PD Ports Acquisitions (UK) Limited

Annual Report and Financial Statements
for the year ended 31 December 2018

Registered number in England and Wales: 05641351

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Strategic Report

For the year ended 31 December 2018

The Directors present their Annual Report on the affairs of PD Ports Acquisitions (UK) Limited (the "Company"), together with audited Financial Statements for the year ended 31 December 2018.

Principal activities and business review

The principal activity of the Company is that of an intermediate holding company and financing company. The Company is a member of the group headed by PD Ports Limited (the "Group").

The Company generated a loss of £513,000 (2017: £9,466,000) in the year. The result for the year reflects the finance charges incurred on the loans from a related party undertaking, together with a dividend received.

The Balance Sheet shows that the net assets of the Company were £251,211,000 as at 31 December 2018, compared with net assets of £251,724,000 at 31 December 2017. The movement year on year reflects the loss in the year.

Given the nature of its business and operating structure, the Directors are of the opinion that analysis using other key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

Future Developments

The Directors anticipate that the Company will continue as a holding company for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks and uncertainties affecting the Company are considered to be interest rates, liquidity to ensure that the Company is able to service its debt and the ability of its subsidiaries to achieve growth and profitability in order to support the carrying value of the investments and to generate distributable income. Interest rate and debt service risks are managed across the Group with more details given in note 10.

The Group is, in common with most other businesses, subject to macro-economic risks outside of its control. These include, inter alia, the impact of the possible future withdrawal of the United Kingdom from membership of the European Union (commonly referred to as "Brexit"). The Group's directors have included the consideration of the potential impacts of Brexit upon the Group's businesses as an agenda item on its meetings since before the referendum on the subject in June 2016. The key risk to the Group would be any long-term changes to internal and external demand for goods and any consequent changes to established supply chains that consequently reduced volumes passing through its facilities. After taking into account these key risks and the possible outcomes of the continuing withdrawal process, the Group's directors do not expect that Brexit will have a material impact on the Group's ability to continue to trade successfully under its current business model.

The Group monitors and manages these business risks through a series of regular meetings of the Group and divisional management to discuss operational, strategic and risk issues, as well as through meetings of the Group Risk Committee which assesses the major risks and key controls designed to manage these risks. The financial risk management policies and objectives are set out in more detail in the Statement of Accounting Policies.

Strategic Report (continued)
For the year ended 31 December 2018

Approved by the Board and signed on its behalf by:

J F Calje
Director
Registered office
17–27 Queen's Square
Middlesbrough
TS2 1AH
Registered number 05641351

07 June 2019

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation. 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 its 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;
- make judgements and estimates that are reasonable and prudent;
- 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who served during the year and since, except as noted, are set out below:

G Montesi	(appointed 08/06/2018)
R Marcogliese	(resigned 08/06/2018)
P L Sim	
M J Botha	(resigned 23/10/2018)
D J Robinson	
J F Calje	
J M Hopkinson	
F Ortiz	
J G Kelly	(appointed 23/10/2018)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Dividends

The Company did not declare any dividends in respect of the year ended 31 December 2018 (2017: £nil).

Strategic report

The Directors are responsible for preparing a Strategic Report in accordance with S414C(11) of the Companies Act 2006. The Directors have chosen to include the following information within the Strategic Report as opposed to in this report:

- Principal activity and business review;
- Principal risks and uncertainties, including financial risk management objectives and policies; and
- Future developments.

Auditor and disclosure of information to the auditor

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report as defined in the Companies Act 2006) of which the Company's auditor is 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 auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of the S418 of the Companies Act, 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and consequently they have been re-appointed accordingly.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, which also sets out the principal risk and uncertainties facing the Company.

The Company is financed by a loan from a related party, which, as at 31 December 2018, amounted to £125,033,000. The maturity date of this loan is in November 2019. The Company is currently in discussions to refinance the shareholder loan facility and expects these to be completed successfully prior to the maturity date in November 2019. The Company has confirmation from the lender that this loan wil not be called for repayment for at least 12 months from the date of these financial statements.

Going concern (continued)

The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projections, taking into account reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. After making enquiries of Group management, the Directors are not aware of any circumstances that would impact on the ability of the Group to provide the Company with any working capital and long term finance that it is projected to require.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board and signed on its behalf by:

J F Calje
Director
Registered office:
17–27 Queen's Square
Middlesbrough, TS2 1AH
United Kingdom
Registered number 05641351

07 June 2019

Independent Auditor's Report to the Members of PD Ports Acquisitions (UK) Limited

Opinion

In our opinion the financial statements of PD Ports Acquisitions (UK) Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Scott Bayne

Scott Bayne FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

07 June 2019

Income Statement
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Other operating expenses (net)		(4)	-
Operating profit		**(4)**	**-**
Investment income	1	10,000	-
Interest payable and similar charges	2	(9,745)	(8,672)
Profit/(loss) before taxation	3	**251**	**(8,672)**
Taxation	5	(764)	(794)
Loss for the year		**(513)**	**(9,466)**

Statement of Total Comprehensive Income
For the year ended 31 December 2018

	2018 £'000	2017 £'000
Loss for the year	(513)	(9,466)
Total comprehensive loss for the year	**(513)**	**(9,466)**

In both periods, the result was derived wholly from continuing operations

The accompanying notes are an integral part of this Income Statement.

Balance Sheet
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investment in subsidiaries	6	365,137	365,137
Current assets			
Trade and other receivables	7	109,823	100,115
		109,823	**100,115**
Total assets		**474,960**	**465,252**
Current liabilities			
Trade and other payables	8	98,716	97,897
Borrowings	9	125,033	-
		223,749	**97,897**
Non-current liabilities			
Borrowings	9	-	115,631
		-	**115,631**
Total liabilities		**223,749**	**213,528**
Net assets		**251,211**	**251,724**
Shareholders' equity			
Called up share capital	11	260,579	260,579
Retained deficit		(9,368)	(8,855)
Equity attributable to holders of the parent		**251,211**	**251,724**

The accompanying notes are an integral part of this Balance Sheet.

The Financial Statements of PD Ports Acquisitions (UK) Limited registered number 05641531, on pages 10 to 26 were approved by the Board of Directors and authorised for issue on 07 June 2019. These were signed on its behalf by:

J F Calje
Director

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2018

	Called up Share Capital £'000	Retained Earnings/ (Deficit) £'000	Total £'000
As at 1 January 2017	**260,579**	**611**	**261,190**
Total comprehensive loss for the year	-	(9,466)	(9,466)
As at 31 December 2017	**260,579**	**(8,855)**	**251,724**
Total comprehensive loss for the year	-	(513)	(513)
As at 31 December 2018	**260,579**	**(9,368)**	**251,211**

The principal accounting policies, all of which have been applied consistently throughout the year, are set out below:

General information and basis of preparation

The Company is incorporated as a private company limited by shares in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office address is given on page 6. The nature of the Company's operations and its principal activities are set out on page 2.

The functional and presentational currency of the Company is considered to be sterling because that is the currency of the primary economic environment in which the Company operates.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) endorsed by the European Union (EU) and with those parts of the Companies Act 2006 ('the Act') that are applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention. The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Although these estimates are made on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of PD Ports Limited, which prepares Consolidated Financial Statements which are publicly available.

The Company has no bank accounts, and any of its transactions which are required to be settled in cash are done so on its behalf by other Group companies. As a consequence, the Company has no cash transactions and hence no Cash Flow Statement has been prepared.

The Company has followed the guidance of IFRS7 "Financial Instruments: Disclosure" and has not presented the required disclosures of this standard as it was a wholly owned subsidiary of PD Ports Limited which provided the required disclosure.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, which also sets out the principal risk and uncertainties facing the Company. The Company's financing requirements are considered as part of a Group process to assess liquidity. The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projections, taking into account reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. After making enquiries of Group management, the Directors are not aware of any circumstances that would impact on the ability of the Group to provide the Company with any working capital and long term finance that it is projected to require.

Going concern (continued)

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the Director's Report in the Financial Statements.

Adoption of new or revised standards

Several new or revised Standards and Interpretations have been issued and will apply in future years. Consequently the Company did not adopt any of these standards in these financial statements. The adoption of these standards is not expected to have a material impact on the Company's financial statements in future years

The following IFRSs, IASs and IFRIC interpretations and amendments have been issued but have not been early adopted by the company:

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.
There has been no adjustment as a result of adopting IFRS 9 for the Company.

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective.
IFRS 16 Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.

As at 31 December 2018, the Company has no non-cancellable operating lease commitments of and therefore there will be no impact on the results of the company when IFRS is adopted.

The adoption of the other standards and amendments is not expected to have a material impact on the company's financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the opinion of the Directors, due to the nature of the Company there are no key sources of estimation uncertainty or areas of critical accounting judgement that the Directors have made in the process of applying the Company's accounting policies.

Investments

Investments are initially measured at cost, including transaction costs. At each Balance Sheet date, the Company reviews the carrying value of investments to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised as an expense immediately and a reversal of an impairment loss is recognised as income immediately. Dividends receivable are recorded gross in the Income Statement when they are received.

Trade and other receivables

Trade receivables do not carry interest and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts. This is equivalent to fair value.

Financial assets are assessed for indicators of impairment at each Balance Sheet date, and are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The carrying amount of financial assets including irrecoverable trade receivables is reduced by impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement.

Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value. This is equivalent to fair value.

Taxation

The tax credit/expense represents the sum of the current tax and deferred tax receivable or payable.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit, as reported in the Income Statement, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The provision for current tax is computed using the single best estimate of likely outcome approach, taking into account the uncertainties regarding the tax treatment of items which may not have been fully agreed with the relevant tax authorities. The assessments on such items is reviewed on a regular basis, taking appropriate advice, and, to the extent that the likely or final outcome is different from that previously estimated, any differences are provided in the year in which such a revised estimate is made.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and is recognised when it is considered probable that there will be a future cash outflow.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset only if (a) the Group has a legally enforceable right to offset current tax assets against current tax liabilities and (b) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

(a) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those classified as at fair value through profit or loss which are initially measured at fair value, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(b) Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount of debt is increased by the finance cost in respect of the accounting year and reduced by payments made during the year.

(c) Finance Charges

Finance charges, including direct issue costs, are accounted for on an accruals basis, using the effective interest method and are amortised to the Profit and Loss Account over the life of the associated loans.

(d) Equity

An equity instrument is any contract which evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1 Investment income

	2018 £'000	2017 £'000
Dividends received	10,000	-

2 Finance costs - net

	2018 £'000	2017 £'000
Interest payable and similar charges		
Loans from related party undertaking	(9,745)	(8,672)

3 Loss before taxation

Fees payable to the Company's auditor for the audit of the annual financial statements of £3,100 (2017: £2,500) were met by other group companies. There were no fees payable to the Company's auditor for other services.

4 Staff costs

a) Directors' remuneration and interest

Messrs Hopkinson and Calje were paid wholly by PD Ports Management Limited, which is a fellow group Company. It is not practicable to determine the proportions of such emoluments which were attributable to these Directors' services to the Company. Mr Robinson was paid by PD Ports Management Limited until he ceased to be employed by the Group on 15 March 2017. The other directors were not paid by any subsidiary of the Company. The emoluments of the Directors paid by PD Ports Management Limited are disclosed below:

	2018 £'000	2017 £'000
Emoluments	715	637
Pension contributions	2	16

Amounts paid to the highest director

	2018 £'000	2017 £'000
Emoluments	361	337
Pension contributions	-	-

The Company contributed to the defined contribution pension arrangements of one Director (2017: one).

b) Employee costs

There were no employees other than the executive Directors.

5 Taxation

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on loss for the year	(764)	(794)
Adjustment in respect of prior years	-	-
Total current tax	(764)	(794)
Deferred tax	-	-
	(764)	**(794)**

Factors affecting the tax credit in the year

The tax assessed for the year is different from the standard rate of UK corporation tax of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit/(loss) before tax	251	(8,672)
Profit/(loss) multiplied by the standard of corporation tax in the UK of 19% (2017: 19.25%)	(48)	1,669
Effects of:		
Permanent differences	1,900	-
UK transfer pricing	(1,600)	(1,250)
Interest disallowed under BEPS Action 4	(1,016)	(1,213)
Total taxation	**(764)**	**(794)**

The applicable rate of corporation tax changed from 20% to 19% during the prior year as a result of the Finance Act 2015.

The permanent differences in the current and prior year relate to disallowed interest on the loan from a related party undertaking together with dividends receivable. The increase in disallowed interest in the year is due to the impact of BEPS action 4 which took effect from 1 April 2017. No deferred tax asset has been recognised in respect of this disallowed interest as it is uncertain that there will be sufficient profits to allow a deduction in the future.

Factors that may affect future tax charges

Finance Act 2016 introduced a reduction in the main rate of corporation tax to 17% from 1 April 2020. Accordingly, this rate has been applied when calculating deferred tax assets and liabilities as at 31 December 2018. There is no expiry date on timing differences unused tax losses or tax credits

6 Investments

	£'000
Cost	
Shares in subsidiary undertakings at 1 January 2018 and at 31 December 2018	365,137
Net book value	
At 31 December 2017 and 31 December 2018	**365,137**

The Company has direct and indirect investments in the following companies, all of which (with the exception of THPA Finance Limited) are registered and operate in the United Kingdom, and whose registered office is that of the Company, as set out on page 6.

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
PD Ports Management Limited (+)	Holding company	100%
PD Ports Group Limited	Holding company	100%
PD Portco Limited	Holding company	100%
PD Teesport Limited	Port operations, conservancy and property	100%
PD Group Management Limited	Management services	100%
PD Port Services Limited	Port operations	100%
Tees and Hartlepool Pilotage Company Limited	Pilotage	100%
THPA Finance Limited	Investment holding company	100%
Ports Holdings Limited	Investment holding and leasing company	100%
PD Shipping & Inspection Services Limited	Port operations	100%
PD Ports Properties Limited	Property management	100%
PD Ports Hull Limited	Leasing company	100%
Logical Link Limited	Port operations	100%
Logical Link Solutions Limited	Port operations	100%
Groveport 2012 Limited	Holding company	100%
Groveport Logistics Limited	Port operations	100%
PD Ports Finance Limited	Leasing company	100%
THPA Group Services Limited	Labour supplier	100%
Cleveland Wharves Limited	Dormant	100%
Storefreight Ltd	Dormant	100%
R Durham & Sons Limited	Dormant	100%
Consolidated Land Services Limited	Dormant	100%
Consolidated Land Services (Scunthorpe) Limited	Dormant	100%
Allied Transport Limited	Dormant	100%
Sellers & Batty Limited	Dormant	100%
North Lincs Haulage Co Limited	Dormant	100%

6 Investments (continued)

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
Consolidated Engineering Limited	Dormant	100%
THPA Pension Trustees Limited	Dormant	100%
THPA Pension Trustees (1976) Limited	Dormant	100%
Associated Waterway Services Limited	Dormant	100%
East Coast Port Services Limited	Dormant	100%
PD Shipping Ltd	Dormant	100%
Humber Terminals Limited	Dormant	100%
PD Wharfage Ltd	Dormant	100%
PD Warehousing Limited	Dormant	100%
International Marine Management (Bond) Ltd	Dormant	100%
Mattak Limited	Dormant	100%
Roxburgh Henderson & Co Limited	Dormant	100%
Peterhead Towage Limited	Dormant	100%
F W Allen & Ker Limited	Dormant	100%
Glasgow Bulk Handling Limited	Dormant	100%
PD 2007 Limited	Dormant	100%
PD 2006 Limited	Dormant	100%
C & C Agencies Limited	Dormant	100%
Worldwide Travel (Wales) Limited	Dormant	100%
Victoria Harbour Limited	Dormant	100%
Holidays & Sports Travel Ltd	Dormant	100%
Benj Ackerley & Son Limited	Dormant	100%
PD Agency Ltd	Dormant	100%
Italian General Shipping Limited	Dormant	100%
General Freight Ltd	Dormant	100%
Northern Gateway Limited	Dormant	100%
L.S.D. Transport (1944) Ltd	Dormant	100%

THPA Finance Limited is incorporated in, and operates in, the Cayman Islands. Its registered office is c/o Intertrust, 190 Elgin Avenue, George Town, Grand Cayman, KYI-9005, Cayman Islands.

Investments held directly by the Company are denoted with (+).

7 Trade and other receivables

	2018 £'000	2017 £'000
Current receivables		
Amounts owed by related parties	109,823	100,115
	109,823	**100,115**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Further information relating to amounts from related parties is set out in note 12 to the financial statements.

8 Trade and other payables

	2018 £'000	2017 £'000
Loan from related parties	97,490	96,696
Corporation Tax	764	794
Accruals	462	407
	98,716	**97,897**

The Directors consider that the carrying amount of accruals and other payables approximates to their fair value. Further information relating to amounts from related parties is set out in note 12 in the Financial Statements.

9 Borrowings

	2018 £'000	2017 £'000
Loans from related party	125,033	115,631
Borrowings are repayable as follows:		
Between two and five years	-	115,631
	-	115,631
On demand or within one year	125,033	-
	125,033	115,631

The book value of borrowings is equal to their fair value.

The loan from related party represents a loan from BIP PD Ports Capital Management SARL. The balance comprises a loan of £89,202,000 and capitalised interest of £35,831,000 (2017: loan of 89,202,000 and capitalised interest of £26,429,000). The loan is unsecured and is fully repayable in November 2019. This debt attracted interest at variable rate of LIBOR plus a margin of 7.5% (2017: 7.5%).

10 Financial Instruments

Financial risk management objectives

The operations of the Company expose it to a number of financial risks, including:

- capital risk;
- liquidity risk;
- interest rate risk; and
- credit risk.

On 20 November 2009, the Company was acquired by PD Ports Limited, a subsidiary of Brookfield Asset Management Inc. Since this date the entity is exposed to interest rate risk on floating rate loans with a related party. The ultimate parent company and consolidated group is not exposed to interest rate risk on these loans as they are eliminated on consolidation.

Capital risk management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 8 and 9, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 11. As disclosed within borrowings (note 9), the Company has a shareholder loan in place and this facility is unsecured.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

10 Financial Instruments (continued)

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2018	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	0	98,716	-	-	-	-	98,716
Variable interest rate instruments	8.16	5,103	129,285	-	-	-	134,388
		103,819	129,285	-	-	-	233,104

2017	Weighted average %	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	0	97,897	-	-	-	-	97,897
Variable interest rate instruments	8.02	4,480	4,480	8,961	178,259	-	196,180
		102,377	4,480	8,961	178,259	-	294,077

Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at floating interest rates. The risk is managed by the Company and its subsidiaries maintaining an appropriate mix between fixed and floating rate borrowings.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The Company's borrowings are short term and interest free. As a consequence, the Company has no exposure to changes in interest rates at 31 December 2018.

If interest rates were 100bps higher/lower, the loss before taxation and net assets for the year ended 31 December 2018 would have decreased/increased by £1.25m (2017: £1.0m). It has been assumed all other variables remained the same when preparing the interest rate sensitivity.

Credit risk management

Credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance Sheet.

There are no assets or liabilities in the Balance Sheet that incur a deferred tax asset or liability.

11 Called-up share capital

	2018 £'000	2017 £'000
Company		
Allotted, called-up and fully paid		
260,579,000 ordinary shares of £1 each	260,579	260,579

The Company has one class of ordinary shares which carry no right to fixed income.

12 Related party transactions

a) Equity interests in related parties

Details of interests in subsidiaries are disclosed in note 6 to the financial statements.

b) Transactions involving key management

During the year ended 31 December 2015, the immediate parent company, PD Ports Limited, issued 29,500 'C' shares and 1,500 'D' shares at par, (the 'Employee Shares'). During the year ended 31 December 2017, PD Ports Limited issued a further 3,000 'C' shares of a price of £5.14 each and 10,000 'E' shares at par. The Employee Shares were issued to the PD Ports Limited Employee Share Trust (the 'EBT') which holds the shares on trust for the Participating Employees in accordance with the terms of the Company's Articles of Association, the EBT Trust Deed and the relevant subscription agreements. The Participating Employees are certain of the Group's key management. Further details of the Employee share based payments can be found in the consolidated financial statements of PD Ports Limited.

PD Ports Limited recognised the following in relation to cash settled share based payment transactions:

	2018 £'000	2017 £'000
Closing balance of liability for Employee Shares	-	-
Income arising from decrease in fair value of liability for Employee Shares	-	-

c) Transactions involving the parent entity

The Company did not enter into any transactions with PD Ports Limited.

12 Related party transactions (continued)

d) Transactions involving other related parties

During the year, the Company entered into transactions with subsidiaries and related parties and had balances outstanding at the year end as set out in the table below:

	2018 Interest expense £'000	2018 Amounts due from related parties £'000	2018 Amounts due to related parties £'000	2017 Interest expense £'000	2017 Amounts due from related parties £'000	2017 Amounts due to related parties £'000
Subsidiary undertakings	-	109,823	(97,490)	-	100,115	(96,696)
BIP PD Capital Management SARL	(9,745)	-	(125,033)	(8,672)	-	(115,631)
	(9,745)	**109,823**	**(222,523)**	**(8,672)**	**100,115**	**(212,327)**

No amounts were provided for doubtful debts due from related parties at 31 December 2018 or 31 December 2017.
The amounts payable to subsidiary undertakings are interest free and have no final repayment date.

13 Ultimate parent undertaking and controlling party

The Company's intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company was PD Ports Limited, a company registered in England and Wales. Copies of the financial statements of this company are available from its registered office, 17-27 Queens Square, Middlesbrough TS2 1AH.

The Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements including the results of the Company, was Brookfield Asset Management Inc., a company incorporated in Canada. Copies of the financial statements of this company are available from its registered office, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.