs are spread systematically over the expected service lives of employees and financing costs are recognised in the periods in which they arise. Remeasurement gains and losses and the effect of the asset ceilings are recognised immediately in the statement of other comprehensive income. Curtailment gains and losses arising as a consequence of either significant amendments to the terms of defined benefit plans, or significant reductions in the number of employees covered by the plans, are recognised in the income statement when the curtailment occurs.

The net retirement benefit liability or asset recognised in the consolidated balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The group participates in a number of multi-employer defined benefit pension schemes. Where the group is able to determine its share of the assets and liabilities on a consistent and reliable basis it accounts for these schemes as defined benefit schemes; where it is unable, it accounts for these schemes as defined contribution schemes. Further information on these schemes is contained within note 14.

Payments to defined contribution schemes are charged as an expense as they fall due.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Material accounting policies (continued)

Financial instruments

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

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

At each reporting date, the group performs an impairment analysis for all trade and other receivables to measure the allowance for expected credit losses (“ECLs”). ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that are possible within the next 12 months. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is calculated for credit losses expected over the remaining life of the exposure, irrespective of the expected timing of the default. The group uses independent third party credit reports to assess the credit risk of counterparties. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Movements in the provision for expected credit losses of receivables are recorded within administrative expenses.

Finance lease receivables are recorded in the balance sheet at the present value of lease payments to be made over the lease term discounted using the interest rate implicit in the lease. After the commencement date, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return and increases the finance lease receivable. The finance lease receivable is reduced for the lease payments received. Variable lease income that does not depend on an index or a rate is recognised as revenue in the period in which it is earned.

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

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

Derivative financial instruments utilised by the group comprise interest rate swaps, basis rate swaps, cross currency interest rate swaps, fuel swaps and caps and forward foreign exchange contracts. All derivative financial instruments are initially recorded in the balance sheet at fair value and are measured at fair value thereafter.

The group’s derivatives are not designated as hedges, therefore fair value gains and losses are taken to the income statement following the same classification as the underlying transaction.

Financial assets and financial liabilities are offset and the net amount is reported in the group balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously

1. Accounting policies (continued)

1.5 Other accounting policies

Interest income

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

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets, including qualifying assets within investment properties measured at fair value. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that the group incurs in connection with the borrowing of funds. Interest expense is calculated and recorded using the effective interest method.

Leases

Group as lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. Variable lease income is recognised as lease income in the period in which it is earned.

Group as lessee

Lease liabilities are recognised at the commencement date of the lease. Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The present value of the lease payments are calculated using the group's incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, finance expense is recognised over the lease term to reflect the accretion of interest and this increases the amount of lease liabilities. The lease liabilities are reduced by the capital and interest payments made.

The group's lease liabilities are included in borrowings (see note 15).

Variable lease payments are recognised as expenses in the period in which they fall due.

The group applies the short term lease recognition exemption to its leases with a lease term of 12 months or less and also applies the lease of low value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

Right of use assets are recognised at the commencement date of the lease, which is the date the underlying asset is available to use. Right of use assets are initially measured at cost. The cost of the right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received.

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Leases (continued)

***Group as lessee* (continued)**

Right of use operating assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The recognised right of use operating assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term. Right of use operating assets are subject to impairment.

Right of use assets that meet the definition of investment property are classified as investment property and subsequently measured at fair value.

Intangible assets

Purchased intangible assets are recognised at fair value on the date of acquisition if they relate to a business combination or otherwise are recognised at cost.

Amortisation is provided on a straight-line basis spread over the expected useful lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually. Estimated useful lives range between 2 and 30 years for Customer relationships, between 2 and 15 years for software and between 2 and 30 years for other intangible assets.

Software as a service is recognised in operating costs.

Development costs incurred on internal projects are only capitalised when the project has been demonstrated to be viable.

Cash and cash equivalents

The group defines cash and cash equivalents as short-term highly liquid investments readily convertible into known amounts of cash. They are normally represented by bank deposits with an original maturity of less than three months and without significant penalties on early access/redemption less bank overdrafts that are repayable on demand. Accounts holding amounts identified for repaying deposits over which the group has control are included in cash and cash equivalents.

Government grants

All government grants are recognised in the Income Statement as other income. Grants relating to income are recognised in the Income Statement as other income on a systematic basis that matches the timing of the related costs that they are intended to compensate. Grants relating to assets are recognised in the Income Statement on a systematic and rational basis over the expected useful life of the asset to which the grant relates. Grants received, but not immediately recognised in the Income Statement, are included in deferred income in the Balance Sheet. Cash received relating to assets is shown in the cashflow statement under investing activities.

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Provisions

Provisions are recognised when the group has an obligation in respect of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. Provisions are discounted when the time value of money is considered material.

When some or all of a provision is to be reimbursed, principally insurance related, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

When a business combination involves an entity under common control within the ABP Jersey Group the pooling of interests method is applied. The assets and liabilities are transferred from the acquired company to the acquirer at book values. No new goodwill or other intangible asset is recognised.

Goodwill

Goodwill arising on a business combination, representing the excess of the cost of acquisition over the fair value of the identifiable assets less liabilities and contingent liabilities acquired, is capitalised in the year in which it arises and is thereafter subject to impairment reviews annually and when there are indications that the carrying value may not be recoverable.

Taxation

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

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

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to facilitate the realisation of such assets.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Foreign currencies

Transactions in currencies, other than an entities' functional currency, are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in the profit and loss in the period in which they arise.

2. Revenue

The disaggregation of the group's revenue by type of services is set out below:

	2023 £m	2022 £m
Call	**113.4**	106.6
Traffic	**263.0**	253.0
Cargo operations	**54.7**	48.2
Shortfall	**27.7**	19.0
Utilities	**34.8**	30.1
Dredging	**8.9**	16.3
Fixed	**25.2**	23.0
Other	**31.3**	28.8
Total revenue from contracts with customers	**559.0**	525.0
Lease income from investment properties	**170.5**	153.2
Revenue	**729.5**	678.2

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in accrued income. Amounts billed in advance but not yet earned are recorded and presented as part of deferred income. Invoiced revenue should be received in accordance with the terms agreed within the revenue contract.

Revenue from contracts with customers

The transaction price allocated to performance obligations that are unsatisfied or partially satisfied as at 31 December is as follows:

	2023 £m	2022 £m
Not later than one year	**4.9**	4.4
More than one year	**0.3**	-
	5.2	4.4

3. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £m	2022* £m
Depreciation		
Property, plant and equipment - included in cost of sales	**88.6**	86.1
Property, plant and equipment - included in administrative expenses	**8.1**	3.7
Property, plant and equipment - acquisition related adjustments included in cost of sales	**2.3**	2.7
Right of use assets - included in cost of sales	**1.5**	1.8
Right of use assets - included in administrative expenses	**1.6**	0.8
Amortisation		
Intangible assets - included in cost of sales	**0.9**	0.4
Intangible assets - included in administrative expenses	**10.5**	8.4
Intangible assets - acquisition related adjustments included in administrative expenses	**2.2**	7.6
(Profit)/loss on disposal of property, plant and equipment, investment property, property and land held for sale and right of use assets	**(9.0)**	6.7
Expenses relating to short term and low value asset leases	**2.5**	2.9
Repairs and maintenance expenditure on investment property and property, plant and equipment	**27.4**	33.5
Third party labour and sub-contractor haulage	**37.4**	40.5
Utilities and fuel	**51.9**	49.6
Expected credit losses of trade and other receivables	**(1.4)**	(0.5)

* Comparatives have been reclassified to conform to the current presentation.

4. Audit fees

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

	2023 £'000	2022 £'000
Fees payable to the group's auditor for the audit of the company's annual accounts	**449**	348
Fees payable to the group's auditor in respect of:		
Audit of the accounts of the group companies	**514**	381
Other services	**16**	31

In addition to the above services, Ernst & Young LLP acted as auditor to the group's main defined benefits pension scheme – The Associated British Ports Group Pension Scheme. The appointment of auditors to the group's pension schemes and the fees paid in respect of those audits are agreed by the trustees of each scheme, who act independently from the management of the group. The aggregate fees paid to the group's auditor for audit services to the pension schemes during the year were £16,000 (2022: £31,500).

5. Directors and employees

Staff costs are analysed as follows:

	2023 £m	2022 £m
Wages and salaries	**142.4**	127.9
Social security costs	**16.7**	15.3
Pension costs (note 14)	**15.4**	13.8
	174.5	157.0

Total costs are analysed by departmental group as follows:

	2023 £m	2022 £m
Operating departments included in cost of sales	**101.4**	94.2
Administrative functions included in administrative expenses	**73.1**	62.8
	174.5	157.0

The monthly average number of people employed during the year was 2,460 (2022: 2,394).

Directors emoluments are analysed as follows:

	2023 £m	2022 £m
Short-term employee benefits	**3.2**	3.0
Post-employment benefits	**0.1**	0.1
	3.3	3.1

Emoluments comprise amounts paid to the directors of the company who served during the year, by the company and its subsidiary undertakings.

5. Directors and employees (continued)

Key management compensation is analysed as follows:

Key management compensation	2023 £m	2022 £m
Short-term employee benefits	**6.4**	6.2
Post-employment benefits	**0.9**	0.4
	7.3	6.6

Key management comprises the directors of the company and of the group's principal subsidiary undertakings, Associated British Ports Holdings Limited and Associated British Ports, who served during the year.

Three (2022: three) directors of the company are eligible to join the defined contribution section of the Associated British Ports Group Pension Scheme. At 31 December 2023, no (2022: nil) director is a member of the defined contribution scheme and two (2022: two) directors received an allowance for contributions towards pension schemes unconnected with the group.

Highest paid director	2023 £m	2022 £m
Short-term employee benefits	**1.6**	1.5
Post-employment benefits	**0.1**	0.1
	1.7	1.6

For further disclosure of amounts paid to the shareholders for the directors of the group refer to note 24.

6. Finance (income)/costs

	2023 £m	2022 £m
Interest on term and revolving facilities	**12.2**	5.6
Interest on private placement notes	**84.9**	51.2
Interest on public loan notes	**41.3**	43.1
Interest on amounts due to parent undertaking	**337.1**	306.9
Interest on lease liabilities	**2.0**	0.5
Amortisation of borrowing costs and discount on issue	**2.3**	2.8
Other finance costs	**3.6**	3.2
Less: interest capitalised on non-current assets under construction	**(3.0)**	(3.4)
Finance costs on financial assets and liabilities held at amortised cost	**480.4**	409.9
Interest cost on derivatives at fair value through profit and loss	**19.2**	57.1
Finance costs	**499.6**	467.0
Net interest income on net defined benefit liabilities (note 14)	**(0.2)**	(0.5)
Finance income on financial assets and liabilities held at amortised cost	**(6.8)**	(1.8)
Interest income on derivatives at fair value through profit and loss	**(1.5)**	(11.3)
Finance income	**(8.5)**	(13.6)
Unrealised foreign exchange (gains)/losses	**(55.2)**	38.0
Net unrealised loss/(gain) on derivatives at fair value through profit and loss	**57.7**	(679.2)
Unrealised loss/(gains)	**2.5**	(641.2)
Net finance costs/(income)	**493.6**	(187.8)

7. Taxation

Taxation charge for the year is analysed as follows:

	2023 £m	2022 £m
Current year tax	**11.9**	6.2
Prior period adjustments	**(5.4)**	(1.0)
Current tax	**6.5**	5.2
Current year deferred tax	**24.7**	195.4
Rate change adjustments	**3.8**	-
Prior year adjustments	**5.2**	0.5
Deferred tax (note 21)	**33.7**	195.9
Total tax charged for the year	**40.2**	201.1

Current taxation in 2023 represents tax on profits remaining after offset of group relief between subsidiary undertakings. See note 21 for future expected tax rate changes.

7. Taxation (continued)

The deferred tax charge (2022: charge) results from the fair value movements on swaps disregarded for tax purposes, fair value movements on investment property and pensions and movements resulting from qualifying additions to capital allowances pools.

Tax on items credited/(charged) to Other Comprehensive Income analysed as follows:

	2023 £m	2022 £m
Deferred tax associated with remeasurement gain relating to net retirement benefit liabilities	**3.3**	10.9
Deferred tax on revaluation of investment property	**(0.5)**	(8.6)

The taxation charge for the year is higher than the standard rate of taxation in the UK of 23.5% (2022: 19.0%). The differences are explained below:

	2023 £m	2022 £m
(Loss)/profit before taxation	**(120.6)**	563.3
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	**(28.4)**	107.0
Effects of:		
Expenses not deductible for tax	**65.0**	48.2
Deferred taxes measured at higher tax rates	-	46.5
Rate change adjustments	**3.8**	-
Tax in respect of prior years	**(0.2)**	(0.6)
Total tax charge for the group	**40.2**	201.1

	2023 £m	2022 £m
Effective tax rate	**-33.3%**	35.5%
Total tax charge for the group	**40.2**	201.1
Effects of permanent differences:		
Related party debt – disregarded	**(65.0)**	(46.7)
Depreciation on non-qualifying assets	**(1.0)**	(1.8)
Other non-qualifying	**1.0**	0.3
Prior year adjustment	**0.2**	0.6
Deferred taxes measured at higher tax rates	**(3.8)**	(46.5)
Tax credit for the group after removing permanent differences	**(28.4)**	107.0
Tax rate after permanent differences	**23.5%**	19.0%

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

8. Goodwill

Cost and net book value	2023 £m	2022 £m
At 1 January	**1,051.9**	1,051.9
Acquisition of subsidiary (note 9)	**31.9**	-
At 31 December	**1,083.8**	1,051.9

The group undertakes a detailed annual financial planning process. The five year plan is developed in September, and is subjected to central review in October with formal Board approval in November. Group wide assumptions are set centrally for general (e.g. RPI) and specific cost (e.g. fuel, utilities) inflation which consider macro-economic conditions and government published forecasts. Guidance is provided to ensure a consistent approach to forecasting. A financial model is also produced to allow for forecasts based on longer term economic forecasts. This allows for a 10 year forecast to be produced for the cash-generating unit ("CGU").

Throughput volume assumptions are developed by each business unit based on market knowledge, new business prospects and customer expectations/requirements. Key contractual terms (e.g. pricing, volume guarantees) are built into the projections on an individual contract basis. As a result of this process the assumptions underlying the cash flows are largely contract specific and no individual assumption has a significant impact on the total cash flows.

The recoverable amount of the ports and transport CGU has been determined based on a value in use calculation using the projected cash flows from the strategic planning process, adjusted to exclude the impact of significant capital expenditure which is not contracted or near completion that would enhance the scale of the business. The group's goodwill balance is allocated to the ports and transport CGU and was tested for impairment at 31 December 2023. During the year the group acquired Solent Gateway Ltd from it's immediate parent undertaking. Within the assets and liabilities acquired there was goodwill of £31.9m (see note 9).

Corporation tax is assumed to apply at the statutory rate of 25% (2022: 25%) for the planning period used for cashflow forecasts and is applied to the adjusted earnings. These cash flows represent post-tax projections covering a ten-year period, based on 5 year financial budgets approved by board and 10 year forecasts approved by senior management. Cash flows beyond the ten-year period are projected forward using an estimated growth rate.

This growth rate does not exceed the long-term historical and projected growth rate for the ports and transport CGU. As at 31 December 2023 the recoverable amount exceeded the carrying value of the CGU's assets, including goodwill, by £792.9m (2022: £968.9m).

The calculation of the value in use for goodwill is most sensitive to the discount rate and the long-term growth rate used to extrapolate cash flows beyond the budget period.

Discount rate – The discount rate was estimated based on a market derived weighted average cost of capital as at 31 December 2023, calculated based on the market projected average cost of debt over the next five years and a market cost of equity derived using the capital asset pricing model assuming a long term equity risk premium and an appropriate equity beta. The post-tax discount rate applied to future cash flows was 7.1% (2022:6.5%) reflecting the specific risks relevant to the ports and transport CGU.

8. Goodwill (continued)

An increase in the post-tax discount rate of 0.1% has the impact of reducing the present value of future cash flows at 31 December 2023 by £153.1m. An increase in the post-tax discount rate of 0.6% or higher would result in an impairment of goodwill.

Growth rate – Rates are linked to the long term average retail price index growth and are representative of the long term average EBITDA growth of the group's ports and transport CGU. The growth rate used was 2.9% (2022: 2.9%), which is consistent with historic long-term growth and RPI assumptions in the five year plan and long term model.

A decrease in the long-term industry growth expectation of 0.1% has the impact of reducing the present value of future cash flows at 31 December 2023 by £109.3m. A decrease in the long-term industry growth expectation of 0.9% or more would result in an impairment of goodwill.

9. Investments

On 1 October 2023 Associated British Ports Holdings Limited, a subsidiary of ABPA Holdings Limited, was transferred 100% of the issued share capital of Solent Gateway Limited ("SGL") from ABP Midco UK Limited s part of a group reorganisation. ABP Midco UK Limited is the immediate parent company of ABPA Holdings Limited. SGL is the operator of Marchwood Port on Southampton Water. The acquisition moved SGL into the main operating group of the group owned by ABP Jersey Limited.

Assets and liabilities transferred

The book values of the identifiable assets and liabilities of Solent Gateway Limited as at the date of transfer were:

	£m
Assets	
Goodwill	31.9
Intangible assets	17.0
Property, plant and equipment	1.1
Right of use assets	24.6
Trade and other receivables	2.1
Cash and cash equivalents	8.0
	84.7
Liabilities	
Trade and other payables	(3.2)
Deferred tax	(3.5)
Lease liabilities	(33.3)
	(40.0)
Total identifiable net assets and liabilities	**44.7**
Transaction costs	0.4
Transfer consideration	**45.1**

Consideration of £45.1m was deducted from the intercompany balance that the group holds with ABP Midco UK Limited (see notes 15 and 24).

9. Investments (Continued)

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to lease liability already included as a result of rent free periods at the commencement of the lease.

The goodwill of £31.9m originated on the initial acquisition of SGL by ABP Midco UK Ltd and comprises the value of expected synergies arising from the acquisition and the benefits to be derived from the further development of the port in conjunction with the group's existing assets.

Intangible assets include a customer intangible of £3.1m and planning permission of £13.9m.

From the date of acquisition, SGL contributed £10.2m of revenue and £0.8m to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been £12.3m and profit before tax from continuing operations for the Group would have been £1.0m.

The acquisition net cashflow is reflected the intercompany loan balance. The £8.0m cash received on the transfer is disclosed in the cashflow statement.

10. Intangible assets

Acquired intangible assets	Customer relationships £m	Software £m	Other £m	Total £m
2023				
Cost				
At 1 January	283.4	154.1	14.4	451.9
Acquisition of subsidiary (note 9)	3.1	-	13.9	17.0
Additions	-	8.7	3.0	11.7
Transfers within intangible assets	-	0.2	(0.2)	-
Disposals	-	(9.6)	(1.9)	(11.5)
At 31 December	**286.5**	**153.4**	**29.2**	**469.1**
Accumulated amortisation				
At 1 January	(253.3)	(110.1)	(6.8)	(370.2)
Charge for the year	(2.3)	(8.4)	(2.9)	(13.6)
Transfers within intangible assets	-	0.2	(0.2)	-
Disposals	-	9.5	1.9	11.4
At 31 December	**(255.6)**	**(108.8)**	**(8.0)**	**(372.4)**
Net book value				
At 1 January	30.1	44.0	7.6	81.7
At 31 December	**30.9**	**44.6**	**21.2**	**96.7**

10. Intangible assets (continued)

Acquired intangible assets	Customer relationships £m	Software £m	Other £m	Total £m
2022				
Cost				
At 1 January	283.4	152.2	10.2	445.8
Additions	-	5.0	4.5	9.5
Transfers within intangible assets	-	(0.1)	0.1	-
Transfers to investment property	-	(0.2)	-	(0.2)
Disposals	-	(2.8)	(0.4)	(3.2)
At 31 December	**283.4**	**154.1**	**14.4**	**451.9**
Accumulated amortisation				
At 1 January	(245.6)	(105.5)	(6.0)	(357.1)
Charge for the year	(7.7)	(7.4)	(1.3)	(16.4)
Transfers to investment property	-	0.2	-	0.2
Disposals	-	2.6	0.5	3.1
At 31 December	**(253.3)**	**(110.1)**	**(6.8)**	**(370.2)**
Net book value				
At 1 January	37.8	46.7	4.2	88.7
At 31 December	**30.1**	**44.0**	**7.6**	**81.7**

The value of customer relationships is assessed for indications of impairment at least annually by considering the magnitude and incidence of any customer losses and the impact of any other changes in contractual and commercial relationships.

Amortisation assumptions are reassessed annually. The remaining customer intangibles have a remaining expected useful life of 25 years. During 2023 there were no indications of impairment and customer intangibles continue to be amortised to the end of their expected remaining life.

Software comprise IT software acquisition and subsequent development costs.

Other intangible assets includes planning permission with a net book value of (£13.4m) and development costs related to strategic assets and projects with a net book value of £7.8m (2022: £7.6m).

Notes to the financial statements

11. Property, plant and equipment

2023	Operational land £m	Buildings £m	Dock structures, quays and dredging £m	Floating craft £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost							
At 1 January	749.0	343.3	854.3	77.2	550.1	179.1	**2,753.0**
Acquisition of subsidiary (note 9)	24.6	-	1.1	-	-	-	**25.7**
Additions	0.7	2.0	7.3	2.3	16.8	99.9	**129.0**
Transfers within property, plant and equipment	1.4	10.0	30.1	3.6	36.3	(81.4)	**-**
Transfers to investment property	(19.2)	(5.0)	(4.7)	-	-	(1.4)	**(30.3)**
Disposals and write off	-	(0.6)	(0.1)	(0.1)	(12.3)	-	**(13.1)**
At 31 December	**756.5**	**349.7**	**888.0**	**83.0**	**590.9**	**196.2**	**2,864.3**
Accumulated Depreciation							
At 1 January	(0.6)	(152.5)	(456.0)	(52.9)	(305.1)	-	**(967.1)**
Charge for the year	(0.9)	(14.8)	(41.9)	(6.3)	(38.2)	-	**(102.1)**
Transfers within property, plant and equipment	-	(0.1)	-	-	0.1	-	-
Transfers to investment property	-	2.6	0.6	-	-	-	**3.2**
Disposals and write off	-	0.6	0.1	0.1	11.5	-	**12.3**
At 31 December	**(1.5)**	**(164.2)**	**(497.2)**	**(59.1)**	**(331.7)**	-	**(1,053.7)**
Net book value							
At 1 January	748.4	190.8	398.3	24.3	245.0	179.1	1,785.9
At 31 December	**755.0**	**185.5**	**390.8**	**23.9**	**259.2**	**196.2**	**1,810.6**

11. Property, plant and equipment (continued)

2022	Operational land £m	Buildings £m	Dock structures, quays and dredging £m	Floating craft £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost							
At 1 January	806.3	334.4	829.1	68.4	519.8	160.7	**2,718.7**
Additions	0.1	4.8	21.4	5.9	16.5	79.2	**127.9**
Transfers within property, plant and equipment	(1.4)	8.1	6.6	3.3	29.2	(45.8)	**-**
Transfers to investment property	(56.0)	(3.9)	(2.5)	-	(3.5)	(15.0)	**(80.9)**
Disposals and write off	-	(0.1)	(0.3)	(0.4)	(11.9)	-	**(12.7)**
At 31 December	**749.0**	**343.3**	**854.3**	**77.2**	**550.1**	**179.1**	**2,753.0**
Accumulated Depreciation							
At 1 January	(0.4)	(140.9)	(417.8)	(47.4)	(285.0)	-	**(891.5)**
Charge for the year	(0.2)	(15.0)	(39.8)	(5.9)	(34.2)	-	**(95.1)**
Transfers within property, plant and equipment	-	-	(0.6)	-	0.6	-	**-**
Transfers to investment property	-	3.4	1.9	-	2.3	-	**7.6**
Disposals and write off	-	-	0.3	0.4	11.2	-	**11.9**
At 31 December	**(0.6)**	**(152.5)**	**(456.0)**	**(52.9)**	**(305.1)**	-	**(967.1)**
Net book value							
At 1 January	805.9	193.5	411.3	21.0	234.8	160.7	**1,827.2**
At 31 December	**748.4**	**190.8**	**398.3**	**24.3**	**245.0**	**179.1**	**1,785.9**

The amount of borrowing costs capitalised within property, plant and equipment during the year ended 31 December 2023 was £1.6m (2022: £2.8m). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 6.4% (2022: 6.5%).

11. Property, plant and equipment (continued)

The tables above include recognised right of use assets detailed below:

2023	Operational land £m	Buildings £m	Floating craft £m	Plant and equipment £m	Total £m
Cost					
At 1 January	2.4	4.3	1.3	7.7	**15.7**
Acquisition of subsidiary (note 9)	24.6	-	-	-	**24.6**
Additions	-	-	-	1.4	**1.4**
Disposals	-	-	-	(0.3)	**(0.3)**
At 31 December	**27.0**	**4.3**	**1.3**	**8.8**	**41.4**
Accumulated Depreciation					
At 1 January	(0.6)	(2.3)	(0.5)	(7.2)	**(10.6)**
Charge for the year	(0.9)	(0.7)	(0.8)	(0.7)	**(3.1)**
Disposals	-	-	-	0.3	**0.3**
At 31 December	**(1.5)**	**(3.0)**	**(1.3)**	**(7.6)**	**(13.4)**
Net book value					
At 1 January	1.8	2.0	0.8	0.5	**5.1**
At 31 December	**25.5**	**1.3**	-	**1.2**	**28.0**

2022	Operational land £m	Buildings £m	Floating craft £m	Plant and equipment £m	Total £m
Cost					
At 1 January	2.4	4.3	-	7.1	**13.8**
Additions	-	-	1.3	0.6	**1.9**
At 31 December	**2.4**	**4.3**	**1.3**	**7.7**	**15.7**
Accumulated Depreciation					
At 1 January	(0.4)	(1.7)	-	(5.9)	**(8.0)**
Charge for the year	(0.2)	(0.6)	(0.5)	(1.3)	**(2.6)**
At 31 December	**(0.6)**	**(2.3)**	**(0.5)**	**(7.2)**	**(10.6)**
Net book value					
At 1 January	2.0	2.6	-	1.2	**5.8**
At 31 December	**1.8**	**2.0**	**0.8**	**0.5**	**5.1**

11. Property, plant and equipment (continued)

The group as the lessee leases various operational land, buildings and plant and equipment under non-cancellable lease agreements. The lease terms vary and range from 1 to 999 years for operational land, 10 to 27 years for buildings and 2 to 16 years for plant and equipment. These leases have various escalation clauses and renewal rights and there are no financial restrictions placed upon the lessee by entering into these leases.

12. Investment property

2023	Port-related investment properties £m	Other investment properties £m	Land at ports held for development £m	Total £m
At valuation				
At 1 January	2,085.6	343.6	57.1	**2,486.3**
Additions	41.9	0.6	59.3	**101.8**
Disposal	(0.9)	(0.5)	(1.2)	**(2.6)**
Transfers within investment property	(1.9)	0.5	1.4	**-**
Transfers from property, plant and equipment	28.2	(0.8)	(0.3)	**27.1**
	2,152.9	**343.4**	**116.3**	**2,612.6**
Surplus on revaluation	7.4	0.3	-	**7.7**
Increase/(decrease) in fair value of investment properties	112.4	(19.7)	0.1	**92.8**
At 31 December	**2,272.7**	**324.0**	**116.4**	**2,713.1**

2022	Port-related investment properties £m	Other investment properties £m	Land at ports held for development £m	Total £m
At valuation				
At 1 January	1,931.2	236.9	48.5	**2,216.6**
Additions	16.0	3.7	11.5	**31.2**
Disposal	-	-	(7.7)	**(7.7)**
Transfers within investment property	(10.0)	9.6	0.4	-
Transfers from property, plant and equipment	48.8	20.3	4.2	**73.3**
Transfers from property and land held for sale	-	-	0.4	**0.4**
	1,986.0	**270.5**	**57.3**	**2,313.8**
Surplus on revaluation	14.0	14.3	0.8	**29.1**
Increase/(decrease) in fair value of investment properties	85.6	58.8	(1.0)	**143.4**
At 31 December	**2,085.6**	**343.6**	**57.1**	**2,486.3**

12. Investment property (continued)

During the year £7.7m (2022: £29.1m) was credited directly to the revaluation reserve reflecting the increase to fair value of the properties transferred from property, plant and equipment and right of use assets to investment property (previously recorded at cost). An increase of £92.8m (2022: increase of £143.4m) in the fair value of investment properties was recognised directly in the income statement.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposals.

The amount of borrowing costs capitalised within investment property during the year ended 31 December 2023 was £1.4m (2022: £0.6m). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 6.4% (2022: 6.5%).

All gains and losses recorded in the income statement for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Other investment properties are all tenanted (or available to be tenanted) investment properties other than those identified as being port-related. This category includes areas of bare land which local management is marketing in its existing state to obtain non-port related tenancies and anticipate letting within one year.

Basis of valuation

Investment properties fair value has been estimated on the basis of market value in accordance with the Appraisal and Valuation Standards issued by The Royal Institution of Chartered Surveyors ("RICS"), which is consistent with fair value as defined by IFRS 13. Investment property valuations are conducted annually by the group's internal valuation team and are reviewed by external valuers at least once every five years, which was undertaken during the year. The valuation of investment property as at 31 December 2023 was reviewed by independent valuers, Savills (UK) Limited, Chartered Surveyors regulated by RICS. The group's internal valuation team comprises regionally based Chartered Surveyors, including RICS Registered Valuers, led by the Group Head of Property.

The highest and best use for all investment property is considered by management to be the current use, except where a property is in the process of being developed. In these circumstances, the future intended use of the asset is considered to be its highest and best use.

Completed investment property including right of use investment property

The valuations adopt conventional investment valuation methodology by assessing the income from the investment assets and then capitalising against an investment yield. Deductions have been made to reflect stamp duty and the other costs that would be incurred by a purchaser of the asset, namely legal and surveyors' fees. The main assumptions considered in arriving at the fair value of investment property are the current or estimated rental values, forecast variable income (typically set with regard to historic income) and prevailing market yields. The valuations also take into account the wider port operating costs either by applying an appropriate amount of such costs against the revenues generated by the property and/or by an adjustment to the yield.

12. Investment property (continued)

Basis of valuation (continued)

The valuation of investment property has been categorised as a Level 3 fair value measurement under IFRS 13, being a recurring fair value measurement using significant unobservable inputs.

The revenue streams for many of the properties are variable, and in some cases unique to their specific use. The group has therefore used historic data and knowledge of its specialist sector to assess the likely sustainable income streams going forward.

The nature of the assets and the potential variability or sustainability of income has also led to the application of a range of yields to the income reflecting the specific prospects and risks associated with the individual assets.

Income from these assets typically falls into two parts, a core rental for the asset together with other income derived, for example, by reference to the volume of goods or equivalent brought across the dock, often subject to a minimum guaranteed volume.

The investment property valuations are reviewed by the Regional and Group finance teams and discussions are held with the internal valuation team to determine whether changes in the valuation from the prior year are reasonable. Discussions are then held with the Chief Financial Officer before presenting the results to the group's independent auditors.

The table below summarises the significant inputs used in the fair value measurement of the group's principal investment properties:

2023	**Port-related investment properties**	**Other investment properties and land held for development**	**Total**
Observable			
Average income per acre £'000	103.3	9.7	51.5
Income range per acre £'000	0 – 548	0 – 185.7	0 – 548
Unobservable			
Yield – average %	11.3	9.5	10.8
Yield – range %	5.0 – 33.3	5.0 – 24.0	5.0 – 33.3
Other assumptions			
Other purchasers' costs %	1.8	1.8	1.8

2022	**Port-related investment properties**	**Other investment properties and land held for development**	**Total**
Observable			
Average income per acre £'000	99.7	9.6	50.9
Income range per acre £'000	0 – 577	0 - 142	0 - 577
Unobservable			
Yield – average %	11.5	11.9	11.6
Yield – range %	5.0 – 33.3	5.0 – 17.5	5.0 – 33.3
Other assumptions			
Other purchasers' costs %	1.8	1.8	1.8

12. Investment property (continued)

Basis of valuation (continued)

The most sensitive input to the valuation of investment property is the yield, which for 2023 averages 10.8% (2022: 11.6%). A decrease in the average yield of 0.5% would result in an increase in the aggregate valuation of £131.7m (2022: £112.0m) and an increase in the average yield of 0.5% would result in a decrease in the aggregate valuation of £120.0m (2022: £102.7m). Valuations are not dependent on any other significant unobservable inputs used in the valuations.

Lease income

Lease income, excluding other income, generated from the group's investment property portfolio amounted to £170.5m (2022: £153.2m) and related operating expenses amounted to £3.5m (2022: £3.3m). Direct operating expenses relating to vacant property are considered to be immaterial.

13. Trade and other receivables

Trade and other receivables are analysed as follows:

	2023	**2022**
	£m	**£m**
Non-current		
Accrued income	**1.5**	1.8
Prepayments	**0.7**	-
Other receivables	**0.6**	0.6
Total non-current trade and other receivables	**2.8**	2.4
Current		
Gross trade receivables	**76.9**	79.3
Prepayments	**8.9**	7.0
Accrued income	**30.3**	30.2
Other receivables	**23.7**	18.5
Interest receivable on derivatives	**0.7**	4.8
Gross current trade and other receivables	**140.5**	139.8
Provision for expected credit losses	**(7.3)**	(9.3)
Total current trade and other receivables	**133.2**	130.5

As at 31 December 2023, contract assets of £1.7m (2022: £1.8m) were included in current accrued income.

Other receivables mainly comprise costs incurred relating to damage to property that is recoverable from third parties, including insurers, costs incurred where compensation, at least equal to the costs, is expected to be obtained and recoverable VAT.

13. Trade and other receivables (continued)

Movements in the group's loss allowance measured at an amount equal to the lifetime expected credit losses are as follows:

	2023 £m	2022 £m
At 1 January	**(9.3)**	(10.6)
Provision for the expected credit losses	**(4.7)**	(2.2)
Expected credit losses reversed	**6.1**	2.7
Receivables written off as uncollectable	**0.6**	0.8
At 31 December	**(7.3)**	(9.3)

The provision for expected credit losses relates to gross trade receivables and accrued income and is based on the expected credit loss by age, plus an adjustment for material current observable data. The ageing of gross trade receivables and accrued income, and the percentage of expected credit loss by age, is as follows:

	2023 £m	2022 £m	2023 %	2022 %
Not yet overdue	**106.7**	101.9	**6.2**	8.3
Up to 3 months	**0.9**	8.4	**1.0**	0.8
3 to 6 months	**0.4**	0.8	**32.6**	62.7
Over 6 months	**0.7**	0.4	**83.6**	68.1

As at 31 December 2023 the group held trade receivables that were past due but not impaired, as set out in the table below. These relate to a number of independent customers for whom there is no recent history of default and where terms and amounts have not been renegotiated in the last year.

The ageing of these trade receivables is analysed as follows:

	2023 £m	2022 £m
Up to 3 months	**0.6**	8.2
3 to 6 months	-	0.3
Over 6 months	-	0.1
Total past due but not impaired receivables	**0.6**	8.6

With the exception of part of the interest receivable on derivatives which is denominated in USD, EUR, and JPY there are no significant receivables of the group that are denominated in foreign currencies. The group does not hold any collateral as security.

14. Pension commitments

The group participates in a number of pension schemes:

- The Associated British Ports Group Pension Scheme ("ABPGPS") – a funded defined benefit scheme;
- The Pilots National Pension Fund ("PNPF") and the Merchant Navy Officers Pension Fund ("MNOPF") – two industry wide defined benefit schemes for non-associated employers;
- The Legal & General Worksave Mastertrust ("MyPension Plan") – a multi-employer defined contribution arrangement;
- The Ensign Retirement Plan ("ERP") – a multi-employer defined contribution mastertrust arrangement; and
- Unfunded retirement benefit arrangements in respect of former employees.

On 1 January 2021 the PNPF DB section was closed to new entrants and a Cash Balance Section established to cover marine and non-marine workers of the participating bodies who meet certain criteria. ABP apprentices are enrolled in the Cash Balance Section. The ERP was closed on 31 March 2023 with all assets being transferred to the SMART mastertrust. The ERP was subsequently wound up in September 2023.

Except for unfunded retirement benefit arrangements, the assets of the group's pension arrangements are held in trust funds independent of the group.

Summary

Income statement

The total pension charge included in the group income statement was as follows:

	2023 £m	2022 £m
ABPGPS and unfunded retirement benefit arrangements	**0.9**	1.8
Industry wide schemes	**1.2**	0.3
Defined contribution arrangements	**13.3**	11.7
Net pension charge recognised within operating profit	**15.4**	13.8
Net interest (credit)/charge on net defined benefit liabilities	**(0.2)**	(0.5)
Net pension charge recognised in profit/(loss) before taxation	**15.2**	13.3

Balance sheet

The retirement benefit assets and obligations as at 31 December were:

	2023 £m	2022 £m
ABPGPS – net funded pension assets	**19.5**	15.3
ABPGPS – net unfunded pension liability	**(1.7)**	(1.6)
	17.8	13.7
PNPF	**(31.9)**	(25.0)
Net retirement benefit liability	**(14.1)**	(11.3)
Net retirement benefit assets total	**19.5**	15.3
Net retirement benefit obligations total	**(33.6)**	(26.6)
Net retirement benefit liability	**(14.1)**	(11.3)

14. Pension commitments (continued)

Summary (continued)

During the year the ABPGPS scheme recorded a small actuarial loss due to negative returns on the scheme's assets and a decrease in the discount rate, partially offset by an actuarial gain due to changes on mortality assumptions. This was smaller than company contributions and as a result the scheme's surplus has increased to £17.8m (2022: £13.7m surplus).

The Pilots National Pension Fund scheme recorded an actuarial loss during the year due to changes in financial assumptions, negative returns on the scheme's assets, and a loss arising from experience. As a result the scheme's deficit increased to £31.9m (2022: £25.0m).

Schemes accounted for on a defined benefit basis

ABPGPS and unfunded retirement benefit arrangements

The ABPGPS is closed to new members but has continued accrual.

The last triennial valuation of the ABPGPS was as at 31 December 2020. The valuation of the liabilities as at 31 December 2023 has been derived by projecting forward the position as at 31 December 2020. This exercise was performed by an independent actuary, Willis Towers Watson. The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit method.

The present value of pension liabilities has been determined by discounting pension commitments (including an allowance for salary growth) using a high-quality corporate bond yield.

The Recovery Plan and Schedule of Contributions agreed following the 2020 triennial valuation will remain in place until the 2023 valuation has been finalised and any new Plan or Schedule agreed. The current Recovery Plan and Schedule of Contributions require the group to make deficit reduction contributions of £3.5m per annum until 31 December 2025 and employer contributions at the rate of 22.5% of contributory pay until 31 December 2021 and 42.3% of contributory pay with effect from 1 January 2022. The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years. ABPGPS is assumed to run on until there are no beneficiaries and all benefits have been paid out. At that point, on the winding-up of ABPGPS, there would be no benefits to be increased using the surplus. The group has the unconditional right to a refund of any surplus assets on the winding up of ABPGPS.

The liability associated with the unfunded retirement benefit arrangement has also been determined by the actuary, Willis Towers Watson, using the same assumptions as those used for the ABPGPS.

Based on summary membership data, and taking a simplified approach to determine an estimate, with no explicit margins for prudence, it has been estimated by the actuary, Willis Towers Watson, that the financial effect of equalising benefits due to the Guaranteed Minimum Pensions (GMPs) in the ABPGPS was approximately a 0.1% increase in the liabilities of ABPGPS as at 31 December 2018 and this view is unchanged. Willis Towers Watson have subsequently estimated that the additional uplift required allowing for GMP equalisation of past transfers, following the Lloyds court case at the end of November 2020, would be nil (when rounded to the nearest £0.1m).

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

The surplus is recognised gross as it is anticipated that the recovery will be by way of reduced contributions over the life of the ABPGPS. Deferred tax on the difference between the amounts recognized and payments made is included within deferred tax through the income statement or other comprehensive income to follow the recognition in the changes in value.

The Pilots National Pension Fund ("PNPF")

The PNPF is an industry-wide defined benefit scheme, with all categories of members being either employed or self-employed. The last completed triennial valuation was at 31 December 2022, which was approved in December 2023, and revealed a higher deficit than anticipated by the Recovery Plan put in place following completion of the 2019 valuation. This additional deficit has resulted in an amendment to the 2019 Recovery Plan being put in place with Participating Bodies from December 2023. No change has been made to the first Recovery Plan and these payments continue as planned. The next triennial valuation will take place in 2025.

Under the initial Recovery Plan the group is required to make payments towards the funding of the deficit with payments of £6.0m in 2021 and £6.2m in 2022, with contributions thereafter rising by 3.4% each year until 2028. Under the amendment to the 2019 Recovery Plan the group is required to make further payments towards the funding of the deficit with payments of £188,988 in 2021, £390,816 in 2022, and £808,188 in 2023, with contributions thereafter rising by 3.4% each year until 2028. As part of the amendment in December 2023 the group will then make a final payment of £5,363,066 in 2029. The PNPF Trustee determined the group's share of the liabilities in the PNPF to be 35.5% as at 31 December 2010, this reduced to 29.9% in the valuation exercise as at 31 December 2019. As a result of the recent valuation exercise as at 31 December 2022 the group's share of the relevant liabilities reduced to 28.4%. The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years.

The Trustee of the PNPF has the power to determine how any excess of the Fund's assets over its liabilities that is not required shall be used. This could include reductions in contributions or refunds to participating bodies.

Under the terms of the PNPF scheme rules and the trustee powers the group is exposed to actuarial risks associated with the current and former employees of other participating entities. As such, the group's share of the liabilities of the scheme is sensitive to changes in the overall membership composition of the scheme and the experience in rates of retirement, mortality, cash commutations, augmentations and increase in salaries.

Other risks associated with the group's share of the net liabilities of the scheme include potential challenges from participating bodies to the allocation of liabilities in relation to self-employed members to sponsoring employers and the impact of participating bodies leaving the scheme (e.g. under Section 75 of the Pensions Act).

On 1 January 2021 the PNPF DB section was closed to new entrants and a Cash Balance Section established.

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Assumptions

The major financial assumptions used by the actuary as at 31 December were as follows:

	ABPGPS		PNPF	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Inflation CPI	**2.60**	2.75	**2.20**	2.30
Inflation RPI	**3.05**	3.25	**3.00**	3.20
Rate of increase in pensionable salaries	**2.00**	2.00	**2.20**	2.30
Rate of increase for pensions in payment[1]	**2.90**	3.05	**2.90**	3.00
Rate of increase for pensions in payment[2]	**2.25**	2.35	**3.60**	3.70
Rate of increase for pensions in payment[3]	**2.60**	2.75	**2.20**	2.30
Discount rate	**4.65**	4.90	**4.50**	4.90

1 ABPGPS - (earned before 1 April 2007) (RPI capped at 5% p.a.); PNPF - (maximum 5%; minimum 0%)

2 ABPGPS - (earned on or after 1 April 2007) (RPI capped at 3% p.a.); PNPF - (maximum 5%; minimum 3%)

3 ABPGPS - (earned before 1 April 2007) (CPI uncapped); PNPF - (in deferment in excess of Guaranteed Minimum Pension)

Assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out. The most significant assumption is the discount rate.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions as at 31 December were as follows:

	ABPGPS		PNPF	
	2023	**2022**	**2023**	**2022**
	Years	**Years**	**Years**	**Years**
Male life expectancy retiring at age 60 in 15 years	**26.0**	26.7	**27.6**	27.0
Female life expectancy retiring at age 60 in 15 years	**28.5**	29.0	**30.3**	29.7

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Sensitivities

The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming all other assumptions are held constant:

	ABPGPS		**PNPF**	
Impact on net liabilities of:	**2023 £m**	**2022 £m**	**2023 £m**	**2022 £m**
Decrease in discount factor by 0.5%	**23.0**	23.7	**5.0**	5.0
Increase in inflation rate by 0.5%	**15.8**	16.8	**2.0**	4.0
Increase in rate of mortality of a 60 year old by 1 year	**13.8**	16.2	**3.5**	2.0
Increase in allocated share of the PNPF liability by 5%	-	-	**5.0**	4.2

Balance sheet

Changes in fair value of scheme assets were as follows:

	ABPGPS		**PNPF**	
	2023 £m	**2022 £m**	**2023 £m**	**2022 £m**
Fair value of scheme assets at 1 January	**419.0**	642.9	**73.5**	101.0
Amounts recognised in income statement:				
Interest income	**20.0**	11.7	**3.6**	2.0
Remeasurement (loss)/gain in OCI:				
Return on assets, excluding amounts in net interest	**(4.7)**	(212.4)	**(5.1)**	(26.4)
Contributions by employees	**0.1**	0.1	-	-
Contributions by employer	**6.3**	6.7	**7.3**	6.6
Benefits paid	**(27.9)**	(28.8)	**(9.0)**	(9.4)
Administrative expenses paid	**(1.0)**	(1.2)	**(0.3)**	(0.3)
Fair value of scheme assets at 31 December	**411.8**	419.0	**70.0**	73.5

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Changes in fair value of scheme obligations were as follows:

	ABPGPS		PNPF	
	2023 £m	**2022 £m**	**2023 £m**	**2022 £m**
Fair value of scheme obligations at 1 January	**(405.3)**	(582.1)	**(98.5)**	(140.1)
Amounts recognised in income statement:				
Current and past service costs	**(0.9)**	(1.8)	**-**	-
Interest cost	**(18.8)**	(10.5)	**(4.6)**	(2.7)
Administrative expenses	**(1.0)**	-	**-**	-
Remeasurement gain in OCI:				
Remeasurement gain from changes in demographic assumptions	**9.0**	-	**(1.7)**	**-**
Remeasurement loss from changes in financial assumptions	**(5.4)**	184.1	**(3.2)**	38.6
Experience (loss)/gain	**(0.5)**	(25.1)	**(3.2)**	(4.0)
Contributions by employees	**(0.1)**	(0.1)	-	-
Benefits paid directly by the company	**0.2**	0.2	-	-
Benefits paid	**27.9**	28.8	**9.0**	9.4
Administrative expenses paid	**1.0**	1.2	**0.3**	0.3
Fair value of scheme obligations at 31 December	**(393.9)**	(405.3)	**(101.9)**	(98.5)

The current service cost represented 17.0% (2022: 34.5%) for the ABPGPS and unfunded retirement benefit arrangements, of the applicable pensionable payroll.

As at 31 December 2023, the cumulative remeasurement result recognised in the group's other comprehensive income amounted to a loss of £107.9m (2022: loss of £106.3m) for the ABPGPS and unfunded retirement benefit arrangements and a gain of £7.8m (2022: gain of £20.9m) for the PNPF.

Returns on assets and interest on liabilities are determined by reference to the actuarial assumptions adopted at the beginning of each financial period. The actual return on assets for 2023 was a gain of £15.3m (2022: loss of £200.7m) for the ABPGPS and unfunded retirement benefit arrangements and a loss of £1.5m (2022: loss of £24.4m) for the PNPF.

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

The fair value of scheme assets is analysed as follows:

	ABPGPS		PNPF	
	2023 £m	**2022 £m**	**2023 £m**	**2022 £m**
Investments quoted in active markets:				
Government bonds	**366.7**	377.3	**-**	-
Investment funds	**44.9**	17.9	**27.9**	27.7
Liquidity funds	**16.5**	16.9	**13.3**	17.1
PIVs	**24.7**	23.1	**-**	-
LDI	**-**	-	**13.7**	16.0
Derivatives	**0.2**	4.6	**0.7**	0.8
Long term credit	**-**	-	**14.4**	11.0
Repurchase agreements	**(172.0)**	(153.8)	**-**	-
Cash and cash equivalents	**16.9**	8.8	**-**	0.9
Unquoted investments:				
PIVs	**117.4**	135.7	**-**	-
Derivatives	**(3.5)**	(11.5)	**-**	-
Fair value of scheme assets at 31 December	**411.8**	419.0	**70.0**	73.5

The scheme's assets were represented on a percentage basis by investments in:

ABPGPS	**2023 %**	**2022 %**
Liability matching and hedging investments or assets*	**51.7**	55.7
Bond funds	**6.0**	5.5
Diversified growth funds	**9.7**	4.3
Private credit funds	**12.2**	14.5
Emerging market funds	**0.0**	0.0
Property	**17.8**	18.5
Cash	**2.6**	1.5
	100.0	100.0

* The group and Trustee have developed a 'flight plan' for the scheme which incorporates a long-term funding target and corresponding investment strategy. In line with this strategy, a proportion of the scheme's assets are held in LDI funds in order to hedge a proportion of the interest rate and inflation risk.

PNPF	**2023 %**	**2022 %**
Partners Growth fund	**36.8**	35.7
Corporate bonds	**20.5**	14.9
Risk Hedge	**1.0**	1.1
Diversified growth funds	**2.3**	2.0
Liquidity fund	**19.0**	23.3
Gilts	**19.6**	21.8
Cash	**0.8**	1.2
	100.0	100.0

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Historical record – ABPGPS and unfunded retirement benefit arrangements

	2023	2022	2021	2020	2019
Amounts for the current and previous years are as follows:	**£m**	**£m**	**£m**	**£m**	**£m**
Fair value of scheme assets	**411.8**	419.0	642.9	640.2	623.3
Present value of funded scheme obligations	**(392.2)**	(403.7)	(580.1)	(635.8)	(602.0)
Present value of unfunded obligations	**(1.7)**	(1.6)	(2.0)	(2.3)	(2.1)
Net assets recognised in the balance sheet	**17.9**	13.7	60.8	2.1	19.2
Remeasurement gain/(loss) due to changes in assumptions	**3.6**	184.1	32.0	(56.9)	(65.9)
Experience (loss)/gain on scheme obligations	**(0.5)**	(25.1)	6.7	(1.0)	(3.6)
Experience (loss)/gain on scheme assets	**(4.7)**	(212.4)	16.1	36.2	40.4
Remeasurement gain/(loss) relating to net retirement benefit assets/liabilities recognised in other comprehensive income	**(1.6)**	(53.4)	54.8	(21.7)	(29.1)

Historical record – PNPF

	2023	2022	2021	2020	2019
Amounts for the current and previous years are as follows:	**£m**	**£m**	**£m**	**£m**	**£m**
Fair value of scheme assets	**70.0**	73.5	101.0	101.8	114.0
Present value of funded scheme obligations	**(101.9)**	(98.5)	(140.1)	(152.1)	(172.6)
Net liabilities recognised in the balance sheet	**(31.9)**	(25.0)	(39.1)	(50.3)	(58.6)
Remeasurement gain/(loss) due to changes in assumptions	**(4.8)**	38.6	6.7	(9.4)	(10.8)
Experience (loss)/gain on scheme obligations	**(3.2)**	(4.0)	(2.1)	23.8	(2.3)
Experience (loss)/gain on scheme assets	**(5.1)**	(26.4)	1.0	(10.8)	10.1
Remeasurement gain/(loss) relating to net retirement benefit assets/liabilities recognised in other comprehensive income	**(13.1)**	8.2	5.6	3.6	(3.0)

Schemes accounted for on a defined contribution basis

The Merchant Navy Officers Pension Fund ("MNOPF")

The MNOPF is a multi-employer arrangement operated across the shipping industry. It operates with no segregation of the assets and liabilities relating to different employers and the trustees allocating a 'share' of funding deficits to employers. The MNOPF has secured approximately £2bn of liabilities in respect of pensioner members with Pension Insurance Corporation through two transactions in 2020 and 2022. The assets of the MNOPF were approximately £3.3bn at 31 March 2021, including the value of this 'buy-in' policy. The buy-in transactions remove the financial and demographic risks associated with the insured pensioner members. The last actuarial valuation as at 31 March 2021 was a technical provision surplus of 102% and on the same basis as at 31 March 2023 was 99%. The MNOPF closed to future benefit accrual on 31 March 2016.

14. Pension commitments (continued)

Schemes accounted for on a defined contribution basis (continued)

The Merchant Navy Officers Pension Fund ("MNOPF") (continued)

ABP has approximately a 0.1% share of the MNOPF deficit based on the liabilities in respect of former employees and a share of the orphan liabilities. There are no new recovery plans in place following the latest valuation.

In 2023 and 2022 the group had no contributions to this scheme and expects no contributions to be payable in 2024.

The Legal & General Worksave Mastertrust ("MyPension Plan")

This is the group's primary pension arrangement for new and current employees, is a qualifying arrangement to meet auto enrolment legislation, and has approved mastertrust status from the Pensions Regulator.

In 2023 the group expensed as defined contribution pension costs a total of £12.8m (2022: £11.6m) of contributions to this plan.

The Ensign Retirement Plan ("ERP")

The ERP was an industry-wide Mastertrust pension arrangement available to employers and employees who may, or may not, be associated with the maritime industry. The plan fell under independent trustee governance but was partly funded by the Trustee of the MNOPF and sat alongside the defined benefit arrangement within the framework of the MNOPF. The ERP had approved Mastertrust status from the Pensions Regulator and is a defined contribution pension arrangement. The group had enrolled apprentices into the plan. Contributions to the Ensign Mastertrust ceased as at 31 March 2023 and was subsequently wound up in September 2023 after the assets held for members were transferred to the SMART Pension Mastertrust. As this was a defined contribution arrangement, we have no further connection to the Plan.

In 2023 the group expensed as defined contribution pension costs a total of £9,260 (2022: £63,318) of contributions to this plan.

The defined contribution pension cost represents the actual contributions payable by the group to the Legal & General and Ensign Mastertrusts. At 31 December 2023, there were no amounts outstanding as being due to these arrangements from the group (2022: £nil).

Schemes accounted for on a cash balance basis

The Pilots' National Pension Fund Cash Balance Section

The Cash Balance Section of the Pilots' National Pension Fund was established on 1 January 2021 to cover Pilots, marine and non-marine workers who meet certain criteria. ABP Apprentices started to be enrolled in the Cash Balance Section with effect from 1 September 2021.

14. Pension commitments (continued)

Section 37 certification

On 16 June 2023, in the case Virgin Media v NTL Pension Trustees II Limited (and others), the High Court ruled on the correct interpretation of historic legislation governing the amendment of contracted-out Defined Benefit ("DB") schemes. The court found that section 37 of the PSA93 ("section 37") renders invalid and void any amendment to the scheme's rules which related to section 9(2B) rights, in so far as it was introduced without the required written actuarial confirmation that the scheme would continue to satisfy the relevant statutory standard after the amendment was made. The decision is relevant for schemes which were contracted-out on a DB basis from 6 April 1997.

The relevant legislation did not require confirmation to be given in any particular form, so a Section 37 Confirmation could have been wrapped up as part of actuarial advice given at the relevant time. A deed making specific reference to a Section 37 Confirmation (or not as the case may be) will not necessarily be conclusive either way. The court also did not address the legal position in the event a Section 37 Confirmation amendment has been misplaced and cannot currently be physically evidenced. Until a number of further questions are clarified as part of the ongoing legal process, it remains unclear as to the impact, if any, on any contracted-out DB schemes.

The PNPF is a multi-employer scheme of both employed and self-employed members (circa 60% being self-employed) has provided contracted-out benefits to employed members. Associated British Ports is a Participating Body in the PNPF. Under the rules of the PNPF, the Participating Bodies are consulted on changes to the rules but not required to agree. As such Associated British Ports would not be in receipt of any Section 37 Confirmation if one was required for an amendment.

Associated British Ports understands that the PNPF Trustee has in place policies and procedures to ensure compliance with laws and regulations. The steps taken to ensure compliance with laws and regulations includes the appointment of a professional Chair Trustee and regular trustee meetings with attendance by professional advisers including the Scheme Actuary. Associated British Ports believes that the requirement for a Section 37 Confirmation for amendments relating to reference scheme benefits was well known, and decisions should have been taken at the time changes were being made as to whether or not Section 37 was triggered and a Section 37 Confirmation was required.

Until this case progresses further and concludes, the PNPF Trustees are following legal advice and taking no further action to investigate. It is not possible at this stage to assess this case that would result in any change to the liability that has been calculated by the actuary. Associated British Ports considers the current actuarial estimates to represent the best estimate available of the liabilities.

15. Borrowings

Borrowings are analysed as follows:

	2023 £m	2022 £m
Current		
Private placement notes	**180.7**	149.6
Public loan notes	**-**	123.8
Term and revolving facilities	**74.0**	55.0
Interest due on term and revolving facilities	**1.1**	0.6
Interest due on private placement notes	**18.8**	12.9
Interest due on public loan notes	**2.1**	3.5
Interest due on derivatives	**0.4**	1.0
Interest on amounts due to parent undertaking	**3.4**	3.0
Lease liabilities	**1.6**	2.6
Total current borrowings	**282.1**	352.0
Non-current		
Term and revolving facilities	**175.5**	218.5
Private placement notes	**1,486.8**	1,237.0
Public loan notes	**598.2**	617.5
Amounts due to parent undertaking	**1,138.8**	1,138.8
Interest on amounts due to parent undertaking	**2,815.2**	2,602.6
Lease liabilities	**36.5**	4.7
Total non-current borrowings	**6,251.0**	5,819.1

Total external borrowings (excluding accrued interest and leases liabilities) are as follows:

Term and revolving facilities **Facility type**	**Due date**	**Rate per annum**	**2023** **£m**	**2022** **£m**
GBP floating rate note	2029	6m compounded SONIA plus margin	**80.0**	80.0
EIB loan	2024	3m compounded SONIA plus margin	**74.0**	74.0
EIB loan	2023	3m compounded SONIA plus margin	**-**	55.0
Nat West Markets PLC Syndicated Loan	2026	Variable SONIA plus margin	**100.0**	70.0
Deferred borrowing costs			**(4.5)**	(5.5)
Term and revolving facilities			**249.5**	273.5

Notes to the financial statements

15. Borrowings (continued)

Private placement notes **Facility type**	**Due date**	**Rate per annum**	**2023** **£m**	**2022** **£m**
GBP private placement	2029-2033	Compounded SONIA plus margin	**200.0**	200.0
GBP private placement	2024-2030	Compounded SONIA plus margin	**130.0**	130.0
GBP private placement	2033	Compounded SONIA plus margin	**80.0**	80.0
GBP private placement	2028-2030	Compounded SONIA plus margin	**50.0**	50.0
GBP private placement	2028-2032	Compounded SONIA plus margin	**83.3**	83.3
GBP private placement	2028-2037	Compounded SONIA plus margin	**40.0**	40.0
GBP private placement	2030	3.61%	**120.0**	120.0
GBP private placement	2035	3.92%	**100.0**	100.0
GBP private placement	2023	4.08%	**-**	50.0
GBP private placement	2029	4.38%	**50.0**	50.0
GBP private placement	2025	3.43%	**30.0**	30.0
GBP private placement	2029	4.38%	**15.0**	15.0
GBP private placement	2034	5.97%	**150.0**	-
GBP private placement	2040	5.40%	**100.0**	-
GBP private placement	2047	6.52%	**50.0**	-
GBP private placement	2043	6.51%	**56.7**	-
USD private placement	2024	4.62%	**121.7**	128.5
USD private placement	2029	4.41%	**68.7**	72.6
USD private placement	2023	4.35%	**-**	66.4
USD private placement	2024	4.11%	**58.9**	62.2
USD private placement	2023	3.96%	**-**	33.2
USD private placement	2032	5.68%	**15.7**	16.6
USD private placement	2031	5.36%	**97.4**	-
JPY private placement	2032	1.00%	**55.5**	62.3
Deferred borrowing costs			**(5.4)**	(3.5)
Private placement notes			**1,667.5**	1,386.6

Public loan notes **Facility type**	**Due date**	**Rate per annum**	**2023** **£m**	**2022** **£m**
GBP note	2026	6.25%	**480.2**	500.0
GBP note	2033	3m compounded SONIA plus margin	**70.0**	70.0
GBP note	2042	5.25%	**50.0**	50.0
EUR note	2023	3.22%	**-**	61.9
EUR note	2023	3.50%	**-**	61.9
Deferred borrowing costs			**(2.0)**	(2.5)
Public loan notes			**598.2**	741.3

Net accumulated foreign exchange losses of £45.2m (2022: £100.1m) have been allocated against the relevant borrowings in the tables above to show the carrying value of the borrowings.

15. Borrowings (continued)

Amounts due to parent undertaking represent two loans from ABP Midco UK Limited, the group's immediate parent undertaking. More detail on the group's related party borrowings is set out in note 24.

Interest on the loan amount due to parent undertaking due in 2027, accruing interest at 9.0% per annum, accrues annually in arrears and can be settled in cash at any time or deferred until maturity of the facility.

Interest on the amounts due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus compounded SONIA, is accrued and payable in cash semi-annually in May and November. In line with the terms of the borrowing agreement the group is permitted, at its discretion, to defer payment until a subsequent interest payment date or the final redemption date. Interest of £96.3m (2022: £110m) was paid in 2023. The total outstanding interest accrued as at 31 December 2023 was £3.4m (2022: £57.6m).

Borrowings of the group are secured over all of the group's investments (and in the case of Associated British Ports Holdings Limited ("ABPH"), the group's wholly owned intermediate subsidiary undertaking, the Associated British Ports ("ABP") ownership rights).

The group, through its wholly owned subsidiary undertaking, ABP Acquisitions UK Limited ("ABPA"), has borrowing agreements which restrict the amounts that can be paid by certain subsidiaries in respect of the redemption, purchase or retirement of share capital or share premium, payments of dividends or interest in respect of shares, payments of management, advisory or other fees at arm's length, or any repayment of subordinated debt. Were the companies to make payments in excess of these limits it would be in breach of its financing covenants. The companies subject to these restrictions are ABPA Holdings Limited, ABPA, ABP Finance Plc which has issued publicly listed debt on the Irish Stock Exchange, ABPH, ABP and any other material subsidiaries as defined in the agreement.

The carrying amounts of lease liabilities and the movements during the year are set out below:

Lease liabilities	**2023 £m**	**2022 £m**
At 1 January	**7.3**	8.4
Acquisition of subsidiary (note 9)	**33.3**	-
Additions	**1.4**	1.9
Interest expense	**2.0**	0.6
Payments	**(5.9)**	(3.6)
At 31 December	**38.1**	7.3

Lease liabilities are secured on the related leased assets. Disclosure of the financial risks related to these financial instruments is disclosed in note 17. Details of contingent liabilities in relation to the ultimate parent undertaking's group borrowings are set out in note 26. Expenses relating to short term and low value asset leases are disclosed in note 3. Future variable lease payments are disclosed in note 27.

16. Derivative financial instruments

The group uses derivatives to manage its exposure to various fixed rate, floating rate and foreign currency borrowings and transactions, as well as fuel prices. As the group does not designate any of its derivatives as hedges, the fair value changes are recognised in the income statement in accordance with the group's accounting policy set out in note 1. The terms and fair value of derivative financial assets and liabilities held by the group at the balance sheet date were:

At fair value through profit and loss	**Expiry date**	**Notional**	**Net amounts of financial assets presented in the balance sheet**	**Net amounts of financial liabilities presented in the balance sheet**
2023		**£m/litres**	**£m**	**£m**
Interest rate swaps - pay fixed, receive floating	2036-2051	1,650.0	16.7	(252.4)
Interest rate swaps - pay floating, receive fixed	2036-2040	335.8	9.1	(32.6)
Cross currency interest rate swaps - pay floating, receive fixed (GBP/USD)	2023-2032	285.8	54.5	(3.9)
Cross currency interest rate swaps - pay floating, receive fixed (GBP/JPY)	2032	63.6	-	(11.1)
Fuel swaps and caps	2024-2025	18.0m litres	0.2	(0.7)
Fair value of derivative financial instruments			**80.5**	**(300.7)**
Derivatives not offset in the balance sheet*			(29.9)	29.9
Net amount			**50.6**	**(270.8)**

*Right to offset under master netting arrangements.

16. Derivative financial instruments (continued)

At fair value through profit and loss 2022	**Expiry date**	**Notional £m/litres**	**Net amounts of financial assets presented in the balance sheet £m**	**Net amounts of financial liabilities presented in the balance sheet £m**
Interest rate swaps - pay fixed, receive floating	2036-2051	1,650.0	15.6	(223.0)
Interest rate swaps - pay floating, receive fixed	2036-2040	335.8	0.2	(39.2)
Cross currency interest rate swaps - pay floating, receive fixed (GBP/USD)	2023-2032	285.8	89.7	(3.7)
Cross currency interest rate swaps - pay floating, receive fixed (GBP/EUR)	2023	118.6	4.3	-
Cross currency interest rate swaps - pay floating, receive fixed (GBP/JPY)	2032	63.6	-	(6.0)
Fuel swaps and caps	2022-2025	26.4m litres	2.3	(0.3)
Fair value of derivative financial instruments			**112.1**	**(272.2)**
Derivatives not offset in the balance sheet*			(108.0)	108.0
Net amount			**4.1**	**(164.2)**

*Right to offset under master netting arrangements.

Derivatives are analysed between current and non-current as follows:

	2023 £m	**2022 £m**
Current assets	**41.6**	34.1
Non-current assets	**38.9**	78.0
Total derivative assets	**80.5**	112.1
Current liabilities	**(14.8)**	(13.8)
Non-current liabilities	**(285.9)**	(258.4)
Total derivative liabilities	**(300.7)**	(272.2)

The floating rate on the cross currency interest rate swaps is linked to SONIA (2022: LIBOR or SONIA). The effective fixed interest rate receivable by the group on the cross currency interest rate swaps notional amount matches the fixed rates set out in note 15.

Disclosure of the financial risks related to these financial instruments is set out in note 17.

17. Financial instruments

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

Fair value of financial instruments

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

Below is a comparison, by class, of the carrying amounts (book value) and fair value of the group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair value:

	2023		2022	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial liabilities at amortised cost	**£m**	**£m**	**£m**	**£m**
Fixed rate public loan notes	**530.2**	**534.5**	673.8	676.9
Fixed rate private placement notes	**1,089.7**	**1,058.5**	806.8	744.7

The terms of the fixed rate notes are set out in note 15.

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

- The fair value of cash and cash equivalents, current trade and other receivables and current trade and other payables approximates to their carrying amounts due to the short-term maturities of these instruments;
- Current accrued interest represents short-term borrowings whose fair value approximates to carrying value;
- The fair value of term and revolving facilities, floating rate private placement notes, floating rate public loan notes and floating rate intercompany loans approximates to their carrying value as they bear interest at a rate linked to SONIA and there have been no significant changes in credit risk since the issue of the instruments. A cash flow projection approach has been used with reference to observed market returns and accords to Level 2 in the fair value hierarchy;
- The fair value of fixed rate public loan notes has been based on the market price, corresponding to Level 1 in the fair value hierarchy;
- The fair value of fixed rate private placement notes has been based on the market observable yield to maturity of the reference bond plus the current spread applicable to the note and equates to Level 2 in the fair value hierarchy;
- The fair value of fixed rate amounts due to parent undertaking has been based on a cash flow projection with reference to observed market returns and accords to Level 2 in the fair value hierarchy. As the fixed rate at 31 December 2023 and 2022 approximates market rate, the book value approximates fair value;

17. Financial instruments (continued)

Fair value of financial instruments (continued)

- The derivative financial instrument swaps are not traded in an active market, hence their fair value is determined by using discounted cash flow valuation techniques. These valuation techniques maximise the use of observable market data where available, including credit quality of counterparties, fuel prices and implied volatilities, and foreign exchange spot and forward rates and interest rate curves and rely as little as possible on entity specific estimates and accords to Level 2 in the fair value hierarchy; and
- The fair value of foreign exchange contracts is based on market price, corresponding to Level 1 in the fair value hierarchy.

Financial risk management

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), the group's intermediate subsidiary undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure. The group's main financial risks are liquidity, market, credit and capital risk. The group aims to manage these risks to an acceptable level.

The group does not use financial instruments for speculative purposes.

Liquidity risk

Liquidity risk is managed in accordance with the Treasury Policy by the wider group, owned by the group's ultimate parent undertaking, ABP (Jersey) Limited. This ensures that cash and committed borrowing facilities are maintained at levels that provide a reasonable headroom in excess of the forecast requirements of all entities within the group. Management monitors rolling forecasts of the group's liquidity reserve (comprised of committed undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the group's financial liabilities and related accrued interest and gross settled derivative financial instruments and the associated interest receivable/payable, which are disclosed further below, based on undiscounted contractual payments:

2023	**Borrowings (excluding lease liabilities)** £m	**Lease liabilities** £m	**Derivative financial instruments*** £m	**Trade and other payables** £m	**Total** £m
Not later than one year	544.0	3.8	7.9	110.3	**666.0**
More than one year but not more than two years	190.3	3.7	24.2	-	**218.2**
More than two years but not more than five years	5,947.8	7.5	85.4	34.4	**6,075.1**
More than five years	1,774.8	122.6	270.5	12.1	**2,180.0**
Total payments	**8,456.9**	**137.6**	**388.0**	**156.8**	**9,139.3**

*Interest on derivatives is included within derivative financial instruments and not borrowings. These balances also include financial assets on net settled derivative financial instruments.

17. Financial instruments (continued)

Financial risk management (continued)

2022	Borrowings (excluding lease liabilities) £m	Lease liabilities £m	Derivative financial instruments * £m	Trade and other payables £m	Total £m
Not later than one year	561.9	2.8	11.9	97.4	**674.0**
More than one year but not more than two years	441.3	1.4	10.6	-	**453.3**
More than two years but not more than five years	5,623.8	2.1	59.2	22.9	**5,708.0**
More than five years	1,974.2	67.1	342.1	12.1	**2,395.5**
Total payments	**8,601.2**	**73.4**	**423.8**	**132.4**	**9,230.8**

* Interest on derivatives is included within derivative financial instruments and not borrowings. These balances also include financial assets on net settled derivative financial instruments.

Borrowings disclosures in the tables above are based on contractual payments as they existed as at 31 December 2023 and 31 December 2022.

Interest on the loan due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus 6 month SONIA compounded, can at the group's discretion be deferred until a subsequent interest payment date or the final redemption date. As interest, which was deferred in 2023, can be deferred until the final redemption date it has been included in the same category as the principal repayment in 2028. Subsequent interest is calculated on the principal as well as any deferred interest.

Future interest payable has been included in the maturity analysis in line with expected payments, as this is considered a more accurate reflection of the future cash outflows of the group.

As interest payments in 2023 and 2022, on the loan due to parent undertaking due in 2027, accruing interest at 9.0% per annum, can be deferred, they have been included in the maturity analysis in the same category as the principal repayment.

The principal repayments of the loans due to parent undertaking are expected to be at the respective maturity dates.

Interest on all other borrowings is settled in cash and has been included in the table in the relevant category based on cash payment each year.

The table below analyses the group's derivative financial instruments and interest receivable/payable on derivatives, which will be settled on a gross basis, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Interest on the USD cross currency interest rate swaps pay floating and receive floating was payable semi-annually and receivable quarterly. Interest on the USD cross currency interest rate swaps pay floating and receive fixed is payable semi-annually and receivable semi-annually. Interest on the EUR cross currency interest rate swaps pay floating and receive fixed is payable semi-annually and receivable annually.

17. Financial instruments (continued)

Financial risk management (continued)

Interest on the JPY cross currency interest rate swaps pay floating and receive fixed is payable semi-annually and receivable semi-annually.

The amounts disclosed in the table are the contractual undiscounted cash flows:

	2023		2022	
Gross settled derivatives	**Total Outflows £m**	**Total Inflows £m**	**Total Outflows £m**	**Total Inflows £m**
Cross currency interest rate swaps				
Not later than one year	**(161.0)**	**195.1**	(217.5)	244.5
More than one year but not more than two years	**(11.6)**	**9.7**	(153.9)	199.4
More than two years but not more than five years	**(32.3)**	**29.1**	(21.7)	14.7
More than five years	**(263.7)**	**275.4**	(157.0)	199.0
Total cross currency interest rate swaps	**(468.6)**	**509.3**	**(550.1)**	**657.6**

The group leases a marina over a 999 year lease term which expires in March 2987. The group as the intermediate lessor subleases the marina to a third party under a finance lease arrangement over the same term as the head lease. The sublease also provides the group with a contribution from the subtenants over the same period as the head lease based on the number of berths at the marina.

The maturity analysis of the group's minimum lease payments receivable under finance leases was as follows:

Future minimum lease payments receivable under finance leases	**2023 £m**	**2022 £m**
More than three years but not more than four years	**0.1**	0.1
More than four years but not more than five years	**0.1**	0.1
More than five years	**42.2**	42.2
	42.4	42.4
Less: unearned finance income	**(41.8)**	(41.8)
Net investment in the finance leases	**0.6**	0.6

The group had the following committed but undrawn floating rate borrowing facilities available at 31 December in respect of which all conditions precedent had been met:

Undrawn borrowing facilities	**2023 £m**	**2022 £m**
Expiring in:		
More than one year but not more than two years	**250.0**	50.0
More than two years but not more than five years	**160.0**	230.0
More than five years	**-**	160.0
Undrawn borrowing facilities	**410.0**	440.0

17. Financial instruments (continued)

Financial risk management (continued)

Market risk
Some of the group's borrowings have been financed through floating rate and foreign currency debt and are therefore subject to interest rate and foreign exchange risk.

Interest rate risk
Risks arising from changes in interest rates are managed by maintaining an appropriate balance between fixed and floating rate debt. The group also uses derivative instruments such as interest rate swaps when appropriate to hedge against changes in interest rates and to adjust the balance between fixed and floating rate debt. At 31 December 2023 the group's hedge ratio for external third party debt was 91% (2022: 96%). Interest rate exposure in relation to all of the group's borrowings is therefore predominantly fixed.

Foreign exchange risk
The group principally invoices its customers and settles its expenses in sterling. Accordingly, currency exposure arising from transactions being settled in other currencies tends to arise infrequently. Where such exceptions are significant, any related exposure is managed through forward currency contracts.

The group has undertaken financing in foreign currency and is therefore exposed to foreign exchange risk. This exposure is managed through cross currency interest rate swaps.

The table below illustrates the effect on the income statement and deficit of changes in interest rates and foreign currency exchange rates:

		2023		2022
Financial liabilities	**Profit before tax £m**	**Equity £m**	**Profit before tax £m**	**Equity £m**
Interest rate sensitivities				
1% increase in interest rates - GBP	**174.2**	**174.2**	157.0	157.0
1% decrease in interest rates - GBP	**(202.0)**	**(202.0)**	(192.0)	(192.0)
1% increase in interest rates - USD	**(8.2)**	**(8.2)**	(7.1)	(7.1)
1% decrease in interest rates - USD	**8.9**	**8.9**	10.9	10.9
1% increase in interest rates - EUR	-	-	0.7	0.7
1% decrease in interest rates - EUR	-	-	0.6	0.6
1% increase in interest rates - JPY	**(4.2)**	**(4.2)**	6.0	6.0
1% decrease in interest rates - JPY	**4.7**	**4.7**	(5.9)	(5.9)
Foreign exchange rate sensitivities				
10% increase in Sterling to EUR	-	-	0.5	0.5
10% decrease in Sterling to EUR	-	-	0.9	0.9
10% increase in Sterling to USD	**2.8**	**2.8**	2.9	2.9
10% decrease in Sterling to USD	**3.4**	**3.4**	3.4	3.4
10% increase in Sterling to JPY	**(0.2)**	**(0.2)**	(1.7)	(1.7)
10% decrease in Sterling to JPY	**0.2**	**0.2**	(0.1)	(0.1)

17. Financial instruments (continued)

Financial risk management (continued)

Credit risk

Credit risk with banks and financial institutions is managed by the wider group. The group monitors the credit risk of banking counterparts, tracking credit default swap rates and credit ratings of actual and potential counterparties. Cash deposits of the group at the year-end were all with counterparties with a credit rating of A3 or better and the weighted average maturity of deposits was 1 day from 31 December 2023.

Customer credit risk is managed locally in line with a group policy which is designed to ensure that the group's exposure to concentration of credit is appropriately managed through implementation of credit checks and limits. Based on the quality and diversity of its customer base and institutions with which cash is deposited, management considers the group's exposure to concentration of credit risk not to be material. The group uses external credit rating agencies to assess and monitor its trade receivables.

An impairment analysis is performed at each reporting date to determine the expected credit losses. The analysis reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecasts of future economic conditions. Based on the impairment analysis the group ensures that the allowance for expected credit losses is at least 0.5% of the amount of trade receivables held on the balance sheet at the reporting date.

Given the counterparties of group receivables, as set out in note 13, management considers the group's exposure to credit risk to be minimal. The maximum exposure to credit risk at 31 December 2023 is the carrying amount of each class of receivable.

The maximum exposure to credit risk at the reporting date for derivative instruments is their fair value.

Capital risk

The group finances itself with a mixture of senior debt facilities £2,515.2m (2022: £2,401.4m), subordinated debt £1,138.8m (2022: £1,138.8m) and lease liabilities £38.1m (2022: £7.3m). The group also has committed but unutilised facilities totalling £410.0m (2022: £440.0m). The group keeps its funding structure under review with a view to maximising shareholder value and to ensure that it has the resources 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 was in compliance with these covenants during 2023 and 2022.

18. Trade and other payables

	2023 £m	2022 £m
Current		
Trade payables	**32.5**	29.3
Accruals	**68.0**	65.3
Other creditors	**9.8**	2.8
Taxation	**4.6**	3.9
Total current trade and other payables	**114.9**	101.3
Non-current		
Accruals	**34.0**	22.9
Other creditors	**12.5**	12.1
Total non-current trade and other payables	**46.5**	35.0

All trade and other payables are non-interest bearing.

Other creditors is made up of non recurring non trade payables, and includes rent related security deposits of £12.1m (2022: £11.5m) along with amounts due for 3rd party insurance and damages liabilities.

Disclosure of the financial risks related to these financial instruments is disclosed in note 17.

19. Deferred income

	Contract Liability £m	Deferred Property Income £m	Government grants £m	Total £m
At 1 January 2022	**9.7**	**82.4**	**37.8**	**129.9**
Credited to income statement during the year	(3.2)	(30.3)	(6.9)	(40.4)
Amounts received in advance and deferred	9.2	33.7	15.3	58.2
At 31 December 2022*	**15.7**	**85.8**	**46.2**	**147.7**
Credited to income statement during the year	(9.3)	(46.9)	(4.2)	(60.4)
Amounts received in advance and deferred	2.8	61.9	1.5	66.2
At 31 December 2023	**9.2**	**100.8**	**43.5**	**153.5**

*comparatives have been updated to conform with current presentation

Deferred income is analysed between non-current and current as follows:

	2023 £m	2022 £m
Current	**46.0**	42.1
Non-current	**107.5**	105.6
Total current trade and other payables	**153.5**	147.7

19. Deferred income (continued)

The non-current deferred income principally relates to deferred income received in advance for investment properties which will be spread over the terms of the leases.

20. Provisions

		Insurance			
2023	**Property £m**	**Retrospective employer liabilities £m**	**General third party liabilities £m**	**Other £m**	**Total £m**
At 1 January	25.9	9.0	14.8	7.8	57.5
Charged/(credited)/charged to income statement during the year	6.7	(1.5)	2.3	(2.6)	4.9
Utilised in the year	(0.1)	-	(6.2)	(1.6)	(7.9)
Amortisation of discounting	-	0.6	-	-	0.6
At 31 December	**32.5**	**8.1**	**10.9**	**3.6**	**55.1**
Expected utilisation within one year	**24.5**	**0.2**	**10.9**	**3.6**	**39.2**

		Insurance			
2022	**Property £m**	**Retrospective employer liabilities £m**	**General third party liabilities £m**	**Other £m**	**Total £m**
At 1 January	7.6	15.5	14.7	16.0	**53.8**
(Credited)/charged to income statement during the year	11.5	(6.7)	2.1	(0.3)	**6.6**
Utilised in the year	-	(0.1)	(2.0)	(1.1)	**(3.2)**
Transfers	6.8	-	-	(6.8)	**-**
Amortisation of discounting	-	0.3	-	-	**0.3**
At 31 December	**25.9**	**9.0**	**14.8**	**7.8**	**57.5**
Expected utilisation within one year	**20.2**	**0.1**	**14.8**	**7.8**	**42.9**

*comparatives have been updated to conform with current presentation

20. Provisions (continued)

Provisions are analysed between non-current and current as follows:

	2023 £m	2022 £m
Current	**39.2**	42.9
Non-current	**15.9**	14.6
Total provisions	**55.1**	57.5

Property

Property provisions include £6.0m in respect of a Grade II listed building where ABP has a statutory obligation to maintain the building and recognises the need to carry out essential works and £21.3m in respect of land at various ports which has been identified as contaminated as a result of previous use. The provisions are in respect of remediation needed to ensure that ABP remains in compliance with environmental regulations.

Insurance

The group provides for various matters relating primarily to property, employer's liabilities and general third party liabilities associated with its business and carries a provision in respect of employer's liability in relation to certain industrial diseases.

The group's exposure in relation to retrospective industrial diseases have been subject to a full review in 2022 and an updated model constructed by an independent actuary. Potential liabilities have been projected forward until 2074 using information on incidence type, number of claims, life expectancy of claimants, value of claims and the group's share of the exposure. Cash flows, where appropriate, have been projected and discounted on a pre-tax basis using a discount rate of 5.5% (2022: 3.8%). The actuarial assessment identified a reasonable discounted estimate of the reserves to be in the range £7.0m to £11.7m (2022: £7.0m to £11.7m). In the light of uncertainty associated with asbestos related claims, the group provides in the middle of the range.

The remaining parts of the provision are reviewed by the group's internal insurance department and updated in line with insurance claims expectations. The group has an amount within trade and other receivables of £7.2m (2022: £7.9m) expected to be recoverable from insurers relating to these provisions.

Other

Other provisions includes environmental remediation identified in relation to marine areas and equipment and not related to land or property, and ongoing business restructuring.

Notes to the financial statements

21. Deferred tax

The movement on the deferred tax is shown below:

	20223	Adjustments in respect of previous periods charged to income statement	(Credited)/ charged to income statement	Charged/ (credited) to OCI	Acquisition of subsidiary undertaking (note 9)	2023
	£m	£m	£m	£m	£m	£m
Accelerated tax depreciation	119.6	4.4	6.3	-	-	**130.3**
Revaluation of operational land and investment properties	320.3	-	22.5	0.5	-	**343.3**
Capital losses	(63.2)	0.4	0.9	-	-	**(61.9)**
Retirement benefit obligations	(3.0)	-	2.6	(3.3)	-	**(3.7)**
Derivative financial instruments	(46.1)	0.4	(4.5)	-	-	**(50.2)**
Other	(2.0)	-	0.8	-	3.5	**2.3**
Net deferred tax liability	**325.6**	**5.2**	**28.6**	**(2.8)**	**3.5**	**360.1**

	2022	Adjustments in respect of previous periods charged to income statement	(Credited)/ charged to income statement	Charged/ (credited) to OCI	2022
	£m	£m	£m	£m	£m
Accelerated tax depreciation	120.5	0.3	(1.2)	-	**119.6**
Revaluation of operational land and investment properties	276.3	-	35.4	8.6	**320.3**
Capital losses	(62.8)	-	(0.4)	-	**(63.2)**
Retirement benefit obligations	5.4	-	2.5	(10.9)	**(3.0)**
Derivative financial instruments	(203.6)	0.2	157.3	-	**(46.1)**
Other	(3.8)	-	1.8	-	**(2.0)**
Net deferred tax liability	**132.0**	**0.5**	**195.4**	**(2.3)**	**325.6**

The group has unrecognised capital losses of £314.1m (2022: £314.1m) that have no expiry date and are only available for offset against gains from future sales of land and buildings from the port estates. These have not been recognised as gains from future property sales cannot be projected with sufficient certainty.

22. Share capital

Issued and fully paid	2023 £m	2022 £m
1,000 (2022: 1,000) ordinary shares of £1.00 each	-	-

The ordinary shares rank equally in regards to voting rights, the distribution of dividends and the repayment of capital.

23. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:

	2023 £m	2022 £m
(Loss)/profit before taxation	**(120.6)**	563.3
Finance costs	**499.6**	467.0
Net unrealised loss/(gain) on derivatives at fair value through profit and loss	**57.7**	(679.2)
Finance income	**(8.5)**	(13.6)
Net unrealised foreign exchange (gain)/loss	**(55.2)**	38.0
Net unrealised loss/(gain) on operating derivatives	**2.4**	(0.8)
Depreciation of property, plant and equipment and right of use assets	**102.1**	95.1
Amortisation of intangible assets	**13.6**	16.4
(Gain)/loss on write off of intangibles and disposal of property, plant and equipment, investment property, property and land held for sale and right of use assets	**(9.0)**	6.8
(Decrease)/increase in provisions	**(2.9)**	3.4
Increase in fair value of investment properties	**(92.8)**	(143.4)
Difference between pension contributions paid and defined benefit pension charge through profit and loss	**(11.8)**	(11.9)
Operating cash flows before movements in working capital	**374.6**	341.1
Decrease/(increase) in trade and other receivables	**7.3**	(14.4)
(Decrease)/increase in trade and other payables	**2.6**	23.1
Cash generated by operations	**384.5**	349.8

Trade and other payables includes movements in rent related security deposits which are restricted cash.

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

2023	At 1 January (liability)/ asset £m	Acquisition of Subsidiary £m	Cash flows £m	Foreign exchange (loss)/gain £m	Fair value decrease £m	Other changes £m	At 31 December (liability)/ asset £m
Cross currency interest rate swaps	84.3	-	-	(55.2)	10.4	-	**39.5**
Current external borrowings	(328.4)	-	299.9	31.5	-	(257.7)	**(254.7)**
Non-current external borrowings	(2,073.0)	-	(466.7)	23.7	-	255.5	**(2,260.5)**
Interest on external borrowings	(17.0)	-	133.4	-	-	(138.4)	**(22.0)**
Non-current amounts due to parent undertaking	(1,138.8)	-	-	-	-	-	**(1,138.8)**
Interest on amounts due to parent undertaking	(2,605.6)	-	146.2	-	-	(359.2)	**(2,818.6)**
Lease liabilities	(7.3)	(33.3)	3.9	-	-	(1.4)	**(38.1)**
Total	**(6,085.8)**	**(33.3)**	**116.7**	**-**	**10.4**	**(501.2)**	**(6,493.2)**

23. Cash flow reconciliations (continued)

2022	At 1 January (liability)/ asset £m	Cash flows £m	Foreign exchange (loss)/gain £m	Fair value decrease £m	Other changes £m	At 31 December (liability)/ asset £m
Cross currency interest rate swaps	80.1	-	38.0	(33.8)	-	**84.3**
Current external borrowings	(89.0)	84.2	4.8	-	(328.4)	**(328.4)**
Non-current external borrowings	(2,146.4)	(209.4)	(42.8)	-	325.6	**(2,073.0)**
Interest on external borrowings	(14.9)	101.1	-	-	(103.2)	**(17.0)**
Non-current amounts due to parent undertaking	(1,199.2)	60.4	-	-	-	**(1,138.8)**
Interest on amounts due to parent undertaking	(2,477.3)	167.5	-	-	(295.8)	**(2,605.6)**
Lease liabilities	(8.4)	3.6	-	-	(2.5)	**(7.3)**
Total	**(5,855.1)**	**207.4**	-	**(33.8)**	**(404.3)**	**(6,085.8)**

Other changes relate to interest charged and non-cash movements, primarily rolled up interest, reclassification of balances between non-current and current and the amortisation of deferred borrowing costs.

24. Related party transactions

The group has multiple pension arrangements, predominantly defined contribution, and also operates a defined benefit scheme managed by the Trustee of the Associated British Ports Group Pension Scheme (“ABPGPS”) (see note 14). During the year, the group charged ABPGPS £0.2m (2022: £0.2m) in respect of administrative services. At 31 December 2023, £nil (2022: £nil) remained owing to the group by ABPGPS in respect of these charges.

During the year CPP Investment Board Private Holdings reimbursed the group for project related costs of £2.3m.

Transactions with key management personnel

Details of compensation of key management personnel are set out in note 5.

During the year 12 (2022: 12) of the directors of Associated British Ports Holdings Limited, an intermediate subsidiary undertaking of the company, were representatives of the shareholders of the ultimate parent undertaking, ABP (Jersey) Limited.

24. Related party transactions (continued)

Transactions with key management personnel (continued)

Each shareholder is entitled to receive fees for the services of these directors and the fees earned during the year were as follows:

	2023 £	2022 £
OMERS Infrastructure (on behalf of Borealis ABP Holdings B.V. and Borealis Ark Holdings B.V.)	**105,000**	105,000
Cheyne Walk Investment Pte Limited	**70,000**	70,000
Wren House Infrastructure GP LLP (acting in its capacity as general partner of Wren House Infrastructure LP) 1	**35,000**	35,000
CPP Investment Board Private Holdings (6) Inc. (on behalf of itself and 9348654 Canada Inc.)1	**140,000**	140,000

Further details of the shareholders' share ownership are set out in note 29.

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

Name	**Relationship**
ABP Midco UK Limited	Immediate parent undertaking

The group has the following borrowings with the related party:

Entity/item	**Due date**	**Interest rate per annum**	**2023 £m**	**2022 £m**
ABP Midco UK Limited	2028	4.23% per annum plus SONIA compound	**(416.0)**	(416.0)
ABP Midco UK Limited	2027	9.0%	**(722.8)**	(722.8)
Accrued interest			**(2,818.6)**	(2,605.6)
			(3,957.4)	(3,744.4)

The following table shows the borrowing transactions that have been entered into by the group with related parties, together with period end balances, for the relevant financial year:

ABP Midco UK Limited	2023 £m	2022 £m
Intercompany borrowing at start of the year	**(3,744.4)**	(3,676.5)
Interest charged	**(337.1)**	(306.9)
Repayment of borrowings	-	60.4
Interest payment	**154.7**	167.5
Acquisition of subsidiary (note 9)	**(45.1)**	-
Non-cash decrease in borrowing	**14.5**	11.1
Intercompany borrowing at end of the year	**(3,957.4)**	(3,744.4)

Non cash decrease in borrowings represents group tax relief from parent undertaking.

25. Financial commitments

	2023 £m	2022 £m
Capital commitments	**45.6**	38.6

In January 2024 commitments for a further £18.8m were made relating to the development of the Marchwood site by Solent Gateway Limited.

26. Contingent liabilities

The following table details contingent liabilities under claims, indemnities and guarantees:

	2023 £m	2022 £m
Guarantees in respect of subsidiary undertaking's undrawn borrowings	**410.0**	440.0
Total cross guarantees by group companies	**410.0**	440.0
Group's guaranteed borrowings as set out in note 15	**2,527.1**	2,412.9
Total borrowings and undrawn facilities of the group of which the company is a member	**2,937.1**	2,852.9

As part of the security package for borrowing facilities of the wider group, owned by the group's ultimate parent undertaking, certain group companies have granted a guarantee and fixed and floating charges over their respective assets including over real property owned by them and shares in subsidiary undertakings (excluding Associated British Ports ("ABP") and its subsidiary undertakings) and various other assets including Associated British Ports Holdings Limited's rights in relation to its principal subsidiary undertaking, ABP. No guarantees or security have been granted by ABP or its subsidiary undertakings in respect of such borrowing facilities.

The group makes contributions to two industry-wide defined benefit pension schemes, which have various funding levels. The group's ability to control these schemes is limited and therefore the impact on the group's future cash flows and cost base from these schemes is uncertain. Further details on these schemes are set out in note 14. In the event of the funding position of these schemes deteriorating ABP could have a resulting liability. It is not possible to quantify the possible liability.

The group provides for insurance and certain potential liabilities retained by the group are covered by letters of credit totalling £1.3m (2022: £1.4m). The group is not required to secure any cash reserves against these letters of credit.

The company has agreed that the following subsidiaries of the company may take advantage of the exemption provided under s479A of the Companies Act 2006, in respect of the requirement for audit. Furthermore, the company has given guarantees for the financial year ending 31 December 2023 in accordance with section 479C to the following subsidiary undertakings to enable them to take advantage of the exemption from audit:

UK Dredging Management Limited	Company No. 00077980
Immingham Bulk Terminal Limited	Company No. 11654096
ABP Security Limited	Company No. 08866705
Grosvenor Waterside Investments Limited	Company No. 01706433
ABP Property Development Company Limited	Company No. 01521927
Millbay Development Company Limited	Company No. 02163980

27. Leases

Group as lessor

The group's lease income is set out in note 2.

The nature of the group's finance lease activities and the maturity analysis of the group's future minimum lease payments receivable under finance leases are set out in note 17.

Operating lease receivables

The group leases various areas of land, buildings and other operational assets across its port facilities to its customers. The lease terms vary depending on the nature of the property and are unique to each property. The length of lease for properties contributing to the lease income receivable below ranges from less than one year to 119 years. Where renewal rights exist these rights are either contractual or statutory in nature.

Maturity analysis of future minimum lease income receivable under non-cancellable operating leases is as follows:

	2023 £m	**2022 £m**
Not later than one year	**118.9**	110.9
More than one year but not more than two years	**103.5**	92.6
More than two years but not more than three years	**94.1**	86.8
More than three years but not more than four years	**76.1**	80.3
More than four years but not more than five years	**69.0**	64.4
More than five years	**836.2**	783.2
Total	**1,297.8**	1,218.2

Group as lessee

Expenses relating to short term leases, leases of low value assets and variable lease expense are set out in note 3.

The nature of the group's leasing activities, the carrying amounts of right of use assets recognised and the movements during the year are set out in note 11.

Right of use assets that meet the definition of investment property are included in note 12.

The carrying amounts of lease liabilities and the movements during the year are set out in note 15. The maturity analysis of lease liabilities is set out in note 17.

During the year the group had total cash outflows for leases of £5.9m (2022: £6.5m).

27. Leases (continued)

The group has a lease contract for land and property that contains variable payments dependant on the financial performance of a subsidiary undertaking, that holds the lease, and is payable at intervals over the lifetime of the lease. There are two separate triggers for variable lease payments, one based on profit the other based on turnover.

Under this agreement contingent rental payments are payable when the subsidiary is profitable. Under the terms of the agreement, the timing of the payment of the contingent rent depends upon the level of profit before tax generated, any underpayment of contingent rent compared to the annual payment set out in the agreement is considered a shortfall which may become payable in future years. At the year ended 31 December the value of the outstanding contingent payment was £7.7m.

In addition, the agreement includes additional variable lease payments if the subsidiary exceeds turnover targets within a contract year which to date have not been met.

The property is about to undergo a major development programme, which will result in an increased likelihood that the outstanding contingent payment will crystalise over the next 5 years and that additional variable payments will be incurred under the turnover contingent rental clause in future years.

28. Subsidiary undertakings

All subsidiaries have a registered address of 25 Bedford Street, London, WC2E 9ES and operate in England and Wales, unless otherwise stated. The group's controlling interest in subsidiary undertakings is represented by ordinary shares (with the exception of Associated British Ports, which is governed by the Transport Act 1981 and Southampton Port Security Authority Limited, which is limited by guarantee). All ordinary shares have voting rights in the same proportion to the shareholding.

	% held by Group
Subsidiary undertakings: Holding/financing	
ABP Acquisitions UK Limited	100
ABP Finance Plc	100
Subsidiary undertakings: Ports and transport	
ABP Security Limited	100
Associated British Ports	(see below)[1]
Associated British Ports Holdings Limited	100
Immingham Bulk Terminal Limited	100
W.E. Dowds (Shipping) Limited	100
Solent Gateway Limited	100
Subsidiary undertakings: Property	
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100
Millbay Development Company Limited	100
Subsidiary undertakings: Group services	
ABP Marine Environmental Research Limited	100
ABPH Marine (Guernsey) Limited[2] (domiciled in Guernsey)	100
UK Dredging Management Limited	100
W.E.D. (Services) Limited	100
Subsidiary undertakings: Dormant	
ABP (Aldwych) Limited	100
ABP (No. 1) Limited	100
ABP (Pension Trustees) Limited	100
ABP Connect Limited	100
ABP Marchwood Limited	100
ABP Nominees Limited	100
ABP Quest Trustees Limited	100
ABP Safeguard Limited	100
ABP Secretariat Services Limited	100
ABP Southampton Properties Limited	100
Aldwych Logistics Investments Limited	100
Amports Cargo Services Limited	100
Amports Contract Personnel Limited	100
Amports Holdings Limited	100
Amports Vehicle Terminals Limited	100
American Port Services Holdings Limited	100
Associated British Ports Investments Limited	100
Auto Shipping Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100

1 Under the Transport Act 1981, Associated British Ports Holdings Limited, the company's intermediate subsidiary undertaking, has powers over Associated British Ports ("ABP") corresponding to the powers of a holding company over a wholly owned subsidiary undertaking. ABP's registered office is 25 Bedford Street, London, WC2E 9ES.

2 Registered address is St Martins House, Le Bordage, St Peter Port, Guernsey, GY1 4EA.

28. Subsidiary undertakings (continued)

	% held by Group
Subsidiary undertakings: Dormant (continued)	
Grosvenor Buchanan Properties Limited[1] (domiciled in Scotland)	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside Asset Management Limited	100
Grosvenor Waterside Developments Limited	100
Grosvenor Waterside Group Limited	100
Humber Pilotage (C.H.A.) Limited	100
Ipswich Port Limited	100
Marine Environmental Research Limited	100
Northern Cargo Services Limited	100
RPM Industrial Site Services Limited	100
Slater’s Transport Limited	100
Southampton Free Trade Zone Limited	100
Southampton Port Security Authority Limited	(see below)[2]
The Teignmouth Quay Company Limited	100
Whitby Port Services Limited	100

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

2 This company is a subsidiary undertaking limited by guarantee.

29. Ultimate parent undertaking and controlling parties

The company is a private company limited by shares registered in England and Wales. Its immediate parent undertaking is ABP Midco UK Limited.

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited (“ABPJ”), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included. The company’s consolidated financial statements are the smallest group in which the company is included.

29. Ultimate parent undertaking and controlling parties (continued)

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

2023	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP[1] and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**

[1] previously called Hermes GPE Infrastructure Fund LP

2022	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP[1] and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**

[1] previously called Hermes GPE Infrastructure Fund LP

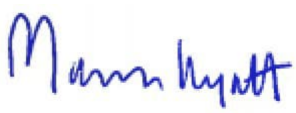
Parent company balance sheet as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Investments	5	**1,000.1**	1,000.1
Group receivables	6	**3,972.6**	3,757.5
		4,972.7	4,757.6
Current assets			
Group receivables	6	**3.4**	3.0
		3.4	3.0
Total assets		**4,976.1**	4,760.6
Liabilities			
Current liabilities			
Borrowings	7	**(3.4)**	(3.0)
Trade and other payables		**(0.5)**	-
		(3.9)	(3.0)
Non-current liabilities			
Borrowings	7	**(3,954.0)**	(3,741.4)
		(3,954.0)	(3,741.4)
Total liabilities		**(3,957.9)**	(3,744.4)
Net Assets		**1,018.2**	1,016.2
Shareholder's equity			
Share capital	9	-	.-
Other reserve		**1,000.0**	1,000.0
Accumulated retained earnings		**18.2**	16.2
Total shareholder's equity		**1,018.2**	1,016.2

Company result

The company has not presented its own income statement as permitted by s408 of the Companies Act 2006. The company made a profit of £2.0m (2022: profit of £2.9m) attributable to equity shareholder during the year. The company did not pay any dividends during the current or prior year.

The financial statements were approved by the Board and signed on its behalf on 11 April 2024 by:



MM Wyatt

Director

Parent company statement of cash flows for the year ended 31 December 2023

The company had no cash flows during the years ended 31 December 2023 and 2022 and was not directly involved in the transactions impacting group receivables and borrowings. Consequently no statement of cash flows is presented.

Parent company statement of changes in equity for the year ended 31 December 2023

	Share capital £m	**Other reserve £m**	**Accumulated retained earnings £m**	**Total £m**
At 1 January 2022	-	1,000.0	13.3	1,013.3
Profit for the year	-	-	2.9	2.9
At 31 December 2022	-	**1,000.0**	**16.2**	**1,016.2**
Profit for the year	-	-	2.0	2.0
At 31 December 2023	-	**1,000.0**	**18.2**	**1,018.2**

The other reserve represents amounts forgiven by the parent undertaking for no consideration where the company de-recognised the amounts forgiven by the parent undertaking and recognised an equivalent amount in other reserve.

Notes to the parent company financial statements

1. Accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IASs").

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

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

Changes to presentation

Some presentation has been changed in the financial statements to aid understanding. Items reclassified are:

- The related party table for ABP Midco UK Limited has been reanalysed to net £60.4m non cash repayment of a borrowing that was disclosed in 2022 as that borrowing no longer disclosed in the current financial statements

Going Concern

The directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the company will have adequate resources to continue to trade for the period to 30 June 2025. In particular the directors have considered the following:

- The company has net assets of £1,018.2m, including investments in subsidiaries of £1,001.0m, amounts due from subsidiary undertakings of £3,977.3m and amounts due to parent undertaking of £3,957.4m.
- On 21 March 2024, the company's ultimate parent undertaking, ABP (Jersey) Limited, confirmed that it will continue to finance the company to enable it to meet its liabilities until 30 June 2025

The company's future viability is ultimately dependent upon the performance of the wider trading group owned by the company and group management's decisions on the flow of capital see note 1 to the consolidated financial statements.

1.2 Changes in accounting policies

New standards and amendments adopted

There were no new accounting standards, amendments and interpretations effective for the first time for the annual reporting period commencing 1 January 2023 that had a material impact on the company.

Notes to the parent company financial statements

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

New standards, amendments and interpretations issued but not yet effective

The IASB and IFRIC have issued a number of standards, amendments and interpretations for IFRS 16 on sale and leaseback transactions, IAS 1 on the classification of current and non current liabilities, IAS 21 on lack of exchangeability of currency and IFRS7 and IAS 7 on disclosure of supplier finance arrangements. These all have an effective date of implementation for accounting periods beginning after the start of the group's current financial year. The impact of these new standards will be analysed in advance of the accounting period ending 31 December 2024.

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

1.3 Significant estimates, judgements and assumptions

The preparation of the company's financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

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

Credit risk of financial assets

Ultimate realisation of principal balances depends on the performance of the underlying trading group and the ability of the UK-wide ports and transport operations to generate cash flows. As such, management considers the overall group performance to be an adequate indicator of credit quality of each group company.

Notes to the parent company financial statements

1. Accounting policies (continued)

1.3 Significant estimates, judgements and assumptions (continued)

Credit risk of financial assets (continued)

Therefore, when calculating Expected Credit Losses relating to group receivables, as described above, management have made the judgement that the probability of default of each group company is the same as for the group as a whole, given the close interdependencies between each group company.

The other factors that are considered when assessing whether the credit risk of the group companies has deteriorated include, but are not limited to, the following:

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

Further attention is drawn to the company's and group's approach to risk and capital management which is set out in the company's strategic report. Therefore, management have made the judgement that the credit quality of the group, and the individual group companies, has not significantly deteriorated and group receivables continue to qualify as Stage 1 financial assets for which 12-month ECL has been estimated

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

1.4 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out in note 1 to the consolidated financial statements with the addition of the following:

Investments

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

On forgiveness of amounts due from subsidiary undertaking with no consideration the company derecognises the carrying value of amounts due from subsidiary undertaking on the balance sheet and recognises an equivalent amount as an additional cost of investment in subsidiaries.

Notes to the parent company financial statements

2. Auditor's remuneration

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

	2023 **£'000**	**2022** **£'000**
Fees payable to the company's auditor for the audit of the company's annual accounts	**449.0**	348.0

Details of fees for other services are provided in note 4 to the consolidated financial statements.

3. Directors and employees

Details of director emoluments are provided in note 5 to the consolidated financial statements.

The company had no employees during the year (2022: nil).

4. Taxation

Taxation charge/(credit) for the year is analysed as follows:

	2023 **£m**	**2022** **£m**
Current tax	**(0.1)**	-
Taxation	**(0.1)**	-

The taxation credit of £0.1 (2022: £nil) for the year is lower (2022: lower) than the standard rate of taxation in the UK of 23.5% (2022: 19.0%). The differences are explained below:

	2023 **£m**	**2022** **£m**
Profit before taxation	1.9	2.9
Profit before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	0.4	0.5
Effects of:		
Expenses not chargeable for tax	(0.5)	(0.5)
Total tax credit for the company	**(0.1)**	**-**

Current taxation in 2023 represents a credit for group relief surrendered to subsidiary undertakings, with the amount being added to amounts due from subsidiary undertaking.

Notes to the parent company financial statements

5. Investments

Interest in subsidiary undertakings	**2023 £m**	**2022 £m**
At 1 January	**1,000.1**	1,000.1
At 31 December	**1,000.1**	1,000.1

Details of subsidiary undertakings are provided in note 28 of the consolidated financial statements. The company has direct investments in ABP Acquisitions UK Limited and ABP Finance Plc. Following the impairment assessment for the Group goodwill (note 8 Group accounts) the directors have assessed the impairment of investments on a similar basis, using the same assumptions, because the recoverable amount from the investments is based on the performance of the ports and transport CGU. The directors are satisfied that the recoverable amount is greater than the carrying amount of investments in subsidiaries. No reasonable change in assumptions could result in impairment.

6. Group receivables

Group receivables are analysed as follows:

	2023 £m	**2022 £m**
Non-current		
Amounts due from subsidiary undertaking	**1,140.8**	1,140.8
Accrued interest on amounts due from subsidiary undertaking	**2,833.1**	2,618.8
Provision for expected credit losses	**(1.3)**	(2.1)
Total non-current group receivables	**3,972.6**	3,757.5
Current		
Accrued interest on amounts due from subsidiary undertaking	**3.4**	3.0
Total current group receivables	**3.4**	3.0

Amounts due from subsidiary undertaking represents loans to the company's immediate, wholly owned subsidiary undertaking, ABP Acquisitions UK Limited ("ABPA"), and interest accrued thereon. Amounts are not overdue for repayment and are not considered to be impaired. The company's loss allowance measured at an amount equal to the lifetime expected credit losses amounts to £1.3m (2022: £2.1m). The provision for loss allowance measured at an amount equal to the 12 month expected credit losses for the year ended 31 December 2023 is £nil (2022: £nil)

Amounts have been included in current and non-current based on the expected realisation of the asset.

ABPA has borrowing agreements which restrict the amounts that it can pay in cash in respect of interest due on its intra-group indebtedness.

Further details of the amounts due from subsidiary undertaking are disclosed in note 11.

Disclosure of the financial risks related to these financial instruments is disclosed in note 8.

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

Notes to the parent company financial statements

7. Borrowings

	2023 £m	2022 £m
Current		
Interest on amounts due to parent undertaking	**3.4**	3.0
Total current borrowings	**3.4**	3.0
Non-current		
Amounts due to parent undertaking	**1,138.8**	1,138.8
Interest on amounts due to parent undertaking	**2,815.2**	2,602.6
Total non-current borrowings	**3,954.0**	3,741.4

Amounts due to parent undertaking represent two loans from ABP Midco UK Limited ("ABPMC"), the company's immediate parent undertaking. Interest on amounts due to parent undertaking due in 2027, accruing interest at 9.0% per annum, accrues annually in arrears and can be settled in cash at any time or deferred until maturity of the facility. More details on the company's related party borrowings are set out in note 11.

Interest on the amounts due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus compounded SONIA, is accrued and payable semi-annually. Amounts of interest settled is dependent on amounts of interest income the company receives from its immediate subsidiary undertaking, ABP Acquisitions UK Limited, which is dependent on the lending agreements of that company. In line with the terms of the borrowing agreement the company is permitted, at its discretion, to defer payment until a subsequent interest payment date or the final redemption date.

Disclosure of the financial risks related to these financial instruments is disclosed in note 8. More details on the company's related party borrowings are set out in note 11.

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

8. Financial instruments

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

Fair value of financial instruments

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

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

Notes to the parent company financial statements

8. Financial instruments (continued)

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

- The fair value of current group receivables and borrowings approximates to their carrying amounts due to the short-term maturities of these instruments;
- The fair value of non-current fixed rate group receivables and borrowings has been based on a cash flow projection with reference to observed market returns and accords to Level 2 in the fair value hierarchy; and
- The fair value of non-current floating rate group receivables and borrowings approximates to their carrying value as they bear interest at a rate linked to the Group's weighted average cost of external debt and there have been no significant changes in credit risk since the issue of the instruments. A cash flow projection approach has been used with reference to observed market returns and accords to Level 2 in the fair value hierarchy.

Financial risk management

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), the group's intermediate subsidiary undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure. The group's main financial risks are liquidity, market, credit and capital risk. The group aims to manage these risks to an acceptable level.

The group's risks are disclosed in note 16 to the consolidated financial statements. Company specific risks are set out below:

Liquidity risk
Liquidity risk is managed by the wider group, owned by ABPJ, maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the group.

Management monitors rolling forecasts of the group's liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

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

Contracted (undiscounted) financial liabilities at amortised cost	**2023** **£m**	**2022** **£m**
Not later than one year	**38.3**	39.6
More than one year but not more than two years	**35.1**	41.0
More than two years but not more than five years	**5,157.8**	4,791.3
More than five years	-	511.0
Total payments	**5,231.2**	5,382.9

Borrowings disclosure in the table above is based on contractual payments as they existed as at 31 December 2023 and 31 December 2022.

Notes to the parent company financial statements

8. Financial instruments (continued)

Financial risk management (continued)

Liquidity risk (continued)
Interest on the loan due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus compounded SONIA, can at the company's discretion be deferred until a subsequent interest payment date or the final redemption date. As interest, which was deferred in 2023, was deferred until the final redemption date it has been included in the same category as the principal repayment in 2028. Subsequent interest is calculated on the principal as well as any deferred interest. Future interest payable has been included in the maturity analysis in line with expected payments, as this is considered a more accurate reflection of the future cash outflows of the company.

As interest payments on the loan due to parent undertaking due in 2027, accruing interest at 9.0% per annum can be deferred (as described in note 7) they have been included in the maturity analysis in the same category as the principal repayment.

The principal repayments of the loans due to parent undertaking are expected to be at the respective maturity dates.

Credit risk
Given the counterparties of group receivables, as set out in note 6, and the security provided under intra-group borrowing arrangements, the directors consider the company's exposure to credit risk to be minimal. The maximum exposure to credit risk at the reporting date for group receivables is the carrying amount of each class of receivable.

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

The company holds a limited number of long term loan balances with its immediate subsidiary undertaking, ABP Acquisitions UK Limited, and its immediate parent undertaking, ABP Midco UK Limited. These balances were created as part of the acquisition of ABPH and subsequent refinancing of the ABP (Jersey) Limited group. The company's main transactions each year, which are controlled in conjunction with the rest of the group, relate to interest accrual, receipt and payment. Ultimate realisation of principal balances depends on the performance of the group owned by the company and the ability of the ports and transport operation to generate cash flows.

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

9. Share capital

Issued and fully paid	2023 £m	2022 £m
1,000 (2022: 1,000) ordinary shares of £1.00 each	-	-

Notes to the parent company financial statements

10. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:

	2023 £m	2022 £m
Profit before taxation	**1.9**	2.9
Provision for expected credit losses	**(0.3)**	(1.3)
Finance costs	**337.1**	306.8
Finance income	**(338.7)**	(308.4)
Operating cash flows before movements in working capital	-	-
Decrease in trade and other payables	-	-
Cash generated by operations	-	-

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

2023	At 1 January (liability)/ asset £m	Cash flows £m	Movement in intercompany (note 11) £m	At 31 December (liability)/ asset £m
Non-current amounts due to parent undertaking	(1,138.8)	-	-	**(1,138.8)**
Interest on amounts due to parent undertaking	(2,605.6)	-	(213.0)	**(2,818.6)**
Total	**(3,744.4)**	-	**(213.0)**	**(3,957.4)**

2022	At 1 January (liability)/ asset £m	Cash flows £m	Movement in intercompany (note 11) £m	At 31 December (liability)/ asset £m
Non-current amounts due to parent undertaking	(1,199.2)	-	60.4	**(1,138.8)**
Interest on amounts due to parent undertaking	(2,477.3)	-	(128.3)	**(2,605.6)**
Total	**(3,676.5)**	-	**(67.9)**	**(3,744.4)**

11. Related party transactions

During the year 12 (2022: 12) of the directors of Associated British Ports Holdings Limited ("ABPH"), an intermediate subsidiary undertaking of the company, were representatives of the shareholders of the ultimate parent undertaking, ABP (Jersey) Limited. Each shareholder is entitled to receive fees for the services of these directors. The fees earned during the year are set out in note 24 to the consolidated financial statements.

During the year Solent Gateway Limited transferred from immediate parent undertaking ABP Midco UK Limited to intermediate subsidiary ABPH with consideration offset against the intercompany balances (see note 9 of the consolidated accounts).

Notes to the parent company financial statements

11. Related party transactions (continued)

Further details of the shareholders' share ownership are set out in note 29 to the consolidated financial statements.

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

Name	Relationship
ABP Midco UK Limited	Immediate parent
ABP Acquisitions UK Limited	Wholly owned immediate subsidiary

The company has loans receivable and borrowings with the following related parties:

Entity/item	Due date	Interest rate per annum	2023 £m	2022 £m
ABP Acquisitions UK Limited	2028	4.23% per annum plus SONIA compound	**416.0**	416.0
ABP Acquisitions UK Limited	2027	9.0%	**724.8**	724.8
Accrued interest			**2,836.5**	2,621.8
			3,977.3	3,762.6

Entity/item	Due date	Interest rate per annum	2023 £m	2022 £m
ABP Midco UK Limited	2028	4.23% per annum plus SONIA compound	**(416.0)**	(416.0)
ABP Midco UK Limited	2027	9.0%	**(722.8)**	(722.8)
Accrued interest			**(2,818.6)**	(2,605.6)
			(3,957.4)	(3,744.4)

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

ABP Midco UK Limited	2023 £m	2022* £m
Intercompany borrowing at start of the year	**(3,744.4)**	(3,676.5)
Interest charged	**(337.1)**	(306.9)
Non cash interest payment	**154.7**	167.5
Non-cash (increase)/decrease in borrowing	**(30.6)**	71.5
Intercompany borrowing at end of the year	**(3,957.4)**	(3,744.4)

* Comparatives have been reclassified to conform to the current presentation

Notes to the parent company financial statements

11. Related party transactions (continued)

ABP Acquisitions UK Limited	**2023** **£m**	**2022** **£m**
Intercompany borrowing at start of the year	**3,762.6**	3,693.1
Interest charged	**338.7**	308.4
Non-cash increase in borrowing	**45.1**	-
Non-cash interest received	**(169.1)**	(238.9)
Intercompany receivable at end of the year	**3,977.3**	3,762.6

Non-cash movements represent the change in intercompany balances as a result of cash payments made by other subsidiaries within the group.

During the year the company's subsidiary undertaking Associated British Ports Holdings Limited acquired 100% of the issued share capital of Solent Gateway Limited from its immediate parent undertaking ABP Midco UK Limited as part of a group reorganisation. This transaction has been reflected in both the borrowing and receivable above.

12. Contingent liabilities

Details of the contingent liabilities of the group of which the company is a member are provided in note 26 of the consolidated financial statements.

13. Ultimate parent undertaking and controlling parties

Details of the ultimate parent undertaking and controlling parties are disclosed in note 29 to the consolidated financial statements.