ASSOCIATED BRITISH PORTS

(Company Number ZC000195)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

ASSOCIATED BRITISH PORTS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

Strategic report

The directors present the strategic report of Associated British Ports for the year ended 31 December 2024.

1. Principal activities

The principal activities of Associated British Ports (“ABP”) comprise the ownership, operation and development of port facilities and the provision of related services in the United Kingdom (“UK”).

The company owns 21 general cargo ports around the UK and provides facilities (principally land, quays, storage sheds and warehouses, cargo handling equipment and access to open water) and services (including stevedoring, warehousing and bagging) to users of its ports in the form of contracts with customers and rental income from investment properties.

2. Development and performance of the business

2.1 Health and Safety

Health and safety (H&S) remains a core value and the ABP Board are fully committed to providing safe workplaces and effectively managing risks. Over the last year the company has continued to develop and build H&S capability and consistency, and a risk review has been completed to identify and agree ABP’s strategic 5-year H&S objectives.

This focus on identifying existing and emerging risks and driving risk reduction strategies forms the basis for the next 5-year plan. This is supported by continuing to embed H&S leadership at every level across the business supported by continuous improvement of safety communications, training, engagement and consultation.

Although ABP has had safety management systems in place for many years we constantly strive to improve. Work on the review and enhancement of existing safety standards and procedures has continued; the alignment of our safety management systems with ISO 45001 and implementation of digital H&S systems are key deliverables for 2025 and beyond.

ABP continues to utilise a range of metrics to measure, report on and improve H&S performance. Performance for 2024 against the company’s primary H&S metric is detailed below:

	Target	2024	2023	Change from 2023
Number of accidents resulting in lost working time (lost time incidents)	<9	5	5	0%

Overall ABP’s safety performance remains strong compared to the wider port and comparable industry sectors, but despite the organisation-wide emphasis on H&S the number of lost time incidents (LTIs) in 2024 remained static against prior year. Slip, trip and fall, and manual handling incidents remain the leading cause of injuries. This trend reflects industry wide experience, although the severity of LTIs remains low.

Moving forwards ABP is additionally implementing a serious injury and fatality (SIF) potential programme to ensure that incidents and events which have low frequency or likelihood but high potential consequences are effectively identified and addressed.

The H&S function report regularly to the Executive, Harbour Authority and Safety Board and major risk group on safety performance, emerging risks and H&S developments.

Strategic report (continued)

2. Development and performance of the business (continued)

2.1 Health and Safety (continued)

The Marine Accident Investigation Board (MAIB) investigation into the fatal incident involving the ABP pilot in the Humber in January 2023 is ongoing. The draft report from the MAIB is expected in Spring 2025. ABP remain committed to learning from the incident investigation once issued and, in the interim, have been active in enhancing medical checks for our pilots.

ABP’s employment engagement continues to rate H&S as the highest scoring area within the survey, but the H&S, Communications and Academy teams are continuing to work in partnership to develop and deliver further initiatives, engagement events and training courses.

The company’s Beyond Zero programme, focused on behavioural safety and everyone going home safe and well at the end of every shift, has continued, maintaining 100% attendance (barring absences such as maternity leave). In addition to online training events through the second half of 2024 the Beyond Zero training has included safety conversations held within the workplace to support and reinforce the Beyond Zero messaging.

The company continues to maintain a secure environment for ABP and its port users to carry out their business, ensuring that people and assets are protected. Breaches of security and illegal activities are not tolerated anywhere on ABP ports, and the company works closely with local Police and other agencies to deter, delay, detect and respond to security threats.

2.2 Financial performance and KPIs

The following KPIs are considered by the Board of Associated British Ports, to provide a good representation of the performance of the business:

- Tonnage and unitised volumes indicate the level of cargo throughput at the group’s ports which is a key driver of revenue;
- Passenger volumes is an indication of the level of cruise activities at the group’s ports. Passenger numbers will have an impact on associated revenue;
- Revenue, operating profit, and profit before tax indicate the financial performance of the business;
- Capital expenditure indicates the level of investment the company undertakes to maintain and increase the scope of operations and obtain future economic benefits. The delivery of capital projects is tracked as they may have significant impacts on financial performance;
- Total assets reflect the company’s overall financial position, providing insights into its ability to generate revenue and manage its resources effectively; and
- Cash generated by operations which shows the conversion of profit into cash.

Performance against each of these KPIs is as follows:

- Bulk cargo tonnage handled by the company’s ports decreased by 9.7% to 43.8m tonnes in 2024 (2023: 48.5m tonnes), driven by a reduction in volumes across the ports, mainly due to coal and streel production. This is in line with the UK’s move towards cleaner energy. Unitised cargo remained broadly flat at 3.1m units (2023: 3.1m units), reflecting stable trading conditions in the trade vehicles sector and for containers.
- Passenger volumes increased by 5.8% to 3,819.4k (2023: 3,609.5k), reflecting strong occupancy levels and out-of-season cruise volumes, plus increased Calmac ferry activities.
- The company’s revenue increased by 7.0% to £756.6m (2023: £707.2m) despite lower volumes, primarily driven by indexed contract uplifts, increased cruise & ferry passenger numbers, pilotage & conservancy, and increased property rental.

Strategic report (continued)

2. Development and performance of the business (continued)

2.2 Financial performance and KPIs (continued)

- Pre-tax profit amounted to £499.3m (2023: £341.3m) and the company recognised a tax charge for the year of £122.5m (2023: £83.6m).
- Cash generated by operations totalled £400.8m (2023: £385.3m).
- Net cash outflow from investing activities of £195.3m (2023: £205.1m), includes £204.8m (2023: £214.5m) of capital expenditure.

The company's activities form the principal activities of the group of its intermediate parent undertaking, ABPA Holdings Limited ("ABPAH"). Further details of the development, performance and outlook of the ABPAH group and information relating to financial and non-financial KPIs are provided within the Annual Report and Accounts of ABPAH.

The company had net assets of £3,250.7m as at 31 December 2024 (2023: £2,925.5m) including cash and cash equivalents of £53.5m (2023: £51.5m). The company's cash resources are managed through a centralised treasury function, which closely monitors and manages risks of the group owned by the company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ"), in relation to liquidity, interest rate and capital risks, along with credit risk relating to cash.

2.3 Sustainability

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

	Target	2024[4]	Restated 2023[3]	Reported 2023	Change from 2023
ABP Direct tCO_2e emissions (tonnes) – market-based[1]	< prior year	**28,987**	32,631	38,257	-11%
ABP Direct tCO_2e emissions (tonnes) – location-based[2]	< prior year	**37,008**	39,492	40,399	-6%

1 Scope 1 & Scope 2 GHG emissions (market-based): Defined as the total GHG emissions from ABP's direct operations and Scope 2 GHG emissions which includes the benefit of Renewable Energy Guarantees of Origin (REGO) certificates. From Q1 2019 ABP has included Renewable Energy Guarantees of Origin (REGO) certificates under the market-based method for its grid electricity from the supplier. Under the market-based method, Scope 2 GHG emissions for these kWh are zero. Recently, ABP has undertaken correction towards 2021-2024 market-based GHG emissions.

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

3 2023 figures were restated following 2024 sustainability data audit which identified third party emission in the group figures.

4 2024 figures include total energy usage by the organization, however these values are subject to a non-material change following external review by auditors and any restatements.

Following a third party limited-assurance review against its key sustainability KPIs for the years 2021 to 2023; ABP has undertaken an annual review towards 2024 KPIs. As a consequence, there have been adjustments in the reported values in previous years, based on the audit findings. The sustainability KPIs that were reviewed are:

- Total GHG emissions (tCO_2e)
  - Total Scope 1 GHG emissions (tCO_2e)
  - Total Scope 2 GHG emissions (tCO_2e) location & market based
- Total Energy Consumed (Fuel, grid electricity and renewable electricity) (GWh)
- Water withdrawal (million litres)
- Waste Generated & Waste Recycled (metric tonnes)

Strategic report (continued)

2. Development and performance of the business (continued)

2.3 Sustainability (continued)

In 2024 the group's reported carbon emissions (market-based) decreased by 11% on an absolute basis compared to 2023, and the group's reported carbon emissions (location-based) decreased by 6%.

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

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

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

Total energy use	Energy used (GWh)[1]	CO_2e emissions (tCO_2e)[2]	Intensity (tCO_2e/ GWh)
2024	177.2	**37,008**	209
2023[3]	193.6	**39,492**	204

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

2 ABP Direct GHG emissions – (location based) method

3 2023 energy and GHG emissions figures restated following external review during 2024 sustainability data audit.

GHG Emissions by scope

2024	**GHG emissions (tCO_2e)**	**Group Revenue (£m)**	**Intensity (tCO_2e/£m)**
Scope 1[1]	26,801	783.5	34.2
Scope 2[2]	10,207	783.5	13.0
Total	**37,008**	**783.5**	**47.2**
2023[3]			
Scope 1[1]	30,148	729.5	41.3
Scope 2[2]	9,344	729.5	12.8
Total	**39,492**	**729.5**	**54.1**

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

2 Calculated based on the group's consumption of grid-electricity, private wire connections and renewable electricity purchased (location-based). This method excludes Renewable Energy Guarantees of Origin (REGO) certificates consideration. Under the market-based method, Scope 2 GHG emissions for these REGO backed kWh are zero.

3 2023 figures restated following external audit during 2024.

Methodology

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

Strategic report (continued)

2. Development and performance of the business (continued)

2.3 Sustainability (continued)

Energy Efficiency and Emissions Reduction Action Taken

As part of its drive to improve energy efficiency and successfully maintain ISO 50001 certification of ABP`s energy management system, ABP continued to identify and implement energy efficiency and emission reducing projects across the business in 2024 reducing scope 1 and 2 emissions.

ABP has renewable energy generation at 18 of its 21 ports, in the period covered by the report. In terms of total energy generation at ABP locations, 2024 recorded 20.5 GWh of renewable energy generation. This is approximately 25% less than year 2023 reflecting the volatility in renewable energy.

ABP has committed to invest in the delivery of additional fuel-efficient pilot boats, electric cranes and reach stackers and other equipment over the course of the next five years to continue to reduce scope 1 emissions. In Q4 2024, ABP piloted usage of biofuel within its marine vessels.

The group maintains a sustainability strategy, further detail can be found in Section 4 ‘Non-Financial and Sustainability Information Statement’.

2.4 People

People Strategy

To enable and underpin delivery of our business strategy, a company wide people strategy was developed and agreed in 2020. The strategy has 5 strategic themes: A healthy and safe place to work; getting the basics right; growing and retaining a highly skilled workforce; strong managers and leaders at every level; and creating a diverse and inclusive workplace. In 2024 we continued to make good progress in each area of the strategy.

A Healthy and Safe Place to Work

We continued to support the well-being of colleagues during 2024 with initiatives that focused on their physical, mental, and financial well-being.

Our internal Health & Safety training team, working as part of the ABP Academy, developed and delivered a new version of the Beyond Zero safety training in 2024, which all employees are required to complete. This was delivered virtually to everyone in ABP and followed up by in-person safety conversations for our frontline colleagues at their place of work. The team also began delivering the internally developed Incident Investigation training course, designed to support employees involved in investigating incidents. Additionally, we continued to focus on behavioural safety in 2024, with 225 colleagues attending our immersive safety training programme called Thrive.

The ABP Academy was nominated for the Port Skills and Safety (“PSS”) ‘Best Members Collaboration Award’ for the delivery of the Managing Safely in Ports course externally at Portsmouth International Port. The Academy is working with PSS to develop more opportunities to deliver external courses for PSS in 2025 and beyond.

Strategic report (continued)

2. Development and performance of the business (continued)

2.4 People (continued)

A Healthy and Safe Place to Work (continued)

Mental health continued to be a focus area in 2024, with the Southampton Region supporting Andy's Man Club as their chosen charity for the year. The charity provides a safe space for men to discuss their feelings and challenges. In total, colleagues in the region raised over £15,000 to support the charity throughout the year. In addition, we continued to provide training on mental health, with "Managing Mental Health and Well-being Conversations" as part of our people management learning modules. We also increased the number of Mental Health First Aiders, with a further 33 employees trained this year, bringing the total number of trained Mental Health First Aiders to almost 100 across the business.

We continue to provide a range of benefits and programmes aimed at keeping our colleagues fit and well. We offer a free flu vaccination programme every year before the winter flu season and free health MOTs at key locations across the group, offering a series of health assessments such as cholesterol and blood pressure and providing early information on potential health issues. We offer all employees the opportunity to take part in our private medical plan, which includes access to dental treatment.

As a safety-critical organization, it is part of our contract with employees that we will randomly test a sample of employees every month for the presence of drugs and/or alcohol. We also conduct tests when there has been an incident at our ports or when an employee is suspected of being impaired. While we use external providers for much of the testing, in 2024, we implemented 'in-house' drug and alcohol testing in the Humber and Wales and Short Sea Ports regions. This additional step in the existing post-incident testing regime aims to improve efficiency and reduce operational downtime.

Our Bullying and Harassment policy was updated this year to reflect the new positive duty to prevent sexual harassment in the workplace. The updated policy outlines ABP's zero-tolerance approach to all forms of harassment, including sexual harassment, and clearly defines the expected standards of conduct and behaviour at ABP. It provides examples of what constitutes sexual harassment and harmful behaviours, as well as other types of harassment and bullying. The policy also details the process for raising concerns informally or formally and lists sources of support. To ensure all employees and managers are aware of what sexual harassment is, how to identify it, and how to take action to prevent it, the policy is supported by a new mandatory online learning module.

Getting the basics right

We continually strive to keep our employment policies and practices up to date. In 2024, we reviewed and updated several employment policies, procedures, and processes to simplify them and make our colleagues' working lives easier. In support of our sustainability agenda, we switched to fully online payslips, eliminating the need to print and send them by post. Colleagues can now access their own HR records online, and we continue to look for more opportunities to move to online solutions where possible.

We provide all employees with a total reward statement every year, helping them understand the total value of their remuneration package, including any benefits they take up. This also provides an opportunity for ABP to showcase other benefits that may be relevant and valuable to them, potentially saving them money or supporting their lifestyle, health, and well-being.

Strategic report (continued)

2. Development and performance of the business (continued)

2.4 People (continued)

Growing and Retaining a Highly Skilled Workforce

We continue to attract and nurture new talent at ABP through our Early Career programmes. In 2024, we welcomed 9 graduates into various functions across the group. Our goal is to provide meaningful career paths for our graduates, and we are pleased to report that all 6 graduates from the 2022 cohort have transitioned into permanent roles. Additionally, we onboarded 21 new apprentices in September 2024, and all those who completed their programmes have moved into full-time positions with ABP. Both our apprentices and graduates contribute to building a robust, long-term talent pipeline. We also engaged with local schools and colleges, giving talks to students about the diverse career opportunities within the ports industry and the roles available at ABP.

For our existing colleagues, we conducted over 2,000 training courses throughout the year to ensure our workforce remains skilled and competent. This included induction training for all new starters, with 30 sessions held (at least every 2 weeks) covering 279 colleagues. Additionally, nearly 5,000 e-learning modules were completed.

We are committed to the professional development of our employees. In 2024, we continued to support 25 colleagues in obtaining professional qualifications, providing financial assistance or paid/unpaid time off for study. We also supported 27 new apprentice qualifications. Furthermore, we achieved Finance accreditations for ACCA, CIMA, and AICPA, aiding our Finance colleagues in obtaining and maintaining their professional credentials.

Strong Managers and Leaders at Every Level

We continued to deliver a variety of modules to our people managers under our "Lead my Team" development programme, including giving and receiving feedback, introduction to coaching, and effective performance conversations. We were delighted to achieve the Institute of Leadership and Management ("ILM") accreditation for this programme during the year. This accreditation means that the sessions meet ILM standards, and certificates can now be provided to attendees. We continue to add more modules to the programme to ensure that our people managers are well-trained and supported in leading their teams effectively.

The Academy team coached 130 employees using the PRINT psychometric tool, focusing specifically on effective teamworking development sessions. Additionally, internally developed and delivered presentation skills training was attended by 29 participants from our project, procurement, and graduate teams.

A Diverse and Inclusive workforce

Our Diversity & Inclusion Network ("D&I") employee network groups (disability and mental health, faith, religion, ethnicity and everyone, gender, and LGBTQ+) have continued to raise awareness of important issues affecting colleagues at work. The ABP Pride (LGBTQ+) network hosted brunches during Pride Month to educate colleagues on matters related to the LGBTQ+ community. Other key network campaigns in 2024 included ABP Gen's (gender network) International Women's Day and International Men's campaigns, and the Ability (disability and mental health) network's campaign during Mental Health Awareness Week. Our D&I networks continued to be a forum for colleagues to share ideas on how we can make ABP a more inclusive place to work. Colleagues are now able to add pronouns in their email signatures and employee profiles.

Strategic report (continued)

2. Development and performance of the business (continued)

2.4 People (continued)

A Diverse and Inclusive Workforce (continued)

National Inclusion Week 2024 was once again a milestone event in the year to promote diversity and inclusion in the workplace. This year, former rugby player and LGBTQ+ advocate Gareth Thomas CBE hosted a powerful talk on authenticity. Training sessions on being an inclusive colleague and an introduction to D&I were also held.

Our Ability (disability and mental health) network ran a first-of-its-kind campaign and training session during Invisible Disabilities Week on neurodiversity. This educated colleagues on different types of neurodiversity and how to support others. ABP participated in the global Positively Purple movement again this year on the International Day of Persons with Disabilities. Five port buildings were illuminated in purple to celebrate the economic contributions of people with disabilities.

ABP is committed to providing fair recruitment processes to encourage more candidates from diverse backgrounds to apply. Since making improvements to our application process in 2023, the number of applicants from non-white ethnic backgrounds has risen by 15%. We have also seen an increase in female applicants for front-line roles.

This year, we were delighted to be shortlisted in the D&I categories for the Multimodal, Mersey Maritime, British Recruitment, and British Ports Association awards. This recognition shows the progress we are making in increasing diversity and inclusion within the maritime industry.

3. Risks and uncertainties

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

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

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

- 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. ABP has in place 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)

3. Risks and uncertainties (continued)

- Fire/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 Incident: There is a risk that ABP are not able to keep staff and other port users (including the general public) safe when moving around the port estate. Moving plant, heavy goods vehicles and cars present a risk to those on the port premises. There are controls in place at the ports which help to mitigate the risk, including segregation of plant and people, the use of speed cameras, safe systems of work, training and telematics in ABP company vehicles. Additional actions being progressed to further reduce this risk include improvements to road conditions, road markings and signage.
- Public Injured on Port Estate: There is a risk that members of the public entering the port estate may be fatally injured. This is a particular concern given the number of sites that can be easily accessed. At some ports there are specific challenges relating to dilapidated buildings and structures being accessed by the public and members of the public attempting to swim within the port estate. Controls are in place, including fencing, security staff and CCTV, to help prevent public access to high risk areas of ports. A number of control improvements were made in 2024.

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

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

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

Strategic report (continued)

3. Risks and uncertainties (continued)

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

- Environment: Predicted long term changes to our climate and weather patterns, beyond those already being experienced, not only have the potential to directly further impact our operations but may also result in increasingly restrictive environmental legislation. The global drive towards decarbonisation also poses challenges for ABP and our customers in the timeframe considered. In response to these challenges ABP launched its Sustainability Strategy in February 2023. ABP has undertaken flood risk assessments across all its ports, with further work having been completed in 2024, and these are being used as part of the critical asset management processes. The flood risk assessments will be developed into long-term strategic flood risk plans for high risk port locations. These will support flood risk consideration when ABP develop new, or replace existing, port infrastructure.
- Power Supply Capacity: Electrical power demand from customers at some of ABP's ports is expected to increase significantly in the coming years as customers seek to reduce their use of fossil fuels and achieve environmental targets. ABP is working with customers and Distribution Network Operators to help ensure customer power requirements can be met.
- Public Policy and Regulation: ABP recognises that both the maritime industry and key sectors of ABP's business are susceptible to changes in public policy, regulatory requirements, and government support.
- Technology, Innovation and Competition: ABP endeavours to keep pace with technological change to remain competitive and to keep port users and assets safe and secure. ABP also acknowledges that as our economy becomes more technology-focussed, competition for certain skills will intensify.

Financial risk management

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

The company does not use financial instruments for speculative purposes.

4. Non-Financial and Sustainability Information Statement

ABP recognises that climate change poses significant risks to our business, including physical impacts like flooding and changes in our customer base due to evolving technology, regulation, market demand, and geo-political events. We are committed to achieving net zero emissions from our operations by 2040 and supporting our customers' decarbonisation goals.

We have already invested over £60 million in green technology and have approximately 33 MW of operational wind and solar energy capacity across our ports. Strategically, we are aiding the UK's decarbonisation with initiatives such as floating offshore wind and steel decarbonisation at Port Talbot, and green hydrogen and carbon capture in the Humber.

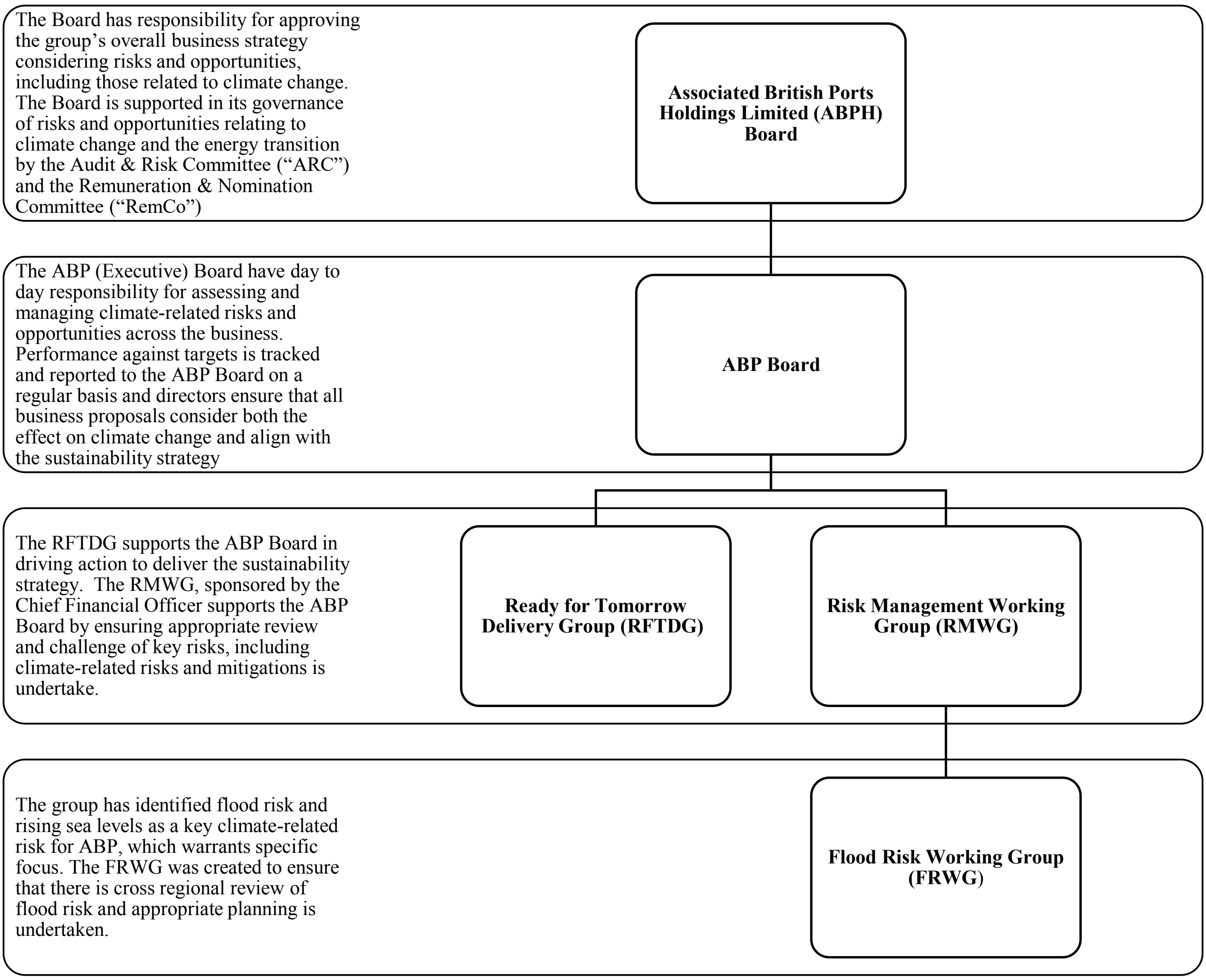
Strategic report (continued)

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

In 2023, we launched our first sustainability strategy, outlining plans to invest an additional £2 billion in green infrastructure over the next two decades. This investment will help us decarbonise our operations and support our customers through the energy transition. More details are provided in this disclosure.

Governance

The following section outlines the governance bodies/structure within the group for the oversight and management of climate-related risks and opportunities. The hierarchy represents the reporting and feedback lines within the organisation.



Strategic report (continued)

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

Risk Management

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

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

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

ABP applies a rigorous risk management process, which includes:

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

Climate change related risks are considered as part of the risk management processes described above and where necessary specific projects to further assess these risks are undertaken, with specialist third-party support as required.

Strategic report (continued)

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

Climate-related Risks and Opportunities

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

Physical risks are those arising from climatic events and long-term shifts in climate patterns. These include the increased frequency and severity of extreme weather events as well as rising sea levels, leading to more frequent flooding. We consider that by far the greatest physical risk to ABP and its operations is that of flooding from the sea, with long-term sea-level rise increasing the height of extreme water levels during storm events. Other physical risks (such as increases in temperature or changes in rainfall patterns) are found to cause neither a significant material impact on the value of our assets nor greatly impede operations so are not mentioned further here.

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

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

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

These are:

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

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

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

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

Strategic report (continued)

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

Physical Risks Analysis

Flood Risk

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

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

Indirect impacts – cost of insurance, increase in credit risk (if ABP is not able to demonstrate preparedness), constraints on development (due to planning policy in flood risk areas)</td></tr>
<tr><td>ABP Risk Mitigations</td><td>In recent years, ABP has commissioned several investigations to enhance understanding of flood risk at each port location. These have considered present day and future time horizons (out to 2115). A strategic group-wide approach to the determination and management of flood risk is currently being implemented, building upon these investigation studies. This will help determine overall infrastructure and operational resilience and will ensure that flood risk management and climate change risk is integrated into existing asset management and decision-making processes. In 2024 a report was commissioned to enhance understanding of flood risk by producing spatial (GIS) information on our coastal flood defence assets. These maps will allow ABP to target upgrades to its flood defence infrastructure. They will also allow ABP to continue to improve its flood defence infrastructure through its capital program.</td></tr>
</table>

Strategic report (continued)

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

Transition Risks Analysis

Market Transition – Risks

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

Market Transition Opportunities

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

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

Strategic report (continued)

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

Policy & Legal Transition – Risks

<table>
<tr><td>Relevance to ABP</td><td>Government has the potential to directly influence the costs of ABP’s future developments and operations as well as the value of some assets. There is a risk that shipping emissions will be included in updates to carbon levies as well as rises in the price of carbon emissions. This will increase the cost of running diesel vessels, with investment in alternative vessel technology by both ABP vessels and our customers. In addition, policy may result in more stringent regulations regarding development in flood risk areas and energy performance standards for buildings. Policy may also impact ABP through the viability/profitability of customers’ businesses.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment
<table>
<tr><td></td><td>Short Term</td><td>Medium Term</td><td>Long Term</td></tr>
<tr><td>Divergent Net Zero</td><td>Medium</td><td>Medium</td><td>Low</td></tr>
<tr><td>Hot House World</td><td>Medium</td><td>Low</td><td>Low</td></tr>
</table></td></tr>
<tr><td>Potential Financial Impacts</td><td>Potential impacts include increased operating costs (e.g. higher tax burden, compliance costs and increased insurance premiums), asset impairment and early retirement of existing assets, increased development/capex costs to achieve compliance with policy, and increased cost of capital if ABP is unable to provide sufficient reassurance to markets as to the adequacy of measures to manage climate-related financial risks.</td></tr>
<tr><td>ABP Risk Mitigations</td><td>ABP continues to invest in green technology and has 33MWp (2023: 32MWp) of wind and solar energy capacity across 18 of our 21 ports and plans to invest further capital to decarbonise infrastructure and equipment between 2024 and 2040 continue to reduce scope 1 and 2 emissions. ABP continues to prepare for known changes in planning regulations in flood prone areas and for new Minimum Energy Efficiency Standards. We also monitor for changes in law and regulation on an ongoing basis, so appropriate planning can be undertaken.</td></tr>
</table>

Policy & Legal Transition Opportunities

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

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

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

Strategic report (continued)

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

Technology Transition – Risks

<table>
<tr><td>Relevance to ABP</td><td>Technology drives (and is influenced by) market change and therefore also directly impacts ABP through the viability/profitability of its customers' businesses.

Electricity grid infrastructure is heavily constrained in areas around the UK with the network not having capacity to transport the electricity required or produced from a new connection. Grid constraints could limit the green energy generated on ABP's port estates and exported to the national grid, and limit the opportunities to sell services, such as shore side power, to customers. Continued electricity grid constraints could also impact the future development of offshore wind opportunities.</td></tr>
<tr><td>Time Horizon/Materiality (unmitigated)</td><td>Risk Assessment
<table><tr><th></th><th>Short Term</th><th>Medium Term</th><th>Long Term</th></tr><tr><td>Divergent Net Zero</td><td>Low</td><td>Low</td><td>Low</td></tr><tr><td>Hot House World</td><td>Low</td><td>Low</td><td>Low</td></tr></table></td></tr>
<tr><td>Potential Financial Impacts</td><td>Lost future revenue generation opportunities.</td></tr>
<tr><td>ABP Risk Mitigations</td><td>ABP continues to engage with Distribution Network Operators (DNOs) to understand grid restriction and timescales to reduce system constraints. For new renewable energy projects, formal grid connection requests to the local DNO are submitted to identify any limitations. If there are limitations, ABP engages in detailed discussions to identify solutions that may be available. ABP is reviewing the potential to request additional import capacity (from the DNO) for ports that anticipate future electricity demand being materially Higher.</td></tr>
</table>

Technology Transition – Opportunities

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

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

Strategic report (continued)

Reputational Risks

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

Strategic report (continued)

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

Targets and Metrics

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

Risks and impacts requiring management	**Target**	**Relevance to future ABP operations**	**Key performance indicator(s) (KPIs)**	**Time frame before target met/implemented**
1: Physical risk: flooding - Damage to assets - Increased development costs - Interruption to operations	Development of long-term strategic flood risk plans for high-risk port locations identified in the 2021 ABP port flood risk assessment: this to be done in four stages: 1. Enhance understanding of risk 2. Define the potential consequence of flooding 3. Develop Flood Resilience Plans for each port 4. Implement and integrate the plans into business planning and operations	This will improve understanding of long-term vulnerability to sea level rise, identifying where and when investment in improved flood defence infrastructure may be required at each port. It will also help improve long term resilience through future land use planning, enabling (for instance) cargoes sensitive to flooding to be stored in less flood prone areas	Number of high-risk ports with long term strategic flood risk plans A report covering stage 1 of the development was completed in 2024	Short term flood risk mitigation plans to be developed by 2028
2a: Transitional risk: markets - Reliance on customers operating in carbon-intensive sectors	Our strategy includes an indicative £1.4bn cumulative investment in infrastructure and facilities supporting customers involved in the energy transition. Specific interim targets to be developed.	This investment will capture new market opportunities, diversifying existing revenue streams and reducing reliance on carbon intensive markets/ commodities.	Capex spent on energy transition projects completed (£m/year)	Medium term (met by 2040)

Strategic report (continued)

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

Targets and Metrics (continued)

Risks and impacts requiring management	Target	Relevance to future ABP operations	Key performance indicator(s) (KPIs)	Time frame before target met/implemented
2b: Transitional risk: markets – Increased stakeholder concern regarding carbon intensity/ environmental sustainability of ABP customer operations	Achievement of net zero by scope 1 and 2 by 2040 as set out in the Sustainability Strategy	Our reputation for environmental responsibility is important, both to our customers and to our staff: our customers have increasingly strict climate and wider sustainability requirements for their supply chain, and these must be met to ensure we retain (or secure) their business. ABP's Sustainability Strategy articulates the strategy for creating a positive impact on the environment and the wider support we are providing to our customers to achieve their own decarbonisation ambitions.	Tracking of sustainability implementation to be based on progress against net zero target by 2040 (Scope 1 and 2) See section 2.3 for emission data	Short to Medium term (first implementation milestone to be assessed by 2030)

Strategic report (continued)

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

Targets and Metrics (continued)

Risks and impacts requiring management	Target	Relevance to future ABP operations	Key performance indicator(s) (KPIs)	Time frame before target met/implemented
3: Transitional risk: policy - Carbon taxation driving higher energy costs for operations, reducing profitability	10% energy intensity improvement across our business	Higher carbon taxes have the potential to erode profitability. The measures/ targets identified will reduce this tax burden whilst also achieving wider environmental benefits.	(MWh per £ of revenue)	Short term (met by 2030)
	Additional 40 MWp of installed wind & solar energy (above 2022 baseline)		Cumulative (MWp) installed above 2022	Short term (met by 2030)
	Net Zero Scope 1 & 2 greenhouse gas emissions		(tCO_2e)/ year) See section 2.3	Medium term (met by 2040)
4: Transitional risk: technology - Costs to transition to lower emissions technology	Our strategy includes an indicative £600m investment to decarbonise ABP infrastructure and equipment. Investment will result in emission reductions* from the 2021 baseline of: -37% by 2030 -64% by 2035 -90% by 2040	ABP has a large amount of infrastructure and equipment across its 21 ports: replacing this with zero-carbon alternatives will be capital intensive. We have set out a strategic plan for achieving an orderly transition that minimises the risk of write-offs and early retirement of existing assets.	Capex supporting Sustainability strategy (£m/ year)	Medium term (met by 2040)

Strategic report (continued)

5. Outlook

ABP's ports continue to operate with minimal disruption due to the resilience and hard work of all our frontline and marine colleagues. The company's robust financial performance has continued in 2024 following a strong 2023. Revenues have benefited from indexation and volume guarantees in long-term contracts across a diverse sector portfolio. Higher revenues, along with the company's disciplined cost management, have resulted in strong year-on-year EBITDA growth.

Strong performance in key sectors of Cruise in Southampton and biomass in the Humber is expected to be maintained into 2025. Solent Gateway Limited continues to grow through increased activity supported by the ongoing investment programme following the acquisition in 2023.

In January 2024 Tata Steel announced the closure of the blast furnaces in Port Talbot. This took place by September 2024. They are to be replaced by electric arc furnaces in a significant change to the industry in the UK. As a result we have experienced a phased reduction in steel production raw material volumes through Port Talbot during the year. The company will continue to engage with Tata as to the future commercial relationship during and post the construction of the new furnaces.

The UK government's Border Target Operating Model began a phased implementation in 2024 introducing new border controls to be applied to 'low risk' consignments and utilising purpose-built border control posts. These checks began in April 2024, and are expected to cause minimal disruption going forward.

ABP's latest business plan forecasts strong growth from 2025 to 2029, continuing the improvement in the company's financial position. This growth is to be achieved through commercial strategy, strong cost management and investment in new facilities. The company's diverse customer and service base, along with the strong financial position, provides the resilience to challenges of the current macroeconomic environment.

ABP has continued to deliver on its investment programme to progress the company's strategic objectives with a particular focus on growth areas that support the UK's clean energy transition. The investments not only benefit the UK's plans for a low-carbon economy but will provide significant growth and benefits to local regions including the provision of jobs for supply chains and local businesses. Supported by a refreshed strategy and to reflect the changing environment, in addition to 'Keeping Britain Trading', the group has added 'Enabling the Energy Transition' to newly create twin missions.

ABP plans to continue making significant investment in infrastructure, equipment and people to ensure our ports are well placed to provide reliable and efficient customer service and deliver on our twin missions.

ABP acknowledges the recent implementation of US global tariffs. While the trade and financial impacts remain uncertain, ABP recognises the potential for impact on the company's activities. ABP remains committed to monitoring developments closely over the coming period and ensuring the company is well-positioned to respond effectively as the situation evolves.

Strategic report (continued)

6. Section 172 (1) 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 potential consequences over the short, medium, and long term, the reputation of the business and their responsibilities and duties to the company's shareholder and other stakeholders.

Under the Transport Act 1981 the company is deemed to be a wholly-owned subsidiary of Associated British Ports Holdings Limited. The Board ensures it is acting in accordance with legal requirements as well as internally approved group governance frameworks to ensure that the company acts fairly towards its holding company.

ABP's wider stakeholders are its employees, customers, local and national government, suppliers, the communities in which ABP operates and the environment.

To support directors and assist them in complying with their duties, board papers include details on engagement with stakeholders so that the impact on, and views of, key stakeholders can be considered as part of the decision-making process. During the year, board templates and guidance for report authors was updated to include more focus on stakeholder engagement.

The following section outlines how the group engages with, and has regard to, each of the key stakeholder groups.

6.1 Employees

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

What matters to our employees

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

How ABP measures

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

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.1 Employees (continued)

How ABP engages

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

How the Board complements the engagement

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

Actions and Decisions

- Mandatory online BZ training for all employees and greater involvement of safety reps in our port locations to follow up on specific safety issues
- Development of new Life Saving Rules (LSR) in 2024 for launch in 2025 to support our safety culture
- Splitting Beyond Zero (BZ) training into two parts: online training for all staff and face-to-face training for all front-line staff for 2024.
- Action plans to address outcomes from employee engagement survey

6.2 Customers

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

What matters to our customers

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

How ABP measures

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

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.2 Customers (continued)

How ABP engages

- Regular dialogue with our customers to understand current and future challenges
- Port user groups to provide a forum for feedback and discussion on key topics
- Bi-annual update to customers
- Customers presenting at the senior leadership conference every year on their business and how ABP supports it
- Publication of the Annual Review
- Attending industry events alongside customers and partners
- Hosting customer events
- Regular quarterly meetings and account management reviews with major customers

How the Board complements the engagement

- Meeting with key customer representatives
- Considering feedback from customers, including when discussing new projects and opportunities
- Consideration of update from management on customer engagement survey responses and action plans

Actions and Decisions

- Instigation of customer engagement plans
- Investment in onsite roof-based solar
- Investment in new infrastructure and equipment to support customer activities, including for Tata Steel, Viterra, Scottish Power Renewables and Thomas Bell
- Customers engaged with ABP's 'Ready for Tomorrow' sustainability strategy
- Customers engaged with the development of ABP's new strategy

6.3 Local Authorities and National Government

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

What matters to Local Authorities and National Government

- Employment opportunities, prosperity and economic growth
- Support for the Government's Missions, such as economic growth and creating a clean energy superpower
- Long term sustainability for future generations
- Enabling the controlled flow of people and goods into/out of the UK
- Effective support of supply chains and supply chain resilience for local businesses and industry/agriculture

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.3 Local Authorities and National Government (continued)

How ABP measures

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

How ABP engages

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

How the Board complements the engagement

- Directors meeting with government representatives
- Liaising with the Executive Team on key priorities and aligning Government engagement, where appropriate
- Coordinating with specialists within Shareholder organisations on topics of mutual benefit
- Consideration of engagement and views of local and national government when reviewing project proposals, e.g. for the Future Port Talbot and the Immingham Green Energy Terminal projects.
- Receiving regular updates on government engagement

Actions and Decisions

- Working closely with government bodies on key industry issues, including in relation to the green energy transition, industrial strategy and economic growth
- Taking into account feedback from civil society stakeholders as ABP formulates business strategies and project proposals
- Attendance at civil society conferences and fora, sponsoring roundtable discussions and webinars and speaking at events on relevant policy issues where ABP has a qualified perspective
- Working with stakeholders and independently to secure a positive investment environment for UK ports and associated industries

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.4 Suppliers

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

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

What matters to suppliers

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

How ABP measures

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

How ABP engages

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

How the Board complements the engagement

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

Actions and Decisions

- Launch of supplier engagement days for new projects, goods, and services to boost participation from key supply chain areas, including local SMEs. Early engagement fosters collaboration, innovation, and stronger partnerships while addressing challenges early, e.g. a supplier engagement day was held for local contractors and suppliers to learn more about ABP’s plans to develop our port at Port Talbot through the Future Port Talbot programme.
- Following feedback from the relationship management questionnaire, earlier contractor engagement and more focus on publicising ABP pipeline opportunities within various categories

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.5 Communities

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

What matters to local communities

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

How ABP measures

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

How ABP engages

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

How the Board complements the engagement

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

Actions and Decisions

- Sponsorship of a variety of national and regional charities located in the communities where ABP's ports operate (e.g. Ty Hafen, St. Elizabeth's Hospice, Sea Rangers, Andy's Man Club) against a company-wide consistent set of evaluation criteria
- Programme of port open days and visits
- Proactive communication and engagement programmes with communities around major projects such as Future Port Talbot, Southampton and Cromarty Firth (e.g surveys and focus groups)
- Cross ABP programme of sponsorship of mass participation running events in Southampton, Newport, Cardiff, Ipswich and the Humber, attracting over 50,000 runners

6. Section 172 (1) Statement (continued)

Strategic report (continued)

6.6 Environment

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

What matters in respect of the Environment

- Commitment to Net Zero greenhouse gas emissions ("GHG") by 2040
- Promotion of biodiversity/protection of wildlife
- Better air quality and pollution control
- Noise control/reduction
- Effective waste management practices, minimizing environmental impact by improved recycling and waste diversion from landfill
- Less water consumption within ABP operations

How ABP measures

- Ambient air quality monitoring
- Tracking waste generation and disposal
- Tracking water consumption within ABP & customer operations
- Monitoring energy utilisation within operations
- Forecasting and monitoring of GHG emissions
- ISO 14001 environmental management system (EMS) and ISO 50001 Energy Management system (EnMS) certification across all ports and terminals
- Undertaking biodiversity related assessment and development work

How ABP engages

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

How the Board complements the engagement

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

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.6 Environment (continued)

Actions and Decisions

- Approval of ABP's new strategy with the addition of a new mission of 'Enabling the Energy Transition'
- Ongoing consideration of the Future Port Talbot project which would support the offshore energy sector
- Launch of ABP's sustainability strategy with a target of reaching net zero GHG emissions by 2040
- Energy reduction programme undertaken, with a focus on increasing energy efficiency including roll out of smart meters throughout the port estate.
- Purchase of low GHG emission plant and equipment pursuant to ABP's sustainability strategy
- Pilot project rollout and low carbon fuel usage within ABP operations
- Independent assurance of sustainability KPIs annual reporting as per ISAE 3000 (Revised) (International Standard on Assurance Engagements 3000) methodology

6.7 Lenders

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

What matters to our lenders

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

How ABP measures

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

How ABP engages

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

How the Board complements the engagement

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

Strategic report (continued)

6. Section 172 (1) Statement (continued)

6.7 Lenders (continued)

Actions and Decisions	
• Continuing to manage ABP's debt portfolio in line with the Board agreed strategy	• New long-term debt issuances; in 2024 the group raised £551m of new Private Placement debt • 2025 Financing Strategy agreed

7. Principal and Strategic Decisions

Outlined below are examples of principal and strategic decisions which have been taken by the Board during the year and how they have had regard to the interests of stakeholders.

7.1 Customer Investment

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

Throughout the year, the Board has considered and approved several capital expenditure projects which support customers across the regions. Examples include:

- approval of expenditure to undertake marine access improvement works at Marchwood Military Port ("Marchwood") (operated by Solent Gateway Limited (a group undertaking) under a concession agreement with the Ministry of Defence) as part of wider investment in Marchwood; and

- approval of a project to build a new agri-bulk shed for Viterra UK Limited at the Port of Immingham, supporting Viterra's strategic growth aspirations.

In making the decisions to proceed with these projects, the Board received management proposals following negotiations with the customer, internal assessments and financial modelling and considered other key factors, including benefits for the community and the local economy from increased activities within the region.

7.2 Strategic Disposal

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

During the year the Board approved the sale of the Ports of Fleetwood and Silloth to the Fox Group, subject to regulatory clearance. The sale allows ABP to focus its resources on further maximising opportunities to develop its remaining ports in the northwest of England and southwest Scotland.

In making the decision to sell these Ports, the Board particularly considered the long-term strategic potential of the sites which it determined could be better met by the Fox Group who have a strong vision for the Ports, building on their long-established local links and presence.

Strategic report (continued)

7. Principal and Strategic Decisions (continued)

7.3 Sustainability Strategy Projects

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

ABP is committed to supporting progress towards the UK's legal commitment to net zero greenhouse gas emissions ("GHG") by 2050 and has set itself the target of reaching net zero GHG emissions by 2040. ABP continues to invest in assets, facilities and ways of working that will reduce its carbon footprint and improve the environments in which it operates. ABP believes it is important to support our customers in building more sustainable supply chains, encouraging more freight movement by rail and water and supporting the increasing use of renewable energy.

Throughout 2024, the Board has considered and approved several projects which support this sustainability strategy. One such example was the approval of further investment in Port Talbot as part of the Future Port Talbot programme of works which aims to transform the port into a major hub for floating offshore wind (FLOW) and green energy development.

Considerations for the Board, when approving this investment, included the significant potential the site has to play in the Celtic Sea with opportunities in the offshore wind market, helping the group in meeting its sustainability strategy targets, as well as supporting the UK Government's commitment to net zero.

By Order of the Board

M S Atwal
Director
3 April 2025

Directors' report

The directors present their report and the audited company financial statements for the year ended 31 December 2024.

1. Principal office

The company is domiciled in England and its principal office is 25 Bedford Street, London, WC2E 9ES.

2. Dividends

The company declared interim dividends of £80m during the current year (2023: £160m) to its parent undertaking to facilitate the payment of external loans and interest by its parent undertakings. The directors do not recommend the payment of a final dividend (2023: £nil).

3. Directors

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

Director	Role	
Atwal, MS	Chief Financial Officer	(appointed 1 October 2024)
Bird, SA	Regional Director, Humber	(resigned 31 October 2024)
Bristowe, P	Chief of Staff	(appointed 01 July 2024)
Dawes, A	Regional Director, Humber	(appointed 16 October 2024)
McCartain, MBW	Director, Safety, Engineering and Marine	(resigned 30 June 2024)
Pedersen, HL	Chief Executive Officer	
Paonessa, FA	Capital Projects Director	(appointed 01 April 2024)
Rumsey, AJ	Chief HR Officer	
van Weezel, HA	Chief Information Officer	(resigned 30 June 2024)
Walker, JW	Chief Commercial Officer & Regional Director, Wales & Short Sea Ports	
Welch, AJM	Regional Director, Southampton	
Wyatt, MM	Chief Financial Officer	(resigned 01 October 2024)

4. Directors' indemnities

ABP (Jersey) Limited, the company's ultimate parent undertaking, 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.

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

5. Human resources policies

ABP's personnel resources strategy includes commitments to the highest possible standards of health and safety, equal opportunities, employee development, clear and fair terms of employment, access to information, provision of market-competitive salaries, incentive schemes and benefits, as well as the maintenance of effective relationships with unions and contractors. Details of how ABP engages with employees are provided in the Employees section of the Section 172 Statement in section 6.1 of the strategic report. The group of companies owned by ABP (Jersey) Limited ("the group") monitors a range of indicators to assist it with the management of its employees.

Directors' report (continued)

5. Human resources policies (continued)

The group monitors the gender and ethnic diversity of all employees and is committed to ensuring that all segments of its communities have the opportunity to participate in and contribute towards the success of its business. As noted in section 2.4 People of the strategic report, the company is also committed to giving full and fair consideration to applicants for employment who are disabled and to provide disabled employees with opportunities for training, career development and promotion. If an employee becomes disabled during their employment every effort is made to ensure that, wherever possible, the person can either continue in their present role or a different role by arranging appropriate training and making reasonable adjustments.

6. Corporate Governance Statement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, Associated British Ports ("ABP") has adopted the Wates Corporate Governance Principles for Large Private Companies ("Wates Principles") as its corporate governance code. The company is the principal operating subsidiary within the group headed up by ABP (Jersey) Limited and adheres to a group-wide corporate governance framework which follows best practice and is considered suitable for its ownership, size, structure, and complexity of operations.

Details of how the company has applied the Wates Principles throughout the year are outlined below. Further information on the wider governance framework can be found in the annual report and financial statements of ABPA Holdings Limited.

6.1 Principle One – Purpose and Leadership

The group's ports are an integral part of supply chains within multiple sectors of the UK economy and the Board has set a well-developed and defined purpose for the group: to serve our customers and our communities in pursuit of the ambitious missions of "Keeping Britain Trading" and "Enabling the Energy Transition". ABP's purpose and twin missions are underpinned by our strong commitment to providing a safe and healthy environment for our people and port users. Our core health and safety values are embodied in our Beyond Zero vision and behaviours and are further supported by a culture of continuous safety improvement and learning. Further details of our strategy are included from page 1.

The group proactively works to identify and control hazards and reduce health and safety risks through the reporting of incidents, near misses and safety observations on the Group's Spot-It system. Safety conversations are both encouraged and recorded, providing further opportunity to identify health and safety trends and opportunities for improvements. Both Spot-Its and safety conversations are also used to recognise positive safety behaviours and good practice. Health and safety performance is regularly reported to and reviewed by the Board and Executive team and communicated to the business through CEO and regional briefings.

Directors have regular dialogue with, and receive feedback from, the group's shareholders whose representatives sit on the Board of Associated British Ports Holdings Limited ("ABPH"), the company's immediate parent undertaking.

Directors' report (continued)

6. Corporate Governance Statement (continued)

6.2 Principle Two – Board Composition

The Board of ABP comprises members of the group's Executive Team: the Chief Executive Officer ("CEO"); Chief Financial Officer ("CFO"); three Regional Directors; and directors of key functions (listed under 'Directors' above). The size and composition of the Board is considered to be appropriate given the nature of the company and its position within the group. Appointments to the Board of ABP are made by the Board of ABPH, on the recommendation of the group's Remuneration and Nomination Committee ("RemCo"). During the year four new directors were appointed to the Board.

The Board benefits from directors who have a broad range of skills, backgrounds and knowledge. Their experience of the ports industry, in addition to other sectors and industries, allows them to add a valuable contribution.

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

Board meetings are chaired by the CEO and provide an open and constructive forum for directors to be kept up to date on developments across all business areas, provide oversight of operational matters and make informed decisions. Directors have agreed those matters which are reserved for the Board's consideration and an annual governance calendar is used to support the setting of the Board's agenda, ensuring relevant matters are considered at appropriate times throughout the year. During the year, two Board meetings were held at different ports, so directors have the opportunity to visit locations and meet local staff and customers.

On appointment, directors receive a thorough induction programme which includes port visits, meetings with key members of management and the group's shareholder representatives. In addition, directors all receive training on their duties and other key legislation/regulation, as required.

6.3 Principle Three – Director Responsibilities

Each director has a clear understanding of their accountability and responsibilities. The Board receives accurate, comprehensive and timely information on the company's business and financial performance to enable appropriate monitoring and effective oversight of key matters. The group's finance function is staffed by appropriately qualified individuals who ensure the integrity of financial information provided to the Board. The group is externally audited by PricewaterhouseCoopers LLP ("PWC") (who were appointed during the year), with internal audit services provided by appropriate internal and external specialists to assess financial and other internal controls and health and safety processes.

As noted above, there is a schedule of matters reserved specifically for the Board, although where appropriate, some decisions are delegated to, or led by, those directors with the most relevant knowledge and industry experience. In addition, certain material matters are required under a shareholders' agreement to also be approved by the Board of ABPH and, in some cases, the group's shareholders.

Directors' report (continued)

6. Corporate Governance Statement (continued)

6.3 Principle Three – Director Responsibilities (continued)

The Board has at least four formal scheduled meetings each year, with ad hoc meetings held as necessary, to ensure matters are considered and progressed in a timely manner. In addition, the company is the Statutory Harbour Authority ("SHA") for 22 ports and harbours, including the Humber Estuary. The Board meets separately, at least four times a year, as the Harbour Authority and Safety Board ("HASB") to exercise certain duties as the SHA. The HASB has its own remit in relation to its powers and duties as a SHA and in respect of health and safety matters. Papers for Board and HASB meetings are usually circulated a week in advance of a scheduled meeting to ensure sufficient time for directors' review and consideration.

On an annual basis, each director is required to declare any potential conflicts of interest, and at each Board meeting directors are prompted to raise any conflicts of interest they have in any matters that are to be discussed. If conflicts of interest are raised, appropriate safeguards are put in place.

6.4 Principle Four – Opportunity and Risk

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

The Board recognises the importance of effective risk management to preserve value. Risks are managed in accordance with the group risk management policy and within the group's risk appetite, both of which are approved by the Board of ABPH, on the recommendation of the group's Audit and Risk Committee. The risk management policy, risk appetite thresholds and longer-term emerging risks are kept under review and updated, as appropriate, at least annually.

Processes are in place to ensure that inherent and emerging risks are identified in a timely manner and are then appropriately managed. The group maintains risk registers covering key operational and strategic risks and regular reports are provided to the Board, as part of their oversight of risk management and controls. Proposals for Board approval are always required to detail risk considerations and mitigation. Further information on the company's principal risks can be found in section 3 of the Strategic Report.

6.5 Principle Five – Remuneration

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

The remuneration of the CEO, CFO and other ABP directors is determined by the Board of ABPH, on the recommendation of the RemCo. The RemCo comprises entirely Non-Executive Directors of ABPH and no director of ABP is present during discussion of their own remuneration.

Directors' report (continued)

6. Corporate Governance Statement (continued)

6.5 Principle Five – Remuneration (continued)

In line with its terms of reference, the RemCo seeks to provide responsible incentives that encourage enhanced performance and reward individual contributions to the long-term strategic goals of the group. When considering the remuneration of the ABP Board, including annual salary increases, the RemCo takes into account the pay and conditions of employees across the wider ABP group.

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

6.6 Principle Six – Stakeholder Relationships and Engagement

The Board recognises the impact its decisions can have on its internal and external stakeholders and understands the importance of engagement with stakeholders to achieving its long-term strategy. Further information on the company's stakeholders and engagement methods can be found in section 6 of the Strategic Report, together with details of our external impact on the operating environment.

7. Future outlook

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

8. Auditor appointment

Following a tender for the audit for the financial year ended 31 December 2024, Ernst & Young LLP resigned as the company's auditors on completion of the audit of the Annual Report and Financial Statements for the financial year ended 31 December 2023. PricewaterhouseCoopers LLP was appointed as the company's auditors by Associated British Ports Holdings Limited, the company's Holding Company, in accordance with s.10(1) of Schedule 2 of the Transport Act 1981, and in line with a recommendation from ABP (Jersey) Limited, the group's ultimate parent undertaking.

9. Going concern

The directors confirm that, in their opinion, the company has sufficient financial resources and facilities available to continue to trade for the foreseeable future and until at least 30 June 2026. ABP (Jersey) Limited ("ABPJ"), the company's ultimate parent undertaking, has confirmed that it will continue to support the company to enable it to meet its liabilities as they fall due until 30 June 2026. Accordingly, they directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. For further details see note 1 of the financial statements.

Directors' report (continued)

10. Matters disclosed in the strategic report

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

- Financial risk management objectives and policies and details of the company's exposure to liquidity, interest rate, foreign exchange, credit and capital risk and other risk disclosures; and
- Employee involvement and engagement and how the directors have had regard to employee interests, the need to foster business relationships with stakeholders and the impact on the environment, including on principal and strategic decisions.

By Order of the Board

Angela Morgan

A M Morgan
Secretary
3 April 2025

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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 and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board

Angela Morgan

A M Morgan
Secretary
3 April 2025

Independent auditors' report to the members of Associated British Ports

Report on the audit of the financial statements

Opinion

In our opinion, Associated British Ports' financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit and cash flows 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Income statement, the Statement of comprehensive income, the Statement of cash flows and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's latest going concern paper and forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements for ABP (Jersey) Limited and its subsidiaries, including Associated British Ports (together the 'Group');
- We tested the mathematical accuracy of management's forecasts;
- We reperformed the calculation of covenants attached to the Group's debt facilities both at the balance sheet date and at the measurement dates in the going concern period based on forecast performance, and considering available headroom to lock-up and default;
- We considered the outturn of previous forecasts to assess management's forecasting accuracy;

Independent auditors' report to the members of Associated British Ports (continued)

- We corroborated management's base case forecast to appropriate supporting documentation including board approved budgets; and
- We evaluated management's base case forecast and downside scenarios, challenging the underlying data and adequacy and appropriateness of the assumptions used in making their assessment. We also evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Independent auditors' report to the members of Associated British Ports (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health and safety and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in key accounting estimates to improve the reported performance for the period. Audit procedures performed by the engagement team included:

- Discussions with management, in house legal team and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluation of management's controls designed to prevent and detect irregularities;
- Review of board minutes throughout the year and post year end;
- Challenging assumptions and judgements made by management in their significant accounting estimates;

Independent auditors' report to the members of Associated British Ports (continued)

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations. Specifically we tested journal entries which increased the result for the period with unusual offset entries, and we tested a risk based sample of journal entries impacting revenue with unusual offset entries to detect any potentially fraudulent revenue being recognised; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
3 April 2025

Income statement for the year ended 31 December 2024

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

	Note	2024 £m	2023* £m
Revenue	2	**756.6**	707.2
Cost of sales		**(304.1)**	(292.9)
Gross profit		**452.5**	414.3
Administrative expenses		**(149.8)**	(131.4)
Other income		**11.9**	5.0
Increase in fair value of investment properties	10	**233.4**	96.8
Operating profit	3	**548.0**	384.7
Finance costs	6	**(55.9)**	(47.7)
Finance income	6	**7.2**	4.3
Profit before taxation		**499.3**	341.3
Taxation charge	7	**(134.8)**	(83.6)
Profit for the year attributable to equity shareholder		**364.5**	257.7

* In the prior year further items were included to analyse operating profit. The comparatives have been amended to conform with the current year presentation. No amounts have been restated.

Statement of comprehensive income for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Profit for the year attributable to equity shareholder		**364.5**	257.7
Other comprehensive income/(expense) not to be reclassified to profit and loss in subsequent periods:			
Surplus arising on revaluation of investment property	10	**15.3**	9.6
Deferred tax on revaluation of investment property	7, 20	**7.6**	0.5
Actuarial gain/(loss) relating to net retirement benefit asset/liability	14	**7.4**	(14.7)
Deferred tax associated with actuarial gain/loss relating to net retirement benefit asset/liability	7, 20	**(1.9)**	3.3
Other comprehensive income/(expense) for the year, net of tax		**28.4**	(1.3)
Total comprehensive income for the year net of tax, attributable to equity shareholder		**392.9**	256.4

Balance sheet as at 31 December 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Intangible assets	8	**43.7**	50.8
Property, plant and equipment	9	**1,460.0**	1,408.4
Investment property	10	**3,024.4**	2,722.2
Investments	11	**54.6**	54.6
Retirement benefit assets	14	**28.2**	19.5
Trade and other receivables	12	**0.2**	2.2
Total non-current assets		**4,611.1**	4,257.7
Current assets			
Derivative financial instruments	16	**-**	0.3
Trade and other receivables	12	**147.5**	126.9
Inventories	13	**8.1**	-
Cash and cash equivalents	21	**53.5**	51.5
Total current assets		**209.1**	178.7
TOTAL ASSETS		**4,820.2**	4,436.4
LIABILITIES			
Current liabilities			
Borrowings	15	**(2.3)**	(1.4)
Derivative financial instruments	16	**(0.8)**	(0.7)
Trade and other payables	17	**(202.3)**	(186.2)
Deferred income	18	**(52.1)**	(45.5)
Provisions	19	**(18.9)**	(28.3)
Total current liabilities		**(276.4)**	(262.1)
Non-current liabilities			
Borrowings	15	**(671.5)**	(667.1)
Derivative financial instruments	16	**(0.1)**	-
Retirement benefit liabilities	14	**(23.4)**	(33.6)
Trade and other payables	17	**(64.7)**	(85.7)
Deferred income	18	**(117.9)**	(106.9)
Provisions	19	**(25.2)**	(15.9)
Deferred tax liabilities	20	**(402.6)**	(339.6)
Total non-current liabilities		**(1,305.4)**	(1,248.8)
TOTAL LIABILITIES		**(1,581.8)**	(1,510.9)
NET ASSETS		**3,238.4**	2,925.5
Holding company's equity			
Revaluation reserve		**2,264.0**	2,005.2
Retained earnings		**974.4**	920.3
TOTAL HOLDING COMPANY'S EQUITY		**3,238.4**	2,925.5

The financial statements on pages 44-101 were approved by the Board and signed on its behalf on 3 April 2025 by:

M S Atwal
Director

Statement of cash flows for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated by operations	21	**400.8**	385.3
Interest paid		**(21.5)**	(27.9)
Interest received		**2.9**	4.2
Lease interest paid		**(0.4)**	(0.4)
Income tax paid		**(26.0)**	(28.0)
Net cash inflow from operating activities		**355.8**	333.2
Cash flows from investing activities:			
Net proceeds from sale of property, plant and equipment		**2.1**	1.8
Net proceeds from sale of investment property		**2.2**	6.1
Government grants received		**5.2**	1.5
Purchase of intangible assets		**(6.6)**	(9.4)
Purchase of property, plant and equipment		**(137.5)**	(107.4)
Purchase of investment property		**(60.7)**	(97.7)
Net cash outflow from investing activities		**(195.3)**	(205.1)
Cash flows from financing activities:			
New borrowings		**6.3**	87.0
Repayment of borrowings		**(81.9)**	(93.0)
Payment of dividend		**(80.0)**	(110.0)
Payment of principal portion of lease liabilities		**(2.9)**	(3.4)
Net cash outflow from financing activities		**(159.3)**	(119.4)
Change in cash and cash equivalents during the year		**2.0**	8.7
Cash and cash equivalents at 1 January		**51.5**	42.8
Cash and cash equivalents at 31 December	21	**53.5**	51.5

Statement of changes in equity for the year ended 31 December 2024

	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 January 2024	**2,005.2**	**920.3**	**2,925.5**
Profit for the year*	-	364.5	**364.5**
Other comprehensive income	15.3	13.1	**28.4**
Total comprehensive income	**15.3**	**377.6**	**392.9**
Transfer of the increase in fair value of investment properties*	243.5	(243.5)	**-**
Dividends declared	-	(80.0)	**(80.0)**
At 31 December 2024	**2,264.0**	**974.4**	**3,238.4**

	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 January 2023	**1,896.7**	**932.4**	**2,829.1**
Profit for the year	-	257.7	**257.7**
Other comprehensive income/(expense)	9.6	(10.9)	**(1.3)**
Total comprehensive income	**9.6**	**246.8**	**256.4**
Transfer of the increase in fair value of investment properties*	98.9	(98.9)	**-**
Dividends declared	-	(160.0)	**(160.0)**
At 31 December 2023	**2,005.2**	**920.3**	**2,925.5**

* Transfers between accumulated losses and revaluation reserve for the revaluation of investment property recorded in the income statement have been shown separately below total comprehensive income/(expense). In the prior year the increase in fair value of investment properties of £98.9m was shown in the Revaluation reserve directly in the 'Profit for the year' line, with a profit for the year of £158.8m shown in retained earnings in the same line. Revaluation of investment property below costs remains in retained earnings.

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 investment property and 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. Where current presentation has been changed to aid understanding of the financial statements the comparatives have been reclassified to follow the new presentation.

Statement of compliance

These financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IAS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Consolidation exemption

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

Under the Transport Act 1981, Associated British Ports Holdings Limited, the company's immediate parent undertaking, has powers over Associated British Ports ("ABP") corresponding to the powers of a holding company over a wholly owned subsidiary undertaking.

Going concern basis

The directors confirm that, in their opinion, the company has sufficient financial resources and facilities available to continue to trade for the foreseeable future and until at least 30 June 2026. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The company's future viability is ultimately dependent upon the performance of the wider trading group owned by the company's intermediate parent undertaking, ABPA Holdings Limited ("ABPAH"), and group management's decisions on the flow of capital. ABP (Jersey) Limited ("ABPJ"), the company's ultimate parent undertaking, has confirmed that it will continue to support the company to enable it to meet its liabilities as they fall due until 30 June 2026.

Notes to the financial statements

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

In arriving at their decision, the Directors have considered:

- The company's 2024 performance, which demonstrates the ongoing ability to deliver growth through existing and new business.
- The group's latest business plan that forecasts strong growth from 2025 to 2029, continuing the improvement in the group's financial position. This growth is to be achieved through commercial strategy, strong cost management and investment in new facilities. The plan was developed taking in consideration the impact of the current macroeconomic environment.
- Management modelled scenarios. These include a severe but plausible downside scenario, where volumes in key markets fall up to 30%, which represents a market downturn and or loss of a major customer. This would result in the erosion of headroom against the leverage covenant within the going concern period. Should this occur, the group has the option of pursuing mitigating measures that are under its own control to cut costs and preserve cash. These include reductions in variable costs to match reduced activity, delaying or holding back its capital programme, reassessing amounts distributed to shareholders and, if the downside period persists, structurally reviewing costs for further savings.
- That debt maturities are spread over a range of dates, limiting the group's exposure to a material refinancing in any one year
- The group's track record of its ability to refinance debt and generate cash flows. During the going concern period the group is due to repay £60.0m of private placement debt. Since 31 December 2024 £152m has been raised in new debt.
- That the group has access to £285m of committed and undrawn borrowing facilities and £202m of debt service reserve liquidity facilities to cover annual interest costs.

New standards and amendments adopted

No new standards effective for the first time for the annual reporting period commencing 1 January 2024 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:

- IAS 21 on lack of exchangeability of currency is effective from 1 January 2025 and is not expected to have a material impact on the financial statements of the company;
- IFRS 7 and IFRS 9 on the classification and measurement of financial instruments; IFRS 18 on the presentation and disclosure in financial statements; IFRS 19 subsidiaries without public accountability and the Annual Improvements volume 11 all have an effective date of implementation for accounting periods beginning after the start of the company's current financial year. The impact of these new standards will be analysed during the current accounting period ending 31 December 2025.

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

Notes to the financial statements

1. Accounting policies (continued)

1.2 Significant estimates, judgements and assumptions

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

Estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- The fair value of investment property – this depends on inputs used in the valuation of investment property, the critical estimate is the yield. The yield input and its impact on the estimate are set out in note 10.
- Pension liabilities – those assumptions used in arriving at the defined benefit pension scheme assets and liabilities under IAS 19. The key assumptions and their possible impact are disclosed in note 14.

Judgements

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

- Investment property – management makes judgements on whether an asset is classified as investment property using the criteria set out in the accounting policy in note 1.4.
- Deferred taxation of investment property – assessing the expected realisation of the value of investment property through sale or use requires judgements to be made based on past experience and the current tax environment. Management have made a judgement that the non-land element of investment properties will be recovered through use.

Climate impact on financial disclosures

The group has developed a sustainability strategy as set out in the strategic report. As part of this strategy assets are intended to be replaced with more sustainable alternatives at the end of their existing useful lives.

In developing our strategy and business plans for the business, management has thoroughly considered the impacts of climate change. Our strategy includes implementing sustainable practices, investing in green technologies, and enhancing our infrastructure to withstand the risks posed by extreme weather events. All major capital projects have to consider these risks, principally flood risk. Management believes our investment plans adequately provide for these risks.

The group's business plan contains financial forecasts that factor in the sustainability strategy and the impact of climate change on the financial statements, including as part of impairment reviews over assets.

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies

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

Revenue recognition

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Revenue recognition (continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

Intangible assets

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Investment property

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

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

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

Valuations are conducted annually by qualified valuers employed by the group utilising external valuers when appropriate. The valuations are reviewed by independent, RICS qualified, external valuers at least once every five years. Surpluses or deficits arising on the revaluation of investment property are recognised in the income statement and then transferred from retained earnings to the revaluation reserve.

Transfers of property from property, plant and equipment to investment property are at carrying value. After transfer investment property is carried at fair value. Initial revaluation gains are recognised in other comprehensive income. Losses, to the extent that they reverse any revaluation gain previously recognised in the revaluation reserve, are recognised in other comprehensive income. All other losses are recognised in the income statement.

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

Unrealised increases in the fair value of investment property are recorded in the revaluation reserve. Decreases in the fair value of investment property are recognised in the revaluation reserve to the extent that they reverse increases previously recognised.

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Property, plant and equipment

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

Depreciation is provided on a straight-line basis spread over the expected useful lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually.

Estimated useful lives extend up to a maximum of:

- 50 years for buildings, dock structures, quays and dredging;
- 30 years for floating craft; and
- 30 years for plant and equipment.

Freehold land is not depreciated.

Retirement benefits

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

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.

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

At each reporting date, the company performs an impairment analysis for all trade and other receivables to measure the allowance for ECLs. Movements in the provision for expected credit losses of receivables are recorded within administrative expenses.

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

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

Derivative financial instruments utilised by the company comprise fuel swaps and caps and forward foreign exchange contracts. All derivative financial instruments are initially recorded in the balance sheet at fair value and are measured at fair value thereafter.

The 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.

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

Provisions

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Taxation

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

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

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

1.4 Other accounting policies

Finance income

Interest income is calculated and recorded using the effective interest method. Interest income is included in finance income in the income statement and interest received within operating activities on the cash flow statement.

Finance costs

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

Leases

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

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Leases (continued)

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

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

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

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

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

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

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

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

Intangible assets

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

Amortisation is provided on a straight-line basis spread over the expected useful lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Intangible assets (continued)

Estimated useful lives extend up to a maximum of:

- 30 years for customer relationships;
- 15 years for software; and
- 30 years for other intangible assets.

Software as a service is recognised in operating costs unless it meets the criteria for capitalisation under IAS 38.

Development costs incurred on internal projects are only capitalised when the project has been demonstrated to be viable i.e. technically feasible and expected to generate economic benefits.

Investments

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

Cash and cash equivalents

The company defines cash and cash equivalents as short-term highly liquid investments readily convertible into known amounts of cash. They are normally represented by bank deposits with an original maturity of less than three months and without significant penalties on early access/redemption that are repayable on demand.

Government grants

Government grants relating to assets, for example amounts in respect of major infrastructure projects, are recognised in the Income Statement on a systematic and rational basis over the expected useful life of the asset to which the grant relates. Grants received, but not immediately recognised in the Income Statement, are included in deferred income in the Balance Sheet. Cash received relating to assets is shown in the cashflow statement under investing activities.

Foreign currencies

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

Dividends

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

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and other direct costs and is determined on the first-in, first out ("FIFO") basis. Net realisable value is calculated on an item-by-item basis but, if this is impracticable, groups of similar items are valued together.

The carrying value of inventories is subject to regular review and obsolete or devalued items are written off or written down in value, respectively. An appropriate inventory obsolescence provision is recognised against the risk of obsolescence and inventory loss.

2. Revenue

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

	2024 £m	2023 £m
Call	**120.9**	109.8
Traffic	**282.2**	263.8
Cargo operations	**49.0**	44.3
Shortfall	**27.2**	27.7
Utilities	**32.7**	34.8
Dredging	**12.5**	8.9
Fixed	**25.6**	25.2
Other	**30.2**	22.2
Total revenue from contracts with customers	**580.3**	536.7
Lease income from investment properties	**176.3**	170.5
Revenue	**756.6**	707.2

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in accrued income. Amounts billed in advance but not yet earned are recorded and presented as part of deferred income. Invoiced revenue should be received in accordance with the terms agreed within the revenue contract typically within 60 days. Contracts do not contain significant financing components. Included in revenue from contracts with customers is £86.5m (2023: £88.7m) recognised over time.

Revenue from contracts with customers

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

	2024 £m	2023 £m
Not later than one year	**0.4**	0.6
Total	**0.4**	0.6

Notes to the financial statements

3. Operating profit

Operating profit is stated after charging/(crediting):

	2024 £m	2023 £m
Depreciation included in cost of sales	**95.8**	90.1
Depreciation included in administrative expenses	**5.6**	8.2
Amortisation included in cost of sales	**0.2**	0.3
Amortisation included in administrative expenses	**12.1**	10.5
(Profit)/loss on disposal of property, plant and equipment, investment property, property and land held for sale and right of use assets	**(0.2)**	(9.0)
Expenses relating to short term leases	**2.3**	2.4
Repairs and maintenance expenditure on investment property and property, plant and equipment	**24.7**	26.9
Third party labour and sub-contractor haulage	**37.9**	34.1
Utilities and fuel	**44.9**	51.2
Expected credit losses of trade and other receivables	**2.2**	(1.4)

4. Audit fees

Remuneration received by PricewaterhouseCoopers LLP (2023: Ernst & Young LLP) is detailed below:

	2024 £000	2023 £000
Fees payable to the company's auditors for the audit of the company's annual accounts	**465**	422
Fees payable to the company's auditors in respect of:		
Other audit related services	**22**	16

The company also paid £12,000 (2023: £21,000) to the company's auditors for the audit of subsidiary undertakings.

In addition to the above services, Ernst & Young LLP acted as auditors to the company's main defined benefits pension scheme – The Associated British Ports Group Pension Scheme. The appointment of auditors to the company's pension schemes and the fees paid in respect of those audits are agreed by the trustees of each scheme, who act independently from the management of the company. The aggregate fees paid to the company's auditors for audit services to the pension schemes during the year were £nil (2023: £34,000). During the year an additional £272k was charged by Ernst & Young LLP in relation to the audit for the year ended 31 December 2023.

Notes to the financial statements

5. Directors and employees

Staff costs are analysed as follows:

	2024 £m	2023* £m
Wages and salaries	**142.8**	136.9
Social security costs	**16.8**	15.5
Pension costs (note 13)	**8.9**	8.9
Total staff costs	**168.5**	161.3

*comparatives have been updated to confirm with the current presentation of employee pension contributions included as part of the wages and salaries.

The monthly average number of people employed during the year is analysed by departmental group as follows:

	2024	2023
Operations and Marine	**1,435**	1,464
Engineering	**316**	310
Administrative functions	**602**	566
Total average headcount	**2,353**	2,340

Directors' emoluments are analysed as follows:

	2024 £m	2023 £m
Short-term employee benefit	**6.1**	5.6
Amounts due for long-term incentive plan	**29.8**	-
Post-employment benefit	**0.4**	1.0
Total directors' emoluments	**36.3**	6.6

Emoluments comprise amounts paid to the directors of the company by the company for their services to the company and its subsidiaries to which they are also directors. Three (2023: two) of the directors being paid by the immediate parent undertaking.

Key management compensation is analysed as follows:

	2024 £m	2023 £m
Short-term employee benefit	**6.1**	5.6
Amounts due for long-term incentive plan	**29.8**	-
Post-employment benefit	**0.4**	1.0
Total key management compensation	**36.3**	6.6

Key management comprises the directors of the company including three (2023: two) directors who were also directors of the immediate parent undertaking.

Twelve (2023: nine) directors of the company are eligible to join the Legal & General Workplace Mastertrust Pension Plan. At 31 December 2024, six (2023: four) directors are members of the Legal & General Workplace Mastertrust Pension Plan and eleven (2023: nine) directors received an allowance for contributions towards pension schemes unconnected with the group.

Notes to the financial statements

5. Directors and employees (continued)

Highest paid director	2024 £m	2023 £m
Short-term employee benefit	**1.8**	1.6
Amounts due for long-term incentive plan	**7.0**	-
Post-employment benefit	**0.1**	0.1
Total emolument of highest paid director	**8.9**	1.7

6. Finance costs/(income)

	2024 £m	2023 £m
Interest on amounts due from parent undertaking	**60.4**	49.6
Interest on lease liabilities	**0.4**	0.4
Net interest charge on net defined benefit liability (note 14)	**0.4**	-
Other finance costs	**0.4**	0.7
Less: interest capitalised on non-current assets under construction	**(5.7)**	(3.0)
Finance costs	**55.9**	47.7
Dividend income	**(4.3)**	-
Other finance income	**(2.9)**	(4.1)
Net interest income on net defined benefit liabilities (note 14)	**-**	(0.2)
Finance income	**(7.2)**	(4.3)
Net finance costs	**48.7**	43.4

7. Taxation

The taxation charge for the year is analysed as follows:

	2024 £m	2023 £m
Current year tax	**65.9**	47.7
Prior year adjustments	**0.2**	(4.2)
Current tax	**66.1**	43.5
Current year deferred tax (note 20)	**57.3**	31.3
Rate change adjustments	**(0.1)**	4.1
Prior year adjustments	**11.5**	4.7
Deferred tax (note 20)	**68.7**	40.1
Total tax charge for the year	**134.8**	83.6

The deferred tax charge (2023: charge) results from the fair value movements on investment property, pensions and movements resulting from qualifying additions to capital allowances pools.

Notes to the financial statements

7. Taxation (continued)

Tax on items credited/(charged) to other comprehensive income/expense is analysed as follows:

	2024 £m	2023 £m
Deferred tax associated with actuarial gain/loss relating to net retirement benefit liabilities	**(1.9)**	3.3
Deferred tax on revaluation of investment property	**7.6**	0.5

The taxation charge (2023: charge) for the year is lower (2023: higher) than the standard rate of taxation in the UK of 25.0% (2023: 23.5%). The differences are explained below:

	2024 £m	2023 £m
Profit before taxation	**499.3**	341.3
Profit before taxation multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 23.5%)	**124.8**	80.2
Effects of:		
Related party interest not deductible for tax	**(1.6)**	(1.3)
Depreciation - Non qualifying assets	**0.7**	1.0
Other non-qualifying expenses	**(0.7)**	(1.1)
Rate change adjustments to deferred tax	**(0.1)**	4.1
Tax in respect of prior years	**11.7**	0.7
Total tax charge for the year	**134.8**	83.6

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

The Organisation for Economic Co-operation and Developments (OECD) released Pillar Two model rules in December 2021 introducing a global minimum tax rate of 15% to address the tax concerns about uneven profit distribution and tax contributions of large multinational corporations. In December 2022, the OECD released transitional safe harbour rules as a short-term measure to minimise the compliance burden for lower risk jurisdictions. The Pillar Two top-up tax rules were substantially enacted in the UK in 2023 with application from 1 January 2024. The company does not expect to be subject to the top-up tax.

The UK corporation tax rate change from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021 and the above result is taxed at an effective rate of 25% (2023: 23.5%). Deferred tax has been measured at 25%, being the rate expected to apply when the temporary differences that give rise to the deferred tax reverse.

Notes to the financial statements

8. Intangible assets

2024	Software £m	Other £m	Total £m
Cost			
At 1 January	155.2	13.9	**169.1**
Additions	1.8	6.3	**8.1**
Transfers from/(to)property, plant and equipment	(0.1)	0.6	**0.5**
Transfers to investment property	-	(0.1)	**(0.1)**
Disposals/write offs	(5.6)	(1.1)	**(6.7)**
At 31 December	**151.3**	**19.6**	**170.9**
Accumulated amortisation			
At 1 January	(110.8)	(7.5)	**(118.3)**
Charge for the year	(9.9)	(2.4)	**(12.3)**
Disposals	2.6	0.8	**3.4**
At 31 December	**(118.1)**	**(9.1)**	**(127.2)**
Net book value			
At 1 January	44.4	6.4	**50.8**
At 31 December	**33.2**	**10.5**	**43.7**

2023	Software £m	Other £m	Total £m
Cost			
At 1 January	155.9	14.4	**170.3**
Additions	8.7	1.5	**10.2**
Transfers from/(to)property, plant and equipment	0.2	(0.2)	**-**
Disposals	(9.6)	(1.8)	**(11.4)**
At 31 December	**155.2**	**13.9**	**169.1**
Accumulated amortisation			
At 1 January	(111.9)	(6.9)	**(118.8)**
Charge for the year	(8.4)	(2.4)	**(10.8)**
Disposals	9.5	1.8	**11.3**
At 31 December	**(110.8)**	**(7.5)**	**(118.3)**
Net book value			
At 1 January	44.0	7.5	**51.5**
At 31 December	**44.4**	**6.4**	**50.8**

Software comprise IT software acquisition including the company’s ERP system and subsequent development costs with a net book value of £20.8m (2023: £27.0m) and a remaining useful life of 4 years.

Other intangible assets include planning permission, redevelopment masterplans and development costs related to strategic assets and projects with a net book value of £10.5m (2023: 6.4m).

Notes to the financial statements

9. Property, plant and equipment

2024	Operational land £m	Buildings £m	Dock structures, quays and dredging £m	Floating craft £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost							
At 1 January	**384.9**	**346.6**	**877.7**	**93.2**	**633.2**	**194.7**	**2,530.3**
Additions	1.8	0.8	23.7	4.3	7.9	116.6	**155.1**
Transfer to inventories	-	-	-	-	(3.5)	(0.4)	**(3.9)**
Transfers within property, plant and equipment	-	46.4	29.0	3.8	27.6	(106.8)	**-**
Transfers (to)/from intangible assets	-	-	-	-	-	(0.5)	**(0.5)**
Transfers (to)/from investment property	(1.9)	3.8	(0.2)	-	-	(0.1)	**1.6**
Disposals and write off	(0.1)	1.4	(0.6)	(1.6)	(8.1)	-	**(9.0)**
At 31 December	**384.7**	**399.0**	**929.6**	**99.7**	**657.1**	**203.5**	**2,673.6**
Accumulated Depreciation							
At 1 January	**(0.6)**	**(168.0)**	**(505.5)**	**(68.5)**	**(379.3)**	-	**(1,121.9)**
Charge for the year	(0.3)	(16.8)	(38.7)	(7.0)	(38.6)	-	**(101.4)**
Transfers within property, plant and equipment	-	-	(0.1)	-	0.1	-	**-**
Transfers to investment property	-	2.2	0.2	-	-	-	**2.4**
Disposals and write off	-	(4.2)	0.5	0.5	10.5	-	**7.3**
At 31 December	**(0.9)**	**(186.8)**	**(543.6)**	**(75.0)**	**(407.3)**	-	**(1,213.6)**
Net book value							
At 1 January	384.3	178.6	372.2	24.7	253.9	194.7	**1,408.4**
At 31 December	**383.8**	**212.2**	**386.0**	**24.7**	**249.8**	**203.5**	**1,460.0**

Notes to the financial statements

9. Property, plant and equipment (continued)

2023	Operational land £m	Buildings £m	Dock structures, quays and dredging £m	Floating craft £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost							
At 1 January	**395.8**	**341.4**	**845.3**	**87.4**	**595.5**	**178.8**	**2,444.2**
Additions	0.7	1.7	7.3	2.3	15.0	98.5	**125.5**
Transfers within property, plant and equipment	1.4	10.0	30.1	3.6	36.1	(81.2)	**-**
Transfers (to)/from intangible assets	-	-	-	-	0.2	(0.2)	**-**
Transfers to investment property	(13.0)	(6.0)	(4.8)	-	-	(1.2)	**(25.0)**
Disposals and write off	-	(0.5)	(0.2)	(0.1)	(13.6)	-	**(14.4)**
At 31 December	**384.9**	**346.6**	**877.7**	**93.2**	**633.2**	**194.7**	**2,530.3**
Accumulated Depreciation							
At 1 January	(0.6)	(160.0)	(466.3)	(63.2)	(352.0)	-	**(1,042.1)**
Charge for the year	-	(13.2)	(40.2)	(5.4)	(39.5)	-	**(98.3)**
Transfers within property, plant and equipment	-	(0.1)	-	-	0.1	-	**-**
Transfers to investment property	-	2.6	0.6	-	-	-	**3.2**
Disposals and write off	-	2.7	0.4	0.1	12.1	-	**15.3**
At 31 December	**(0.6)**	**(168.0)**	**(505.5)**	**(68.5)**	**(379.3)**	-	**(1,121.9)**
Net book value							
At 1 January	395.2	181.4	379.0	24.2	243.5	178.8	**1,402.1**
At 31 December	**384.3**	**178.6**	**372.2**	**24.7**	**253.9**	**194.7**	**1,408.4**

The amount of borrowing costs capitalised within property, plant and equipment during the year ended 31 December 2024 was £2.5m (2023: £1.6m). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 6.6% (2023: 6.4%).

Notes to the financial statements

9. Property, plant and equipment (continued)

Right of use assets

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

2024	Operational land £m	Buildings £m	Floating craft £m	Plant and equipment £m	Total £m
Cost					
At 1 January	**2.4**	**4.3**	**1.3**	**8.8**	**16.8**
Additions	1.8	-	1.2	1.7	**4.7**
At 31 December	**4.2**	**4.3**	**2.5**	**10.5**	**21.5**
Accumulated Depreciation					
At 1 January	**(0.6)**	**(2.9)**	**(1.3)**	**(7.8)**	**(12.6)**
Charge for the year	(0.2)	(0.6)	(1.2)	(1.0)	**(3.0)**
At 31 December	**(0.8)**	**(3.5)**	**(2.5)**	**(8.8)**	**(15.6)**
Net book value					
At 1 January	1.8	1.4	-	1.0	**4.2**
At 31 December	**3.4**	**0.8**	**-**	**1.7**	**5.9**

2023	Operational land £m	Buildings £m	Floating craft £m	Plant and equipment £m	Total £m
Cost					
At 1 January	**2.4**	**4.3**	**1.3**	**7.6**	**15.6**
Additions	-	-	-	1.5	**1.5**
Disposals	-	-	-	(0.3)	**(0.3)**
At 31 December	**2.4**	**4.3**	**1.3**	**8.8**	**16.8**
Accumulated Depreciation					
At 1 January	**(0.6)**	**(2.3)**	**(0.5)**	**(7.2)**	**(10.6)**
Charge for the year	-	(0.6)	(0.8)	(0.9)	**(2.3)**
Disposals	-	-	-	0.3	**0.3**
At 31 December	**(0.6)**	**(2.9)**	**(1.3)**	**(7.8)**	**(12.6)**
Net book value					
At 1 January	1.8	2.0	0.8	0.4	**5.0**
At 31 December	**1.8**	**1.4**	**-**	**1.0**	**4.2**

Notes to the financial statements

9. Property, plant and equipment (continued)

Right of use assets (continued)

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

10. Investment property

2024	**Port-related investment properties £m**	**Other investment properties £m**	**Land at ports held for development £m**	**Total £m**
At valuation				
At 1 January	**2,282.3**	**324.1**	**115.8**	**2,722.2**
Additions	47.4	2.8	9.4	**59.6**
Disposals	(0.4)	-	(1.8)	**(2.2)**
Transfers within investment property	1.6	0.6	(2.2)	**-**
Transfers from intangible assets	0.1	-	-	**0.1**
Transfers (to)/from property, plant and equipment	(8.2)	4.2	-	**(4.0)**
	2,322.8	**331.7**	**121.2**	**2,775.7**
Surplus on revaluation	11.7	3.6	-	**15.3**
Increase in fair value of investment properties	196.6	24.4	12.4	**233.4**
At 31 December	**2,531.1**	**359.7**	**133.6**	**3,024.4**

2023	**Port-related investment properties £m**	**Other investment properties £m**	**Land at ports held for development £m**	**Total £m**
At valuation				
At 1 January	2,095.1	342.4	56.5	**2,494.0**
Additions	42.4	1.0	59.2	**102.6**
Disposals	(0.9)	(0.5)	(1.2)	**(2.6)**
Transfers within investment property	(1.8)	0.4	1.4	**-**
Transfers from/(to) property, plant and equipment	23.1	0.1	(1.4)	**21.8**
	2,157.9	**343.4**	**114.5**	**2,615.8**
Surplus on revaluation	9.1	0.5	-	**9.6**
Increase/(decrease) in fair value of investment properties	115.3	(19.8)	1.3	**96.8**
At 31 December	**2,282.3**	**324.1**	**115.8**	**2,722.2**

Notes to the financial statements

10. Investment property (continued)

During the year £15.3m (2023: £9.6m) was credited directly to the revaluation reserve reflecting the increase to fair value of the properties transferred from property, plant and equipment and right of use assets to investment property (previously recorded at cost). An increase of £233.4m (2023: £96.8m) in the fair value of investment properties was recognised directly in the income statement.

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

The amount of borrowing costs capitalised within investment property during the year ended 31 December 2024 was £3.2m (2023: £1.4m). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 6.6% (2023: 6.4%).

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

Basis of valuation

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

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

The highest and best use for all investment property is considered by management to be the current use. Where a property is in the process of being developed its future intended use is considered to be its highest and best use.

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

The valuations adopt conventional investment valuation methodology by assessing the income from the investment assets and then capitalising against an investment yield. Income from investment assets typically falls into two parts, a core rental for the asset or other income, in some cases both. The other income is derived, for example, by reference to the volume of goods or equivalent brought across the dock. The valuations also take into account the wider port operating costs by an adjustment to the yield. Deductions have been made to reflect stamp duty and the other costs that would be incurred by a purchaser of the asset, namely legal and surveyors' fees.

Notes to the financial statements

10. Investment property (continued)

Significant inputs, including estimates and judgments

Estimated Rental Value ("ERV") – Core rental

The ERV for the core rental income stream is the valuer's professional opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property. The valuers will refer to historic data, comparable properties and their knowledge of the relevant specialist sector to assess the likely ERV for vacant properties and future reversion.

Estimated Rental Value ("ERV") – Other income

Other income from investment assets are either entirely variable or subject to a minimum guaranteed amount with the excess being variable. In order to assess the likely sustainable variable income stream the valuers refer to historic data and their knowledge of the relevant specialist sector.

Yields

Yields are set reflecting the investment assets specific prospects and associated risks. The valuers consider the prevailing market yields and adjust for the nature of the assets, the potential variability or sustainability of income and the impact of the wider port operating costs.

Purchasing costs

Costs that are assumed to be incurred by a purchaser are 1.75% of the gross valuation plus Stamp Duty Land Tax at the relevant rate.

Sensitivity

Yields are the most significant of the unobservable inputs used in the fair value measurement of the company's principal investment properties. The table below summarises the inputs used:

2024	Port-related investment properties	Other investment properties	Total
Yield – average %	11.2	11.9	11.4
Yield – range %	5.0 – 25.0	5.0 – 17.5	5.0 – 25.0

2023	Port-related investment properties	Other investment properties	Total
Yield – average %	11.3	9.5	10.8
Yield – range %	5.0 – 33.3	5.0 – 24.0	5.0 – 33.3

A decrease in the average yield of 0.5% would result in an increase in the aggregate valuation of £138.8m (2023: £131.7m) and an increase in the average yield of 0.5% would result in a decrease in the aggregate valuation of £127.1m (2023: £120.0m).

Notes to the financial statements

10. Investment property (continued)

Lease income

Lease income, excluding other income, generated from the company's investment property portfolio amounted to £176.3m (2023: £170.5m) and related operating expenses amounted to £2.0m (2023: £3.5m). Direct operating expenses relating to vacant property are considered to be immaterial.

11. Investments

Investments in subsidiaries	£m
At 31 December 2023	54.6
At 31 December 2024	**54.6**

A list of the company's subsidiary undertakings is set out in note 26.

The company has direct investments in all its subsidiaries with the exception of W.E D. Services Limited which is owned indirectly through W. E. Dowds (Shipping) Limited. Following an assessment of the financial position and performance of the company's investments no impairment triggers were identified as at the balance sheet date (2023: no triggers).

12. Trade and other receivables

Trade and other receivables are analysed as follows:

	2024 £m	2023 £m
Non-current:		
Accrued income	**0.1**	1.4
Prepayments	**-**	0.7
Other receivables	**0.1**	0.1
Total non-current trade and other receivables	**0.2**	2.2
Current:		
Gross trade receivables	**90.0**	74.2
Amounts due from group undertakings	**2.1**	1.8
Prepayments	**11.4**	8.2
Accrued income	**31.0**	28.4
Other receivables	**21.8**	21.5
Provision for expected credit losses	**(8.8)**	(7.2)
Total current trade and other receivables	**147.5**	126.9

Amounts due from group undertakings are not overdue for repayment and are not considered impaired. Details of the amounts due from related parties are disclosed in note 22.

All trade receivables are non-interest bearing. Disclosure of the financial risks related to these financial instruments is in note 16.

Notes to the financial statements

12. Trade and other receivables (continued)

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

The company's loss allowance movements measured at an amount equal to the lifetime expected credit losses are as follows:

	2024 £m	2023 £m
At 1 January	**(7.2)**	(9.1)
Provision for the expected credit losses	**(5.6)**	(4.7)
Expected credit losses reversed	**3.4**	6.1
Receivables written off as uncollectable	**0.6**	0.5
At 31 December	**(8.8)**	(7.2)

The provision for expected credit losses relates to trade receivables and accrued income.

As at 31 December 2024 the company held trade receivables that were past due but not impaired, as set out in the table below. These relate to a number of independent customers for whom there is no recent history of default and where terms and amounts have not been renegotiated in the last year.

The ageing of these trade receivables is as follows:

	2024 £m	2023 £m
Up to 3 months	**-**	0.6
3 to 6 months	**0.5**	-
Greater than 6 months	**0.3**	-
Total past due but not impaired receivables	**0.8**	0.6

There are no significant receivables of the company that are denominated in foreign currencies. The company does not hold any collateral as security.

13. Inventories

	2024 £m	2023 £m
Consumable spares	**8.1**	**-**

At 31 December 2024 £3.9m consumable spares were transferred from property plant and equipment and £4.2m of consumable spares was transferred from other receivables.

Notes to the financial statements

14. Pension commitments

The company participates in several pension schemes. They are accounted for as follows:

Define Benefit:
- The Associated British Ports Group Pension Scheme ("ABPGPS")
- The Pilots National Pension Fund ("PNPF")
- Unfunded retirement benefit arrangements in respect of former employees

Defined Contribution:
- The Legal & General Worksave Mastertrust ("MyPension Plan")
- The Ensign Retirement Plan ("ERP")
- The Merchant Navy Officers Pension Fund ("MNOPF")
- The Civil Service Pension
- The People's Pension

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

All the schemes operate under the UK regulatory framework. The primary regulatory authority overseeing these pension schemes is The Pensions Regulator.

Summary

Income statement

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

	2024 £m	2023 £m
ABPGPS and unfunded retirement benefit arrangements	**0.7**	0.9
Industry wide schemes	**0.2**	0.9
Defined contribution arrangements	**14.1**	12.8
Net pension charge recognised within operating profit	**15.0**	14.6
Net interest credit on net defined benefit liabilities	**0.4**	(0.2)
Net pension charge recognised in profit before taxation	**15.4**	14.4

Pension charge includes £6.1m (2023: 5.7m) of employee contributions.

Notes to the financial statements

14. Pension commitments (continued)

Summary (continued)

Balance sheet

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

	2024 £m	2023 £m
Net retirement benefit assets total	**28.2**	19.5
Net retirement benefit obligations total	**(23.4)**	(33.6)
Net retirement benefit asset/(liability)	**4.8**	(14.1)
Analysed by scheme:		
ABPGPS – net funded pension assets	**28.2**	19.5
ABPGPS – net unfunded pension liability	**(1.6)**	(1.7)
	26.6	17.8
PNPF	**(21.8)**	(31.9)
Net retirement benefit asset/(liability)	**4.8**	(14.1)

During the year the ABPGPS scheme recorded an actuarial gain due to changes in the financial assumptions and member experience, partially offset by negative returns on the scheme's assets. As a result the scheme's surplus has increased to £26.6m (2023: £17.8m surplus).

The Pilots National Pension Fund scheme recorded an actuarial loss during the year due to changes in financial assumptions, negative returns on the scheme's assets, and a loss arising from experience. As a result the scheme's deficit decreased to £21.8m (2023: £31.9m deficit).

Schemes accounted for on a defined benefit basis

ABPGPS and unfunded retirement benefit arrangements

The ABPGPS is a final salary defined benefit scheme closed to new members but has continued accrual.

The last triennial valuation of the ABPGPS as at 31 December 2023 was finalised in October 2024. The deficit recovery plan from the prior valuation remained in place with contributions due in 2025 contingent on their being a technical provisions deficit as at 30 June 2025.

There are no deficit repair contributions currently required after 2025. An updated Schedule of Contributions was also agreed as part of the triennial valuation.

The current Recovery Plan and Schedule of Contributions require the group to make deficit reduction contributions of £3.5m per annum until 31 December 2025 and employer contributions at the rate of 42.3%.

The valuation of the liabilities as at 31 December 2024 has been derived by projecting forward the position as at 31 December 2023. This exercise was performed by an independent actuary, Willis Towers Watson. The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit method.

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

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

The benefits provided under the Scheme are uncertain to the extent that the impact of Guaranteed Minimum Pensions (GMP) equalisation has not yet been fully reflected in Scheme benefits. An allowance has been included in the liabilities to reflect the expected value of these additional benefits, in line with what was calculated at the previous year end. It has been estimated by the actuary, Willis Towers Watson, that the financial effect of equalising benefits due to the GMPs in the ABPGPS was approximately a 0.1% increase of the funded defined benefit obligation.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years. There are no asset ceiling issues arising under IFRIC 14 as the group would be able to derive economic benefit from the existing IAS 19 surplus either through a reduction in future contributions or through a refund of the surplus if the Scheme is run on until all members have left. At that point, on the winding-up of ABPGPS, there would be no benefits to be increased using the surplus. The group has the unconditional right to a refund of any surplus assets on the winding up of ABPGPS.

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

The Pilots National Pension Fund ("PNPF")

The PNPF ("The Fund") is a centralised final salary multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime Pilots and other marine or non-marine workers upon retirement and also on death before or after retirement. The Fund is administered by a separate Trustee Company which is legally separate from the group. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the Fund's investment policy and day-to-day administration.

The Defined Benefit Section of the Fund was closed to new entrants on 31 December 2020. From 1 January 2021, new entrants join the Cash Balance Section of the Fund. The defined benefit obligation includes allowance for both the Defined Benefit Section and Cash Balance Section.

The last actuarial valuation of the Fund was completed as at 31 December 2022 and showed a higher than anticipated deficit under an existing Recovery Plan, requiring an increase in the deficit contributions payable by Participating Bodies. A new Recovery Plan reflecting an additional deficit repair contribution payable in 2029 was put in place. The new contribution in 2029, as well as the assets and defined benefit obligations, reflect the company's share of the liabilities in the Fund at the most recent valuation. Under the Recovery Plan the company paid contributions of £7.5 million in 2024, and will pay future contributions increasing at 3.4% p.a. thereafter until 31 December 2028. The company may also pay contributions in respect of the future accrual of benefits by active Pilots and/or other marine or non-marine workers. The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years.

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

As at the 31 December 2024 the is no expectation that any surplus will arise in the future because of the contributions promised by the company and therefore no provisions of IFRIC 14 impact the balance sheet.

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

The PNPF scheme consists of a number of Participating Bodies which are all UK Competent Harbour authorities. ABP has the largest share of historic liabilities although no longer has any active employees in the main section. All Participating Bodies are mutually liable for the entire PNPF obligations. The allocation of liabilities between Participating Bodies is determined by the PNPF Scheme Actuary at each scheme triennial valuation. If a Participating Body were to withdraw from the PNPF, a section 75 debt would be due based on the Participating Body's share of the ECHA statutory employer liabilities as at the most recent triennial valuation. ABP's share of this liability is calculated at 43.59% as at the 2022 valuation; which is then applied to the Fund's deficit on a solvency basis and then adjusted for historic voluntary contributions paid into the Fund by ABP.

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

Assumptions

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

	ABPGPS		**PNPF**	
	2024	**2023**	**2024**	**2023**
	%	**%**	**%**	**%**
Inflation CPI	**2.75**	2.60	**2.40**	2.20
Inflation RPI	**3.15**	3.05	**3.10**	3.00
Rate of increase in pensionable salaries	**2.00**	2.00	**2.40**	2.20
Rate of increase for pensions in payment[1]	**2.95**	2.90	**3.00**	2.90
Rate of increase for pensions in payment[2]	**2.30**	2.25	**3.70**	3.60
Rate of increase for pensions in payment[3]	**2.75**	2.60	**2.40**	2.20
Discount rate	**5.50**	4.65	**5.40**	4.50

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

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

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

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

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

	ABPGPS		PNPF	
	2024 Years	**2023 Years**	**2024 Years**	**2023 Years**
Male life expectancy retiring at age 60 in 15 years	**26.0**	**26.0**	**27.6**	**27.6**
Female life expectancy retiring at age 60 in 15 years	**28.4**	**28.5**	**30.3**	**30.3**

Sensitivities

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

	ABPGPS		PNPF	
Impact on net liabilities of:	**2024 £m**	**2023 £m**	**2024 £m**	**2023 £m**
Decrease in discount factor by 0.5%	**18.0**	23.0	**4.0**	5.0
Increase in inflation rate by 0.5%	**12.6**	15.8	**2.0**	2.0
Increase in rate of mortality of a 60 year old by 1 year	**12.4**	13.8	**6.0**	3.5
Increase in allocated share of the PNPF liability by 5%	**-**	-	**4.5**	5.0

Balance sheet

Changes in fair value of scheme assets were as follows:

	ABPGPS		PNPF	
	2024 £m	**2023 £m**	**2024 £m**	**2023 £m**
Fair value of scheme assets at 1 January	**411.8**	419.0	**70.0**	73.5
Amounts recognised in income statement:				
Interest income	**18.6**	20.0	**3.1**	3.6
Actuarial (loss)/gain in OCI:				
Return on assets, excluding amounts in net interest	**(36.3)**	(4.7)	**(5.5)**	(5.1)
Contributions by employees	**0.1**	0.1	**0.1**	-
Contributions by employer	**6.6**	6.3	**7.5**	7.3
Benefits paid	**(26.8)**	(27.9)	**(8.5)**	(9.0)
Administrative expenses paid	**(1.6)**	(1.0)	**(0.3)**	(0.3)
Fair value of scheme assets at 31 December	**372.4**	411.8	**66.4**	70.0

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Changes in fair value of scheme obligations were as follows:

	ABPGPS		PNPF	
	2024 £m	**2023 £m**	**2024 £m**	**2023 £m**
Fair value of scheme obligations at 1 January	**(393.9)**	(405.3)	**(101.9)**	(98.5)
Amounts recognised in income statement:				
Current and past service costs	**(0.8)**	(0.9)	**(0.1)**	-
Interest cost	**(17.7)**	(18.8)	**(4.4)**	(4.6)
Administrative expenses	**(1.6)**	(1.0)	**-**	-
Actuarial gain/(loss) in OCI:				
Actuarial gain/(loss) from changes in demographic assumptions	**1.7**	9.0	**0.2**	(1.7)
Actuarial gain/(loss) from changes in financial assumptions	**28.0**	(5.4)	**8.1**	(3.2)
Experience (loss)/gain	**10.0**	(0.5)	**1.2**	(3.2)
Contributions by employees	**(0.1)**	(0.1)	**(0.1)**	-
Benefits paid directly by the company	**0.2**	0.2	**-**	-
Benefits paid	**26.8**	27.9	**8.5**	9.0
Administrative expenses paid	**1.6**	1.0	**0.3**	0.3
Fair value of scheme obligations at 31 December	**(345.8)**	(393.9)	**(88.2)**	(101.9)

The current service cost represented 22% (2023: 17%) for the ABPGPS and unfunded retirement benefit arrangements, of the applicable pensionable payroll.

As at 31 December 2024, the cumulative remeasurement result recognised in the group's other comprehensive income amounted to a loss of £104.5m (2023: loss of £107.9m) for the ABPGPS and unfunded retirement benefit arrangements and a gain of £11.8m (2023: gain of £7.8m) for the PNPF.

Returns on assets and interest on liabilities are determined by reference to the actuarial assumptions adopted at the beginning of each financial period. The actual return on assets for 2024 was a loss of £17.7m (2023: gain of £15.3m) for the ABPGPS and unfunded retirement benefit arrangements and a loss of £2.4m (2023: loss of £1.5m) for the PNPF.

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

The fair value of scheme assets is analysed as follows:

	ABPGPS		**PNPF**	
	2024 £m	**202 £m**	**2024 £m**	**202 £m**
Investments quoted in active markets:				
Government investments	**294.1**	366.7	**-**	-
Fixed investment and liquidity funds	**31.0**	21.5	**-**	-
Derivatives	**(1.5)**	(3.3)	**0.9**	0.7
Repurchase agreements	**(159.4)**	(172.0)	**-**	-
Pooled Investment Vehicles (PIV) - Bonds	**77.1**	24.7	**-**	-
Investment funds	**17.5**	40.0	**30.4**	27.9
Liquidity funds	**-**	**-**	**8.8**	13.3
LDI	**-**	**-**	**11.1**	13.7
Long term credit	**-**	-	**13.9**	14.4
Unquoted investments:				
Property PIVs and liquidity funds	**63.3**	73.3	**-**	-
PIVs	**40.2**	50.2	**-**	-
Cash and cash equivalents	**10.1**	10.7	**1.3**	-
Fair value of scheme assets at 31 December	**372.4**	411.8	**66.4**	70.0

Historical record – ABPGPS and unfunded retirement benefit arrangements

Amounts for the current and previous years are as follows:	**2024 £m**	**2023 £m**	**2022 £m**	**2021 £m**	**2020 £m**
Fair value of scheme assets	**372.4**	411.8	419.0	642.9	640.2
Present value of funded scheme obligations	**(344.2)**	(392.2)	(403.7)	(580.1)	(635.8)
Present value of unfunded obligations	**(1.6)**	(1.7)	(1.6)	(2.0)	(2.3)
Net assets recognised in the balance sheet*	**26.6**	17.9	13.7	60.8	2.1
Remeasurement gain/(loss) due to changes in assumptions	**29.7**	3.6	184.1	32.0	(56.9)
Experience gain/(loss) on scheme obligations	**10.0**	(0.5)	(25.1)	6.7	(1.0)
Experience (loss)/gain on scheme assets	**(36.3)**	(4.7)	(212.4)	16.1	36.2
Remeasurement gain/(loss) relating to net retirement benefit assets/liabilities recognised in other comprehensive income	**3.4**	(1.6)	(53.4)	54.8	(21.7)

*Unfunded liability recognised in retirement benefit liabilities in the group balance sheet.

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Historical record – PNPF

Amounts for the current and previous years are as follows:	**2024 £m**	2023 £m	2022 £m	2021 £m	2020 £m
Fair value of scheme assets	**66.4**	70.0	73.5	101.0	101.8
Present value of funded scheme obligations	**(88.2)**	(101.9)	(98.5)	(140.1)	(152.1)
Net liabilities recognised in the balance sheet	**(21.8)**	(31.9)	(25.0)	(39.1)	(50.3)
Remeasurement gain/(loss) due to changes in assumptions	**8.3**	(4.8)	38.6	6.7	(9.4)
Experience gain/(loss) on scheme obligations	**1.2**	(3.2)	(4.0)	(2.1)	23.8
Experience (loss)/gain on scheme assets	**(5.5)**	(5.1)	(26.4)	1.0	(10.8)
Remeasurement gain/(loss) relating to net retirement benefit assets/liabilities recognised in other comprehensive income/(expense)	**4.0**	(13.1)	8.2	5.6	3.6

Schemes accounted for on a defined contribution basis

The Merchant Navy Officers Pension Fund ("MNOPF")

The MNOPF is a multi-employer arrangement operated across the shipping industry. It operates with no segregation of the assets and liabilities relating to different employers and the trustees allocating a 'share' of funding deficits to employers. The MNOPF has secured approximately £2bn of liabilities in respect of pensioner members with Pension Insurance Corporation through two transactions in 2020 and 2022. The assets of the MNOPF were approximately £3.3bn at 31 March 2021, including the value of this 'buy-in' policy. The buy-in transactions remove the financial and demographic risks associated with the insured pensioner members. The last actuarial valuation as at 31 March 2021 was a technical provision surplus of 102% and on the same basis as at 31 March 2023 was 99%. The MNOPF closed to future benefit accrual on 31 March 2016. ABP has approximately a 0.1% share of the MNOPF deficit based on the liabilities in respect of former employees and a share of the orphan liabilities. There are no new recovery plans in place following the latest valuation.

In 2024 and 2023 the company had no contributions to this scheme and expects no contributions to be payable in 2025.

The group recognises that this pension scheme should be accounted for as a defined benefit scheme under IAS 19, however given the group's immaterial exposure, the lack of availability of data and the limited influence the group has over the affairs of this scheme, the group intends to continue to account for it as a defined contribution scheme.

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

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

In 2024 the company expensed as defined contribution pension costs a total of £14.6m (2023: £12.8m) of contributions to this plan.

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined contribution basis (continued)

The Ensign Retirement Plan ("ERP")

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

In 2024 the company had no defined contribution pension costs (2023: £9,260) of contributions to this plan.

The defined contribution pension cost represents the actual contributions payable by the company to the Legal & General and Ensign Mastertrusts. At 31 December 2024, there were no amounts outstanding as being due to these arrangements from the company (2023: £nil).

The Civil Service pension

The Civil Service pension arrangements, comprise the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (Alpha). Both are unfunded, Defined Benefit (DB), contributory, public service occupational pension scheme made under the Superannuation Act 1972. PCSPS and Alpha are unfunded schemes and the cash required to meet the payment of pension benefits is paid from public funds provided by Parliament. Members contribute on a 'pay-as-you-go' basis. These contributions (and those made by employers) are credited to the Exchequer under arrangements governed by the aforementioned Acts. The company pays current service contributions as determined by the scheme. The contributions due from employers and employees to fund future service liabilities are set by the Actuary at a four-yearly Scheme valuation. During the year, the company made contributions of £0.1m (2023: £nil) to this scheme in relation to its current active members.

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined contribution basis (continued)

The Peoples Pension

The Peoples Pension is a defined contribution scheme, with approved mastertrust status from the pension regulator to meet auto enrolment legislation requirements. During the year, the company made contributions of £0.1m to this scheme in relation to its current active members

Section 37 certification

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

The decision is relevant for schemes which were contracted out on a DB basis from 6 April 1997 which includes the ABP Group Pension Scheme and PNPF.

The ABP Group Pension Scheme Trustees and Associated British Ports have reviewed all relevant Deeds of Amendment and confirmed that Section 37 Confirmation from the Scheme Actuary was in place at the time the amendment was made. Given this confirmation the company considers that no adjustment is required.

The group understands that the PNPF Trustee has commenced a review to establish what impact, if any, the Virgin Media judgment has on the PNPF. The PNPF Trustee has informed the group that it has no reason to believe there is a compliance issue in relation to the requirements of Section 37 of the Pension Schemes Act 1993 when amending the PNPF Rules.

Taking this information into account, and that the PNPF Trustees have in place policies and procedures to ensure compliance with laws and regulations and that the requirements under the act were well known, the group considers the current actuarial estimates to represent the best estimate available of the liabilities.

Notes to the financial statements

15. Borrowings

Borrowings are analysed as follows:

	2024 £m	2023 £m
Current:		
Lease liabilities	**2.3**	1.4
Total current borrowings	**2.3**	1.4
Non-current:		
Amounts due to parent undertaking	**667.0**	663.5
Lease liabilities	**4.5**	3.6
Total non-current borrowings	**671.5**	667.1

Amounts due to parent undertaking represents a loan from the company's immediate parent undertaking, Associated British Ports Holdings Limited. More detail on the company's related party borrowings is set out in note 21.

Interest on the loan amounts due to parent undertaking due in 2027, accruing interest at 9.5% (2023: 8.6% per annum plus SONIA compound) accrues annually in arrears and can be settled in cash at any time or deferred until maturity of the facility.

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

	2024 £m	2023 £m
At 1 January	**5.0**	7.0
Additions	**4.7**	1.4
Interest expense	**0.4**	0.4
Payments	**(3.3)**	(3.8)
At 31 December	**6.8**	5.0

Lease liabilities are secured on the related leased assets. Disclosure of the financial risks related to these financial instruments is disclosed in note 16. Expenses relating to short term and low value asset leases are disclosed in note 3.

Notes to the financial statements

16. Financial instruments

Treasury operations

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited ("ABPH"), the company's immediate parent undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to assess the group's ongoing capital requirements, raising funding on a timely basis and to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure.

The group does not use financial instruments for speculative purposes.

Financial risk management

The company's main financial risks are liquidity, market, credit and capital risk. The company aims to manage these risks to an acceptable level.

Liquidity risk

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

Interest rate risk

The company's loan with its immediate parent undertaking, ABPH, is linked to the wider group's cost of debt. Interest rate risk is managed on a group basis by the wider group, owned by the company's ultimate parent undertaking, ABP (Jersey) Limited, maintaining an appropriate balance between fixed and floating debt and using interest rate swaps when appropriate to economically hedge against changes in interest rates. Further detail on how the group manages interest rate risk is included in the strategic report of ABPA Holdings Limited.

Foreign exchange risk

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

Credit risk

Credit risk with banks and financial institutions is managed by the wider group. The group monitors the credit risk of banking counterparts, tracking credit default swap rates and credit ratings of actual and potential counterparties. Cash deposits of the group at the year-end were all with counterparties with a credit rating of A3 or better and the weighted average maturity of deposits was 1 day from 31 December 2024.

Customer credit risk is managed locally in line with a group policy which is designed to ensure that the group's exposure to concentration of credit is appropriately managed through implementation of credit checks, using external credit rating agencies, and limits.

Notes to the financial statements

16. Financial instruments (continued)

Financial risk management (continued)

Based on the quality and diversity of its customer base and institutions with which cash is deposited, management considers the group's exposure to concentration of credit risk not to be material.

An impairment analysis is performed at each reporting date to determine the expected credit losses. The analysis reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecasts of future economic conditions. Based on the impairment analysis the group ensures that the allowance for expected credit losses is at least 0.5% (2023: at least 0.5%) of the amount of trade receivables and accrued income held on the balance sheet at the reporting date. Expected credit losses for other financial assets is considered immaterial.

Management considers the company's exposure to credit risk to be minimal. The maximum exposure to credit risk at 31 December 2024 is the carrying amount of each class of receivable. The maximum exposure to credit risk at the reporting date for derivative instruments is their fair value.

Capital risk

The company manages its capital to ensure that it will be able to continue as a going concern while maximising shareholder value and to ensure that it has the resources and the capacity to meet its operational requirements and to facilitate the execution of its strategy.

The company holds a long term loan balance with its immediate parent undertaking, ABP Holdings Limited "ABPH". Under the Transport Act 1981 the company is restricted to borrowing only from its immediate parent ABPH at levels predetermined by the board of ABPH. Ultimate realisation of principal balances depends on the performance of the company and the ability of the ports and transport operation to generate cash flows

The company's overall strategy remains unchanged from 2024

Contractual maturity of financial liabilities

The table below analyses the group's financial liabilities and related accrued interest, based on undiscounted contractual payments:

2024	Borrowings (excluding lease liabilities) £m	Lease liabilities £m	Trade and other payables £m	Total £m
Not later than one year	63.0	2.7	202.1	267.8
More than one year but not more than two years	63.0	1.5	64.7	129.2
More than two years but not more than five years	730.1	2.1	-	732.2
More than five years	-	50.1	-	50.1
Total payments	**856.1**	**56.4**	**266.8**	**1,179.3**

Notes to the financial statements

16. Financial instruments (continued)

Financial risk management (continued)

2023	**Borrowings (excluding lease liabilities)* £m**	**Lease liabilities £m**	**Trade and other payables £m**	**Total £m**
Not later than one year	62.7	1.9	186.2	250.8
More than one year but not more than two years	62.7	1.7	84.0	148.4
More than two years but not more than five years	788.9	1.3	-	790.2
More than five years	-	50.3	-	50.3
Total payments	**914.3**	**55.2**	**270.2**	**1,239.7**

*the comparative borrowings figures have been restated to correct an error in relation to the maturity date used in the calculation of contractual cash flows.

Fair value of financial instruments

The company's considered the carrying amounts of financial instruments are reasonable approximations of fair value.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of fixed rate amounts due to parent undertaking has been based on a cash flow projection with reference to observed market returns and accords to Level 2 in the fair value hierarchy. As the fixed rate at 31 December 2024 and 202 approximates market rate, the book value approximates fair value.

During the year to 30 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Notes to the financial statements

16. Financial instruments (continued)

Derivative financial instruments

The company uses derivatives to manage its exposure to fuel prices and foreign exchange rates. 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 are:

2024	**Expiry date**	**Notional litres**	**Financial assets £m**	**Financial liabilities £m**
Forward foreign exchange contracts			-	(0.4)
Fuel swaps and caps	2025-2026	18.0m litres	-	(0.5)
Fair value of derivative financial instruments			**-**	**(0.9)**
Net amount of derivatives			**-**	**(0.9)**

2023	**Expiry date**	**Notional litres**	**Financial assets £m**	**Financial liabilities £m**
Fuel swaps and caps	2024-2025	18.0m litres	0.3	(0.7)
Fair value of derivative financial instruments			**0.3**	**(0.7)**
Net amount of derivatives			**0.3**	**(0.7)**

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

	2024 £m	**2023 £m**
Current assets:	**-**	0.3
Total assets	**-**	0.3
Current liabilities:	**(0.8)**	(0.7)
Non-current liabilities	**(0.1)**	-
Total liabilities	**(0.9)**	(0.7)

Notes to the financial statements

17. Trade and other payables

	2024 £m	2023 £m
Current:		
Trade payables	**34.6**	31.1
Amounts due to group undertakings	**58.9**	61.7
Amounts due to subsidiary undertakings	**14.1**	15.7
Accruals	**83.0**	63.9
Other creditors	**6.6**	9.3
Taxation	**5.1**	4.5
Total current trade and other payables	**202.3**	186.2

	2024 £m	2023 £m
Non-current:		
Amounts due to subsidiary undertakings	**45.8**	45.8
Accruals	**5.5**	27.3
Other creditors	**13.4**	12.6
Total non-current trade and other payables	**64.7**	85.7

All trade and other payables are non-interest bearing. Details on amounts due to related parties are disclosed in note 22.

Other creditors is made up of non-recurring non-trade payables, and includes rent related security deposits of £12.9m (2023: £12.1m) along with amounts due for 3rd party insurance and damages liabilities.

18. Deferred income

	Contract Liability £m	Deferred Property Income £m	Government capital grants £m	Total £m
At 1 January 2023	**15.3**	**85.8**	**45.4**	**146.5**
Credited to income statement during the year	(8.7)	(46.9)	(4.1)	(59.7)
Amounts received in advance and deferred	2.2	61.9	1.5	65.6
At 31 December 2023	**8.8**	**100.8**	**42.8**	**152.4**
Credited to income statement during the year	(4.7)	(41.4)	(6.0)	(52.1)
Amounts received in advance and deferred	5.8	58.7	5.2	69.7
At 31 December 2024	**9.9**	**118.1**	**42.0**	**170.0**

Government capital grants relate to amounts provided for the construction of port related assets for which there are no unfulfilled conditions or associated contingencies.

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

	2024 £m	2023 £m
Current	**52.1**	45.5
Non-current	**117.9**	106.9
Total deferred income	**170.0**	152.4

Notes to the financial statements

18. Deferred income (continued)

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

19. Provisions

2024	Property £m	Retrospective employer liabilities £m	Other £m	Total £m
At 1 January	**32.5**	**8.1**	**3.6**	**44.2**
Charged to income statement during the year	3.1	-	5.0	**8.1**
Credited to income statement during the year	(3.8)	-	(1.1)	**(4.9)**
Utilised in the year	(1.5)	-	(2.1)	**(3.6)**
Amortisation of discounting	-	0.3	-	**0.3**
At 31 December	**30.3**	**8.4**	**5.4**	**44.1**
Expected utilisation within one year	13.2	0.3	5.4	18.9

2023	Property £m	Retrospective employer liabilities £m	Other £m	Total £m
At 1 January	25.9	9.0	7.8	**42.7**
Charged to income statement during the year	6.7	-	2.3	**9.0**
Credited to income statement during the year	-	(1.5)	(4.9)	**(6.4)**
Utilised in the year	(0.1)	-	(1.6)	**(1.7)**
Amortisation of discounting	-	0.6	-	**0.6**
At 31 December	**32.5**	**8.1**	**3.6**	**44.2**
Expected utilisation within one year	24.5	0.2	3.6	28.3

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

	2024 £m	2023 £m
Current	**18.9**	28.3
Non-current	**25.2**	15.9
Total provisions	**44.1**	44.2

Notes to the financial statements

19. Provisions (continued)

Property

Property provisions that will be utilised as the work is performed, the timing of which is uncertain, include:

- £6.2m (2023: £6.0m) in respect of a Grade II listed building where ABP has a constructive obligation to maintain the building and recognises the need to carry out essential works in the event that the third party with the legal obligation to undertake the works fails to do so;
- £18.3m (2023: £21.3m) in respect of land at various ports which has been identified as contaminated as a result of previous use. The land was occupied by tenants who have not met their obligations so remediation has fallen to ABP as the owners of the land. The provisions are in respect of remediation needed to ensure that ABP remains in compliance with environmental regulations and represents the current expectation of remediation costs based on surveys of the land.
- £4.5m (2023: £2.8m) relating to the demolition of a structure posing a potential hazard to navigation based on the best estimate of costs that will be incurred.

Retrospective employer liabilities

The company carries a provision in respect of employer's liability in relation to certain industrial diseases.

The company's exposure in relation to retrospective industrial diseases was last subject to a full review and an updated model constructed by an independent actuary in 2022.

Potential liabilities have been projected forward until 2074 using information on incidence type, number of claims, life expectancy of claimants, value of claims and the company's share of the exposure. Cash flows, where appropriate, have been projected and discounted on a pre-tax basis using a discount rate, based on investment-grade fixed income market index for GBP-denominated bonds, of 6.3% (2023: 5.5%). The actuarial assessment identified a reasonable discounted estimate of the reserves to be in the range £5.6m to £9.7m (2023: £7.0m to £11.7m). An increase in the discount rate of 1% would result in a range of £5.1m to £8.9m, and a decrease of 1% would result in a range of £6.1m to £10.6m. In the light of uncertainty associated with asbestos related claims, the company provides in the middle of the range.

Other provisions

Other provisions relate primarily to claims for uninsured damages to customer property and will be utilised as formal claims are agreed the timing of which is uncertain.

Notes to the financial statements

20. Deferred tax

The movement on deferred tax is shown below:

2024	2023 £m	Adjustments in respect of previous periods (credited)/ charged to income statement £m	(Credited)/ charged to income statement £m	Charged/ (credited) to OCI £m	2024 £m
Accelerated tax depreciation	122.3	(0.1)	(3.8)	-	118.4
Revaluation of operational land and investment properties	234.0	-	58.3	(7.6)	284.7
Capital losses	(12.0)	11.6	-	-	(0.4)
Retirement benefit obligations	(3.5)	-	2.7	1.9	1.1
Other	(1.2)	-	-	-	(1.2)
Net deferred tax liability	**339.6**	**11.5**	**57.2**	**(5.7)**	**402.6**

2023	2022 £m	Adjustments in respect of previous periods (credited)/ charged to income statement £m	(Credited)/ charged to income statement £m	Charged/ (credited) to OCI £m	2023 £m
Accelerated tax depreciation	111.1	4.3	6.9	-	122.3
Revaluation of operational land and investment properties	210.4	-	24.1	(0.5)	234.0
Capital losses	(13.2)	0.4	0.8	-	(12.0)
Retirement benefit obligations	(2.9)	-	2.7	(3.3)	(3.5)
Other	(2.1)	-	0.9	-	(1.2)
Net deferred tax liability	**303.3**	**4.7**	**35.4**	**(3.8)**	**339.6**

It is not possible to quantify the amount of deferred tax expected to be settled or realised within the next 12 months.

The company has unrecognised deferred tax assets of £78.5m (2023: £78.5m) in relation to capital losses of £314.1m (202: £314.1m) that relate to operational assets excluding land. These losses have no expiry date and are only available for offset against gains from future sales of land and buildings, which cannot be projected with sufficient certainty, from the port estates.

Notes to the financial statements

21. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:

	2024 £m	2023 £m
Profit before taxation	**499.3**	341.3
Finance costs	**55.9**	47.7
Finance income	**(7.2)**	(4.3)
Net unrealised gain on operating derivatives	**0.2**	2.4
Depreciation of property, plant and equipment and right of use assets	**101.4**	98.3
Amortisation of intangible assets	**12.3**	10.8
Loss on write off of intangibles and disposal of property, plant and equipment, investment property, property and land held for sale and right of use assets	**(0.2)**	(9.0)
(Decrease)/increase in provisions	**(1.0)**	1.0
Increase in fair value of investment properties	**(233.4)**	(96.8)
Defined benefit pension charge through profit and loss	**1.2**	2.1
Pension contributions paid	**(13.0)**	(13.9)
Operating cash flows before movements in working capital	**415.5**	379.6
(Increase)/decrease in trade and other receivables	**(21.2)**	2.4
Increase in trade and other payables and deferred income	**6.5**	3.3
Cash generated by operations	**400.8**	385.3

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

2024	At 1 January (liability)/ asset £m	Cash flows £m	Non-cash changes £m	At 31 December (liability)/ asset £m
Long-term intercompany borrowings	(663.5)	177.0	(180.5)	(667.0)
Lease liabilities	(5.0)	3.3	(5.1)	(6.8)
Total	**(668.5)**	**180.3**	**(185.6)**	**(673.8)**

2023	At 1 January (liability)/ asset £m	Cash flows £m	Non-cash changes £m	At 31 December (liability)/ asset £m
Long-term intercompany borrowings	(574.7)	143.9	(232.7)	(663.5)
Lease liabilities	(7.0)	3.8	(1.8)	(5.0)
Total	**(581.7)**	**147.7**	**(234.5)**	**(668.5)**

Notes to the financial statements

21. Cash flow reconciliations (continued)

Cash and cash equivalents comprises:

	2024 £m	2023 £m
Cash	**4.7**	5.0
Deposits	**36.5**	35.5
Rent deposit accounts	**12.3**	11.0
Cash and cash equivalents at 31 December	**53.5**	51.5

22. Related party transactions

Transactions with the Trustee of the Associated British Ports Group Pension Scheme

The company has multiple pension arrangements, predominantly defined contribution, and also operates a defined benefit scheme managed by the Trustee of the Associated British Ports Group Pension Scheme (“ABPGPS”) (see note 14). During the year, the company charged ABPGPS £0.3m (2023: £0.2m) in respect of administrative services. At 31 December 2024, £nil (2023: £nil) remained owing to the company by ABPGPS in respect of these charges.

Transactions with key management personnel

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

Notes to the financial statements

22. Related party transactions (continued)

Transactions with fellow group companies

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

Name	Relationship
Associated British Ports Holdings Limited	Immediate parent
ABP Acquisitions UK Limited	Intermediate parent
ABP (Aldwych) Limited	Group undertaking
ABP Marine Environmental Research Limited	Group undertaking
ABP Property Development Company Limited	Group undertaking
ABP Security Limited	Group undertaking
ABP Southampton Properties Limited	Group undertaking
Auto Shipping Limited	Group undertaking
Grosvenor Waterside Asset Management Limited	Group undertaking
Grosvenor Waterside Investments Limited	Group undertaking
Immingham Bulk Terminal Limited	Group undertaking
Millbay Development Company Limited	Group undertaking
Solent Gateway Limited	Group undertaking
ABPH Marine (Guernsey) PCC Limited	Group undertaking
ABP Safeguard Limited	Wholly owned subsidiary
ABP Marchwood Limited	Wholly owned subsidiary
Aldwych Logistics Investments Limited	Wholly owned subsidiary
Colchester Dock Transit Company Limited	Wholly owned subsidiary
Exxtor Shipping Services Limited	Wholly owned subsidiary
Humber Pilotage (C.H.A.) Limited	Wholly owned subsidiary
Ipswich Port Limited	Wholly owned subsidiary
Northern Cargo Services Limited	Wholly owned subsidiary
RPM Industrial Site Services Limited	Wholly owned subsidiary
Southampton Free Trade Zone Limited	Wholly owned subsidiary
The Teignmouth Quay Company Limited	Wholly owned subsidiary
UK Dredging Management Limited	Wholly owned subsidiary
W.E. Dowds (Shipping) Limited	Wholly owned subsidiary
Whitby Port Services Limited	Wholly owned subsidiary

Notes to the financial statements

22. Related party transactions (continued)

The company has the following borrowings with a related party:

	Due date	Interest rate per annum	2024 £m	2023 £m
Associated British Ports Holdings Limited	2027	9.5% (2023: 8.6%) per annum plus SONIA compound	**(667.0)**	(663.5)
			(667.0)	(663.5)

The following table shows the borrowing transactions that have been entered into by the company with Associated British Ports Holdings Limited, together with period end balances, for the relevant financial year:

	2024 £m	2023 £m
Intercompany borrowing at start of the year	**(663.5)**	(574.7)
Non-cash increase in borrowing	**(40.8)**	(23.1)
Interest charged 9.5% per annum (2022: 8.6%)	**(60.4)**	(49.6)
Dividend declared	**(80.0)**	(160.0)
Dividend paid	**80.0**	110.0
Interest paid	**21.3**	27.9
Net borrowing repaid	**76.4**	6.0
Related party borrowing at end of the year	**(667.0)**	(663.5)

Non-cash increase in borrowings represents group tax relief from parent undertaking

Notes to the financial statements

22. Related party transactions (continued)

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

	2024 £m	2023 £m
Related party trade and other receivables:		
ABP (Aldwych) Limited	**1.5**	1.5
Solent Gateway limited	**0.6**	0.3
Total current receivable	**2.1**	1.8
Related party trade and other payables:		
ABP Marine Environmental Research Limited	**(0.7)**	(3.6)
ABP Property Development Company Limited	**(5.0)**	(5.0)
ABP Security Limited	**(0.2)**	(0.2)
ABPH Marine (Guernsey) PCC Limited	**-**	-
Grosvenor Waterside Investments Limited	**(39.0)**	(39.0)
Millbay Development Company Limited	**(0.3)**	(0.2)
Solent Gateway Limited	**(0.4)**	(0.3)
W.E. Dowds (Shipping) Limited	**(2.4)**	(4.1)
ABP Southampton Properties Limited	**(4.1)**	(4.1)
Auto Shipping Limited	**(0.5)**	(0.5)
Grosvenor Waterside Asset Management Limited	**(0.1)**	(0.1)
Immingham Bulk Terminal Limited	**(8.6)**	(8.6)
The Teignmouth Quay Company Limited	**(11.7)**	(11.7)
Total current payable	**(73.0)**	(77.4)
Humber Pilotage (C.H.A.) Limited	**(2.0)**	(2.0)
Colchester Dock Transit Company Limited	**(5.3)**	(5.3)
Ipswich Port Limited	**(24.7)**	(24.7)
Northern Cargo Services Limited	**(1.1)**	(1.1)
Southampton Free Trade Zone Limited	**(1.5)**	(1.5)
Exxtor Shipping Services Limited	**(11.2)**	(11.2)
Total non current payable	**(45.8)**	(45.8)
Total current account balances	**(116.7)**	(121.4)

Notes to the financial statements

22. Related party transactions (continued)

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

ABP Marine Environmental Research Limited	2024 £m	2023 £m
Intercompany payable at start of the year	**(3.6)**	(3.2)
Movement for the year	**2.9**	(0.4)
Intercompany payable at end of the year	**(0.7)**	(3.6)

Millbay Development Company Limited	2024 £m	2023 £m
Intercompany payable at start of the year	**(0.2)**	(0.1)
Movement for the year	**(0.1)**	(0.1)
Intercompany payable at end of the year	**(0.3)**	(0.2)

Solent Gateway Limited	2024 £m	2023 £m
Intercompany payable at start of the year	**(0.3)**	-
Movement for the year	**(0.1)**	(0.3)
Intercompany payable at end of the year	**(0.4)**	(0.3)
Intercompany receivable at start of the year	**0.3**	-
Movement for the year	**0.3**	0.3
Intercompany receivable at end of the year	**0.6**	0.3

W.E. Dowds (Shipping) Limited	2024 £m	2023 £m
Intercompany payable at start of the year	**(4.1)**	(4.4)
Movement for the year	**1.7**	0.3
Intercompany payable at end of the year	**(2.4)**	(4.1)

23. Financial commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 £m	202 £m
Property, plant and equipment	**49.1**	37.3
Investment property	**10.5**	6.2
Intangible assets	**1.7**	0.7

Notes to the financial statements

24. Contingent liabilities

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

25. Leases

Company as lessor

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

Operating lease receivables

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

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

	2024 **£m**	**2023*** **£m**
Not later than one year	**137.5**	126.5
More than one year but not more than two years	**119.2**	112.9
More than two years but not more than three years	**105.2**	101.6
More than three years but not more than four years	**98.9**	90.5
More than four years but not more than five years	**90.0**	85.0
More than five years	**1,166.4**	1,070.7
Total	**1,717.2**	1,587.2

*Comparator for the maturity analysis of future minimum lease income receivable under non-cancellable operating leases has been updated to conform with current presentation reflecting corrected lease dates.

Company as lessee

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

The nature of the company's leasing activities, the carrying amounts of right of use assets recognised and the movements during the year are set out in note 9. Right of use assets that meet the definition of investment property are included in note 10.

The carrying amounts of lease liabilities and the movements during the year are set out in note 15. The maturity analysis of lease liabilities is set out in note 16.

During the year the company had total cash outflows for lease payments of £3.3m (2023: £3.8m).

Notes to the financial statements

26. Subsidiary undertakings

All subsidiaries have a registered address of 25 Bedford Street, London, WC2E 9ES and operate in England and Wales, unless otherwise stated. The company's controlling interest in subsidiary undertakings is represented by ordinary shares. All ordinary shares have voting rights in the same proportion to the shareholding.

	% held by Company
Subsidiary undertakings: Ports and transport:	
W.E. Dowds (Shipping) Limited	100
Subsidiary undertakings: Group services:	
UK Dredging Management Limited	100
W.E.D. (Services) Limited	100
Subsidiary undertakings: Dormant:	
ABP (Pension Trustees) Limited	100
ABP Marchwood Limited	100
ABP Safeguard Limited	100
ABP Secretariat Services Limited	100
Aldwych Logistics Investments Limited	100
Colchester Dock Transit Company Limited	100
Exxtor Shipping Services Limited	100
Grosvenor Waterside (Cardiff Bay) Limited	100
Humber Pilotage (C.H.A.) Limited	100
Ipswich Port Limited	100
Northern Cargo Services Limited	100
RPM Industrial Site Services Limited	100
Slater's Transport Limited	100
Southampton Free Trade Zone Limited	100
The Teignmouth Quay Company Limited	100
Whitby Port Services Limited	100

27. Holding company and ultimate controlling parties

Under the Transport Act 1981, Associated British Ports Holdings Limited has powers over Associated British Ports corresponding to the powers of a holding company over a wholly-owned subsidiary undertaking. The company's intermediate parent undertaking, ABPA Holdings Limited ("ABPAH"), produces consolidated financial statements that comply with UK adopted International Accounting Standards ("IAS"). Copies of these financial statements may be obtained from ABPAH, at its registered office at 25 Bedford Street, London, WC2E 9ES, which is also the principal office of Associated British Ports ("ABP"). The consolidated financial statements of ABPAH are the smallest group in which ABP is included.

Notes to the financial statements

27. Holding company and ultimate 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 IFRS and are available from its registered office at 3rd floor, 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:

2024	**% of A Ordinary shares**	**% of B Ordinary shares**	**% of Preference shares**
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**

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