ABP FINANCE PLC

(Company Number 07847174)

ANNUAL REPORT AND ACCOUNTS 2022

ABP FINANCE PLC

ANNUAL REPORT AND ACCOUNTS 2022

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Strategic report

The directors present the strategic report for ABP Finance Plc for the year ended 31 December 2022.

Principal activity and strategy

The principal activity and strategy of the company is to act as a special purpose vehicle established for the purpose of raising publicly listed debt for the group headed by the company's immediate parent undertaking, ABPA Holdings Limited ("the group" and "ABPAH" respectively). The company has issued publicly listed debt on the Irish Stock Exchange, the proceeds of which are loaned to ABP Acquisitions UK Limited ("ABPA"), a fellow subsidiary undertaking of ABPAH. Debt is serviced by cash generated within the group headed by Associated British Ports Holdings Limited ("ABPH"), the immediate subsidiary undertaking of ABPA. ABPH's subsidiary undertakings include Associated British Ports, the group's principal operating subsidiary undertaking (ABPH and its subsidiary undertakings together form the "trading group").

Performance

The company recorded a loss for the year ended 31 December 2022 of £4.4m (2021: loss £3.2m) reflecting a net unrealised gain on derivatives at fair value through profit and loss of £1.7m (2021: loss of £11.6m), foreign exchange amounts due from a group undertaking of £nil (2021: loss £0.5m), and a net foreign exchange loss on public loans of £6.4m (2021: gain £9.5m).

As at 31 December 2022, the company had £747.3m (2021: £804.5m) of borrowings. The company generated net cash flows from operating activities of £nil (2021: £nil).

The primary driver of performance is the ability of the wider group's main trading group, headed by 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[2]	**349.8**	304.7

ABP Finance Plc	2022	2021
Long term credit rating		
Fitch	A-	A-
Moody's	Baa2	Baa2
Company outlook		
Fitch	Stable	Stable
Moody's	Stable	Negative

[1]*Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated in accordance with the definitions set out in the company's credit facilities and after excluding certain items*
[2]*Cash generated by operations (before outflows related to interest and income tax)*

Strategic report (continued)

Position at the end of the year
At 31 December 2022, the company had net liabilities of £1.1m (2021: net assets £3.3m).

Covenant compliance and headroom
The ABPAH group is subject to financial covenants which require the ratios of Consolidated Net Debt to Consolidated EBITDA and Consolidated EBITDA to Net Interest Payable to be lower and higher respectively than set limits documented in the group's credit facilities agreements. The company itself is not subject to covenant compliance requirements, but its results and financial position are included in the ABPAH group compliance requirements. The ABPAH group was in compliance with these set limits as at 31 December 2022 and had EBITDA headroom of £45.2m (12.9%) before reaching a trigger event, against the tightest covenant.

The group can access committed undrawn borrowings of up to £440.0m under its senior credit facilities (2021: £510.0m). These undrawn facilities can be utilised to fund working capital and capital expenditure of £280.0m (2021: £350.0m) and, in certain circumstances, debt service reserve liquidity facilities to cover annual interest costs of £160.0m (2021: £160.0m).

The group has current borrowing arrangements that provide the necessary funding to meet the present operational and growth requirements of the business.

Principal risks and uncertainties
The principal risks of the company are the timing of interest receipts and payments and repayment of principal at the end of the respective loan terms. The agreements between the company, holders of its publicly listed debt and its borrower are structured so that the company should not be exposed 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 9.

Financial risk management
The company's main financial risks are liquidity, interest rate, foreign exchange, credit and capital risk. Treasury matters for the company are controlled centrally by the group as set out in note 9.

Liquidity risk
Liquidity risk is principally managed by maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the company. As at 31 December 2022, the company had access to £41.0m (out of total liquidity facilities for the ABPAH group of £160.0m) of committed and undrawn borrowing facilities. These are renewed annually and are drawn with the cash ring-fenced for debt service if not renewed. Liquidity risk is managed by the wider group which has access to a further £280.0m of committed and undrawn borrowing facilities, which are available for a period of two to three years.

Management monitors rolling forecasts of the company and 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, interest rate exposure in relation to all of the company's external borrowings was fixed through the use of derivatives.

Strategic report (continued)

Principal risks and uncertainties (continued)

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 EUR140.0m in public notes 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. As such the exposure to credit risk is considered to be minimal.

Credit risk with banks and financial institutions is managed by the group. The group monitors the credit risk of current derivative counterparts, tracking credit default swap rates and credit ratings. Derivatives at the year end were all with counterparties with a credit rating of A3 or better. At the reporting date, derivative instruments are held at their fair value which reflects the expected future exposure to credit risk.

Capital risk
The company keeps its funding structure under review in order to fulfil its principal activity of financing the group owned by its fellow group undertaking, ABP Acquisitions UK Limited.

Trading company risks and uncertainties
The company's future viability and risk management are ultimately dependent upon the performance of the trading group owned by the company's immediate parent undertaking ABPAH and the ability of its ports and transport operations to generate cash flows.

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

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

- Tenant Loses Control of Operation: ABP's predominantly landlord-tenant operating model means that a high proportion of activities carried out across our ports are done so outside of ABP's direct control. These activities may include heavy industrial operations and the handling of dangerous cargoes such as ammonium nitrate. Consequently, there is a risk that a tenant, operating independently, experiences a fire or explosion on their site that results in harm to colleagues, or other port users, and prolonged business interruption at a port. In response, ABP has improved processes to ensure only tenants who can operate safely are onboarded and to assure ourselves of a tenant's compliance to their statutory and contractual obligations. Even with these control checks in place, ABP acknowledges that this will remain a significant risk to the business given the potential for a catastrophic health and safety outcome and the limited control ABP has at tenanted sites.

Strategic report (continued)

Trading company risks and uncertainties (continued)

- Fire/Gas/Explosion: With ABP's increasing involvement in operations, there is a risk of a fire or explosion on an ABP controlled site. Robust, proactive controls are in place which help to prevent this risk from materialising. These include fire and Dangerous Substances and Explosive Atmospheres Regulations ("DSEAR") risk assessments to identify potential hazards, cargo care measures and essential maintenance of plant and equipment. ABP colleagues are also trained to respond to an incident should it arise. Fire and Control of Major Accident Hazards ("COMAH") regulations awareness training are complemented by regular drilling of emergency plans, which involve local resilience forums and other key stakeholders. Undertaking 'lessons learned' and sharing best practice across the Group will continue to help to further improve ABP's controls, whilst audits are undertaken to verify the effectiveness of current controls.
- Workplace Transport Accident**:** This risk applies across all ABP's ports but has been highlighted as an especially high risk in the port of Southampton, due primarily to the very high volume of cruise passengers but also other port users. There are existing controls in place at the ports which help to mitigate the risk, including mobile speed cameras, segregation of plant and people, safe systems of work and training, with additional actions underway to further reduce this risk, including improving road conditions, improving telematics in ABP vehicles, fixed speed cameras and using CCTV with artificial intelligence.
- Physical Terrorist Attack: This risk applies across many of ABP's ports. The ports of Southampton and Plymouth are recognised as high risk locations due to their passenger operations whilst other ports are also potential targets for example given a number have within them COMAH sites. Controls are in place to help mitigate this risk; including access controls, fencing/barriers, CCTV and, where deemed necessary, additional security staff. ABP works closely with local resilience forums and emergency services.

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

The group's principal technological risk remains that of cyber-attack. A continuing trend in phishing scams and malicious software creation, and a global spike in cyber-attacks during the Covid-19 pandemic, means that ABP is at risk of an e-mail, web browser or internet based cyber-attack that could compromise the group's corporate computer system. ABP acknowledges that an in-depth, multi-layered defensive approach is essential to best protect against such attacks. As such, ABP continues to block e-mails and websites that may contain malware/viruses; has taken steps to encrypt and harden end-points against attack and has engaged a specialist security threat-hunting service to proactively monitor for attacks. ABP acknowledges the crucial role our people play in preventing an attack and therefore ensures that all staff receive annual awareness training. Extensive assurance work in 2021 and 2022 identified areas for controls improvement and in response a number of actions have been undertaken, with more planned, to mitigate this risk. Ongoing penetration testing to identify weaknesses in our network, and the removal of vulnerable legacy applications, continue to help ABP manage this risk.

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

Strategic report (continued)

Trading company risks and uncertainties (continued)

- Environment: Predicted long term changes to our climate and weather patterns, beyond those already being experienced, not only have the potential to directly further impact our operations but may also result in increasingly restrictive environmental legislation. The global drive towards decarbonisation also poses challenges for ABP and our customers in the timeframe considered. In response to these challenges ABP launched its Sustainability Strategy on 28 February 2023.
- Public Policy and Regulation: ABP recognises that both the maritime industry and key sectors of ABP's business are susceptible to changes in public policy, regulatory requirements and government support.
- Technology, Innovation and Competition: ABP must keep pace with technological change to remain competitive and to keep port users and assets safe and secure. ABP also acknowledges that as our economy becomes more technology-focussed, competition for certain skills will intensify.

Employee involvement

The company does not have any employees.

Future outlook

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

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 operations. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary.

Lenders and Credit Ratings Agencies

Key stakeholders for the company are its lenders and credit rating agencies. The company raises debt through public capital markets issuances. The Board recognises the importance of providing lenders and credit rating agencies with information to ensure they are kept up to date with the development, growth and strategy of the business and that the benefits of lending to the company continue to be recognised.

Lenders are provided with regular information on the company and 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 and credit rating agencies through annual updates as well as regular calls and meetings as required. This engagement enables the company to continue to develop positive relationships with these key stakeholders 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.

By Order of the Board

MM Wyatt
Director
27 April 2023

Directors' report

The directors present the report and the audited accounts of ABP Finance Plc (number 07847174) for the year ended 31 December 2022.

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

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

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

Pedersen, HL	
Wyatt, MM	
Wilmington Trust SP Services (London) Limited	
Kennedy, SR	(alternate to HL Pedersen and MM Wyatt)

Directors' indemnities
ABP (Jersey) Limited ("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.

Going Concern
The directors have carried out a review, including consideration of appropriate forecasts and sensitivities and taking into consideration the impact of climate change, which indicates that the company will have adequate resources to continue to trade for the foreseeable future. Further information on the going concern basis of accounting is set out in note 1 to the accounts.

Directors' report (continued)

Internal control and risk management systems relating to the financial reporting process

The financial reporting processes for the company are controlled centrally by the group owned by ABPJ. The key components of the group's system of internal control and risk management in relation to the financial reporting process are described below.

The group has in place clearly defined lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure. The Chief Executive Officer and Executive Team regularly review and discuss particular issues affecting each business unit, including their major risks. The group maintains annual planning and management reporting systems and processes. A detailed annual budget is prepared in advance of each year and supplemented by revised forecasts during the course of the year. In addition, the group prepares a five-year strategic plan. Actual financial results are reported monthly and compared to budget and prior-year results. The annual financial statements of the group are reviewed by the Audit and Risk Committee of Associated British Ports Holdings Limited (a fellow group undertaking).

The Audit and Risk Committee receives reports from management and the external auditors regarding all matters pertinent to the financial statements including significant judgements and any changes in accounting policies and estimates.

The group's internal audit function supports the directors in assessing the effectiveness of internal financial controls through a pre-agreed audit programme. Where control weaknesses are identified, corrective action is taken.

Matters disclosed in the strategic report

The directors consider the following matters of strategic importance and have chosen to disclose them 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.

Auditor re-appointment

In accordance with s.489 of the Companies Act 2006, the auditor of the company, Ernst & Young LLP, will be proposed for re-appointment at the 2023 annual general meeting of 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

Angela Morgan

AM Morgan
Secretary
25 Bedford Street
London, WC2E 9ES
27 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 United Kingdom 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 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, financial position and profit or loss of the company for that period. In preparing the 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 IASs 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 IASs 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 FINANCE PLC

Opinion

We have audited the financial statements of ABP Finance Plc (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, Statement of Cash Flows, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 13, 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 loss 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 as applied to listed public interest entities, 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the ABP (Jersey) Limited ('the Ultimate Parent Company' and together 'Group') financial statement close process, we confirmed our understanding of the Group's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment, the period chosen by management was the 18-month period ended 30 June 2024;
- We obtained management's going concern assessment, including the Group's cashflow forecasts and the Group's forecast covenant compliance calculations on the external borrowings for the going concern review period. We obtained a letter of support from the Ultimate Parent company covering the period to 30 June 2024. The Group headed by the Ultimate Parent company has modelled an adverse scenario in their cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity and covenant compliance of the Group;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP FINANCE PLC (continued)

Conclusions relating to going concern (continued)

- We have tested the factors and assumptions included in the modelled scenario and the adverse scenario for the cashflow forecasts and forecast covenant calculations. We considered the appropriateness of the methods used to calculate the cashflow forecasts and forecast covenant compliance and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate to be able to make an assessment for the company and the wider Group. We performed reverse stress testing to ascertain the headroom within the forecast covenant compliance and also to exhaust liquidity, and considered whether factors or circumstances could plausibly arise that could lead to a breach of loan covenants or to exhaust liquidity; and

- We considered the mitigating factors included in the cashflow forecasts and forecast covenant compliance calculations that are within control of the Group. This included reviewing of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required. We also agreed credit facilities available to the Group to loan agreements and confirmations obtained from lenders.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Overview of our audit approach

Key audit matters	• Recoverability of amounts due from group undertakings.
Materiality	• Overall materiality of £3.7m which represents 0.5% of gross assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

Climate change

Stakeholders are increasingly interested in how climate change will impact ABP Finance Plc. The company has determined that the most significant future impacts from climate change relate to its reliance on the wider group headed by the Ultimate Parent Company for financial support and on the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP FINANCE PLC (continued)

Climate change (continued)

recoverability of the amounts loaned to fellow group companies. Future impacts are expected to arise from changes to weather patterns and legislation / regulation which may require additional capital expenditure to be incurred by the wider group to adapt to climate change. However, these risks are considered to be medium to long term in nature and fall well beyond the going concern review period considered by management. The potential impact on the recoverability of amounts loaned to fellow group companies is considered further below.

In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate change risk. For the company this primarily relates to the effect climate change risk may have on the recoverability of the amounts due from Group undertakings referred to further below in our audit opinion. As part of this evaluation, we performed our own risk assessment and assessed the risk that climate change may have on the future cashflows that the group companies have available to repay the debts to the company. Our assessment primarily focused on the risk of flooding of the wider group's port facilities and the ability of the group to increase capital expenditure to mitigate the effects of climate change. With the exception of one loan for £50m due in 2042, the amounts recoverable from fellow group companies are due for repayment between 2023 and 2033, the effects of climate change are not expected to have a significant impact on the group to which funds have been loaned over this period. We assessed the conclusion that no issues were identified that would impact the carrying values of assets included within the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP FINANCE PLC (continued)

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recoverability of amounts due from group undertakings net of provision for expected credit loss £740.1m, (2021: £804.1m) *Refer to the Accounting policies (page 21); and Note 6, 9 and 12 of the Financial Statements (page 29, 35 and 37 respectively)* The company has amounts of £740.1m (2021: £804.1m) due from group undertakings. The principal and interest on which is the source from which the company meets its financing obligations. The primary driver of recoverability of these amounts is the ability of the wider ABP (Jersey) Limited Group to generate cash flows. Please refer to going concern note 1 in the basis of preparation, that discusses the group and its ability to continue to generate cashflows to support the recoverability of amounts due to the company and of its going concern.	• We obtained the Group's five-year earnings and cashflow forecasts and longer-term growth assumptions. • We considered management's assessment of the cashflow generating ability of the Group indicated by those forecast earnings. We considered sensitivities, in particular the discount rate and long-term growth rates used in the forecasting. • Management additionally prepared an adverse scenario for covenant testing and for going concern purposes. We obtained an understanding of the process followed by Group management to make its going concern assessment. • We challenged management on the appropriateness of the key assumptions underlying the forecasts, being: the discount rate and the growth rates. We did so in the context of our knowledge of the business, historical performance and the position of the business at the year end. We considered their reasonableness in the context of other supporting evidence gained from our audit work. We have benchmarked assumptions incorporated in the financial model to forecast market data obtained from reliable external sources. • We reviewed the Group's forecast cash flows including assessing management's ability to access future financing to maintain healthy liquidity. We evaluated the appropriateness of management's stress test scenario and their impact on the cashflow/liquidity position of the wider Group and on forecast loan covenant compliance.	We communicated in our Audit Committee results report that the wider Group is reasonably forecast to be sufficiently cash generative to support management's going concern assessment and the fact that goodwill is not impaired. Accordingly, we concluded that the cash generation from the future operations of the wider Group supports the recoverability of the amounts due from group undertakings.

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We performed our own scenario analysis using a number of alternative assumptions to assess the reasonableness of management's assessment. • We assessed the historical accuracy of management's past forecasts. • We obtained a parental letter of support confirming that the Ultimate Parent Company will provide support from the date of approval of the balance sheet until 30 June 2024. • We reviewed the performance of the Group in the period since the year end to assess whether the key assumptions and judgements used in the forecasts remained valid. We have also obtained management's assessment of the expected credit losses of the amounts due from group undertakings and have performed the following procedures to audit the expected credit loss calculations: - • Obtained an understanding of the methodology used by management. • Tested the data inputs into the model used in applying the methodology adopted and assessed for reasonableness. • Tested the completeness of the receivable balance included in the model by reconciling the receivable balance to the value included in the model. • Reviewed and challenged the key assumptions in the model applied to determine probability of default and loss given default, including considering credit rating agency reports on the Group.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP FINANCE PLC (continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £3.7 million (2021: £4.1 million), which is 0.5% (2021: 0.5%) of gross assets. We believe that gross assets provides us with the most appropriate basis for determining materiality given that key users of the company's financial statements are primarily focused on the balance sheet of the company and the recoverability of the amounts owed by fellow Group companies.

During the course of our audit, we reassessed initial materiality and concluded it was still appropriate.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £2.8m (2021: £3.0m). We have set performance materiality at this percentage due to lack of expected misstatements, both corrected and uncorrected.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee of the wider ABP Group that we would report to them all uncorrected audit differences in excess of £0.2m (2021: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 FINANCE PLC (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 9, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP FINANCE PLC (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company 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 Finance Plc 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. 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 non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance 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 FINANCE PLC (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.

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

Income statement for the year ended 31 December

	Note	2022 £m	2021* £m
Administrative income/(expenses)	2	**0.3**	(0.6)
Finance costs	4	**(43.4)**	(42.3)
Finance income	4	**43.4**	42.3
Profit/(loss) after realised finance costs		**0.3**	(0.6)
Net unrealised gain/(loss) on derivatives at fair value through profit and loss and foreign exchenge	4	**(4.7)**	(2.6)
Loss before taxation		**(4.4)**	(3.2)
Taxation charget	5	-	-
Loss for the year attributable to equity shareholder		**(4.4)**	(3.2)

*Comparative amounts have been reclassified to conform to current presentation

All results are derived from continuing operations in the United Kingdom. The company's activities comprise a single operating segment in accordance with the principles in IFRS 8.

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 loss for the year.

Balance sheet as at 31 December

	Note	2022 £m	2021 £m
Assets			
Non-current assets			
Derivative financial instruments	8	**-**	2.9
Group and other receivables	6	**618.8**	736.9
		618.8	739.8
Current assets			
Derivative financial instruments	8	**4.3**	0.6
Group and other receivables	6	**122.2**	68.3
Cash and cash equivalents		**-**	-
		126.5	68.9
Total assets		**745.3**	808.7
Liabilities			
Current liabilities			
Borrowings	7	**(127.3)**	(68.3)
Derivative financial instruments	8	**-**	(0.9)
		(127.3)	(69.2)
Non-current liabilities			
Borrowings	7	**(619.1)**	(736.2)
		(619.1)	(736.2)
Total liabilities		**(746.4)**	(805.4)
Net (liabilities)/assets		**(1.1)**	3.3
Shareholders' (deficit)/equity			
Share capital	10	**0.1**	0.1
Retained earnings		**(1.2)**	3.2
Total shareholders' (deficit)/equity		**(1.1)**	3.3

The financial statements were approved by the Board and signed on its behalf on 27 April 2023 by:

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	11	**-**	-
Interest paid		**(43.3)**	(42.4)
Interest received		**43.3**	42.4
Net cash flow from operating activities		**-**	-
Financing activities			
Repayment of Borrowings		**(65.0)**	(55.0)
Repayment from loans advanced		**65.0**	55.0
Cash flow from financing activities		**-**	**-**
Cash and cash equivalents at 1 January		**-**	-
Cash and cash equivalents at 31 December		**-**	-

*Comparative amounts have been reclassified to conform to current presentation

Statement of changes in equity for the year ended 31 December

	Share Capital (Note 10) £m	Retained earnings £m	Total £m
At 1 January 2021	0.1	6.4	6.5
Loss for the year	-	(3.2)	(3.2)
At 31 December 2021	**0.1**	**3.2**	**3.3**
Loss for the year	-	(4.4)	(4.4)
At 31 December 2022	**0.1**	**(1.2)**	**(1.1)**

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and on 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. Where current presentation has been changed to aid understanding of the financial statements the comparatives have been reclassified to follow the new presentation.

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. In particular the directors have considered the following:

- The company has net current liabilities of £0.8m including amounts due from group undertakings of £121.4m and external borrowings of £127.3m
- The group has net liabilities of £1.1m, including amounts due from group undertakings of £741.3m and external borrowings of £747.3m

The company's viability is ultimately dependent on the performance of the wider trading group owned by the company's immediate parent undertaking, ABPA Holdings Limited ("ABPAH"), and group managements's decisions on the flow of capital. 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 to 30 June 2024.

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 16 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 group has debt falling due for repayment during the period to 30 June 2024 of £420m, including £328.4m included in current liabilities. The group plans to raise additional debt to repay the maturing facilities and is confident of doing so given the group's strong track record of refinancing its debt facilities over time. £100m has already been refinanced in 2023. However, in the unlikely event that the group 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. Further, the group would also consider delaying interest payments to shareholders if required to maintain a sufficient liquidity buffer to mitigate unexpected events. There is no indication that the company will not be able to recover the sum due from its fellow group undertaking before it has to pay its debts due to the external noteholders of the company.

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 with UK adopted International Accounting Standards ("IAS").

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 loans 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 losses of £0.5m 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 financing activities of the statement of cashflows. 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 these 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 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. There are no key estimates.

Estimates

Estimates made in applying these policies relate to:

- The valuation of derivatives - notes 8 and 9; and
- The calculation of expected credit losses ("ECLs") on group receivables – note 6.

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:

Notes to the financial statements

1. Accounting policies (continued)

1.3 Estimates, judgements and assumptions (continued)

Credit risk of financial assets

The company's main transactions each year, which are controlled in conjunction with the rest of the group, relate to interest accrual, receipt and payment. Ultimate realisation of principal balances depends on the performance of ABPA Holdings Limited's ("ABPAH") underlying trading group and the ability of the ports and transport operations to generate cash flows. As such, management considers the overall group performance to be an adequate indicator of credit quality of each group company. Therefore, when calculating Expected Credit Losses relating to group receivables, as described above, management have made the judgement that the probability of default of each group company is the same as for the group as a whole, given the close interdependencies between each group company. The other factors that are considered when assessing whether the credit risk of the group companies has deteriorated include, but are not limited to, the following:

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

For the year ended 31 December 2022 the ABPAH group had consolidated EBITDA, calculated in accordance with the group's credit facilities, as disclosed in the strategic report of £349.5m and cash generated by operations of £349.8m. The group's strategic plan indicates that a strong performance is forecast to continue in the future. Further attention is drawn to the company's and group's approach to risk and capital management which is set out in the company's strategic report. Therefore, management have made the judgement that the credit quality of the group, and the individual group companies, has not significantly deteriorated and group receivables continue to qualify as Stage 1 financial assets for which 12-month ECL has been estimated.

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

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 company'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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for ECLs. At each reporting date, the company performs an impairment analysis for all group and other receivables to measure the allowance for 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 default events 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.

Movements in the provision for ECLs of receivables are recorded within administrative expenses.

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the company has transferred substantially all the risks and rewards of the asset; or
  b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability 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 derecognition 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 derecognition 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.

Notes to the financial statements

1. Accounting policies (continued)

1.4 Significant accounting policies (continued)

Financial instruments (continued)

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. In line with its status as a special purpose vehicle set up to provide financing for the ABP Acquisitions UK Limited ("ABPA") group and in line with the intercompany agreements, transaction costs are borne by ABPA.

Derivative financial instruments utilised by the company comprise cross currency interest rate swaps. All such instruments are used for hedging purposes (albeit they are not 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.

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 income statement in the period in which they arise.

Notes to the financial statements

2. Administrative (income)/expenses

Administrative (income)/expenses is stated after (crediting)/charging:

	2022 £m	2021 £m
Expected credit loss of group and other receivables	**(0.3)**	0.6

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

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**18**	15

3. Directors and employees

Wilmington Trust SP Services (London) Limited, a corporate director of the company, receives an annual fee of £7,420 (2021: £7,162) plus VAT, paid quarterly in advance.

With the exception of Wilmington Trust SP Services (London) Limited, the directors of ABP Finance Plc were directors of a number of companies within the ABPA Holdings Limited ("ABPAH") group. 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 costs/(income)

	2022 £m	2021* £m
Interest on public loan notes	**43.1**	42.0
Amortisation of borrowing costs and discount on issue	**0.2**	0.2
Other finance costs	**0.1**	0.1
Finance costs on financial assets and liabilities held at amortised costs	**43.4**	42.3
Interest on amounts due from parent undertaking held at amortised cost	**(43.0)**	(40.3)
Other finance income	**(0.2)**	(0.3)
Interest income on derivatives at fair value through profit and loss	**(0.2)**	(1.7)
Finance income	**(43.4)**	(42.3)
Foreign exchange losses/(gains)	**6.4**	(9.0)
Net unrealised (gain)/loss on derivatives at fair value through profit and loss	**(1.7)**	11.6
Total unrealised losses	**4.7**	2.6
Net finance costs	**4.7**	2.6

* Comparatives have been reclassified to conform to current presentation

Notes to the financial statements

5. Taxation

Analysis of charge/(credit) for the year	2022 £m	2021 £m
Current year tax	-	-
Taxation	-	-

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

The taxation charge is higher (2021: higher) than the standard rate of taxation in the UK of 19% (2021: 19.0%). The differences are explained below:

	2022 £m	2021 £m
Loss before taxation	**(4.4)**	(3.2)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**(0.8)**	(0.6)
Effects of:		
Expenses not deductible for tax	**0.8**	0.6
Total tax for the company	-	-

Effective tax rate	**0.0%**	0.0%
Total tax (credit)/charge for the group	-	-
Effects of permanent differences:		
Other non-qualifying	**(0.8)**	(0.6)
Tax (credit)/charge for the group after removing permanent differences	**(0.8)**	(0.6)
Tax rate after permanent differences	**19.0%**	19.0%

The company is resident in the UK for corporation tax purposes.

The company is taxed in accordance with Statutory Instrument No. 3296, The Taxation of Securitisation Companies Regulations 2006. As such, the normal rules by which a company calculates the profits which are subject to corporation tax are not followed and instead tax is simply charged on the profits “retained” by the Issuer. Retained profits of a securitisation company for an accounting period is the amount required by the capital market arrangement or related transaction to be retained, made available to be retained, or designated as profits of the securitisation company. Under the arrangements the company is party to, this amount is a profit of £3,000. The company’s tax liability is therefore calculated by reference to this figure.

Notes to the financial statements

6. Group and other receivables

	2022 £m	2021 £m
Non-current		
Loans due from group undertakings	**619.1**	737.5
Expected credit losses on group receivables	**(0.3)**	(0.6)
Total non-current trade and other receivables	**618.8**	736.9
Current		
Loans due from group undertaking	**118.6**	64.9
Accrued interest on loans due from group undertaking	**2.7**	2.3
Interest receivable on cross currency swaps	**0.9**	1.1
Total current trade and other receivables	**122.2**	68.3

Amounts due from group undertaking and current accrued interest thereon relate to loans to ABP Acquisitions UK Limited ("ABPA") and a current account with ABPA. Further details of the amounts due from group undertaking are disclosed in note 12.

Amounts due from group undertaking 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 have concluded an allowance for impairment of £0.3m (2021: £0.6m) has been recognised.

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 0.07% (2021: 0.12%), and the Loss Given Default ("LGD"), also based on industry averages, which for 2022 meant a LGD of 60% (2021: 60%). An increase in the PD of 0.5% pts would increase the ECL by £3.4m (2021: of £2.4m). Additionally, an increase in the LGD of 10% pts would increase the ECL by £0.5m (2021: of £0.1m).

The loans are secured over all of the investments owned by the group of the company's immediate parent undertaking, ABPA Holdings Limited. In the case of Associated British Ports Holdings Limited the security relates to the ownership rights over Associated British Ports.

Disclosure of the financial risks related to these financial instruments is set out in note 9.

With the exception of part of the interest receivable on derivatives which is denominated in EUR there are no receivables of the company that are denominated in foreign currency. The company does not hold any collateral as security

Notes to the financial statements

7. Borrowings

Borrowings	2022 £m	2021 £m
Current		
Public loan notes	**123.8**	64.9
Interest due on public loan notes	**3.5**	3.4
Total current borrowings	**127.3**	68.3
Non-current		
Public loan notes	**619.1**	736.2
Total non-current borrowings	**619.1**	736.2

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

Public loan notes Facility type	Due date	Rate per annum	2022 £m	2021 £m
GBP note	2026	6.25%	**500.0**	500.0
GBP note	2033	3m compounded SONIA plus margin	**70.0**	70.0
GBP note	2022	3m compounded SONIA plus margin	**-**	64.9
GBP note	2042	5.25%	**50.0**	50.0
EUR note	2023	3.22%	**61.9**	58.7
EUR note	2023	3.50%	**61.9**	58.7
Discount on issue			**(0.9)**	(1.2)
Public loan notes			**742.9**	801.1

Net accumulated foreign exchange loss of £5.2m (2021: gain £1.2m) have been allocated against the relevant public loan notes in the table above to show the carrying value of the notes.

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, the Associated British Ports ownership rights).

Disclosure of the financial risks related to these financial instruments is set out in note 9.

Notes to the financial statements

8. Derivative financial instruments

The company uses derivatives to manage its exposure to various fixed 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.

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

Derivative finiancial instruments	Expiry	Notional	Net amounts of financial assets presented in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
2022		**£m**	**£m**	**£m**
At fair value through profit and loss:				
Cross currency interest rate swaps - pay floating, receive fixed (GBP/EUR)	2023	118.6	4.3	**-**
Net amount			**4.3**	-

	Expiry	Notional	Net amounts of financial assets presented in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
2021		**£m**	**£m**	**£m**
At fair value through profit and loss: Cross currency interest rate swaps - pay floating, receive fixed (GBP/EUR)	2023	118.6	3.5	(0.9)
Cross currency swaps not offset in the balance sheet			(0.9)	0.9
Net amount			2.6	-

Notes to the financial statements

8. Derivative financial instruments (continued)

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

Derivative finiancial instruments	2022 £m	2021 £m
Current assets	**4.3**	0.6
Non-current assets	-	2.9
Total assets	**4.3**	3.5
Current liabilities	-	(0.9)
Total liabilities	-	(0.9)

The effective fixed interest rate receivable by the company on the cross currency interest rate swaps notional amount matches the fixed rates on the EUR public loan notes set out in note 7. 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 9.

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.

Below is a comparison, by class, of the carrying amounts (book value) 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 instruments	**Book value £m**	**Fair value £m**	**Book value £m**	**Fair value £m**
Financial assets: Amounts due from group undertaking - fixed rate	**550.0**	**553.7**	550.0	668.3
Financial liabilities: Public loan notes - fixed rate	**(673.8)**	**(676.8)**	(667.4)	(792.1)

The terms of the amounts due from group undertaking are set out in note 12. The terms of the fixed rate public loan notes are set out in note 7.

Notes to the financial statements

9. Financial instruments (continued)

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

- The fair value of cash and cash equivalents, current loans and other receivables and current borrowings approximates to their carrying amounts due to the short-term maturities of these instruments;
- The fair value of floating rate amounts due from group undertaking and public loan notes approximates to their carrying value as they bear interest at a rate linked to SONIA and there have been no significant changes in credit risk, as described in the strategic report, since the issue of the instruments. A cash flow projection approach has been used with reference to observed market returns and accords to Level 2 in the fair value hierarchy;
- The fair value of fixed rate public loan notes has been based on the market price, corresponding to Level 1 in the fair value hierarchy;
- The fixed rate amounts due from group undertaking are on equivalent terms to the fixed rate notes issued by the company. The fair value has been based on the market price of the corresponding liability and accords to Level 2 in the fair value hierarchy; 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"), a fellow group 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.

Liquidity risk

Liquidity risk is managed by the wider group 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.

Notes to the financial statements

9. Financial instruments (continued)

Financial risk management (continued)

Liquidity risk (continued)
The table below analyses the undiscounted contractual payments of the company's financial liabilities including associated interest payable. The table excludes gross settled derivative financial instruments and the associated interest payable, which are further disclosed below.

Fiancial liabilities undiscounted contractual payments	2022 £m	2021 £m
Not later than one year	**166.4**	107.5
More than one year but not more than two years	**38.8**	157.8
More than two years but not more than five years	**584.5**	609.1
More than five years	**183.7**	107.2
Total contractual payments	**973.4**	981.6

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

Interest on the floating rate notes is payable quarterly, on the fixed rate notes semi-annually, and on the foreign currency fixed rate notes annually.

The table below analyses the company's derivative financial instruments and interest receivable 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 cross currency interest rate swaps is payable semi-annually and receivable annually. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022		2021	
Gross settled derivatives	**Total Outflows £m**	**Total Inflows £m**	**Total Outflows £m**	**Total Inflows £m**
Cross currency interest rate swaps				
Not later than one year	**(124.5)**	**129.5**	(3.3)	4.0
More than one year but not more than two years	**-**	**-**	(121.5)	124.5
Total cross currency interest rate swaps	**(124.5)**	**129.5**	(124.8)	128.5

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:

Undrawn borrowing facilities	2022 £m	2021 £m
Expiring in:		
More than five years	**41.0**	41.0
Undrawn borrowing facilities	**41.0**	41.0

Notes to the financial statements

9. Financial instruments (continued)

Financial risk management (continued)

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

Interest rate risk
Risks arising from changes in interest rates are managed by maintaining an appropriate balance between fixed and floating rate debt. The company uses derivative instruments, such as cross currency interest rate swaps, when appropriate, to economically hedge against changes in interest rates and to adjust the balance between fixed and floating rate debt. At 31 December 2022, interest rate exposure in relation to all of the company's borrowings was fixed through the use of derivatives.

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 equity of changes in interest rates and foreign currency exchange rates:

	2022		**2021**	
Financial liabilities	**Loss before tax £m**	**Equity £m**	**Loss before tax £m**	**Equity £m**
Interest rate sensitivities				
1% increase in interest rates - EUR	**0.7**	**0.7**	-	-
1% decrease in interest rates - EUR	**0.6**	**0.6**	-	-
Foreign exchange rate sensitivities				
10% increase in Sterling to EUR	**0.5**	**0.5**	(0.7)	(0.7)
10% decrease in Sterling to EUR	**0.9**	**0.9**	0.8	0.8

Credit risk
Given the counterparties of loans and other receivables, as set out in note 6, and the security provided under intra-group borrowing arrangements, the directors consider the company's exposure to credit risk to be minimal. An impairment analysis is performed at each reporting date to determine the expected credit losses ("ECLs"). 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 directors determined that the allowance for ECLs as at 31 December 2022 is £0.3m (2021: £0.6m). The maximum exposure to credit risk at the reporting date for loans and other receivables is the fair value of each class of receivable.

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

Notes to the financial statements

9. Financial instruments (continued)

Financial risk management (continued)

Capital risk
The company keeps its funding structure under review in order to fulfil its principal activity of financing the group owned by its fellow group undertaking, ABP Acquisitions UK Limited ("ABPA").

The company holds loan balances with external lenders and with ABPA, which has the same immediate parent undertaking as the company, ABPA Holdings Limited ("ABPAH"). These balances were created as part of the acquisition of Associated British Ports Holdings Limited and subsequent refinancing of the ABP (Jersey) Limited group. Both receivables and payables are designed to be on equivalent terms so that the company's cash flows relating to external loan and hedging transactions are matched (on aggregate) by subsequent arrangements with ABPA. The company's main transactions each year, which are controlled in conjunction with the rest of the group, relate to interest accrual, receipt and payment.

Ultimate realisation of principal balances depends on the performance of ABPAH's underlying trading group and the ability of the UK-wide ports and transport operations to generate cash flows.

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

ABPAH is subject to certain covenant threshold requirements under a Common Terms Agreement for all group borrowings. All covenants have been tested and complied with by ABPAH as at 31 December 2022. Further details can be found in the strategic report.

10. Share capital

Share capital issued and fully paid	2022 £m	2021 £m
50,000 (2021: 50,000) ordinary shares of £1.00 each	**0.1**	0.1

11. Cash flow reconciliations

Reconciliation of loss before taxation to cash generated by operations:	2022 £m	2021* £m
Loss before taxation	**(4.4)**	(3.2)
Finance costs	**43.4**	42.3
Net unrealised foreign exchange loss	**6.4**	(9.0)
Net unrealised (gain)/loss on derivatives at fair value through profit and loss	**(1.7)**	11.6
Finance income	**(43.4)**	(42.3)
Operating cash flows before movements in working capital	**0.3**	(0.6)
Provision for expected credit losses	**(0.3)**	0.6
Cash generated by operations	**-**	-

*Comparative amounts have been reclassified to conform to current presentation

Notes to the financial statements

11. Cash flows reconciliations (continued)

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

2022	At 1 January (liability)/asset £m	Cash flows £m	Foreign exchange gain/(loss) £m	Fair value decrease £m	Other Changes £m	At 31 December (liability)/asset £m
Cross currency swaps	2.6	-	6.4	(4.7)	-	4.3
Current external borrowings	(64.9)	65.0	(0.1)	-	(123.8)	(123.8)
Non Current external borrowings	(736.2)	-	(6.3)	-	123.4	(619.1)
Total	**(798.5)**	**65.0**	**-**	**(4.7)**	**(0.4)**	**(738.6)**

2021	At 1 January (liability)/asset £m	Cash flows £m	Foreign exchange gain/(loss) £m	Fair value decrease £m	Other Changes £m	At 31 December (liability)/asset* £m
Cross currency swaps	14.1	-	(8.5)	(3.0)	-	2.6
Current external borrowings	(55.0)	55.0	-	-	(64.9)	(64.9)
Non Current external borrowings	(809.6)	-	8.5	-	64.9	(736.2)
Total	**(850.5)**	**55.0**	**-**	**(3.0)**	**-**	**(798.5)**

*Comparatives have been reclassified to conform to current presentation

Other changes relate to non-cash movements, reclassification of balances between non-current and current and amortisation of deferred borrowing costs.

12. Related party transactions

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

Name	Relationship
ABP Acquisitions UK Limited	Fellow group undertaking

Notes to the financial statements

12. Related party transactions (continued)

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

Entity/item	Due date	Rate per annum	2022 £m	2021 £m
ABP Acquisitions UK Limited	2026	6.25%	**500.0**	500.0
ABP Acquisitions UK Limited	2033	3m compounded SONIA plus margin	**70.0**	70.0
ABP Acquisitions UK Limited	2022	3m compounded SONIA plus margin	**-**	64.8
ABP Acquisitions UK Limited	2042	5.25%	**50.0**	50.0
ABP Acquisitions UK Limited	2023	3.22%	**59.6**	59.6
ABP Acquisitions UK Limited	2023	3.50%	**59.0**	59.0
Interest accrued			**2.7**	2.4
			741.3	805.8
Discount on issue			**(0.9)**	(1.2)
			740.4	804.6

The following table shows the loan transactions that have been entered into by the company with ABP Acquisitions UK Limited, together with period end balances, for the relevant financial year:

ABP Acquisitions UK Limited	2022 £m	2021 £m
Intercompany receivable at start of the year	**805.8**	860.9
Interest charged	**43.0**	40.3
Interest received	**(42.6)**	(40.4)
Repayment of loan	**(64.9)**	(54.5)
Foreign exchange loss	**-**	(0.5)
Intercompany receivable at end of the year	**741.3**	805.8

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

ABP Acquisitions UK Limited	2022 £m	2021 £m
Intercompany receivable at start of the year	**0.1**	0.1
Intercompany receivable at end of the year	**0.1**	0.1

13. Ultimate parent undertaking and controlling parties

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

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

13. 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 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.

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.