ABP ACQUISITIONS UK LIMITED

(Company Number 05839361)

ANNUAL REPORT AND ACCOUNTS 2022

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Strategic report

The directors present the strategic report of ABP Acquisitions UK Limited for the year ended 31 December 2022.

Principal activity and strategy

The principal activity of the company is as a special purpose vehicle established to acquire and finance Associated British Ports Holdings Limited ("ABPH"), the immediate subsidiary undertaking of the company.

Important events of the year

During the year the company raised £210.0m of new long-term debt, comprising GBP and USD private placement loans, and GBP term and revolving facility. The company also repaid a USD 32.5m private placement loan.

During the year the company received dividends from ABPH totalling £1.3bn which was offset against the intercompany balance owed by the company to ABPH.

Performance

During the year the company made a profit of £1,455.8m (2021: loss of £158.5m). This reflected the dividend income of £1.3bn (2021: £0.2bn), unrealised gains on derivative financial instruments and foreign exchange of £645.8m (2021: 105.2m), net finance costs of £544.9m (2021: £520.8m) and a current tax credit of £54.9m (2021: £57.1m).

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

ABPA Holdings Limited	2022 £m	2021 £m
Consolidated EBITDA[1]	**349.5**	310.2
Cash generated by operations	**349.8**	304.7

[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.

Position at the end of the year

At 31 December 2022 the company had net liabilities of £3,821.2m (2021: £5,277.0m), which includes borrowings of £6,176.0m (2021: £5,945.3m) and net derivative financial instrument liabilities of £166.4m (2021: £844.0m). The company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ"), has confirmed that it will continue to finance the company to enable it to meet its liabilities as they fall due.

Principal risks and uncertainties

The company has two main sources of risk and uncertainty: the profitability of the underlying trading group ultimately owned by ABPJ and the treasury risks associated with the group's financing structure, of which the company is a key part. Subject to the profitability of the underlying group, the company has limited risk because it interacts only with fellow group companies and providers of bank debt. The nature of the interactions is set out in notes 4, 7, 8, 9, 11 and 14 to the accounts. Within these interactions the principal risks are fluctuations in interest rates and exchange rates, timing of interest receipts and other cash receipts and interest payments and repayments of principal at the end of loan terms. The agreements and hedging arrangements are structured so that the company should not be exposed to these risks at any time other than ultimately by the ability of the underlying trading group to pay its debts. Further details on financial risk management are set out below and in note 10.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Financial risk management
The company's main financial risks are liquidity, market, credit and capital risk. Treasury matters for the company are controlled centrally by the group as set out in note 10.

Liquidity risk
Liquidity risk is managed by the wider group maintaining cash and 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.

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 company uses derivative instruments, such as interest rate swaps, when appropriate to economically hedge against changes in interest rates and to adjust the balance between fixed and floating rate debt. As at 31 December 2022, with the exception of loans from the company's immediate parent entity all of the company'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 2022, the company had financing in foreign currency comprising USD 457.5m (2021: USD 470.0m) and JPY 10.0bn (2021: JPY 10.0bn) in private placements and is therefore exposed to foreign exchange risk. This exposure is managed through cross currency interest rate swaps.

Credit risk
The company is exposed to credit related losses in the event of non-performance by counterparties to financial transactions. The company mitigates this risk by primarily transacting with related parties with security provided under intra-group borrowing arrangements. The company monitors the credit rating of derivative counterparties on a daily basis and ensures no positions are entered into with counterparties with credit ratings that are below assigned limits. As such the exposure to credit risk is considered to be minimal.

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.

All of ABPA Holdings Limited ("ABPAH") group's borrowings, including those of the company, are subject to certain covenant threshold requirements under a Common Terms Agreement.

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

Strategic Report (continued)

Section 172 Statement

The Board recognises the importance of stakeholder engagement in delivering the long-term and sustainable success of the company. When making decisions the directors have regard to the likely long-term impact of those decisions and also their responsibilities and duties to stakeholders relevant to the company's operation. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary. As a key stakeholder, the following section outlines how the company engages with, and has regard to, its lenders.

Lenders

The company undertakes financing and related hedging with a number of counterparties through loans and private placements. The Board recognises 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 lending to the company.

Lenders are provided with regular information on the company and the group of companies owned by ABPA Holdings Limited (the "group"), including the annual report and accounts, interim accounts and bi-annual investor reports, which outline the performance of the group, major investments and certain forward looking financial information. In addition, the company directly engages with lenders through an annual update as well as regular calls and meetings as required. This engagement enables the company to continue to develop positive relationships with lenders and understand the main drivers behind investing in the company. In addition, ongoing engagement allows the company and group to plan its long-term capital requirements and the financing methods available.

Future outlook

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

By Order of the Board

Mann Wyatt

MM Wyatt
Director

24 April 2023

Directors' report

The directors present the report and the audited accounts of ABP Acquisitions UK Limited (company number 05839361) for the year ended 31 December 2022.

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

Directors
The directors of the company during the year and up to the date of these accounts were as follows:

Pedersen, HL	
Wyatt, MM	
Kennedy, SR	(alternate to HL Pedersen and MM Wyatt)

Directors' indemnities
ABP (Jersey) Limited 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.

Matters disclosed in the strategic report
The directors have chosen to disclose the following matters in the strategic report:
- Financial risk management objectives and policies and details of the company's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures;
- Indication of likely future developments in the business; and
- How the directors have engaged with those in a business relationship with the company.

Dividends
The directors do not recommend the payment of a final dividend (2021: £nil).

Auditor re-appointment
In accordance with s.487 of the Companies Act 2006, the auditor is deemed to have been re-appointed and Ernst & Young LLP will therefore continue as auditor to the company.

Directors' report (continued)

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

ABP Secretariat Services Limited
Secretary
25 Bedford Street
London, WC2E 9ES

24 April 2023

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 law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the company accounts in accordance with UK adopted International accounting standards ("IAS"). Under company law, the directors must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. In preparing these accounts, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- 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;
- 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's 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 and directors' report 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 ABP ACQUISITIONS UK LIMITED

Opinion

We have audited the financial statements ABP Acquisitions UK Limited (the company) for the year ended 31 December 2022 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 17 including a summary of significant accounting policies. 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 2022 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 the period to 30 June 2024.

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.

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 ABP ACQUISITIONS UK LIMITED (continued)

Other information (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 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP ACQUISITIONS UK LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Our approach was as follows:

- 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 (Companies Act 2006 and UK adopted international accounting standards)
- We understood how ABP Acquisitions UK 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 Committees and noted that there was no contradictory evidence.
- 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.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved 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 regulations, enquiries of Legal Counsel and of Management.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP ACQUISITIONS UK LIMITED (continued)

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.

Ernst & Young LLP

Steven Lunn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 April 2023

Income statement for the year ended 31 December

	Note	2022 £m	2021* £m
Finance costs	4	**(556.7)**	(538.2)
Finance income	4	**1,311.8**	217.4
Profit/(loss) after realised finance costs		**755.1**	(320.8)
Net unrealised gain on derivatives at fair value through profit and loss and foreign exchange	4	**645.8**	105.2
Profit/(loss) before taxation		**1,400.9**	(215.6)
Taxation credit	5	**54.9**	57.1
Profit/(loss) for the year attributable to equity shareholder		**1,455.8**	(158.5)

*Comparative amounts have been reclassified to conform to current presentation

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

Statement of comprehensive income for the year ended 31 December

There was no other comprehensive income during the year or prior year. Total comprehensive income is represented by the profit (2021: loss) for the year.

Balance sheet as at 31 December

	Note	2022 £m	2021 £m
Assets			
Non-current assets			
Investments	6	**2,824.1**	2,824.1
Derivative financial instruments	9	**77.5**	149.2
		2,901.6	2,973.3
Current assets			
Derivative financial instruments	9	**28.0**	14.1
Group and other receivables	7	**4.0**	5.3
Cash and cash equivalents		**5.0**	0.8
		37.0	20.2
Total assets		**2,938.6**	2,993.5
Liabilities			
Current liabilities			
Borrowings	8	**(343.4)**	(106.7)
Derivative financial instruments	9	**(13.6)**	(59.9)
Group and other payables	11	**(311.9)**	(1,317.9)
		(668.9)	(1,484.5)
Non-current liabilities			
Borrowings	8	**(5,832.6)**	(5,838.6)
Derivative financial instruments	9	**(258.3)**	(947.4)
		(6,090.9)	(6,786.0)
Total liabilities		**(6,759.8)**	(8,270.5)
Net liabilities		**(3,821.2)**	(5,277.0)
Shareholders' deficit			
Share capital	12	**-**	-
Other reserve		**1,000.0**	1,000.0
Accumulated losses		**(4,821.2)**	(6,277.0)
Total shareholders' deficit		**(3,821.2)**	(5,277.0)

The financial statements were approved by the Board and signed on its behalf on 24 April 2023 by:

Marm Wyatt

MM Wyatt
Director

Statement of cash flows for the year ended 31 December

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Cash generated by operations	13	**251.5**	233.3
Interest paid		**(385.6)**	(186.4)
Interest received		**13.1**	17.4
New borrowings		**220.1**	103.6
Payment of transaction costs on issue of borrowings		**(0.6)**	(2.4)
Repayment of borrowings		**(94.3)**	(187.4)
Change in cash and cash equivalents during the year		**4.2**	(21.9)
Cash and cash equivalents at 1 January		**0.8**	22.7
Cash and cash equivalents at 31 December		**5.0**	0.8

Statement of changes in equity for the year ended 31 December

	Share capital £m	Other reserve £m	Accumulated losses £m	Total £m
At 1 January 2021	-	1,000.0	(6,118.5)	(5,118.5)
Loss for the year	-	-	(158.5)	(158.5)
At 31 December 2021	-	1,000.0	(6,277.0)	(5,277.0)
Profit for the year	-	-	1,455.8	1,455.8
At 31 December 2022	**-**	**1,000.0**	**(4,821.2)**	**(3,821.2)**

Other reserve

The other reserve comprises amounts due to parent undertaking which were forgiven for no consideration. These amounts were derecognised on forgiveness and an equivalent amount recognised in other reserve.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

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

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.

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 2024. The directors have considered the company's net liabilities of £3,821.2m which include:

- subordinated loans accruing interest at 9.0% per annum and non-current accrued interest due to its immediate parent undertaking in 2027 of £3,288.9m;
- subordinated loans accruing interest at 4.23% plus 6 month compounded SONIA per annum and non-current accrued interest due to its immediate parent undertaking in 2028 of £470.6m
- external borrowings of £1,660.1m due between 2023 and 2035;
- long dated derivative financial instrument liabilities classified as non-current of £258.3m that are not expected to result in significant cash flows in the next 12 months. Further details related to expected cash flows are provided in note 10.

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 as well as the funding of losses being incurred by the company. ABP (Jersey) Limited, the company's ultimate parent undertaking has confirmed that it will continue to finance the company to enable it to meet its liabilities as they fall due.

The group's business plan was developed taking in consideration the impact of the ongoing war in Ukraine and the current economic crisis driven by macro-economic factors and their impact on business performance. 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, limited impact from them on 2022 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 further reductions in variable staff and other variable costs to match reduced activity, delaying or holding back its capital programme, reassess interest payments to shareholders and, if the downside period persists, structurally reviewing costs for further savings. As a result of the successful actions taken in the past and having identified contingency plans to react to potential adverse scenarios, 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.

Notes to the Financial statements

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 2022, the group had access to £280m 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 10 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.

The company has debt falling due for repayment during the period to 30 June 2024 of £280.5m, including £204.6m included in current liabilities. The company plans to raise additional debt to repay the maturing facilities and is confident of doing so given its strong track record of refinancing its debt facilities over time. £100.0m has already been refinanced in 2023. However, in the unlikely event that the company is not able to raise new finance as planned due to circumstances outside its control, the available committed undrawn facilities are sufficient to repay all of the debt falling due.

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 company has the ability to continue to meet its liabilities as they fall due until 30 June 2024 and therefore the financial statements have been prepared on a going concern basis.

Statement of compliance
These financial statements have been prepared in accordance in accordance with UK adopted International Accounting Standards.

Consolidation exemption
These separate financial statements contain information about ABP Acquisitions UK 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 s401 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 immediate parent undertaking, ABPA Holdings Limited, which are available from 25 Bedford Street, London, WC2E 9ES.

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

- Finance costs and income have been presented to distinguish between realised finance costs and income and unrealised gains and losses on the revaluation of financial instruments carried at fair value and from the effects of changes in foreign exchange rates on loand denominated in foreign currency. These unrealised gains and losses will have no impact on the income statement over the lives of the instruments and their exclusion gives a better understanding of the true profit or loss of the underlying business (note 4).
- Foreign exchange gains of £6.1m were included in the reconciliation of cash and cash equivalents in the comparative year. We have reassessed this treatment and concluded that this should have been presented as part of repayment of borrowings in the cashflow. This has now been corrected by reclassifying the amount to repayment of borrowings.

Notes to the Financial statements

1. Accounting policies (continued)

1.2 Changes in accounting policies

New standards and amendments adopted

No new standards effective for the first time for the annual reporting period commencing 1 January 2022 have a material impact on the 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 with an effective date of implementation for accounting periods beginning after the start of the company's current financial year. The directors do not anticipate that the adoption of the new standards, amendments and interpretations will have a material impact on the company's financial statements in the period of initial application.

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

1.3 Critical 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.

Estimates

The critical estimates in applying these policies relate to the valuation of derivatives, including sensitivities, as set out in notes 9 and 10.

Judgements

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

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the financial statements

1. Accounting policies (continued)

1.3 Critical estimates, judgements and assumptions (continued)

Impairment of non-financial assets (continued)
Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount.

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 Significant accounting policies

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

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

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").

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

Borrowings are initially recognised at fair value, net of transaction costs (being incremental costs that are directly attributable to the inception of the 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.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Significant accounting policies (continued)

Financial instruments (continued)
A financial liability is derecognised when the obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the company income statement. When the contractual cash flows are renegotiated or modified but do not result in the de-recognition of the financial liability, the difference between the net present value of the modified contractual cash flows discounted at the financial liability's original effective interest rate and the present value of the existing financial liability, is recognised in profit or loss.

Derivative financial instruments utilised by the company comprise interest rate swaps, basis rate swaps and cross currency interest rate swaps. All such instruments are used for hedging purposes (albeit they may not be designated as such for accounting purposes) to manage the risk profile of an existing underlying exposure of the company in line with the group's risk management policies. All derivative financial instruments are initially recorded in the balance sheet at fair value and are measured at fair value thereafter. The company'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.

Derivatives are classified as current and non-current based on the present value of future cash flows.

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

1.5 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.

Interest expense
Interest costs are expensed in the period in which they occur and consist of interest that the company incurs in connection with the borrowing of funds. Interest expense is calculated and recorded using the effective interest method.

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.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Foreign currencies

Transactions in currencies, other than the company's 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.

Cash and cash equivalents

The company defines these 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.

Notes to the financial statements

2. Administrative expenses

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

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**15**	12

3. Directors and employees

The directors of ABP Acquisitions UK Limited were directors of a number of companies within the ABPA Holdings Limited ("ABPAH") group. Their remuneration for the year ended 31 December 2022 is disclosed in the financial statements of ABPAH. The directors believe that their services to the company are incidental to their role for other group companies and therefore consider that they receive no remuneration in respect of qualifying services to this company (2021: £nil).

The company had no employees during the year (2021: nil).

4. Finance (income)/costs

	2022 £m	2021* £m
Interest on term and revolving facilities	**5.6**	3.7
Interest on private placement notes	**51.2**	41.6
Interest on amounts due from parent undertaking	**308.4**	281.8
Interest on amounts due to group undertakings	**43.0**	40.3
Interest on amounts due to subsidiary undertakings	**86.1**	88.7
Amortisation of borrowing costs	**2.6**	3.5
Other finance costs	**2.7**	2.4
Finance costs on financial assets and liabilities held at amortised cost	**499.6**	462.0
Interest cost on derivatives at fair value through profit and loss	**57.1**	76.2
Finance costs	**556.7**	538.2
Dividend income	**(1,300.0)**	(200.0)
Other finance income	**(0.6)**	(0.1)
Finance income on financial assets and liabilities held at amortised cost	**(1,300.6)**	(200.1)
Interest income on derivatives at fair value through profit and loss	**(11.2)**	(17.3)
Finance income	**(1,311.8)**	(217.4)
Unrealised foreign exchange losses/(gains)	**31.7**	(2.0)
Net unrealised gain on derivatives at fair value through profit and loss	**(677.5)**	(103.2)
Net finance (income)/costs	**(1,400.9)**	215.6

*Comparative amounts have been reclassified to conform to current presentation

Notes to the financial statements

5. Taxation

Analysis of tax credit for the year	2022 £m	2021 £m
Current tax	**54.9**	57.1
Taxation	**54.9**	57.1

The UK corporation tax rate change from 19% to 25% (effective 1 April 2023) was enacted 10 June 2021.

Current taxation for the current and prior year represents a credit for group relief surrendered to other group undertakings. In the current and prior year the amount has been added to/deducted from amounts due from/due to parent, group and subsidiary undertakings.

The taxation credit for the year is lower (2021: higher) than the standard rate of taxation in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	2022 £m	2021 £m
Profit/(loss) before taxation	**1,400.9**	(215.6)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**266.2**	(41.0)
Effects of:		
Items not deductible for tax	**(201.5)**	0.9
Prior year adjustments	**(0.1)**	-
Deferred tax assets not recognised	**(119.5)**	(17.0)
Total tax credit for the company	**(54.9)**	(57.1)

Effective tax rate	**-3.9%**	26.5%
Total tax credit for the company	**(54.9)**	(57.1)
Effects of permanent differences:		
Related party debt - disregarded	**(45.4)**	(0.9)
Deferred tax assets not recognised	**119.5**	17.0
Dividends	**247.0**	-
Tax credit for the company after removing permanent differences	**266.2**	(41.0)
Tax rate after permanent differences	**19.0%**	19.0%

The company has unrecognised deferred income tax assets of £96.1m (2021: £253.5m), relating to tax losses of £384.5m (2021: £1,014.1m). The deferred tax assets have not been recognised as it is not currently expected that the company will have sufficient future taxable profit against which the asset could be utilised.

6. Investments

	2022 £m	2021 £m
At 1 January	**2,824.1**	**2,824.1**
At 31 December	**2,824.1**	**2,824.1**

Notes to the financial statements

6. **Investments** (continued)

The company holds the whole of the ordinary issued share capital of Associated British Ports Holdings Limited ("ABPH"). ABPH is an unlisted, private limited liability, intermediate investment holding company which is incorporated and domiciled in England and Wales. 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.

7. Group and other receivables

	2022	2021
	£m	**£m**
Current		
Interest receivable on derivatives	**4.0**	**5.3**
Total group and other receivables	**4.0**	**5.3**

Disclosure of the financial risks related to these financial instruments is set out in note 10.

The company's receivables are denominated in sterling with the exception of part of the interest receivable on derivatives which is denominated in USD.

8. Borrowings

	2022	2021
	£m	**£m**
Current		
Term and revolving facilities	**55.0**	-
Private placement notes	**149.6**	24.1
Amounts due to group undertakings	**118.6**	64.9
Interest due on term and revolving facilities	**0.6**	0.3
Interest due on private placement notes	**12.9**	11.2
Interest due on derivatives	**1.0**	1.7
Interest on amounts due to group undertaking	**2.7**	2.3
Interest on amounts due to parent undertaking	**3.0**	2.2
Total current borrowings	**343.4**	106.7
Non-current		
Term and revolving facilities	**218.5**	201.8
Private placement notes	**1,237.0**	1,210.3
Amounts due to group undertaking	**617.5**	735.6
Amounts due to parent undertaking	**1,140.8**	1,201.2
Interest on amounts due to parent undertaking	**2,618.8**	2,489.7
Total non-current borrowings	**5,832.6**	5,838.6

Notes to the financial statements

8. Borrowings (continued)

External borrowings, excluding accrued interest, are as follows:

Term and revolving facilities **Facility type**	**Due date**	**Rate per annum**	**2022** **£m**	**2021** **£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**	55.0
Nat West Markets PLC Syndicated Loan	2025	Variable SONIA plus margin	**70.0**	**-**
Deferred borrowing costs			**(5.5)**	(7.2)
Term and revolving facilities			**273.5**	201.8

Private placement notes **Facility type**	**Due date**	**Rate per annum**	**2022** **£m**	**2021** **£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	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**	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	2028-2032	Compounded SONIA plus margin	**83.3**	-
GBP private placement	2028-2037	Compounded SONIA plus margin	**40.0**	-
USD private placement	2024	4.62%	**128.5**	114.8
USD private placement	2029	4.41%	**72.6**	64.8
USD private placement	2023	4.35%	**66.4**	59.3
USD private placement	2024	4.11%	**62.2**	55.6
USD private placement	2023	3.96%	**33.2**	29.6
USD private placement	2022	3.82%	**-**	24.1
USD private placement	2032	5.68%	**16.6**	-
JPY private placement	2032	1.00%	**62.3**	64.4
Deferred borrowing costs			**(3.5)**	(3.2)
Private placement notes			**1,386.6**	1,234.4

Accumulated net foreign exchange losses of £95.0m (2021: £63.2m) have been allocated against the relevant private placement notes in the table above to show the carrying value of the notes.

Notes to the financial statements

8. Borrowings (continued)

Borrowings, including the company's borrowings, of the group owned by the company's immediate parent undertaking, ABPA Holdings Limited ("ABPAH"), are secured over all of the ABPAH group's investments (and in the case of Associated British Ports Holdings Limited ("ABPH"), the company's immediate subsidiary undertaking, the Associated British Ports ("ABP") ownership rights).

The company 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 company to make payments in excess of these limits it would be in breach of its financing covenants. The companies subject to these restrictions are ABPAH, ABP Acquisitions UK Limited, ABP Finance Plc, ABPH, ABP and any other material subsidiaries as defined in the agreement.

Amounts due to group undertaking represent loans from ABP Finance Plc, a fellow subsidiary undertaking of ABPAH, the company's immediate parent undertaking.

Amounts due to parent undertaking represent two (2021: 3) loans from ABPAH, which largely match borrowings from the shareholders of the company's ultimate parent undertaking held by the company's intermediate parent undertaking, ABP Bonds UK Limited, and fellow group undertaking, ABP Mezzanine Holdco UK Limited.

The interest on the 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.

Interest on the amounts due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus compounded SONIA (2021: 4.23% per annum plus compounded SONIA; 3.95% per annum plus 6 month Sterling LIBOR), is accrued and payable in cash semi-annually. 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 £110.0m (2021: £nil) was paid in 2022 . The total outstanding interest accrued as at 31 December 2022 was £57.6m (2021: £137.2m).

More detail on the company's related party borrowings is set out in note 14.

Disclosure of the financial risks related to these financial instruments is set out in note 10.

Details of contingent liabilities in relation to borrowings are set out in note 15.

9. Derivative financial instruments

The company uses derivatives to manage its exposure to various fixed rate, floating rate and foreign currency borrowings. As the company does not designate any of its derivatives as hedges, the fair value changes are recognised in the income statement in accordance with the company's accounting policy set out in note 1.

Notes to the financial statements

9. Derivative financial instruments (continued)

The terms and fair value of derivative financial assets and liabilities held by the company at the balance sheet date were:

At fair value through profit and loss 2022	**Expiry date**	**Notional £m**	**Net amounts of financial assets presented in the balance sheet £m**	**Net amounts of financial liabilities presented in the balance sheet £m**
At fair value through profit and loss				
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**	**(39.3)**
Cross currency interest rate swaps - pay floating, receive fixed (GBP/USD)	2023-2032	285.8	**89.7**	**(3.6)**
Cross currency interest rate swaps - pay floating, receive fixed (GBP/JPY)	2032	63.6	**-**	**(6.0)**
Fair value of derivative financial instruments			**105.5**	**(271.9)**
Derivatives not offset in the balance sheet*			**(108.1)**	**108.1**
Net amount			**(2.6)**	**(163.8)**

*Right to offset under master netting arrangements.

At fair value through profit and loss 2021	**Expiry date**	**Notional £m**	**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	2036-2046	1,650.0	0.7	(1,006.5)
Interest rate swaps – pay floating, receive fixed	2036	335.8	85.1	-
Cross currency interest rate swaps - pay floating, receive fixed (GBP/JPY)	2032	63.6	-	(0.8)
Cross currency interest rate swaps – pay floating, receive fixed (GBP/USD)	2022-2029	285.8	77.5	**-**
Fair value of derivative financial instruments			**163.3**	**(1,007.3)**
Derivatives not offset in the balance sheet*			(1.6)	1.6
Net amount			**161.7**	**(1,005.7)**

*Right to offset under master netting arrangements.

Notes to the financial statements

9. Derivative financial instruments (continued)

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

Derivatives	2022 £m	2021 £m
Current assets	**28.0**	14.1
Non-current assets	**77.5**	149.2
Total	**105.5**	163.3
Current liabilities	**(13.6)**	(59.9)
Non-current liabilities	**(258.3)**	(947.4)
Total	**(271.9)**	(1,007.3)

The floating rate on the cross currency interest rate swaps is linked to SONIA. The effective fixed interest rate receivable by the company on the cross currency interest rate swaps notional amount matches the fixed rates set out in note 8. The rate on the floating amount payable by the company is linked to SONIA.

Disclosure of the financial risks related to these financial instruments is set out in note 10.

10. 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.

Interest rate benchmark reform
During 2022, the remaining floating rate financial instruments have been transitioned from a LIBOR to SONIA interest rate basis.

At the year end all floating rate financial instruments were on a SONIA interest rate basis.

The change from LIBOR to SONIA has not significantly changed the risks to which the group is exposed and the risk management strategy has not been amended.

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 and fair value of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair value:

	2022		2021	
Financial liabilities at amortised cost	**Book value £m**	**Fair value £m**	**Book value £m**	**Fair value £m**
Private placement notes – fixed rate	**806.8**	**744.7**	753.6	835.9
Amounts due to group undertaking – fixed rate	**550.0**	**553.7**	550.0	668.3

Notes to the financial statements

10. Financial instruments (continued)

The terms of the fixed rate private placement notes are set out in note 8. The terms of the amounts due to group undertaking are set out in note 14.

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

- The fair value of cash and cash equivalents, current group and other receivables, current group and other payables and current borrowings approximates to their carrying amounts due to the short-term maturities of these instruments;
- The fair value of term and revolving facilities and floating rate private placement notes approximates to their carrying amounts 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 floating rate amounts due to group undertaking approximates to their carrying amounts 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 private placement notes has been based on the market observable yield to maturity of the reference bond plus the current expected spread applicable to the note and equates to Level 2 in the fair value hierarchy;
- The fixed rate amounts due to group undertaking are on equivalent terms to the fixed rate notes issued by the group undertaking. The fair value has been based on the market price of the corresponding liability, and accords to Level 1 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 2021 and 2020 approximates market rate, the book value approximates fair value; and
- The derivative financial instruments 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, foreign exchange spot and forward rates and interest rate curves, and rely as little as possible on entity specific estimates and accord to Level 2 in the fair value hierarchy.

Financial risk management

Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), the company's immediate 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 company's main financial risks are liquidity, market, credit and capital risk. The wider group owned by ABP (Jersey) Limited, aims to manage these risks to an acceptable level.

The group does not use financial instruments for speculative purposes.

10. Financial instruments (continued)

Financial risk management (continued)

Liquidity risk
Liquidity risk is managed in accordance with the Treasury policy by the wider group owned by the company's ultimate parent undertaking ABP (Jersey) Limited. This ensures that cash and committed borrowing facilities are maintained at levels that provide 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 undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

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

Liquidity risk	**Borrowings**	**Derivative financial instruments***	**Group and other payables**	**Total**
2022	**£m**	**£m**	**£m**	**£m**
Not later than one year	**561.9**	**11.9**	**355.7**	**929.5**
More than one year but not more than two years	**411.3**	**10.6**	**-**	**421.9**
More than two years but not more than five years	**5,646.7**	**59.2**	**-**	**5,705.9**
More than five years	**1,974.2**	**342.1**	**-**	**2,316.3**
Total payments	**8,594.1**	**423.8**	**355.7**	**9,373.6**

	Borrowings	**Derivative financial instruments***	**Group and other payables**	**Total**
2021	**£m**	**£m**	**£m**	**£m**
Not later than one year	274.8	59.7	1,317.9	1,652.4
More than one year but not more than two years	435.0	52.6	-	487.6
More than two years but not more than five years	1,084.5	165.2	-	1,249.7
More than five years	6,640.5	866.0	-	7,506.5
Total payments	8,434.8	1,143.5	1,317.9	10,896.2

* 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 disclosure in the tables above is based on contractual payments as they existed as at 31 December 2022 and 31 December 2021.

Interest on the loan due to parent undertaking due in 2028, accruing interest at 4.23% per annum plus SONIA compounded, 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 2022, 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.

Notes to the financial statements

10. Financial instruments (continued)

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, they have been included in the maturity analysis in the same category as the principal repayment in 2027.

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 the cash payment each year.

The table below analyses the company'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 fixed is payable semi-annually and receivable semi-annually. Interest on 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.

	2022		**2021**	
	Total Outflows	**Total Inflows**	**Total Outflows**	**Total Inflows**
Gross settled derivatives	**£m**	**£m**	**£m**	**£m**
Cross currency interest rate swaps				
Not later than one year	**(93.0)**	**115.0**	(28.2)	39.7
More than one year but not more than two years	**(153.9)**	**199.4**	(82.6)	102.2
More than two years but not more than five years	**(21.7)**	**14.7**	(152.9)	185.3
More than five years	**(157.0)**	**199.0**	(128.7)	148.5
Total cross currency interest rate swaps	**(425.6)**	**528.1**	(392.4)	475.7

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

	2022	**2021**
Undrawn borrowing facilities	**£m**	**£m**
Expiring in:		
Less than one year	**-**	119.0
More than one year but not more than two years	**50.0**	350.0
More than two years but not more than five years	**230.0**	-
More than five years	**119.0**	-
Undrawn borrowing facilities	**399.0**	469.0

Notes to the financial statements

10. Financial instruments (continued)

Market risk
Some of the company's borrowings are 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 company 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. As at 31 December 2021, with the exception of floating rate loans from the company's immediate parent undertaking all of the company's external exposure to floating rate borrowings was fixed using interest rate swaps or by onward lending from its fellow group undertaking, ABP Finance Plc.

Foreign exchange risk
The company 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:

Sensitivities	**2022**		**2021**	
	Profit before tax	**Equity**	**Profit before tax**	**Equity**
Financial liabilities	**£m**	**£m**	**£m**	**£m**
Interest rate sensitivities				
1% increase in interest rates - GBP	**157.0**	**157.0**	276.8	276.8
1% decrease in interest rates - GBP	**(192.0)**	**(192.0)**	(329.1)	(329.1)
1% increase in interest rates - USD	**(7.1)**	**(7.1)**	(9.9)	(9.9)
1% decrease in interest rates - USD	**10.9**	**10.9**	10.6	10.6
1% increase in interest rates - JPY	**6.0**	**6.0**	(4.1)	(4.1)
1% decrease in interest rates - JPY	**(5.9)**	**(5.9)**	4.6	4.6
Foreign exchange rate sensitivities				
10% increase in Sterling to USD	**2.9**	**2.9**	(2.7)	(2.7)
10% decrease in Sterling to USD	**3.4**	**3.4**	3.3	3.3
10% increase in Sterling to JPY	**(1.7)**	**(1.7)**	1.6	1.6
10% decrease in Sterling to JPY	**(0.1)**	**(0.1)**	(2.0)	(2.0)

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 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 days from 31 December 2022.

Notes to the financial statements

10. Financial instruments (continued)

Credit risk (continued)
Given the counterparties of group receivables, as set out in note 7, and the security provided under intra-group borrowing arrangements, the directors consider the company's exposure to credit risk to be minimal. 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 2022 was £nil (2021: £nil). The maximum exposure to credit risk at the reporting date for group receivables is the carrying value 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 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, its immediate parent undertaking, its fellow group undertaking and external lenders. 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 repayment of principal balances depends on the performance of the company's immediate parent undertaking, ABPA Holdings Limited's ("ABPAH"), underlying trading group and the ability of the ports and transport operations to generate cash flows.

ABPAH'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 2021.

11. Group and other payables - current

	2022	**2021**
	£m	**£m**
Current		
Amounts due to subsidiary undertakings	**311.9**	1,317.9
Total current trade and other payables	**311.9**	1,317.9

Amounts due to subsidiary undertaking are in respect of ABPH. Further details are disclosed in note 14.

Disclosure of the financial risks related to these financial instruments is set out in note 10. The company's payables are denominated in sterling.

Notes to the financial statements

12. Share capital

	2022 £m	2021 £m
Issued and fully paid		
1 (2021: 1) ordinary shares of £0.01 each	-	-

13. Cash flow reconciliations

Reconciliation of loss before taxation to cash generated by operations:	2022 £m	2021 £m
Profit/(loss) before taxation	**1,400.9**	(215.6)
Finance costs	**556.7**	538.2
Net unrealised gain on derivatives at fair value through profit and loss	**(677.5)**	(103.2)
Finance income	**(1,311.8)**	(217.4)
Net unrealised foreign exchange (gain)/loss	**31.7**	(2.0)
Operating cash flows before movements in working capital	**-**	-
Increase in trade and other receivables	**-**	35.2
Increase in trade and other payables	**251.5**	198.1
Cash generated by operations	**251.5**	233.3

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

2022	At 1 January asset/ (liability) £m	Cash flows £m	Foreign exchange (loss)/ gain £m	Fair value increase/ (decrease) £m	Other changes £m	At 31 December asset/ (liability) £m
Cross Currency Swaps	77.6	-	31.8	(19.7)	-	89.7
Short-term External Borrowings	(24.1)	29.3	(5.2)	-	(204.6)	(204.6)
Short-term intercompany Borrowings	(64.9)	65.0	(0.1)	-	(118.6)	(118.6)
Long-term External Borrowings	(1,412.1)	(219.5)	(26.5)	-	202.6	(1,455.5)
Long-term intercompany Borrowings	(4,426.5)	230.4	-	-	(181.0)	(4,377.1)
Total	**(5,850.0)**	**105.2**	**-**	**(19.7)**	**(301.6)**	**(6,066.1)**

Notes to the financial statements

13. Cash generated by operations (continued)

2021	At 1 January asset/ (liability) £m	Cash flows £m	Foreign exchange (loss)/ gain £m	Fair value increase/ (decrease) £m	Other changes £m	At 31 December asset/ (liability) £m
Cross Currency Swaps	97.4	-	4.1	(23.9)	-	77.6
Short-term External Borrowings	-	-	-	-	(24.1)	(24.1)
Short-term intercompany Borrowings	(55.0)	54.5	0.5	-	(64.9)	(64.9)
Long-term External Borrowings	(1,368.2)	(63.6)	(4.6)	-	24.3	(1,412.1)
Long-term intercompany Borrowings	(4,340.3)	99.1	-	-	(185.3)	(4,426.5)
Total	**(5,666.1)**	**90.0**	**-**	**(23.9)**	**(250.0)**	**(5,850.0)**

14. Related party transactions

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

Name	Relationship
ABPA Holdings Limited	Immediate parent
ABP Finance Plc	Group undertaking
Associated British Ports Holdings Limited	Wholly owned subsidiary
Associated British Ports	Intermediate subsidiary

Notes to the financial statements

14. Related party transactions (continued)

The company has the following loans payable with the related parties:

Entity/item	Due date	Interest rate per annum	2022 £m	2021 £m
ABPA Holdings Limited	2028	2022: 4.23% per annum plus SONIA compounded; 2021: 4.23% per annum plus compounded SONIA; 3.95% per annum plus 6 month sterling LIBOR	**(416.0)**	(416.0)
ABPA Holdings Limited	2027	9.0%	**(724.8)**	(724.8)
ABPA Holdings Limited	2023	2.25% per annum plus 6 month sterling LIBOR; 2.96% per annum plus 6 month compounded SONIA	-	(60.4)
Interest accrued			**(2,621.8)**	(2,491.9)
			(3,762.6)	(3,693.1)

Entity/item	Due date	Interest rate per annum	2022 £m	2021 £m
ABP Finance Plc	2026	6.25%	**(500.0)**	(500.0)
ABP Finance Plc	2033	3m compounded SONIA plus margin	**(70.0)**	(70.0)
ABP Finance Plc	2022	3m compounded SONIA plus margin	-	(65.0)
ABP Finance Plc	2042	5.25%	**(50.0)**	(50.0)
ABP Finance Plc	2023	3.22%	**(59.6)**	(59.6)
ABP Finance Plc	2023	3.50%	**(59.0)**	(59.0)
Interest accrued			**(2.7)**	(2.0)
			(741.3)	(805.6)
Deferred borrowing costs			**2.5**	2.8
			(738.8)	(802.8)

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:

ABPA Holdings Limited	2022 £m	2021 £m
Intercompany borrowing at start of the year	**(3,693.1)**	(3,543.8)
Interest charged	**(308.4)**	(281.9)
Decrease/(increase) in payable	**60.4**	99.1
Non-cash movement in interest payable	**178.5**	33.5
Intercompany borrowing at end of the year	**(3,762.6)**	(3,693.1)

ABP Finance Plc	2022 £m	2021 £m
Intercompany borrowing at start of the year	**(805.6)**	(860.9)
Interest charged	**(43.0)**	(40.3)
Interest paid	**42.6**	40.2
Borrowings repaid	**64.9**	54.5
Foreign exchange gain	**-**	0.5
Non-cash movement in interest payable	**(0.2)**	0.4
Intercompany borrowing at end of the year	**(741.3)**	(805.6)

Notes to the financial statements

14. Related party transactions (continued)

The company also has current accounts with related parties. The following tables show the current account transactions that have been entered into by the company with related parties, together with period end balances, for the relevant financial year:

Associated British Ports	2022 £m	2021 £m
Intercompany payable at start of the year	-	35.2
Decrease in receivable	-	(35.2)
Intercompany payable at end of the year	-	-

Associated British Ports Holdings Limited	2022 £m	2021* £m
Intercompany payable at start of the year	**1,317.9**	1,277.0
Dividend	**(1,300.0)**	(200.0)
Decrease in receivables	**(43.1)**	(44.8)
Net cash paid	**251.0**	197.0
Interest charged – 6.9% per annum (2021: 6.9%)	**86.1**	88.7
Intercompany payable at end of the year[1]	**311.9**	1,317.9

[1] *Outstanding balance is repayable on demand.*

*Comparative amounts have been reclassified to conform to current presentation

15. Contingent liabilities

Contingent liabilities under claims, indemnities and guarantees:	2022 £m	2021 £m
Guarantees in respect of group borrowings	**738.8**	805.6
Guarantees in respect of undrawn group borrowings	**440.0**	510.0
Total cross guarantees by company	**1,178.8**	1,315.6
Company's guaranteed borrowings as set out in note 8	**1,669.1**	1,443.3
Total borrowings and undrawn facilities of group of which company is a member	**2,847.9**	2,758.9
Total borrowings of group of which company is a member	**2,407.9**	2,248.9
Total undrawn facilities of group of which company is a member	**440.0**	510.0
Total borrowings and undrawn facilities of group of which company is a member	**2,847.9**	2,758.9

As part of the security package for borrowing facilities, the company has granted a guarantee and fixed and floating security over its assets including over its shares in subsidiaries and various other assets.

16. 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

16. Subsidiary undertakings (continued)

	% held by Company
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
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

[1]Under the Transport Act 1981, Associated British Ports Holdings Limited, the company's immediate 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

16. Subsidiary undertakings (continued)

Subsidiary undertakings: Dormant	% held by Company
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
American Port Services Holdings Limited	100
Amports Cargo Services Limited	100
Amports Contract Personnel Limited	100
Amports Holdings Limited	100
Amports Vehicle Terminals Limited	100
Associated British Ports Investments Limited	100
Auto Shipping Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100
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.

17. Ultimate parent undertaking and controlling parties

The company is a private company limited by shares registered in England and Wales.

The immediate parent undertaking is ABPA Holdings Limited ("ABPAH"). ABPAH produces consolidated financial statements in accordance with UK adopted International Accounting Standards 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.

Notes to the financial statements

17. Ultimate parent undertaking and controlling parties (continued)

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 EU adopted International Financial Reporting Standards 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.

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

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 Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	**6.12**	**6.12**	**6.12**
	100.00	**100.00**	**100.00**

2021	**% 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
CPPIB (Hong Kong) Limited (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 GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	100.00	100.00

All share classes held by CPPIB (Hong Kong) Limited, a wholly-owned subsidiary of Canada Pension Plan Investment Board ("CPPIB"), were transferred to CPP Investment Board Private Holdings (6) Inc., also wholly-owned by CPPIB, on 30 April 2022, as part of an intragroup reorganisation. The transaction did not impact the percentage holdings of any other shareholder.