

ASSOCIATED BRITISH PORTS HOLDINGS LIMITED

(Company Number 01612178)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

ASSOCIATED BRITISH PORTS HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS 2023

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Strategic report

The directors present the strategic report of Associated British Ports Holdings Limited (“ABPH”) for the year ended 31 December 2023.

1. Principal activities

The principal activity of the company is as a intermediate holding company within the group owned by the company’s ultimate parent undertaking ABP (Jersey) Limited (“ABPJ”).

The principal activities of the group owned by the company, comprise the ownership, operation and development of port facilities and the provision of related services in the United Kingdom (“UK”). The group also provides other transport facilities. The group’s principal operating subsidiary is Associated British Ports (“ABP”), a direct subsidiary undertaking of the company.

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. Performance of the business

2.1 Important Events During the Year

On 1 October 2023 the company acquired 100% of the issued share capital of Solent Gateway Limited (“SGL”) from its intermediate 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. The acquisition also paves the way for development that would also substantially upgrade Marchwood’s capabilities as a defence facility serving the Ministry of Defence. 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.

2.2 Results for the year

During the year the company made a net profit of £217.3m (2022: £275.4m). The company’s income is derived from interest on amounts due from parent and subsidiary undertakings.

The primary driver of performance is the ability of the wider group’s main trading group, ABPA Holdings Limited (“ABPAH”), to generate cash flows, as indicated by the following:

	2023	2022
ABPA Holdings Limited	£m	£m
Consolidated EBITDA ¹	389.3	349.5
Cash generated by operations	384.5	349.8

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

2.3 Position at the end of the year

As at 31 December 2023 the company had net assets of £1,254.2m (2022: £1,036.9m), which includes amounts due from parent and subsidiary undertakings of £1,108.5m (2022: £933.7m).

Strategic report (continued)

3. Principal risks and uncertainties

The company's main source of risk and uncertainty is the profitability of the wider trading group ultimately owned by ABPJ and the ability of its UK-wide ports and transport operations to generate cash flows. Subject to the profitability of this wider group, the company has limited risk because it predominantly interacts only with fellow group companies. The nature of the interactions is set out in notes 8, 10 and 15 to the accounts.

3.1 Financial risk management

The company's main financial risks are liquidity, credit and capital risk. Treasury matters for the company and the wider group owned by ABPJ are controlled centrally in accordance with policies approved by the Board of the company. The company's liquidity and capital risks, along with credit risk relating to cash, are managed by its immediate parent undertaking, ABP Acquisitions UK Limited. For further details of the company's financial risk management objectives and policies, see note 9 to the accounts.

3.2 Trading group risks and uncertainties

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

4. Future outlook

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

Strategic report (continued)

5. 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.

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 the company.

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.

5.1 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 accidents 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)

5. Section 172 Statement (continued)

5.1 Employees (continued)

How ABP engages

- | | |
|---|--|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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

- | | |
|--|---|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Oversight of whistleblowing reports by the Board’s Audit and Risk Committee |
|--|---|

Actions and Decisions

- | | |
|---|---|
| <ul style="list-style-type: none"> • Action plans to address outcomes from employee engagement survey • Beyond Zero 2023 with a focus on reinforcing ABP’s safety culture | <ul style="list-style-type: none"> • Launch of confidential health MoTs for employees • New employee dental plan launched |
|---|---|

5.2 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

- | | |
|--|---|
| <ul style="list-style-type: none"> • Building long term sustainable partnerships of mutual value • Availability of infrastructure and resources to support customer operations | <ul style="list-style-type: none"> • Clear communication regarding port-based activities • Sustainability and de-carbonisation of port operations |
|--|---|

How ABP measures

- | | |
|--|--|
| <ul style="list-style-type: none"> • Direct customer feedback through day-to-day activities and joint projects • Net promoter, customer satisfaction, and customer effort scores | <ul style="list-style-type: none"> • Business growth • Annual customer engagement survey feedback • Performance surveys conducted |
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Strategic report (continued)

5. Section 172 Statement (continued)

5.2 Customers (continued)

How ABP engages

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|---|---|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Publication of the Annual Review • Attending industry events alongside customers and partners • Hosting customer events |
|---|---|

How the Board complements the engagement

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|--|--|
| <ul style="list-style-type: none"> • Meeting with key customer representatives • Considering feedback from customers, including when discussing new projects and opportunities | <ul style="list-style-type: none"> • 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

- | | |
|--|---|
| <ul style="list-style-type: none"> • Instigation of customer engagement plans • Investment in onsite roof-based solar • Investment in new infrastructure and equipment to support customer activities | <ul style="list-style-type: none"> • Customers engaged with and invited to attend launch of ABP’s ‘Ready for Tomorrow’ sustainability strategy |
|--|---|

5.3 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

- | | |
|--|---|
| <ul style="list-style-type: none"> • Local/Regional employment opportunities and economic growth • Support for the Government’s climate strategy, including achieving net zero by 2050 | <ul style="list-style-type: none"> • 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

- | | |
|--|--|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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)

5. Section 172 Statement (continued)

5.3 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

5.4 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)

5. Section 172 Statement (continued)

5.4 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 by the Audit and Risk Committee 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 supplier 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

5.5 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)

5. Section 172 Statement (continued)

5.5 Communities (continued)

How ABP measures

- | | |
|---|---|
| <ul style="list-style-type: none"> • Monitoring air quality and greenhouse gas emissions • Tracking social and environmental incidents • Donations to charities and local/national community organisations | <ul style="list-style-type: none"> • By measuring the group’s wider economic impact, principally through: <ul style="list-style-type: none"> - 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

- | | |
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| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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

- | | |
|--|--|
| <ul style="list-style-type: none"> • Through allocation of budget to support community and charity projects • Investment in sites to mitigate the effect of habitat loss | <ul style="list-style-type: none"> • 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

- | | |
|--|--|
| <ul style="list-style-type: none"> • 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) | <ul style="list-style-type: none"> • 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 |
|--|--|

5.6 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

- | | |
|--|---|
| <ul style="list-style-type: none"> • Reducing greenhouse gas emissions (“GHG”) and carbon emissions • Promotion of biodiversity/protection of wildlife | <ul style="list-style-type: none"> • Air quality and pollution control • Noise control/reduction • Effective waste management practices, minimizing environmental impact |
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Strategic report (continued)

5. Section 172 Statement (continued)

5.6 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

5.7 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)

5. Section 172 Statement (continued)

5.7 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

6. Principal and Strategic Decisions

Outlined below are examples of principal and strategic decisions which have been taken by the Board during the year and how they have had regard to the interests of stakeholders. The investment decisions shown were endorsed by the group’s shareholders, who were supportive of management’s proposals.

6.1 Customer Investment

Stakeholders, Issues and Factors Considered: Customers, Infrastructure Investment, UK Government, Local Communities

Throughout the year, the Board has considered and approved several capital expenditure projects which support customers across the regions. One such example was the approval of a project, in conjunction with Brittany Ferries, to provide improved facilities at the Port of Plymouth, including a new passenger boarding bridge, improving the embarkation and disembarkation of foot passengers, refurbishment of the existing passenger terminal building and major strengthening and replacement works to the existing wharf, dolphins and RORO ramp, extending the life of these assets.

Both ABP and Brittany Ferries have worked with Plymouth City Council (“PCC”) to secure grant funding through the Plymouth and South Devon Freeport seed capital programme.

In making the decision to proceed with the project, the Board received management proposals following negotiations with the customer, internal assessments and financial modelling and considered key factors, including being able to future-proof the docks for years to come which mean that the community and broader economy benefit from increased activities within the region.

Strategic report (continued)**6.2 Strategic Acquisition**

Stakeholders, Issues and Factors Considered: Shareholder Value, Long Term Impact, Customers, UK Government, Local Communities

During the year the Board approved the purchase of the freehold of a 227.5-acre site known as Stallingborough Interchange (Stallingborough) signalling a further commitment to our property strategy. The acquisition provides an extension to our port activities in Immingham, the largest port in the UK by tonnage, and Grimsby, the largest UK offshore wind operations and maintenance port. The prominent site is earmarked for commercial port opportunities including automotive, bulk warehousing, distribution and logistics uses, advanced manufacturing, as well as green energy initiatives.

In a prime strategic location next to the A180 and located two miles from the Port of Immingham and six miles from the Port of Grimsby, the designated site is one of the largest of the original Enterprise Zones in the area and is key to future proofing the continued growth of ABP's commercial business on the Humber, as well as significant investment in the region for jobs.

In making the decision to acquire Stallingborough, the Board particularly considered the long-term strategic potential of the site. As demand is expected to increase for energy generation, automotive storage, bulk warehousing, and storage and distribution uses, our space constraints within our ports will increase. This additional land will ensure the delivery of state-of-the-art infrastructure, facilities, and technological innovation for new and existing customers.

6.3 Sustainability Strategy Projects

Stakeholders, Issues and Factors Considered: Environment, UK Government, Customers, Local Communities, Business Reputation

ABP is committed to supporting progress towards the UK's legal commitment to net zero greenhouse gas emissions ("GHG") by 2050 and we continue to invest in assets, facilities and ways of working that will reduce ABP's carbon footprint and improve the environments in which we operate. In addition, we believe it is important to support our customers in building more sustainable supply chains, encouraging more freight movement by rail and water and supporting the increasing use of renewable energy.

During 2023, ABP launched its sustainability strategy, focussed on reduction of GHG emissions and energy efficiency, air quality, protection of the natural environment, waste management and water management. Throughout the year, the Board has considered and approved several projects which support its sustainability strategy. One such example was the approval of Lowestoft Eastern Energy Facility ("LEEF"), a major investment project on Lowestoft's Outer Harbour in state-of-the-art infrastructure to support the offshore energy sector. Designed to support offshore wind energy projects in the Southern North Sea, the award-winning LEEF project will attract many offshore energy supply chain companies to Lowestoft, bringing new jobs and prosperity to the area whilst safeguarding the important kittiwake population. In addition, it will also support the oil and gas sector through the energy transition period.

Considerations for the Board, when approving the project, included the significant potential the site has to play in the Southern North Sea with opportunities in both the offshore wind and nuclear markets, helping the group in meeting its sustainability strategy targets, as well as supporting the UK Government's commitment to net zero. In addition, consideration was given to the reputation of the group for setting high standards in conducting its operations and to enhancing opportunities with existing and new customers, such as Sizewell C.

Strategic report (continued)

By Order of the Board



MM Wyatt
Director
11 April 2024

Directors' report

The directors present the report and the audited company accounts of Associated British Ports Holdings Limited (number 01612178) for the year ended 31 December 2023.

1. Registered office

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

2. Directors

The directors who served during the year and to the date of this report were as follows:

Director

Barr, RN		
Bryce, JA		
Burganov, K ¹		
Butcher, PG ²		(resigned 21 March 2024)
Castelein, AS		
Lupo, L		(appointed 23 January 2023)
Machiels, EPM		
Maheshwari, P		(resigned 23 January 2023)
Noergaard, B		
Nolan, PMG		
Pedersen, HL		
Pesttrak, GS		
Quinlan, AJ		
Rosati, V		(appointed 21 March 2024)
Wyatt, MM		
Onarheim, HOA	(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 G Pesttrak)	(Appointed as alternate to K Burganov on 28 April 2023)
Phillip, RJ	(alternate to K Burganov)	
Pugh, SN	(alternate to A Castelein)	(Appointment as alternate to P Butcher ceased on resignation of P Butcher on 21 March 2024)
Williams, CI	(alternate to PG Butcher)	

¹ Also alternate to AJ Quinlan.

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

3. 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.

Directors' report (continued)

4. Dividends

The company paid no dividends during the year (2022: £1.3bn). The directors do not recommend the payment of a final dividend.

5. Future outlook

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

6. 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.

7. 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:

- 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;
- Engagement with suppliers, customers and others in a business relationship with the company and the principal and strategic decisions taken during the year.

8. Audit information

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

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

By Order of the Board



A M Morgan
Secretary
25 Bedford Street, London, WC2E 9ES
11 April 2024
Company number:01612178

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 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 profit or loss of the company. 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 company financial position and financial performance;
- 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 will not continue in business.

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

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 ASSOCIATED BRITISH HOLDINGS LIMITED

Opinion

We have audited the financial statements of Associated British Ports Holdings Limited (the company) for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 18, 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.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 company's ability to continue as a going concern.

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

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.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Associated British Ports 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;

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

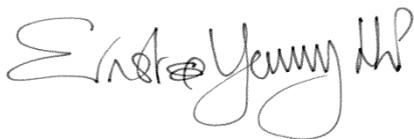
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- 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.

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

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
Administrative expenses	2,3	(6.1)	(3.1)
Operating loss		(6.1)	(3.1)
Finance income	5	243.0	304.3
Profit before taxation		236.9	301.2
Taxation charge	6	(19.6)	(25.8)
Profit for the year attributable to equity shareholder		217.3	275.4

Statement of comprehensive income for the year ended 31 December 2023

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

Balance sheet as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Investments	7	191.4	146.5
Group and other receivables	8	704.5	615.8
		895.9	762.3
Current assets			
Group and other receivables	8	408.2	324.2
		408.2	324.2
Total assets		1,304.1	1,086.5
Liabilities			
Current liabilities			
Group and other payables	10	(30.5)	(30.6)
Provisions	11	(12.6)	(15.2)
		(43.1)	(45.8)
Non-current liabilities			
Group and other payables	10	(6.8)	(3.8)
		(6.8)	(3.8)
Total liabilities		(49.9)	(49.6)
Net Assets		1,254.2	1,036.9
Shareholder's equity			
Share capital	12	77.5	77.5
Share premium		130.6	130.6
Capital redemption reserve		25.5	25.5
Retained earnings		1,020.6	803.3
Total shareholder's equity		1,254.2	1,036.9

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

MM Wyatt

Director

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	14	-	-
Interest received	15	27.9	29.8
Net cash inflow from operating activities		27.9	29.8
Cash flows from financing activities			
New loans advanced		(139.2)	(251.0)
Loans repaid		111.3	221.2
Net cash outflow from financing activities		(27.9)	(29.8)
Change in cash and cash equivalents during the year			
Change in cash and cash equivalents during the year		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

Statement of changes in equity for the year ended 31 December.2023

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
At 1 January 2023	77.5	130.6	25.5	803.3	1,036.9
Profit for the year	-	-	-	217.3	217.3
Total comprehensive income	-	-	-	217.3	217.3
At 31 December 2023	77.5	130.6	25.5	1,020.6	1,254.2

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
At 1 January 2022	77.5	130.6	25.5	1,827.9	2,061.5
Profit for the year	-	-	-	275.4	275.4
Total comprehensive income	-	-	-	275.4	275.4
Dividend	-	-	-	(1,300.0)	(1,300.0)
At 31 December 2022	77.5	130.6	25.5	803.3	1,036.9

Capital redemption reserve

The capital redemption reserve is a reserve to record the nominal value of shares repurchased.

Details of share capital are provided in note 12, and details of dividends are provided in note 13.

Notes to the 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”) and requirements of the Companies Act 2006.

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.

Consolidation exemption

These separate financial statements contain information about Associated British Ports Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under s400 of the Companies Act 2006, from the requirement to prepare and deliver consolidated financial statements, as the results of the group are included in the consolidated financial statements of its intermediate parent undertaking, ABPA Holdings Limited, which are available from 25 Bedford Street, London, WC2E 9ES.

Going concern basis

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 current assets of £365.1m including amounts due from the parent undertaking of £394.6m
- The company has net assets of £1,254.2m, including amounts due from subsidiary undertakings of £714.1m.

The company’s future viability is ultimately dependent upon the performance of the wider trading group owned by the company’s immediate parent undertaking, ABPA Holdings Limited (“ABPAH”), and group management’s decisions on the flow of capital.

The group’s business plan was developed taking in consideration the impact of the ongoing geopolitical events and their impact on the global economy and consequently on business performance. The emergence of conflict in the Middle East increasing 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.

Notes to the financial statements

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Going concern basis (continued)

If the actual results are significantly worse than forecast, the group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include further reductions in variable staff and other variable costs to match reduced activity, delaying or holding back its capital programme, reassess 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.

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. 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 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 and the company has the ability to continue to meet its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Notes to the financial statements

1. Accounting policies (continued)

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 company.

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 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 management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Judgements

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

- Recoverability of financial assets – see Significant accounting policies in note 1.4

Notes to the financial statements

1. Accounting policies (continued)

1.4 Significant accounting policies

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

Financial instruments

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

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

Group 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 company performs an impairment analysis for all group 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 company uses independent third party credit reports to assess the credit risk of counterparties. The company 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.

1.5 Other accounting policies

Investments

Investments in subsidiaries are stated at cost. The company assesses at each reporting date whether there is any indication that the investments may be impaired. If any indication exists the company estimates the asset's recoverable amount which is the higher of its fair value less costs of disposal and its value in use.

Provisions

Provisions are recognised when the company 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.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies

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.

Dividends

Dividend receipts and payments are recognised in the period when they become a binding obligation on the paying company.

Notes to the financial statements**2. Operating loss**

Operating loss is stated after crediting:

	2023	2022
	£m	£m
Expected credit losses of trade and other receivables released	-	1.4
Transaction cost on investment in subsidiary	0.2	-

3. Audit fees

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

	2023	2022
	£000	£000
Audit fees		
Fees payable to the group's auditor for the audit of the company's annual accounts	8	6

4. Directors and employees

Staff costs are analysed as follows:

	2023	2022
	£m	£m
Staff costs		
Wages and salaries	4.8	3.2
Social security costs	0.7	0.6
	5.5	3.8

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

Directors emoluments are analysed as follows:

	2023	2022
	£m	£m
Directors emoluments		
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, with one director being paid by an immediate subsidiary undertaking.

Key management compensation is analysed as follows:

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

Notes to the financial statements**4 Directors and employees (continued)**

Key management comprises the directors of the company.

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.

	2023	2022
	£m	£m
Highest paid director		
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 15.

5. Finance income

	2023	2022
	£m	£m
Finance income		
Interest on amounts due from parent undertaking	30.2	86.1
Interest on amounts due from subsidiary undertaking	49.6	36.1
Dividend income	163.2	182.1
	243.0	304.3

6. Taxation

Taxation charge for the year is analysed as follows:

	2023	2022
	£m	£m
Current year tax	19.6	25.8
Current tax	19.6	25.8

Current taxation in 2023 and prior year represents a charge for group relief surrendered to a parent undertaking, with amounts being deducted from amounts due from related parties.

Notes to the financial statements

6. Taxation (continued)

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

	2023	2022
	£m	£m
Current taxation		
Profit before taxation	236.9	301.2
Profit before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	55.7	57.2
Effects of:		
Items not chargeable to tax	(36.1)	(31.4)
Total tax charge for the company	19.6	25.8

	2023	2022
	£m	£m
Current taxation		
Effective tax rate	8.3%	8.5%
Total tax charge for the group	19.6	25.8
Effects of permanent differences:		
Related party debt – disregarded	(2.2)	(3.2)
Dividend income	38.3	34.6
Tax credit for the company after removing permanent differences	55.7	57.2
Tax rate after permanent differences	23.5%	19.0%

7. Investments

	2023	2022
	£m	£m
Investments in subsidiary undertakings:		
At 1 January	146.5	146.5
Acquisition of subsidiary	44.9	-
At 31 December	191.4	146.5

On 1 October 2023 the company acquired 100% of the issued share capital of Solent Gateway Limited (“SGL”) for £44.9m from its intermediate parent undertaking ABP Midco UK 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. Consideration of £45.1m was deducted from the intercompany balance ABP Acquisitions Limited and £0.2m of transaction costs were charged to the income statement.

Details of subsidiary undertakings are provided in note 17. The company has direct investments in Associated British Ports, ABP Marine Environmental Research Limited, Associated British Ports Investments Limited, ABP (Aldwych) Limited, ABP Security Limited, ABPH Marine (Guernsey PCC Limited, American Port Services Holdings Limited, Amports Holdings Limited, ABP Nominees Limited, Immingham Bulk Terminal Limited and ABP Quest Trustees Limited. Following the impairment assessment for the ABPAH group goodwill (see note 8 to the ABPAH consolidated 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.

Notes to the financial statements

8. Group and other receivables

Trade and other receivables are analysed as follows:

	2023	2022
	£m	£m
Non-current		
Amounts due from subsidiary undertakings	704.7	616.0
Provision for expected credit losses on intercompany receivables	(0.2)	(0.2)
Total non-current trade and other receivables	704.5	615.8
Current		
Amounts due from parent undertaking	394.6	311.8
Amounts due from subsidiary undertaking	9.4	5.9
Other receivables	4.4	6.7
Provision for expected credit losses	(0.2)	(0.2)
Total current trade and other receivables	408.2	324.2

Non-current amounts due from subsidiary undertakings primarily relate to a loan receivable from Associated British Ports, the company's immediate subsidiary undertaking. Current amounts due from parent undertaking relates to a balance with ABP Acquisitions UK Limited.

Amounts due from subsidiary and parent undertakings are not overdue for repayment and are not considered to be impaired. Management has undertaken an impairment analysis model to estimate the Expected Credit Losses ("ECL") that are possible from default events over the next twelve months and an allowance for impairment of £0.4m has been recognised. For further details see note 9.

The most sensitive inputs to the impairment analysis is the probability of default ("PD") based on industry averages, which for 2022 meant a marginal PD of 0.04%, and the Loss Given Default ("LGD"), also based on industry averages, which for 2023 meant a LGD of 80%.

An increase in the PD of 0.5% pts would increase the ECL by £5.0m. Additionally, an increase in the LGD of 10% pts would increase the ECL by £0.1m.

Other receivables comprise amounts due from external insurers for insurance claims which have been accepted by the insurers but not settled. These amounts are not overdue for payment and are not considered to be impaired.

Disclosure of the financial risks related to these financial instruments is set out in note 9. The company does not hold any collateral as security. The company's receivables are denominated in sterling.

Notes to the financial statements**9. Financial instruments**

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

Fair value of financial instruments

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

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value. The following methods and assumptions were used to estimate the fair values:

- The fair value of amounts due from Associated British Ports and ABP Acquisitions UK Limited approximates to their carrying amounts as interest charged is linked to the group's weighted average cost of debt.
- The fair value of cash and cash equivalents, current Group and other receivables and current Group and other payables approximates to their carrying amounts due to the short-term maturities of these instruments;

Financial risk management

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of the company. The Board of the company 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 company's main financial risks are liquidity, credit and capital risk. The wider group owned by ABP (Jersey) limited ("ABPJ"), 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 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.

	2023	2022
	£m	£m
Contracted (undiscounted) financial liabilities at amortised cost		
Not later than one year	30.5	30.6
More than one year but not more than two years	6.8	3.8
Total payments	37.3	34.4

Notes to the financial statements**9. Financial instruments (continued)****Financial risk management (continued)**

The company did not have direct access to any undrawn borrowing facilities at 31 December 2023 (2022: £nil). The company can access committed undrawn borrowings through its immediate parent undertaking, ABP Acquisitions UK Limited as set out in the table below:

Group undrawn borrowing facilities	2023	2022
	£m	£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	-	230.0
	250.0	280.0

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.

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 provision for loss allowance measured at an amount equal to the 12-month expected credit losses for the year ended 31 December 2023 was £0.4m (2022: £0.4m).

Given the counterparties of group and other receivables, as set out in note 8, the directors consider the company's exposure to credit risk, other than amounts already provided for, to be minimal. The maximum exposure to credit risk at 31 December 2023 for group and other receivables is the carrying value of each class of receivable.

Capital risk

The company finances itself with retained earnings of £1,020.6m (2022: £803.3m), share capital of £77.5m (2022: £77.5m) and share premium of £130.6m (2022: £130.6). The company's immediate parent undertaking, ABP Acquisitions UK Limited, also has committed but undrawn facilities totalling £250.0m (2022: £280.0m). The company 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.

Notes to the financial statements

10. Group and other payables

	2023	2022
	£m	£m
Current		
Amounts due to subsidiary undertakings	29.6	29.6
Accruals	0.9	1.0
Total	30.5	30.6
Non-current		
Accruals	6.8	3.8
Total	6.8	3.8

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

11. Provisions

	2023	2022
	£m	£m
At 1 January	15.2	14.7
(Credited)/charged during the year	(0.3)	2.1
Utilised in the year	(2.3)	(1.6)
At 31 December	12.6	15.2
Expected utilisation within one year	12.6	15.2

Provisions are designated as current liabilities.

The provisions relate to liabilities for certain third party claims relating primarily to property, employer's liabilities and general third party liabilities that are made against other group undertakings that are accepted and settled when appropriate by the company. Amounts due from external insurers for insurance claims which have been accepted by the insurers but not settled are recorded in other receivables (note 8).

Notes to the financial statements**12. Share capital**

	2023	2022
	£m	£m
Issued and fully paid		
310,010,453 (2022: 310,010,453) ordinary shares of £0.25 each	77.5	77.5

13. Dividends

During the year the company paid no dividends to its immediate shareholder, ABP Acquisitions UK Limited (2022: £1.3bn).

14. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:

	2023	2022
	£m	£m
Profit before taxation	236.9	301.2
Interest income	(79.8)	(122.2)
Dividend income	(163.2)	(182.1)
(Decrease)/increase in provisions	(2.6)	0.5
Operating cash flows before movements in working capital	(8.7)	(2.6)
Increase in group and other receivables	5.8	0.7
Increase in group and other payables	2.9	1.9
Cash generated by operations	-	-

15. Related party transactions**Transactions with key management personnel**

Details of compensation of key management personnel are set out in note 4.

During the year 12 (2022: 12) of the directors 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 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 18.

Notes to the financial statements

15. Related party transactions (continued)

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

Name	Relationship
ABP Acquisitions UK Limited	Immediate parent undertaking
Associated British Ports	Immediate subsidiary undertaking
Amports Holdings Limited	Immediate subsidiary undertaking
ABP (Aldwych) Limited	Immediate subsidiary undertaking
ABP Nominees Limited	Immediate subsidiary undertaking
Immingham Bulk Terminal Limited	Immediate subsidiary undertaking
American Port Services Holdings Limited	Immediate subsidiary undertaking
ABP Marine Environmental Research Limited	Immediate subsidiary undertaking
Amports Vehicle Terminals Limited	Intermediate subsidiary undertaking
Amports Contract Personnel Limited	Intermediate subsidiary undertaking
Amports Cargo Services Limited	Intermediate subsidiary undertaking

The company has the following loan receivable with the related party:

Entity	Due date	Interest rate per annum	2023	2022
			£m	£m
Associated British Ports	2040	8.6% (2022: 6.8%) per annum plus SONIA compound	663.5	574.7

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

	2023	2022
Associated British Ports	£m	£m
Intercompany borrowing at start of the year:	574.7	591.9
Dividend declared	160.0	180.0
Dividend received	(110.0)	(132.0)
Increase in receivable	18.4	17.7
Interest charged – 8.6% per annum (2022: 6.8%)	49.6	36.1
Interest received	(27.9)	(29.8)
Net cash received	(1.3)	(89.2)
Group receivable at end of the year	663.5	574.7

Notes to the financial statements

15. Related party transactions (continued)

The company also has the following account balances due from/(to) related parties:

	2023	2022
	£m	£m
Group receivables and (payables)		
ABP Nominees Limited	41.2	41.3
Total non-current	41.2	41.3
ABP Acquisitions UK Limited	394.6	311.8
ABP Marine Environmental Research Limited	3.5	-
American Port Services Holdings Limited	4.5	4.5
Immingham Bulk Terminal Limited	1.4	1.4
Amports Holdings Limited	(25.1)	(25.1)
Amports Vehicle Terminals Limited	(1.2)	(1.2)
Amports Contract Personnel Limited	(0.4)	(0.4)
Amports Cargo Services Limited	(2.9)	(2.9)
Current	374.4	288.1

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

	2023	2022
	£m	£m
ABP Acquisitions UK Limited		
Group receivable at start of the year	311.8	1,317.8
Dividend declared	-	(1,300.0)
Decrease in receivable	(41.5)	(43.1)
Acquisition of subsidiary	(45.1)	-
Net cash paid	139.2	251.0
Interest charged – 6.9% per annum (2022: 6.9%)	30.2	86.1
Group receivable at end of the year	394.6	311.8

Notes to the financial statements**16. Contingent liabilities**

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

	2023	2022
	£m	£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 company's ultimate parent undertaking, certain wider 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 the company'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 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.

17. Subsidiary undertakings

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

Notes to the financial statements**18. Subsidiary undertakings (continued)**

	% held by Group
Subsidiary undertakings - Ports and transport:	
ABP Security Limited	100
Associated British Ports	(see below) ¹
Immingham Bulk Terminal Limited	100
Solent Gateway Limited	100
W.E. Dowds (Shipping) Limited	100
Subsidiary undertakings - Property:	
ABP Property Development Company Limited	100
Grosvenor Waterside Investments Limited	100
Millbay Development Company Limited	100
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.

Notes to the financial statements**18 Subsidiary undertakings (continued)**

	% held by Group
Subsidiary undertakings - Dormant (continued):	
Grosvenor Buchanan Properties Limited (domiciled in Scotland) ¹	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Grosvenor Waterside (Holdings) Limited	100
Grosvenor Waterside Asset Management Limited	100
Grosvenor Waterside Group Limited	100
Grosvenor Waterside Developments 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.

18. 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 Acquisitions UK Limited.

Its intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"). ABPAH produces UK adopted international accounting standards consolidated financial statements that are available from its registered office at 25 Bedford Street, London, WC2E 9ES. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

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 International Financial Reporting Standards as adopted by the European Union 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.

Notes to the financial statements

18. Ultimate parent undertaking and controlling parties (continued)

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

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
2023			
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

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
2022			
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 Hermes Infrastructure Fund I LP ¹ , Hermes Infrastructure (SAP I) LP 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