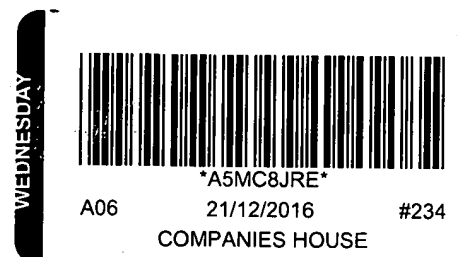


PEEL PORTS GROUP LIMITED

**Report and Financial Statements
For the year ended 31 March 2016**



REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T E Allison (Chairman)
I G L Charnock
H M M Mackenzie
S Underwood
S Vyas
J Whittaker
M Whitworth

COMPANY SECRETARY

C R Marrison Gill

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
Liverpool
L21 1LA

BANKERS

The Royal Bank of Scotland PLC/
National Westminster Bank PLC
22 Castle Street
Liverpool
L2 0UP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Horton House
Exchange Street East
Liverpool
L2 3PG

STRATEGIC REPORT

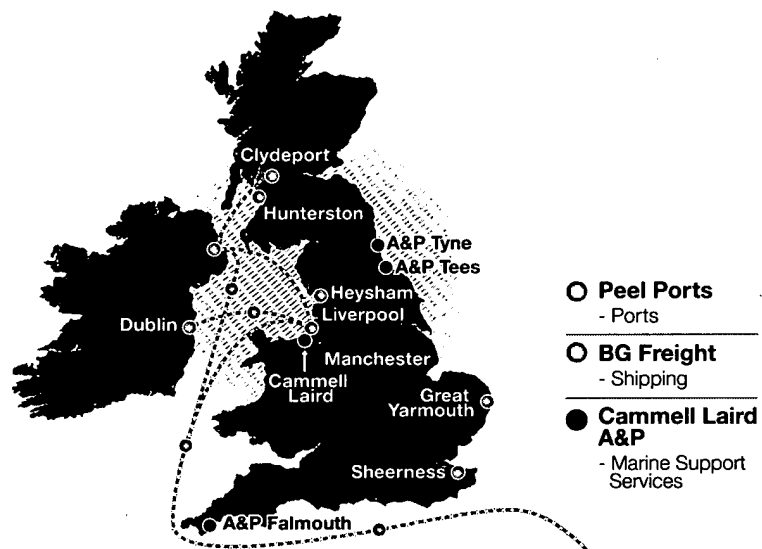
1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES

Ports

Peel Ports Group Limited and its subsidiaries (“the Group”) operate as the Statutory Harbour Authority for the Port of Liverpool, the Manchester Ship Canal, the River Medway, parts of the area along and around the River Clyde, Ardrossan Harbour, Twelve Quays at Birkenhead Docks and Heysham Port, as well as operating Great Yarmouth Port on a concession basis.

Port facilities, freight forwarding and cargo handling services are also provided in Dublin under concession.

The Group’s assets form a strategic hub centred on the Irish Sea, with locations in Liverpool, Dublin, Glasgow and along the Manchester Ship Canal. Linked by the Group’s short sea shipping services and the Manchester Ship Canal container vessel service, the Group’s assets provide direct access to the significant hinterland of North West England and the main RoRo services to Ireland. Additionally, the Port of Sheerness provides access to London and Clydeport to Central Scotland. Great Yarmouth, as an offshore supply base, is strategically located close to the oil, gas and windfarm installations in the Southern North Sea.



In addition to providing landlord services to the many leading businesses that operate from the Group’s port facilities, the Group also offers a value added logistics solution to a customer’s supply chain. This includes conservancy, pilotage, berthing, facilities rental, storage, cargo handling, marine services and shipping.

The Group handles a diverse range of cargoes including bulk liquids, bulk solids, automotive, energy, agribulks and containers.

STRATEGIC REPORT (CONTINUED)

1. GROUP OVERVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

Ports (continued)

The Group is undertaking a major investment in Liverpool2, a new in-river deep-water container terminal, which is nearing completion. With the widening of the Panama Canal, and the potential for round the world trade routes that this might bring, the terminal will enable the Port of Liverpool to handle the world's largest container vessels. Total investment will be approximately £300m, part financed by a £150m loan secured from the European Investment Bank and a Regional Growth Fund grant of £35m as contribution to the cost of dredging the approach channel to the Mersey Estuary. By deepening the approach channel of the Mersey to 16 metres, it will allow access for these vessels as well as widening the tidal access window for a range of other river users.

The combination of the Liverpool2 terminal with the Group's existing port assets and short sea shipping services in the Irish Sea, the Continent and along the Manchester Ship Canal is expected to provide significant advantages to both shipping lines, importers and exporters. It is estimated that 35 million consumers live within a radius of 150 miles of the Port of Liverpool.

Shipping

The Group's port operations are complemented by a shipping line division, providing short sea container services between the UK, Ireland and mainland Europe and feeder services between the UK and Ireland. Operating as BG Freight Line, based in Rotterdam, these services charter vessels on a short-term basis to meet the needs of customers.

Marine Support Services

The Group's Marine Support Services division provides a range of marine services, including ship repair and marine engineering, to ship owners and operators. Cammell Laird's Birkenhead site expands across 130 acres and includes four dry docks. The company specialises in military ship refits, commercial ship repairs, upgrades and conversion and shipbuilding. Cammell Laird is also active in the industrial services and energy sectors. Atlantic & Peninsula Marine Services ("A&PMS"), owner of A&P Group Limited, is a leading engineering services and fabrication group, providing ship repair, ship conversion and marine services and specialising in the global marine and energy sectors. A&P Group operates from three sites across the UK, in the North East (Tyne and Tees) and South West (Falmouth).

Overview of financial performance for the year

The financial performance of the Group is set out in Section 2 of the Strategic Report. As noted in Section 3, the Group adopted FRS 102 for the first time in these financial statements. Further information on this can be found in that section and in note 29.

The subsidiaries principally affecting the profits or net assets of the Group in the year are listed in note 30.

STRATEGIC REPORT (CONTINUED)

2. FINANCIAL REVIEW

2.1 Operating performance

The results for the year and the previous year, and the Group's key performance indicators, are summarised below:

Continuing operations:	2016	2015	Change	
	£m	£m	£m	%
Turnover	596.2	616.1	(19.9)	(3.2)
Gross profit	199.5	199.9	(0.4)	(0.2)
EBITDA ¹	199.5	190.5	9.0	4.7
Group operating profit before exceptional items	141.5	137.0	4.5	3.3
Group operating profit	<u>131.8</u>	<u>135.7</u>	<u>(3.9)</u>	<u>(2.9)</u>
	%	%		
Gross profit margin	<u>33.5</u>	<u>32.4</u>		
Tonnage throughput (millions)*:				
Ports	57.6	63.1	(5.5)	(8.7)
Shipping	<u>4.3</u>	<u>4.2</u>	<u>0.1</u>	<u>2.4</u>
Total	<u>61.9</u>	<u>67.3</u>	<u>(5.4)</u>	<u>(8.0)</u>

*Uses standard tonnage measures for the port industry.

The operating performance for the year ended 31 March 2016 reflects the following:

- EBITDA has increased by 4.7%, from £190.5m to £199.5m with operating profit before exceptional items higher by 3.3%, at £141.5m compared to £137.0m in the prior year. This reflects another robust performance by the Group, despite the challenges faced by the accelerated decline in the UK coal market.
- Although the Group has improved its EBITDA and pre-exceptional operating profit, turnover and tonnage throughput have decreased by 3.2% and 8.0% respectively (the ports tonnage throughput decreasing by 8.7%), primarily due to the handling of lower coal volumes. The closure of Longannet Power Station in Scotland in particular has had and will have an impact on the Hunterston facility. The Group's operating profit before exceptional items increased by 3.3% and demonstrates the benefits of the Group's diversified service offering and customer base, long term contracts and significant levels of guaranteed revenue, as well as the targeted restructuring of activities undertaken during the year.
- Turnover was lower in Shipping, which was impacted by the higher Euro to Sterling exchange rate during the year, and Marine Support Services, a lower gross margin division.
- Restructuring in the year, and the benefits of the Group's diversified service offering, meant that although gross profit was down slightly by 0.2%, the gross profit margin increased from 32.4% to 33.5%.
- Group operating profit decreased 2.9% from £135.7m to £131.8m, reflecting the exceptional charge for the year of £9.7m (2015: £1.3m). Profit after tax was £10.8m compared to a prior year loss after tax of £209.7m. This is after taking account of a non-cash charge of £14.4m (2015: £219.7m) relates to the change in the fair value of derivative financial instruments (see section 3).

¹ EBITDA is group operating profit before depreciation, amortisation of goodwill, statutory unrealised foreign currency gains and losses and operating exceptional items, and after other finance income arising from the defined benefit pension schemes and dividends received from joint ventures and before minority interest.

STRATEGIC REPORT (CONTINUED)

2 FINANCIAL REVIEW (CONTINUED)

2.1 Operating performance (continued)

- Operating cash flows were £176.4m, up from £169.5m in the prior year primarily as a result of effective working capital management including advance monies received in the Marine Support Services division.
- The Group invested £140.0m (2015: £140.6m) in net capital expenditure, after taking into account grants received of £nil (2015: £31.0m), and acquired Great Yarmouth Port Company Limited (“GYPC”) for total consideration of £53.4m (see note 28). The acquisition of GYPC was financed through the issue of new ordinary equity shares totalling £13.5m and the raising of new term loans totalling £40.0m. Other financing activities in the year raised a further £138.7m (£240.0m) of funds. The Group paid interest of £93.8m (2015: £90.5m). Dividends paid to the owners of the parent company totalled £40.7m (2015: £78.8m) and to the non-controlling interests totalled £1.6m (2015: £nil).
- The level of business activity for the Group reflects the accelerated decline in the UK coal market offset by focused restructuring and other commercial opportunities. The coal market decline had been expected, and plans progressed to prepare for it, though its timing was more accelerated than originally expected. The results for the year demonstrate the continued resilience of the Group to respond to such factors.
- As noted overleaf, the recent UK referendum vote on EU membership has created a period of uncertainty, though the fundamentals of the business are unchanged and the Group is planning for growth.

2.2 Other financial developments

Other financial developments include:

- In addition to the £40.0m raised to acquire GYPC, as referred to above, the Group also raised £55.0m from the issuance of Private Placement Loans which mature in 2027 and £75.0m from Institutional Term Loans with maturities between 2025 and 2028. The Group also extended the £100.0m undrawn Liquidity Facility for a further 12 months to December 2016.
- Subsequent to the year end the Group has raised a further £125.0m in the private placement market, of which £40.0m has been used to repay the £40.0m term loan entered into to acquire Great Yarmouth Port Company (see above), and the Group has also increased undrawn facilities by a further £20.0m.
- Restructuring of certain parts of the Group’s operations to facilitate greater linkages between its strategic assets, together with the settlement of legal claims, resulted in an exceptional operating charge of £9.7m (2015: £2.5m). In the prior year, pension scheme restructuring also resulted in an exceptional credit of £1.2m, of which a £1.7m non-cash credit related to the merging of A&PMS’ three pension schemes into one scheme.
- Excluding grants received, net cash investment in capital expenditure totalled £140.0m (2015: £171.6m). At the Port of Liverpool, this included the on-going construction of the Liverpool2 in-river deep-water container terminal, investment in new warehouse capacity and relocation and enhancement of the steel terminal. At the Port of Sheerness, the Company invested in the development of car storage facilities.
- Dividend payments of £40.7m (2015: £78.8m) were paid during the year. These are set out below:

	2016	2015
	£m	£m
Dividends (includes the prior year final declared dividend of £17.5m (2015: £1.7m))	40.7	42.4
Interim dividends for biomass reinvestment (see below)	-	36.4
	40.7	78.8

Interim dividends of £36.4m in the year ended 31 March 2015 were paid in support of the Group’s shareholders’ investment in a new fellow subsidiary of the Peel Ports Holdings (CI) Limited group of companies, established at the Port of Liverpool to build a biomass facility. Ligna Biomass Limited will procure the operations and maintenance services for the facility from The Mersey Docks and Harbour Company Limited, a subsidiary of the Group.

A final dividend of £21.4m (2015: £17.5m) has been proposed.

STRATEGIC REPORT (CONTINUED)**2 FINANCIAL REVIEW (CONTINUED)****2.3 Financial position at the end of the year**

- Net liabilities were £1,487.4m at 31 March 2016 (2015: £1,467.8m). In addition to the profit for the financial year of £10.8m (2015: loss of £209.7m), the net liability position has changed primarily because of an actuarial loss of £3.3m (2015: loss of £41.7m) relating to the Group's defined benefit pension schemes, the payment of interim dividends on ordinary shares of £40.7m (2015: £78.8m) and the issue of new ordinary share capital of £13.5m (2015: £nil).

3. CHANGE OF ACCOUNTING STANDARDS – FRS 102

The financial results and financial position, as reported in these financial statements, reflect the adoption of the new UK GAAP accounting standard, "FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland". In adopting the new standard, the results and financial position for the year ended 31 March 2015 have also been restated to present them as if they had always been recorded on a FRS 102 basis.

Adopting FRS 102 has had no impact on the Group's reported EBITDA, or other measures derived from the Group's bank covenants, as they are determined on a "Frozen GAAP" basis. Nor has the adoption of FRS 102 had any impact on the Group's cash flows.

The most significant change from adopting FRS 102 is that the Group's derivative financial instruments, previously disclosed in the notes to the financial statements, are now recorded on the balance sheet, with movements in the values being recorded in the profit and loss account. Derivative financial instruments, which include interest rate swaps and cross currency swaps, are used to hedge the Group's cash flow exposures and are not held speculatively. Reflecting these on the balance sheet has resulted in an additional net liability being recorded at 31 March 2015 of £815.4m, after taking into account the previously recorded accretion accrual of £27.6m. The movement reflected in the profit and loss account for the year ended 31 March 2016 was a net loss of £14.4m (2015: loss of £219.7m). The fair value of the swaps at 31 March 2016 was £857.4m (2015: £843.0m). The swaps provide certainty over the sterling value of the Group's interest and loan repayment cash flows, though by their very nature the valuation of such instruments can be volatile dependent on external market conditions, such as interest rate movements. Such changes in the fair value of the instruments do not impact the Group's trading performance or cash flows.

Note 29 provides more information on this and other changes arising from the adoption of FRS 102.

4. OTHER DEVELOPMENTS DURING THE YEAR AND FUTURE DEVELOPMENTS*Liverpool2*

The new deep-water container terminal, called "Liverpool2", will enable the Port of Liverpool to handle container vessels of post Panamax capacity (up to 20,000 TEU), with draught up to 15m. It will increase port capacity from 0.9m TEU to 1.5m TEU in the first phase (fully operational in late 2016) and then to 2.4m TEU in the second phase (expected to be operational in 2019).

During the year, the Port of Liverpool received the first five ship-to-shore cranes and the first six cantilever rail mounted gantry cranes from Shanghai-based Zhenhua Heavy Industries Co (ZPMC). Phase 1 of Liverpool2 will see a further six cantilever cranes being delivered. This new equipment will enable the handling of two vessels of up to 380m length simultaneously.

Berthing trials commenced in late June 2016 and there is a planned phased opening during 2016.

5. PRINCIPAL RISKS AND UNCERTAINTIES**5.1 Commercial***Economic outlook and market pressures*

UK referendum on EU membership

The recent UK referendum vote on EU membership, which concluded with a vote to leave the EU, has created uncertainty in the economic outlook that will take some time to settle. The fundamentals of the Group are robust and this provides resilience for it to respond to such challenges and opportunities as they arise.

STRATEGIC REPORT (CONTINUED)**5. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****5.1 Commercial (continued)***Economic outlook and market pressures (continued)***Ports**

The regional ports within the Group each form part of a wider transport infrastructure. The key operational risk and uncertainty relates to the dependency upon the economic activity of the businesses and consumers within the geographic proximity of the ports. These consumers and businesses generate the trade which flows through the ports and when they are subject to economic cycles or, at the extreme, to failure, there is an unavoidable impact on the ports. In addition, the Group may be exposed to declining volumes in certain sectors, downward pricing pressure or the loss of major contracts.

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the ports. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another. In addition, the Group benefits from a high proportion of secure revenue from customers on long-term contracts at its port operations with no significant concentration of revenue or profits dependent on any one customer. Further, the Group continues to invest in maintaining and developing its facilities and services to meet the needs of its current and future customers.

Shipping and Marine Support Services

For the Group's other divisions, there is a greater degree of commercial tendering for contracts which are typically of a shorter duration than those in the Ports division. In these divisions, the mitigation of this risk comes from developing a strong track record for delivering excellent service, ensuring operational efficiency and maintaining the flexibility to respond quickly to potential upsides and downsides in activity levels.

5.2 Financial*Liquidity, cash flow and interest risks*

The key financial risk arises from the level of long-term debt held by the Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 3 October 2016 and 30 September 2046 ("long-term debt") amount to £1,707.0m (2015: £1,520.0m). The cash flow risk arising in connection with interest charges is mitigated through the use of interest rate and index-linked swaps. Further details can be found in note 19.

The directors consider that the combination of the swap instruments, stable trading of the ports business, effective working capital management and the investment in the asset base assists in managing the risks arising from the level of debt and variability in interest rates. The Group's bank loans and swap instruments are spread over a large number of banks and within the current facility agreements there are undrawn funds of £104m available.

Credit risk

Financial risk also arises from credit extended to customers. This risk is mitigated by using strict credit control procedures, the imposition of appropriate credit limits and obtaining third party credit references.

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known. The Group manages its foreign exchange exposure on a net basis, and, if required, uses forward foreign exchange contracts and financial instruments to reduce the exposure. If the hedging activity does not mitigate the exposure, then the results and the financial condition of the Group may be adversely impacted by foreign currency fluctuations. Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for these financial statements. The Group reviews its exposure to translation risk arising from its overseas investments on a continual basis and will enter into hedges if considered necessary.

STRATEGIC REPORT (CONTINUED)**5. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****5.2 Financial (continued)***Pensions risk*

The Group operates defined benefit pension schemes and is party to a number of industry-wide defined benefit pension schemes. Modest changes to the assumptions used to value the schemes' assets and liabilities can have a significant effect on the asset or liability that the Group records. At 31 March 2016, the Group balance sheet recorded a pension liability of £95.2m (2015: £97.4m). The liability has decreased slightly due to changes in actuarial assumptions, including a higher discount rate due to increases in corporate bond yields from the historically low levels seen in the prior year. The arrangements and the assumptions used are more fully explained in note 20 of the financial statements. Contribution rates are agreed with the trustees of each of the Group's schemes to enable deficits to be recovered over appropriate periods of time.

Going concern

As referred to in note 3 to the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

5.3 Operational*Capital expenditure projects*

The efficient management of the Group's projected capital expenditure will impact on the ability of the Group to complete projects on time and deliver the expected financial returns. In addition to the Group's own experience of completing capital projects, additional personnel with experience of managing major construction projects have been recruited to mitigate this risk.

Health and safety

In February 2015, there was a fatality at the Group's Hunterston facility. Following the incident, the Group worked closely with the authorities, primarily the Health & Safety Executive (the HSE), to investigate the circumstances surrounding the incident and to ensure that we take appropriate steps to ensure, so far as is reasonably practicable, that our employees and others are not thereby exposed to risks to their health or safety. Clydeport Operations Limited was prosecuted for breaches of health and safety and fined £0.3m. An associated civil claim has also been settled by the Group's insurers. The nature of the Group's operations is such that there is always a possibility of accidents occurring. Some of the cargos are dangerous and need to be handled in accordance with specific procedures. The Board of Directors is committed to ensuring that the Group complies with all appropriate health and safety requirements and to achieving continuous improvement to the effectiveness of the Group's health and safety management. The safety of its workforce, and anyone who enters the working environment, is an essential part of the Group's overall strategy.

5.4 Environmental

The Group is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and considering possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally-friendly materials and the avoidance of materials hazardous to health.

On behalf of the Board


I G L Charnock
Director
8 July 2016

DIRECTORS' REPORT

This report contains the statutory information disclosed in addition to that set out in the separate Strategic Report. Information relating to the future development of the business, which would otherwise be included in the Directors' Report, is included in the Strategic Report.

DIVIDENDS

Dividends paid in the year totalled £40.7m (2015: £78.8m). Of these, £23.2m (2015: £77.1m) are interim dividends and £17.5m (2015: £1.7m) are final dividends declared in respect of the preceding financial year. A final dividend of £21.4m has been proposed (2015: £17.5m).

DIRECTORS

The directors who held office during the financial year and thereafter, except as noted, were as follows:

T E Allison (Chairman)
I G L Charnock
H M M Mackenzie
S Underwood
S Vyas
J Whittaker
M Whitworth

The Company maintains directors' and officers' liability insurance which provides insurance cover for the directors and officers of the Company and its subsidiaries against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

EMPLOYEE INVOLVEMENT

The Group considers that employee involvement is essential to the continuing development and success of its business and uses a variety of methods to inform, consult and involve its employees. The primary communication channels for employees are within the Group's operating units and through group-wide in-house publications.

Applications for employment by disabled persons are given full consideration, having regard to the capabilities of the applicant. In the event of employees becoming disabled, every effort is made to provide them with employment in the Group and to arrange any necessary re-training. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from any disability. Appropriate access and facilities are also provided for any disabled employees as required. Training programmes are in place to ensure that the Group has suitably qualified individuals to undertake the various operational tasks within the Group.

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR (CONTINUED)

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'I G L Charnock', written in a cursive style.

I G L Charnock
Director
8 July 2016

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is 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 them 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS GROUP LIMITED

We have audited the financial statements of Peel Ports Group Limited for the year ended 31 March 2016 which comprise the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated and company balance sheets, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

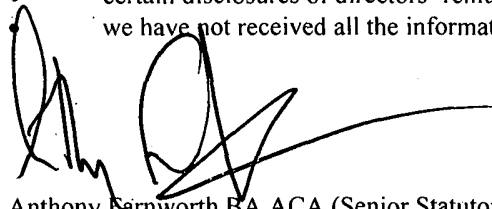
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL PORTS GROUP LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, United Kingdom

8 July 2016.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2016

	Note	2016 £m	2015 £m
GROUP TURNOVER	5	596.2	616.1
GROSS PROFIT		199.5	199.9
Other administrative expenses		(58.0)	(62.9)
Exceptional items	8	(9.7)	(1.3)
Administrative expenses		(67.7)	(64.2)
GROUP OPERATING PROFIT	6	131.8	135.7
Share of operating profit of joint ventures	13	0.2	0.3
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES		132.0	136.0
Net interest expense	9	(121.6)	(343.4)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10.4	(207.4)
Tax on profit/(loss) on ordinary activities	10	0.4	(2.3)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		10.8	(209.7)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
- Owners of the parent		8.8	(214.5)
- Non-controlling interest		2.0	4.8
		10.8	(209.7)

The above results are derived from continuing operations.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016

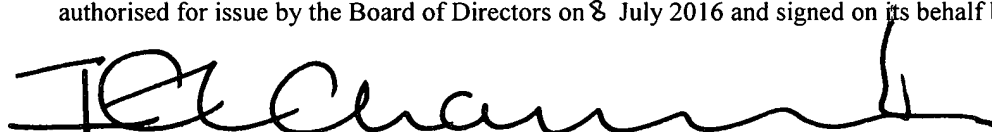
	Notes	2016 £m	2015 £m
Profit/(loss) for the financial year		<u>10.8</u>	<u>(209.7)</u>
<i>Other comprehensive income:</i>			
Remeasurement of net defined benefit liability	20	(3.3)	(41.7)
Remeasurement of joint venture undertaking's net defined benefit liability	13	0.4	(0.7)
Currency translation differences		1.3	(4.5)
Total tax on components of other comprehensive income	10(d)	<u>-</u>	<u>8.3</u>
Other comprehensive income for the year, net of tax		<u>(1.6)</u>	<u>(38.6)</u>
Total comprehensive income for the year		<u>9.2</u>	<u>(248.3)</u>
Total comprehensive income attributable to:			
- Owners of the parent		8.7	(250.2)
- Non-controlling interests		<u>0.5</u>	<u>1.9</u>
		<u>9.2</u>	<u>(248.3)</u>

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 March 2016

	Note	Group		Company	
		2016 £m	2015 £m	2016 £m	2015 £m
FIXED ASSETS					
Intangible assets:	11				
- positive goodwill		122.1	133.8	-	-
- negative goodwill		(7.9)	-	-	-
		114.2	133.8	-	-
Tangible assets	12	1,151.9	954.3	-	-
Interests in joint ventures:	13				
- share of gross assets		4.7	4.5	-	-
- share of gross liabilities		(3.9)	(4.3)	-	-
		0.8	0.2	-	-
Other investments	13	0.9	0.8	337.5	337.5
		1,267.8	1,089.1	337.5	337.5
CURRENT ASSETS					
Short-term investments	13	0.1	1.4	-	-
Stocks	14	4.4	3.9	-	-
Debtors - due within one year	15	140.7	140.0	125.7	111.9
- due after more than one year	15	20.1	0.4	123.0	123.0
Cash at bank and in hand		111.2	69.4	-	-
		276.5	215.1	248.7	234.9
CREDITORS: amounts falling due within one year	16	(359.3)	(337.0)	(109.8)	(109.8)
NET CURRENT (LIABILITIES)/ASSETS		(82.8)	(121.9)	138.9	125.1
TOTAL ASSETS LESS CURRENT LIABILITIES		1,185.0	967.2	476.4	462.6
CREDITORS: amounts falling due after more than one year	17	(2,577.2)	(2,337.6)	(123.0)	(123.0)
Post-employment pension liability	20	(95.2)	(97.4)	-	-
NET (LIABILITIES)/ASSETS		(1,487.4)	(1,467.8)	353.4	339.6
CAPITAL AND RESERVES					
Called-up share capital	21	351.0	337.5	351.0	337.5
Merger reserve		(506.1)	(506.1)	-	-
Profit and loss account		(1,341.6)	(1,309.6)	2.4	2.1
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,496.7)	(1,478.2)	353.4	339.6
Non-controlling interests	27	9.3	10.4	-	-
TOTAL EQUITY		(1,487.4)	(1,467.8)	353.4	339.6

The financial statements of Peel Ports Group Limited (company registration number 5965116), were approved and authorised for issue by the Board of Directors on 8 July 2016 and signed on its behalf by:



I G L Charnock
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Called-up share capital £m	Merger reserve £m	Profit and loss account £m	Total £m	Non-controlling interest £m	Total equity £m
At 31 March 2014 as previously stated	337.5	(506.1)	(405.1)	(573.7)	7.1	(566.6)
Changes on transition to FRS 102 (note 29)	-	-	(575.5)	(575.5)	1.4	(574.1)
At 1 April 2014 as restated	337.5	(506.1)	(980.6)	(1,149.2)	8.5	(1,140.7)
(Loss)/profit for the year	-	-	(214.5)	(214.5)	4.8	(209.7)
Other comprehensive income for the year	-	-	(35.7)	(35.7)	(2.9)	(38.6)
Total comprehensive income for the year	-	-	(250.2)	(250.2)	1.9	(248.3)
Dividends (notes 21, 27)	-	-	(78.8)	(78.8)	-	(78.8)
Total transactions with owners, recognised directly in equity	-	-	(78.8)	(78.8)	-	(78.8)
Balance as at 31 March 2015	337.5	(506.1)	(1,309.6)	(1,478.2)	10.4	(1,467.8)
Profit for the year	-	-	8.8	8.8	2.0	10.8
Other comprehensive income for the year	-	-	(0.1)	(0.1)	(1.5)	(1.6)
Total comprehensive income for the year	-	-	8.7	8.7	0.5	9.2
Dividends (note 21)	-	-	(40.7)	(40.7)	(1.6)	(42.3)
New ordinary shares issued (notes 21,27)	13.5	-	-	13.5	-	13.5
Total transactions with owners, recognised directly in equity	13.5	-	(40.7)	(27.2)	(1.6)	(28.8)
Balance as at 31 March 2016	351.0	(506.1)	(1,341.6)	(1,496.7)	9.3	(1,487.4)

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2016

	Notes	Called-up share capital £m	Profit and loss account £m	Total £m
Balance as at 1 April 2014		337.5	1.4	338.9
Profit for the financial year		-	79.5	79.5
Total comprehensive income for the year		-	79.5	79.5
Dividends	21	-	(78.8)	(78.8)
Total transactions with owners, recognised directly in equity		-	(78.8)	(78.8)
Balance as at 31 March 2015		337.5	2.1	339.6
Profit for the financial year		-	41.0	41.0
Total comprehensive income for the year		-	41.0	41.0
Dividends	21	-	(40.7)	(40.7)
New ordinary shares issued	21	13.5	-	13.5
Total transactions with owners, recognised directly in equity		13.5	(40.7)	(27.2)
Balance as at 31 March 2016		351.0	2.4	353.4

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2016

	Note	2016 £m	2015 £m
Cash inflow from operating activities	22(a)	176.4	169.5
Taxation paid		(0.2)	(1.7)
Net cash inflow from operating activities		<u>176.2</u>	<u>167.8</u>
Cash flow used in investing activities	22(b)	(190.1)	(139.1)
Cash flow generated from/(used in) financing activities	22(c)	55.0	(37.0)
Net increase/(decrease) in cash and cash equivalents		<u>41.1</u>	<u>(8.3)</u>
Cash and cash equivalents at the beginning of the year		69.4	78.5
Exchange gains/(losses) on cash and cash equivalents		0.7	(0.8)
Cash and cash equivalents at the end of the year		<u>111.2</u>	<u>69.4</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		<u>111.2</u>	<u>69.4</u>
Cash and cash equivalents		<u>111.2</u>	<u>69.4</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. GENERAL INFORMATION

The Company is a private limited company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

2. STATEMENT OF COMPLIANCE

The financial statements of Peel Ports Group Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), as issued by the Financial Reporting Council, and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below. Details of the transition to FRS 102 are disclosed in note 29.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

In considering the appropriateness of the going concern basis of preparation, the directors have considered forecasts for the next twelve months following the date of the signing of the 2016 financial statements, which include detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the next twelve months. In addition, the directors note the following:

- the directors prepare and update detailed annual budgets, two year projections, and five year strategic plans. Together these show that sufficient resources are available to the business and on this basis the directors continue to adopt the going concern assumption;
- at the balance sheet date, the Group has net liabilities of £1,487.4m (2015: £1,467.8m) which are principally attributed to the reorganisation of the Group in 2006 which was accounted for under merger accounting principles and resulted in the creation of a merger relief reserve of £506.1m, and to the fair value of the Group's derivative financial instruments, primarily interest rate and index-linked cross currency swaps, of £857.4m (2015: £843.0m);
- at the balance sheet date, the Group has borrowings of £1,584.1m (2015: £1,397.2m), which are subject to covenant restrictions. No breaches have occurred in the historical period or are forecast to occur. After taking account of reasonably possible changes in trading performance, the Group's forecasts and projections indicate that it is expected to continue to comply with covenant requirements for a period of at least 12 months from the date of approval of the financial statements;
- the Group's loans and loan note instruments have repayment dates between 3 October 2016 and 30 September 2046;
- in the year ended 31 March 2016, turnover decreased by £19.9m to £596.2m, primarily due to lower turnover in the lower margin Marine Support Services division and in the Shipping division due to exchange rate movements. The Group's diversified service offering and robust customer base meant that, together with targeted strategic restructuring initiatives, Group operating profit before exceptional items increased by £4.5m to £141.5m;
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance fixed asset additions of £143.6m (cash outflow);

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

- at the balance sheet date the Group held £111.2m (2015: £69.4m) of cash balances and had undrawn loan facilities of £104.0m available.

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose:

- a) A statement of cash flows;
- b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
- c) Key management personnel compensation in total.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal to the extent of Group control.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Merger accounting principles were used when preparing the financial statements for the year ended 31 March 2005, when Peel Holdings (Ports) Limited was combined with Peel Ports Holdings Limited, and for the year ended 31 March 2007, when Peel Holdings (Ports) Limited combined with the Company. In both cases the combinations met the requirements for group reconstructions. Consequently, the results and cashflows in both cases were presented as if the entities had combined from the beginning of the financial period in which the merger occurred. All other subsidiaries were consolidated under acquisition accounting principles.

The Group profit and loss account incorporates the Group's share of the results of joint ventures. In the Group balance sheet, the fixed asset investment in joint ventures represents the Group's share of net assets of those undertakings.

The separable net assets of subsidiary undertakings acquired and accounted for under acquisition accounting and joint ventures are included in the Group financial statements at their fair value to the Group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

As permitted by Section 400 of the Companies Act 2006, a separate profit and loss account for Peel Ports Group Limited is not presented. The profit of the Company for the financial year was £41.0m (2015: £79.5m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in pound sterling and rounded to millions.

The Group's and Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interests as appropriate.

Revenue recognition

Turnover is stated net of VAT, rebates and trade discounts. Turnover from the sale of goods and services is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer or the service has been discharged, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year. Rental income comprises property rental income and rental premiums, which are accounted for on an accruals basis.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. Pension costs are charged to the profit and loss account as they fall due. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Defined benefit pension plans

The Group operates a number of defined benefit pension plans for certain employees and is also party to certain industry-wide defined benefit pension plans. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) The increase in pension liability arising from employee service during the period; and
- b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Where the reverse is the case, negative goodwill is recognised.

On acquisition, goodwill is allocated to cash-generating units that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is 20 years. Negative goodwill is amortised over a period of five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

- operational buildings at rates varying between 1% and 4% per annum;
- plant and machinery at rates varying between 1% and 25% per annum;
- freehold and leasehold land is not depreciated; and
- no depreciation is charged on capital work-in-progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Finance costs

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments – Company

Investments in a subsidiary company is held at cost less accumulated impairment losses.

Investments in joint ventures are accounted for using the gross equity method.

Listed investments are stated at their fair value.

Stocks

Stocks are stated at the lower of original purchase price and net realisable value, being the estimated selling price less costs to sell. Provision is made for obsolete, slow moving or defective items where appropriate.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants received in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over the useful economic life of the assets to which they relate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, there are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group's financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the Group's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Revenue recognition.

Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance.

Useful economic lives of tangible assets (notes 3 and 12)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets.

Defined benefit pension schemes (note 20)

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations, inflation rates and the discount rate derived from yields on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Fair values on acquisition of Great Yarmouth Port Company ('GYPC') (note 28)

The fair values of actual and contingent liabilities arising from the acquisition of GYPC involve judgements being taken based on available information and assumptions as to the most likely economic value that may need to be transferred to extinguish those liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

5. SEGMENTAL ANALYSIS

Analysis of turnover by category:

	2016	2015
	£m	£m
Port	273.2	274.9
Marine Support Services	188.9	205.9
Shipping	87.8	95.8
Gross rental	31.0	29.6
Other trading	15.3	9.9
	<u>596.2</u>	<u>616.1</u>

Turnover does not include the Group's share of turnover arising from joint venture companies amounting to £2.1m (2015: £2.3m). Sales between segments are immaterial and are therefore not separately disclosed.

Analysis of turnover by destination:

	2016	2016	2016	2015	2015	2015
	UK	Rest of	Total	UK	Rest of	Total
	£m	Europe	£m	£m	Europe	£m
	£m	£m	£m	£m	£m	£m
Turnover by destination	<u>505.3</u>	<u>90.9</u>	<u>596.2</u>	<u>520.7</u>	<u>95.4</u>	<u>616.1</u>

6. GROUP OPERATING PROFIT

	2016	2015
	£m	£m
Group operating profit is stated after charging/(crediting):		
Depreciation - owned assets (note 12)	46.9	42.6
Amortisation of goodwill (note 11):		
Positive goodwill	11.7	11.7
Negative goodwill	(0.5)	-
	11.2	11.7
Operating lease charges	33.0	31.4
Foreign currency exchange gains	<u>(0.7)</u>	<u>(0.7)</u>

The impairment of trade receivables in both years presented is not material.

Foreign currency gains of £0.7m (2015: gain of £0.7m) includes statutory unrealised foreign currency exchange gains of £0.1m (2015: £1.4m) and trading foreign currency gains of £0.5m (2015: losses of £0.7m)

The value of inventory recognised as an expense is not material in either of the years presented.

	2016	2015
	£m	£m
Fees payable to the auditor for the audit of the Group's annual financial statements	<u>0.5</u>	<u>0.4</u>
Fees payable to the auditor for non-audit services:		
Taxation services	0.1	0.1
Other services	-	0.2
	<u>0.1</u>	<u>0.3</u>

The disclosures above are for the Group. The Company is not required, in its individual financial statements, to separately disclose information about fees for non-audit services provided to the Company because the consolidated financial statements are required to disclose such fees on a consolidated basis. The auditor's remuneration for audit work, carried out on behalf of the Company, of £10,000 (2015: £10,000) was borne by a subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

7. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed by the Group during the year was as follows:

	2016 Number	2015 Number
Administration	372	370
Operational	2,086	2,279
	<u>2,458</u>	<u>2,649</u>

The staff costs for the above persons were:

	2016 £m	2015 £m
Wages and salaries	92.4	100.1
Social security costs	10.1	10.9
Pension funds service costs (note 20)	0.2	0.6
Other pension costs - Group defined contribution pension schemes (note 20)	6.6	5.9
Total staff costs	109.3	117.5
Amounts capitalised	(0.5)	(0.5)
Staff costs charged to profit and loss	<u>108.8</u>	<u>117.0</u>

The Company had no employees during the year or during the previous year.

Directors

The remuneration of the directors of the Group was as follows:

	2016 £'000	2015 £'000
Emoluments	2,202	1,877
Group contribution to defined contribution pension schemes	121	80
	<u>2,323</u>	<u>1,957</u>

At 31 March 2016 retirement benefits are accruing to one director (2015: one) under a Group defined benefit pension scheme and to two directors under a defined contribution scheme (2015: two).

The above analysis excludes the emoluments of directors who are remunerated by undertakings outside of the Peel Ports Group Limited group of companies and have to account in turn to those undertakings.

The remuneration of the highest paid director was as follows:

	2016 £'000	2015 £'000
Emoluments	1,308	1,116
Group contribution to defined contribution pension schemes	74	33
	<u>1,382</u>	<u>1,149</u>

Key management personnel

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2016 £'000	2015 £'000
Salaries and other short-term benefits	2,202	1,877
Group contribution to defined contribution pension schemes	121	80
	<u>2,323</u>	<u>1,957</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

8. EXCEPTIONAL OPERATING COSTS

	2016	2015
	£m	£m
Restructuring costs	6.7	2.5
Settlement of legal claims	3.0	-
Pension restructuring credit	-	(1.2)
	<u>9.7</u>	<u>1.3</u>

Restructuring expenses comprise redundancy and other costs incurred in connection with the streamlining and reorganisation of activities as part of a strategic review of the Group's operations, including specific restructuring of the Hunterston terminal in Scotland and in the Marine Support Services business, responding to changes in that businesses' trading during the year. The settlement relates to the conclusion of legal claims. The 2015 pension restructuring credit of £1.2m includes a non-cash settlement credit of £1.7m, which arose as a result of the merger of the three A&PMS pension schemes into one scheme with three sections (see note 20).

9. NET INTEREST EXPENSE

	Notes	2016	2015
		£m	£m
a) Interest payable and similar charges:			
Other interest on bank loans and overdrafts		60.1	57.2
Interest on private placement notes		24.3	22.6
		<u>84.4</u>	<u>79.8</u>
Bank loans, overdrafts and private placement notes		84.4	79.8
Amortisation of debt issue costs	18	5.5	6.1
9% subordinated redeemable loan notes:			
Payable to group undertakings		5.5	5.5
Payable to related undertakings		5.5	5.5
		<u>100.9</u>	<u>96.9</u>
Finance costs capitalised		(4.5)	(3.2)
Total interest payable and similar charges		<u>96.4</u>	<u>93.7</u>
b) Interest expense on financial liabilities measured at fair value through profit or loss			
Losses on derivative financial instruments	19	34.3	267.4
Losses on retranslation of foreign currency loans	19	8.2	28.8
Total interest expense on financial liabilities measured at fair value through profit or loss		<u>42.5</u>	<u>296.2</u>
c) Other finance costs			
Net interest expense on post-employment benefits	20	2.9	2.1
d) Interest receivable and similar income			
Group interest receivable and similar income		(0.3)	(0.9)
e) Interest income on financial assets not measured at fair value through profit or loss			
Gains on derivative financial instruments	19	(19.9)	(47.7)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

9. NET INTEREST EXPENSE (CONTINUED)

	Notes	2016 £m	2015 £m
Net interest expense			
Total interest payable and similar charges	9(a)	96.4	93.7
Interest expense on financial liabilities measured at fair value through profit or loss	9(b)	42.5	296.2
Other finance costs	9(c)	2.9	2.1
Interest receivable and similar income	9(d)	(0.3)	(0.9)
Interest income on financial assets not measured at fair value through profit or loss	9(e)	(19.9)	(47.7)
Net interest expense		121.6	343.4

10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a) Analysis of tax (credit)/charge in the year

	2016 £m	2015 £m
Current tax:		
<i>United Kingdom</i>		
UK corporation tax	-	0.1
<i>Foreign tax</i>		
Corporation tax	0.7	0.5
<i>Other current tax</i>		
Adjustments in respect of previous years	0.1	-
Group current tax charge	0.8	0.6
Share of joint venture current tax	-	-
Total current tax charge	0.8	0.6
Deferred tax:		
Origination and reversal of timing differences - United Kingdom	(0.7)	1.3
Adjustment in respect of prior years	(1.4)	0.4
Change of UK tax rate	1.1	-
Origination and reversal of timing differences – foreign tax	(0.2)	-
Total deferred tax (credit)/charge	(1.2)	1.7
Total tax on profit/(loss) on ordinary activities	(0.4)	2.3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

b) Reconciliation of total tax (credit)/charge

The tax assessed for the year is lower (2015: higher) than that arising from applying the standard rate of UK corporation tax of 20% (2015: 21%). The differences are explained below:

	2016 £m	2015 £m
Profit/(loss) on ordinary activities before taxation	10.4	(207.4)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 20% (2015: 21%).	2.1	(43.6)
Effects of:		
Expenses not deductible for tax purposes	6.8	11.6
Income not subject to tax	(2.1)	(2.3)
Deferred tax not recognised	(4.9)	35.8
Differences in tax rates	0.6	1.8
Adjustments in respect of prior years	(1.3)	0.3
Adjustments in respect of foreign tax rates	(1.6)	(1.3)
Total tax (credit)/charge	(0.4)	2.3

c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation had not been substantively enacted at the year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 18% in these financial statements.

d) Deferred tax

The net deferred tax asset at 31 March is as follows:

	2016 £m	2015 £m
Accelerated capital allowances	(16.4)	(13.9)
Short-term timing differences	1.2	1.0
Tax losses	0.6	0.6
Derivative contracts	18.5	19.0
Other fair value adjustments	(4.0)	(7.3)
Post-employment benefits	17.2	19.4
	17.1	18.8

The net deferred tax asset is recorded in debtors (see note 15).

The net deferred tax asset expected to reverse in 2017 is £nil. This is primarily due to the deferred tax asset in relation to the derivative contracts, which is not expected to reverse in 2017. It is possible that the deferred tax asset in respect of the post-employment benefits liability may reverse, though it is not possible to determine this until the liability is updated as at the next reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

d) Deferred tax (continued)

Movements in deferred tax

	Asset £m
At 1 April 2015	18.8
Acquired in the year (note 28)	(2.9)
Credited to the profit and loss account (note 10(a))	1.2
At 31 March 2016	<u>17.1</u>

Company

The Company has no deferred tax balances.

11. INTANGIBLE FIXED ASSETS

Group	Positive Goodwill £m	Negative Goodwill £m	Total £m
Cost			
At 1 April 2015	234.3	-	234.3
Additions (note 28)	-	(8.4)	(8.4)
At 31 March 2016	<u>234.3</u>	<u>(8.4)</u>	<u>225.9</u>
Amortisation			
At 1 April 2015	100.5	-	100.5
Charge for the year	11.7	(0.5)	11.2
At 31 March 2016	<u>112.2</u>	<u>(0.5)</u>	<u>111.7</u>
Net book amount			
At 31 March 2016	<u>122.1</u>	<u>(7.9)</u>	<u>114.2</u>
At 31 March 2015	<u>133.8</u>	<u>-</u>	<u>133.8</u>

Company

The Company has no intangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

12. TANGIBLE FIXED ASSETS

Group	Freehold and long leasehold land and buildings £m	Plant and machinery £m	Capital work in progress £m	Total £m
Cost				
At 1 April 2015	747.3	263.9	243.1	1,254.3
Additions	3.2	9.1	133.9	146.2
Arising on acquisition (note 28)	97.9	1.0	-	98.9
Disposals	(4.2)	(8.2)	-	(12.4)
Transfer from capital work in progress	50.9	31.3	(82.2)	-
Exchange difference	0.4	1.7	-	2.1
At 31 March 2016	<u>895.5</u>	<u>298.8</u>	<u>294.8</u>	<u>1,489.1</u>
Depreciation				
At 1 April 2015	163.6	136.4	-	300.0
Charge for the year	27.2	19.7	-	46.9
Disposals	(4.2)	(6.7)	-	(10.9)
Exchange difference	0.1	1.1	-	1.2
At 31 March 2016	<u>186.7</u>	<u>150.5</u>	<u>-</u>	<u>337.2</u>
Net book amount				
At 31 March 2016	<u>708.8</u>	<u>148.3</u>	<u>294.8</u>	<u>1,151.9</u>
At 31 March 2015	<u>583.7</u>	<u>127.5</u>	<u>243.1</u>	<u>954.3</u>

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £9.7m (2015: £5.2m).

Non-depreciable land

Included within tangible fixed assets is freehold and long-leasehold land, which is not subject to depreciation, which amounted to £149.8m (2015: £149.8m).

Company

The Company has no tangible fixed assets.

13. INVESTMENTS

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Subsidiary undertakings (note 13(a))	-	-	337.5	337.5
Joint venture undertakings (note 13(b))	0.8	0.2	-	-
Other investments (note 13(c))	0.9	0.8	-	-
	<u>1.7</u>	<u>1.0</u>	<u>337.5</u>	<u>337.5</u>
Short-term investments (note 13(d))	<u>0.1</u>	<u>1.4</u>	<u>-</u>	<u>-</u>

Details of investments of the Group in its subsidiary undertakings and joint ventures are given in note 30.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

13. INVESTMENTS (CONTINUED)

a) Subsidiary undertakings

	Company £m
Cost and net book value	
At 1 April 2015 and at 31 March 2016	337.5

The Company holds an investment in 337,492,988 ordinary shares of £1 each in Peel Ports Intermediate Holdco Limited, representing the entire issued share capital of that company.

b) Joint venture undertakings

	Group £m
At 1 April 2015	0.2
Share of results for the year	0.2
Share of actuarial gain net of deferred tax relating to defined benefit pension scheme	0.4
At 31 March 2016	0.8

The turnover and net assets of the joint ventures amounted to £4.2m (2015: £4.6m) and £1.6m (2015: £0.4m) respectively.

c) Other investments

	Group £m
At 1 April 2015	0.8
Change in market value	0.1
At 31 March 2016	0.9

Included within other investments is £0.8m (2015: £0.7m) of listed investments, which are recorded at the closing mid-market price on the London Stock Exchange.

d) Short-term investments

	Group	
	2016	2015
	£m	£m
Short-term investments	0.1	1.4

Short-term investments comprise £0.1m (2015: £1.4m) of cash held on short-term deposit which acts as collateral for certain floating-rate guaranteed loan notes (note 18). This cash is only available for redemption of those floating-rate guaranteed loan notes.

14. STOCKS

	Group	
	2016	2015
	£m	£m
Raw materials and consumables	4.4	3.9

There is no material difference between the balance sheet value of stocks and their replacement cost.

Company

The Company has no stocks.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

15. DEBTORS

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Amounts falling due within one year:				
Trade debtors	78.9	69.6	-	-
Amounts recoverable on contracts	21.1	23.7	-	-
Amounts owed by subsidiary undertakings	-	-	125.7	111.9
Amounts owed by group undertakings (note 24)	2.1	1.7	-	-
Other debtors	7.3	13.0	-	-
Prepayments and accrued income	9.8	8.3	-	-
Derivative financial instruments (note 19)	4.4	4.2	-	-
Deferred tax asset (note 10)	17.1	18.8	-	-
Corporation tax recoverable	-	0.7	-	-
	140.7	140.0	125.7	111.9
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	-	123.0	123.0
Derivative financial instruments (note 19)	20.1	0.4	-	-
	160.8	140.4	248.7	234.9

Amounts owed by Group undertakings falling due after more than one year relate to a loan made to a subsidiary undertaking. The loan bears interest at 9% per annum and is repayable in full on 30 September 2046.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Bank loans	2.8	28.0	-	-
Floating-rate guaranteed loan note instruments	0.1	1.4	-	-
Loans and other borrowings (note 18(b))	2.9	29.4	-	-
Trade creditors	42.9	48.1	-	-
Amounts owed to parent undertakings	104.3	104.3	104.3	104.3
Amounts owed to group undertakings (note 24)	1.3	1.3	-	-
Taxation and social security	6.6	4.7	-	-
Other creditors	12.7	23.4	-	-
Accruals and deferred income	128.1	101.4	5.5	5.5
Derivative financial instruments (note 19)	60.5	24.4	-	-
	359.3	337.0	109.8	109.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Bank loans	944.2	790.9	-	-
Private placement loans	616.6	553.3	-	-
9% subordinated redeemable loan notes:				
Due to group undertakings	61.6	61.6	61.6	61.6
Due to related undertakings	61.4	61.4	61.4	61.4
Other loans	4.1	4.1	-	-
Loans and other borrowings (note 18(b))	1,687.9	1,471.3	123.0	123.0
Derivative financial instruments (note 19)	821.4	823.2	-	-
Accruals and deferred income	56.0	43.1	-	-
Other creditors	11.9	-	-	-
	<u>2,577.2</u>	<u>2,337.6</u>	<u>123.0</u>	<u>123.0</u>

Included within accruals and deferred income in notes 16 and 17 is £35.0m of grant assistance received from the Regional Growth Fund, of which £nil was received during the year ended 31 March 2016 (2015: £31.0m). In addition, Government grants acquired as part of the acquisition of Great Yarmouth Port Company Limited which are accounted for as deferred income totalled £15.3m at 31 March 2016 (Date of acquisition: £15.4m) (see note 28).

18. LOANS AND OTHER BORROWINGS

	Group	
	2016 £m	2015 £m
(a) Loans and other borrowings		
Bank loans	947.0	818.9
Private placement loans	616.6	553.3
9% subordinated redeemable loan notes 2046:		
Due to group undertakings	61.6	61.6
Due to related undertakings	61.4	61.4
Floating-rate guaranteed loan note instruments 2015	0.1	1.4
Perpetual debenture stocks	2.2	2.2
3% irredeemable loan stock	1.2	1.2
3.625% irredeemable debenture stock	0.7	0.7
	<u>1,690.8</u>	<u>1,500.7</u>
(b) Maturity of loans and other borrowings as presented in the notes to these financial statements		
Financial liabilities falling due within one year (note 16)	2.9	29.4
Financial liabilities falling due after more than one year (note 17)	<u>1,687.9</u>	<u>1,471.3</u>
	<u>1,690.8</u>	<u>1,500.7</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

18. LOANS AND OTHER BORROWINGS (CONTINUED)

	Group	
	2016	2015
	£m	£m
(c) Maturity of loans and borrowings		
In one year or less or on demand	2.9	29.4
In more than one year, but not more than two years	198.3	2.7
In more than two years, but not more than five years	341.9	478.0
In more than five years not by instalments	1,147.7	990.6
	1,690.8	1,500.7
Financial liabilities, net of unamortised issue costs and finance charges allocated to future periods	1,690.8	1,500.7
Unamortised issue costs	20.4	24.8

Bank loans and private placement notes

At 31 March 2016, financial liabilities include bank loans totalling £967.5m (2015: £843.7m), of which £2.8m (2015: £28.0m) is due for repayment within one year and £964.7m (2015: £815.7m), with repayment dates between 2 October 2017 and 13 December 2033, presented as falling due after more than one year. The bank loans principally bear interest at LIBOR plus varying rates of margin, apart from £50.0m (2015: £nil), which bears interest at a fixed rate of 4.03%.

Financial liabilities also include £616.6m (2015: £553.3m) relating to the proceeds from the issue of sterling and US dollar denominated private placement notes. The sterling notes comprise £82.0m (2015: £82.0m) which bear fixed interest rates of between 5.68% and 6.55% and which are due for repayment in instalments between 10 December 2021 and 10 December 2037, £211.5m (2015: £211.5m) which bear floating interest rates and which are due for repayment between 2 January 2025 and 1 October 2029, and £55.0m (2015: £nil) which bears a fixed rate of interest of 4.10% and are due for repayment on 15 December 2027. The US dollar denominated notes total \$385.0m (2015: \$385.0m), bear fixed interest rates of between 4.67% and 5.25% and are due for repayment between 10 December 2019 and 10 December 2022.

Upon entering into the US private placement notes, the dollars were immediately swapped into Sterling to eliminate exposure to future exchange rate movements. The fixed Sterling amount was £242.1m. However, under FRS 102, the dollar notes are retranslated into Sterling at the balance sheet date using the spot rate, with changes in value being recognised as a finance cost/credit in the profit and loss account. For the year ended 31 March 2016 a loss of £8.2m was recorded (2015: £28.8m) (see note 9).

The bank loans and private placement notes are secured by a combination of fixed charges, floating charges and assignments by way of security over all, or substantially all of the assets of certain group undertakings.

Issue costs

The Group incurred issue costs during the year in connection with the raising of new borrowings amounting to £1.1m (2015: £2.2m). Amortisation of £5.5m (2015: £6.1m) has been charged during the year (note 9).

Other loans and borrowings

In 2006, Peel Ports Group Limited issued 9% subordinated redeemable loan notes to Peel Ports Holdings (IOM) Limited (£61.6m) and to Infrastructure JVCo (Lime) S.a.r.l. (£61.4m) at par. The loan notes have a final repayment date of 30 September 2046 and interest is payable bi-annually in arrears. Peel Ports Holdings (IOM) Limited transferred the loan notes to a subsidiary undertaking, Peel Ports Investments (IOM) Limited, during the previous year.

The floating-rate guaranteed loan note instruments 2015, which amount to £0.1m (2015: £1.4m), are guaranteed by Bank of Scotland plc. These bear interest based on LIBOR and were redeemable at par on the final maturity date of 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

18. LOANS AND OTHER BORROWINGS (CONTINUED)

Other loans and borrowings (continued)

The 3% irredeemable loan stock issued by Clydeport Operations Limited, which amounts to £1.2m (2015: £1.2m), has no fixed redemption dates and can only be redeemed with the agreement of the respective stockholders. Stockholders have no right to demand redemption.

The perpetual debenture stocks of £2.2m (2015: £2.2m) are secured by floating charges over the undertaking of The Manchester Ship Canal Company Limited and bear interest at rates between 3.5% and 4%.

The 3.625% irredeemable debenture stock of £0.7m (2015: £0.7m) is secured by a fixed charge over certain securities and a floating charge over Peel Ports (IDS) Limited, a wholly-owned subsidiary.

19. FINANCIAL INSTRUMENTS

Disclosures in respect of the Group

	Group	
	2016	2015
	£m	£m
Financial assets measured at fair value through profit or loss		
- Derivative financial instruments	24.5	4.6
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	78.9	69.6
- Other debtors	7.3	13.0
- Amounts owed by group undertakings	2.1	1.7
	88.3	84.3
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	(881.9)	(847.6)
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(1,690.8)	(1,500.7)
- Trade creditors	(42.9)	(48.1)
- Accruals (excluding deferred income)	(129.2)	(103.4)
- Other creditors	(24.6)	(23.4)
- Amounts owed to parent undertaking	(104.3)	(104.3)
- Amounts owed to group undertakings	(1.3)	(1.3)
	(1,993.1)	(1,781.2)

Derivative financial instruments

The Group enters into derivative financial instruments to hedge against certain risks, such as interest rate and exchange rate volatility, which is explained further below. Although the instruments represent hedge arrangements, the Group does not apply hedge accounting and, therefore, movements in the fair value of such instruments are recognised in the profit and loss account.

The Group's interest rate and index-linked swaps were restructured as part of the refinancing in the year ended 31 March 2013. The negative fair values of the existing swaps at the date of refinancing were rolled into the new swaps and are reflected in the pricing of those new swaps.

Derivative financial instruments – interest rate swaps

At 31 March 2016, the Group was party to fixed interest rate swaps over £652.0m (2015: £612.0m) of notional principal, with fixed rates at between 5.1031% and 5.1831% over £612.0m of principal with a maturity date in 2026 (2015: £612.0m) and 0.903% over £40.0m of principal with a maturity date of December 2017 (2015: £nil). These instruments hedge the Group's exposure to interest rate movements on the Group's bank and private placement loans. The fair value calculated in respect of the swaps was a liability of £385.5m (2015: £363.7m). Movements in the fair value of the interest rate swaps are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

19. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosures in respect of the Group (continued)

Derivative financial instruments – index-linked and cross-currency swaps

At 31 March 2016, the Group was also party to index-linked swaps over £352.0m (2015: £352.0m) of notional principal under which the Group receives a LIBOR floating rate of interest and pays interest at varying initial rates which increase over the term of the swaps by the movement in the UK Retail Prices Index (“UKRPI”). The swaps mature in 2036. The initial rate of interest was between 1.868% and 2.268%. In addition, the terms of the index-linked swaps provide for accretion payments to be made every four years commencing in October 2016, based on the movement in the UKRPI over each four-year period. Prior to adopting FRS 102 the value of the accretion payment was accrued in the financial statements. As at 31 March 2016 the amount that would have been accrued under previous UK GAAP is £33.1m (2015: £27.6m). The value of the accretion payment is now included within the fair value of the index-linked swaps, which at 31 March 2016 was a liability of £494.5m (2015: £483.9m).

As explained in note 18, included within the Group’s long-term borrowings is \$385.0m (2015: \$385.0m) of US dollar denominated private placement notes in respect of which the Group holds cross-currency swaps. Under the cross-currency swaps the Group receives fixed US dollar interest and pays sterling LIBOR interest plus margin, and the effect of the swaps is therefore to convert the US dollar fixed interest debt to sterling floating rate debt, and to fix the sterling amount of the final repayment on maturity. The fair value of these swaps at 31 March 2016 was an asset of £24.5m (2015: asset of £4.6m), of which £4.4m (2015: £4.2m) is presented as due within one year and £20.1m (2015: £0.4m) is presented as falling due after more than one year.

Derivative financial instruments – Forward contracts

During the year ended 31 March 2016 the Group entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 March 2016, the outstanding contracts all mature within 18 months of the year-end. The Group is committed to buy 255.0m Norwegian Krone and pay a fixed Sterling amount of £19.8m. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for the NOK:GBP. The fair value of the forward-foreign currency contracts is a liability of £1.4m (2015: £nil).

Disclosures in respect of the Company

	Company	
	2016	2015
	£m	£m
Financial assets measured at fair value through profit or loss		
- Derivative financial instruments	-	-
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by group undertakings	248.7	234.9
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	-	-
Financial liabilities that are measured at amortised cost		
- Amounts owed to group undertakings	(104.3)	(104.3)
- Accruals	(5.5)	(5.5)
	<u>(109.8)</u>	<u>(109.8)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS

The Group operates a number of defined benefit pension schemes based on final pensionable pay, the largest of which is the Peel Ports Final Salary Pension Scheme (the "Scheme"). These schemes are closed to future accrual. The Company is also a participating employer in a number of multi-employer industry-wide defined benefit pension schemes, the largest of which is the Pilots National Pension Fund ("PNPF").

The Group also operates a number of defined contribution (otherwise known as money purchase) pension schemes in the United Kingdom and the Republic of Ireland. The largest of these schemes is the Peel Ports Group Stakeholder Pension Plan, which operates in the United Kingdom. To meet the Government's workplace savings legislation, the Group automatically enrolls employees who met the eligibility criteria and who are not members of a qualifying pension scheme into the Peel Ports Group Stakeholder Pension Plan.

Amounts recognised in profit and loss account are as follows:

	2016	2015
	£m	£m
Defined benefit schemes		
- Settlement gain (note 20(a))	(0.5)	-
- Past service credit/curtailment credits (note 20(a))	(0.9)	(2.3)
- Scheme administrative costs (note 20(a))	1.6	1.2
Defined contribution scheme (note 20(b))	6.6	5.9
Total charge in operating profit	<u>6.8</u>	<u>4.8</u>
Defined benefit schemes		
- Net interest expense (note 20(a))	2.9	2.1
Total charge	<u>9.7</u>	<u>6.9</u>

The £2.3m past service/curtailment credit in the year ended 31 March 2015 includes an exceptional credit of £1.7m relating to the merger of the three A&PMS pension schemes into one scheme with three sections (see note 8).

Amounts recognised in the balance sheet in respect of the defined benefit pension scheme is as follows:

	2016	2015
	£m	£m
Post-employment benefits deficit	<u>95.2</u>	<u>97.4</u>

a) Defined benefit pension schemes

Defined benefit pension schemes operated by the Group

The Group also operates a number of defined benefit pension schemes based on final pensionable pay, the largest of which is the Peel Ports Final Salary Pension Scheme (the "Scheme"). The assets of the schemes are held separately from the assets of the Group and are administered by trustees and managed professionally. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. In addition, there are unfunded pensions payable to certain retired employees, who are not members of the above schemes.

Peel Ports Final Salary Pension Scheme ("PPFSPS")

The Scheme closed to future accrual with effect from 31 December 2013. Benefits accrued by members as of that date were unaffected by the closure and employees were auto-enrolled into the Peel Ports Group Stakeholder Pension Plan in respect of future service benefits. Following the closure, employer contributions continue to be payable to the Scheme in relation to the existing recovery plan and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Defined benefit pension schemes operated by the Group (continued)

Peel Ports Final Salary Pension Scheme ("PPFSPS") (continued)

The most recent full triennial actuarial valuations for each of the five sections of the PPFSPS were as at 5 April 2015. As at the latest actuarial valuation, the value of the assets within each section of the scheme, which together totalled £465.6m, was sufficient to cover between 85% and 98% of the benefits that had been accrued to members, after allowing for expected future increases in earnings. The recovery plan agreed with the Trustee commits the Group to continue to make annual deficit recovery payments of £2.8m per year. The recovery plan is designed to address the respective funding positions of each section so as to achieve fully funded status by 2023. Additionally, the Group will continue to pay the scheme administrative expenses of the PPFSPS.

The main assumptions applied were that long-term investment rates would be 4.91-5.92% per annum pre-retirement and 1.61-2.94% per annum post-retirement, pensionable salary increases would be 1.91-2.92% per annum, the majority of the pensions in payment would increase at RPI up to a maximum of 5%, and price inflation would be 2.41-3.42% per annum on a RPI basis and 1.91-2.92% on a CPI basis. The ranges reflect the different scheme section liability maturities.

Atlantic & Peninsula Marine Services Limited ("A&PMS")

A&PMS operates three defined benefit schemes, each of which is closed to future accrual, which merged into one scheme with three sections during the year ended 31 March 2015. The effective dates of the most recent full triennial actuarial valuations was 31 March 2015. As at that date, the value of the assets within each section of the scheme, which together totalled £92.0m, was sufficient to cover between 70% and 105% of the benefits that had been accrued to members. The recovery plan agreed with the Trustee commits the Group to make annual deficit recovery payments of £3.0m and is designed to address the respective funding positions of each section so as to achieve fully funded status by 2026. Additionally, the Group will continue to pay the scheme administrative expenses.

The main assumptions in the actuarial valuations were that long-term investment rates would be between 4.3% and 5.4% pre-retirement and between 2.7% post-retirement and that price inflation would be 3.4% on a RPI basis and 2.9% on a CPI basis. Pensions in payment were assumed to increase at between 2.3% and 3.7%.

Industry-wide defined benefit pension schemes

The Group is also involved in a number of industry-wide defined benefit pension schemes, which are explained further in this section. Where industry-wide defined benefit schemes are required to be accounted for on a defined benefits basis the Group's share of those schemes is included in the consolidated numerical disclosures that follow.

The Pilots National Pension Fund ("PNPF")

The Pilots National Pension Fund ("PNPF") is a multi-employer industry-wide defined benefit pension scheme that is accounted for on a defined benefits basis. The trustee assessed and indicated the Group's share of the deficit as at 31 December 2010 to be 21.3%. There has been no change to the allocated share since that date. At 31 March 2016, the Company's share of the deficit was £43.6m (2015: £48.5m), which is included in the amounts recognised in the balance sheet.

The most recent formal actuarial valuation, completed by an independent actuary, is as at 31 December 2013. Adjustments to the valuation as at that date have been made based on the assumptions set out below.

As at that date, the scheme had assets with a market value of £271m, representing 57% of the benefits accruing to members. The main assumptions in the actuarial valuation were that long-term investment rates, and the discount rate, would be 7.2% per annum pre-retirement and 4.4% per annum post-retirement, pension salary increases would be 4.0% per annum and price inflation would be 3.5% per annum on a RPI basis and 2.8% on a CPI basis. During the year, the Group made contributions of £3.1m (2015: £2.6m) to the PNPF.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Industry-wide defined benefit pension schemes (continued)

Merchant Navy Officers Pension Fund ("MNOFF")

The scheme is divided into two sections, the Old Section and the New Section. The New Section is accounted for on a defined benefits basis while the Old Section is accounted for on a defined contributions accounting basis.

MNOFF New Section

During the year, the Group made contributions of £nil (2015: £0.1m) to the New Section in relation to the past-service deficit. The Group has no current active members in this scheme. As noted above, the Group's share of the MNOFF New Section's scheme assets and liabilities is accounted for on a defined benefits basis. At 31 March 2016, the Group's share of the deficit was £nil (2015: £0.1m), which is included in the amount recognised in the balance sheet.

The most recent triennial valuation of the New Section was carried out at 31 March 2015, when the Section had assets of £2,898m, representing 90% of the benefits accrued to members as at that date. The main assumptions in the actuarial valuation of the New Section were that long-term investment rates would be 4.8% pre-retirement and 2.6% post-retirement, pensions in payment would increase by 2.9% and price inflation would be 3.1% per annum on a RPI basis and 2.1% on a CPI basis. It has been agreed that investment returns on the assets should be sufficient to return the MNOFF New Section to a fully funded level and, therefore, no deficit recovery payment plan was necessary.

MNOFF Old Section

The MNOFF Old Section was fully wound up during the year ended 31 March 2015, with benefits having previously been secured in full with Rothesay Life.

The Former Registered Dock Workers Pension Fund ("FRDWPF")

The scheme rules of the FRDWPF do not provide for the allocation of assets and liabilities to the participating employers, and therefore the Group accounts for this scheme as a defined contribution pension arrangement. The FRDWPF closed to future benefit accrual with effect from 31 August 2013.

As at 5 April 2013, the date of the most recent valuation carried out by an independent actuary, the scheme had assets with a market value of £770m, representing 99% of the benefits accrued to members. The main assumptions in the actuarial valuation were that the discount rate would be 2.8% per annum, pensions in payment and deferred pensions would increase at 3.7% per annum, and price inflation would be 3.4% per annum. Service augmentations agreed as part of the closure to future accrual in 2013, in respect of which the final payment of £0.2m was paid in April 2016, and investment returns were determined to be sufficient to return the scheme to a fully funded position.

In 2014 a contribution agreement was formally agreed by all parties to the FRDWPF, as part of a plan to secure the long-term future of the plan through a buy-out. This requires the Group to contribute £2.1m over the period to December 2020. As at 31 March 2016, the Group had provided for £1.5m (2015: £1.5m), although in certain circumstances depending on market conditions, the Trustees can call for the remaining balance to be paid at short notice.

During the year the Group made contributions of £0.3m (2015: £0.3m) to this scheme in relation to the active members prior to closure to future pension accrual and has recorded those as defined contribution costs within the profit and loss account.

Local Government Pension Scheme ('LGPS')

Following the acquisition of GYPC in December 2015 (see note 28), the Group is a member of the LGPS, a multi-employer defined benefit pension scheme that is accounted for on a defined benefits basis. At 31 March 2016, the Group's share of the deficit in this scheme was £1.1m (Date of acquisition: £1.0m), which is included in the amounts recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Disclosures in respect of both the defined benefit pension scheme operated by the Group and the Group's participation in multi-employer industry-wide schemes:

Adjustments to the actuarial valuations as at the dates described in the preceding section have been made based on the assumptions set out below.

Assumptions

	2016	2015
Discount rate	3.4%	3.1%
Price inflation (RPI)	3.0%	3.0%
Price inflation (CPI)	2.0%	2.0%
Rate of increase of:		
- pensionable salaries	3.0%	3.0%
- pensions in payment	2.9%	2.9%
- deferred pensions	3.0%	3.0%

The mortality assumptions used were as follows:

	2016	2015
	Years	Years
Longevity at age 65 for current pensioners:		
- Men	21.9	21.9
- Women	24.0	24.2
Longevity at age 65 for future pensioners (currently aged 45):		
- Men	24.0	23.7
- Women	26.3	26.1

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£m	£m	£m
At 1 April 2015	627.0	(724.4)	(97.4)
Acquired during the year (note 28)	5.8	(6.8)	(1.0)
Benefits paid	(34.9)	34.9	-
Employer contributions	9.6	-	9.6
Employee contributions	1.3	(1.3)	-
Interest income/(expense)	19.1	(22.0)	(2.9)
Remeasurement losses			
- Actuarial losses	-	27.8	27.8
- Return on plan assets excluding interest income	(31.1)	-	(31.1)
Scheme administrative expenses	(1.6)	-	(1.6)
Past service/curtailment credits	-	0.9	0.9
Assets/liabilities distributed on settlements	(16.1)	16.6	0.5
At 31 March 2016	<u>579.1</u>	<u>(674.3)</u>	<u>(95.2)</u>

The net remeasurement of the defined benefit liability for the year ended 31 March 2016, recorded in other comprehensive income, is a loss of £3.3m (2015: £41.7m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Disclosures in respect of both the defined benefit pension scheme operated by the Group and the Group's participation in multi-employer industry-wide schemes (continued):

Total cost recognised as an expense:

	2016	2015
	£m	£m
Scheme administrative expenses	1.6	1.2
Past service/curtailment credit	(0.9)	(2.3)
Settlement gain	(0.5)	-
Interest cost	3.0	2.1
	<u>3.2</u>	<u>1.0</u>

No amounts (2015: £nil) were capitalised into the cost of assets.

The fair value of the plan assets were:

	2016	2015
	£m	£m
Equities	78.7	109.3
Hedge funds	134.4	136.6
Fixed-interest gilts	12.6	13.6
Index-linked gilts	0.5	22.9
Corporate bonds	244.6	299.2
Liability-driven investments	58.5	-
Pooled investment vehicle	16.6	15.1
Insured schemes	19.5	21.9
Annuities	4.4	4.8
Property	0.8	0.1
Cash	8.5	3.5
Total	<u>579.1</u>	<u>627.0</u>

The plan assets do not include any of the Company's (or Group's) financial instruments.

The return on the plan assets was:

	2016	2015
	£m	£m
Interest income	19.1	24.0
Return on plan assets less interest income	(31.1)	60.5
Total (losses)/gains	<u>(12.0)</u>	<u>84.5</u>

b) Defined contribution schemes

The Company provides a defined contribution scheme, the Peel Ports Group Stakeholder Pension Plan, for its employees. The assets of the schemes are held separately from the assets of the Company and are administered and managed professionally by the insurance company. Benefits are provided based on actual contributions paid and investment performance. Company contributions to this pension scheme typically match those paid by employees, up to a maximum of 10% of pensionable salaries. To meet the Government's workplace savings legislation, the Group automatically enrolls employees who met the eligibility criteria and are not members of a qualifying pension scheme into the Peel Ports Group Stakeholder Pension Plan.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

20. POST-EMPLOYMENT BENEFITS (CONTINUED)

b) Defined contribution schemes (continued)

The amount recognised as an expense for the defined contribution scheme was:

	2016 £m	2015 £m
Current year contributions (note 7)	6.6	5.9

21. CALLED-UP SHARE CAPITAL

Allotted and fully paid £1 ordinary shares

	Group and Company Number (m)	£m
At 1 April 2015	337.5	337.5
Issued during the year	13.5	13.5
At 31 March 2016	351.0	351.0

There are no restrictions on the distribution of dividends and the repayment of capital.

Equity dividends

	2016 £m	2015 £m
Final ordinary dividends paid	17.5	1.7
Interim ordinary dividends paid	23.2	77.1
	40.7	78.8

A final 2016 ordinary dividend of £21.4m has been proposed by the shareholders after 31 March 2016 and, therefore, this has not been reflected as a dividend payable in these financial statements. A final 2015 ordinary dividend of £17.5m was proposed by the shareholders after 31 March 2015 and was, therefore, not reflected as a dividend payable in the financial statements of that year.

22. NOTES TO THE GROUP CASH FLOW STATEMENT

a) Reconciliation of profit to net cash inflow from operating activities

	2016 £m	2015 £m
Continuing activities		
Profit/(loss) for the year	10.8	(209.7)
Tax on profit/(loss) on ordinary activities	(0.4)	2.3
Net interest expense	121.6	343.4
Share of operating profit of joint ventures	(0.2)	(0.3)
Group operating profit	131.8	135.7
Depreciation and amortisation	58.1	54.3
Profit on disposal of fixed assets	(2.8)	(1.5)
Increase in stocks	(0.5)	(0.9)
Decrease/(increase) in debtors	4.3	(1.5)
Decrease in creditors	(4.8)	(6.1)
Difference between pension charge and cash contributions	(9.7)	(10.5)
Cash inflow from continuing operational activities	176.4	169.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

22. NOTES TO THE GROUP CASH FLOW STATEMENT (CONTINUED)

b) Cash inflow from investing activities

	2016	2015
	£m	£m
Purchase of subsidiary (net of cash acquired) (note 28)	(51.2)	-
Disposal of subsidiary (net of cash disposed) (note 30)	0.8	-
Payments to acquire tangible fixed assets	(143.6)	(173.7)
Receipts from sales of tangible fixed assets	3.6	2.1
Receipt of Government grants	-	31.0
Interest received	0.3	0.9
Dividends received from joint venture undertaking	-	0.6
	<u>(190.1)</u>	<u>(139.1)</u>

c) Cash inflow from financing activities

	2016	2015
	£m	£m
Dividends paid to owners of the parent	(40.7)	(78.8)
Dividends paid to non-controlling interests	(1.6)	-
New equity shares issued (note 21)	13.5	-
New bank loans	115.0	135.0
New private placement loans	55.0	105.0
Repayment of bank loans	-	(105.4)
Net drawdown of existing bank facilities	8.7	-
Issue costs paid	(1.1)	(2.2)
Capital element of finance lease rentals	-	(0.1)
Interest paid	(93.8)	(90.5)
	<u>55.0</u>	<u>(37.0)</u>

23. CAPITAL COMMITMENTS

	2016	2015
	£m	£m
Capital expenditure contracted for but not provided for in these financial statements	<u>34.7</u>	<u>70.1</u>

24. RELATED PARTY TRANSACTIONS

Joint ventures

Related Party	Transaction	2016	2015
		£m	£m
Clyde Boyd Fort William Limited	Rent received and services provided	0.2	0.2
Estuary Services Limited	Sales and expenses recharged	0.3	0.3
	Purchases	<u>(1.1)</u>	<u>(1.1)</u>

As at 31 March 2016 and 31 March 2015 there are no balances owed by/(to) the joint venture undertakings.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Entities in the Peel Holdings Group Limited group of companies

The following summarises the transactions during the year between entities in the Group and other divisions of the Peel Holdings Group Limited group of companies. The other divisions of Peel Holdings Group Limited are headed by the following entities:

Related Party	Transaction	2016 £m	2015 £m
Peel Holdings (IOM) Limited	Expenses reimbursed	(0.1)	(0.1)
Peel Holdings Land & Property Group Limited	Sales and expenses recharged	3.3	2.5
	Purchases, rent and expenses reimbursed	<u>(4.7)</u>	<u>(5.3)</u>

At the balance sheet date the following significant amounts were owed by/(to) entities in the Peel Holdings Group Limited group of companies:

	2016 £m	2015 £m
Peel Holdings Land & Property Group Limited		
Amounts owed by the related party	2.1	1.7
Amounts owed to the related party	<u>(1.3)</u>	<u>(1.3)</u>

Details of interest payable to the shareholders in the Group's immediate parent company (Peel Ports Holdings (CI) Limited), Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l. are disclosed in note 7. Details of equity dividends paid to the shareholder are shown in the directors' report and note 21.

Included in accruals and deferred income in note 16 is accrued interest of £2.8m (2015: £2.8m) payable to Infrastructure JVCo (Lime) S.a.r.l. and £2.8m payable to Peel Ports Investments (IOM) Limited (2015: £2.8m).

25. OTHER FINANCIAL COMMITMENTS

At 31 March 2016 the Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £m	2015 £m
Within one year	25.0	20.3
Within two to five years	48.8	32.2
After five years:		
Ellesmere Port – see page 49	1,069.8	1,070.9
Other leases	266.9	214.2
	<u>1,336.7</u>	<u>1,285.1</u>
	<u>1,410.5</u>	<u>1,337.6</u>

Following the adoption of FRS 102, the Group's operating lease commitments are now presented as the total minimum lease payments due under the life of the non-cancellable operating leases. Under previous UK GAAP the amounts disclosed represented the annual minimum amounts payable, reflected within the periods in which the leases expired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. OTHER FINANCIAL COMMITMENTS (CONTINUED)

Included within non-cancellable operating lease commitments is £1,378.2m (2015: £1,264.4m) in respect of long life land leases. This includes £1,069.8m (£1,070.9m) in respect of a 999-year lease over the Group's Ellesmere Port site, in respect of which there are 957 years remaining.

Company

The Company has no annual commitments under non-cancellable operating leases.

26. CONTROLLING PARTIES

The directors regard Tokenhouse Limited, a company incorporated in the Isle of Man, as the ultimate holding company and Peel Ports Holdings (CI) Limited, a company registered in the Cayman Islands, as the immediate parent company.

Tokenhouse Limited is controlled by the Billown 1997 Settlement trust. By virtue of its controlling interest in Peel Ports Holdings (CI) Limited and the majority voting power held by the directors appointed by that company's immediate parent undertaking, Peel Ports Investments (IOM) Limited, the Company considers the Billown 1997 Settlement trust to be the ultimate controlling party.

27. NON-CONTROLLING INTERESTS

The movement in non-controlling (minority) interests was as follows:

	£m
At 1 April 2015	10.4
Total comprehensive income attributable to non-controlling interests	0.5
Dividends paid to non-controlling interests	<u>(1.6)</u>
At 31 March 2016	<u>9.3</u>

28. ACQUISITION OF GREAT YARMOUTH PORT COMPANY LIMITED

On 15 December 2015 the Group acquired the entire issued share capital of Great Yarmouth Port Company Limited and its wholly owned subsidiary Eastport UK Cargo Handling Limited (together "GYPC"), for a total consideration of £53.4m, of which £9.1m was to settle a loan balance between GYPC and its former owners and £43.4m was to acquire the share capital of the company. The remainder of the balance relates to acquisition costs totalling £0.9m. The investment was financed from the proceeds of new term loans of £40.0m (note 18) and new issued share capital of £13.5m (note 21).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

28. ACQUISITION OF GREAT YARMOUTH PORT COMPANY LIMITED (CONTINUED)

	Book value £m	Provisional fair value adjustment £m	Provisional fair value to the Group £m
Fixed assets			
Tangible fixed assets	98.9	-	98.9
Current assets			
Debtors	1.0	-	1.0
Cash	2.2	-	2.2
Total assets	<u>102.1</u>	<u>-</u>	<u>102.1</u>
Creditors due in less than one year			
Other creditors	(12.7)	(5.5)	(18.2)
Creditors due in more than one year			
Other creditors	-	(11.9)	(11.9)
Government grants	(15.4)	-	(15.4)
Provisions			
Pensions	(1.0)	-	(1.0)
Deferred tax	(6.0)	3.1	(2.9)
Total liabilities	<u>(35.1)</u>	<u>(14.3)</u>	<u>(49.4)</u>
Net assets	<u>67.0</u>	<u>(14.3)</u>	<u>52.7</u>
Net assets acquired			52.7
Goodwill			<u>(8.4)</u>
Purchase cost			<u><u>44.3</u></u>

Management have established the useful life of the negative goodwill arising on acquisition to be five years. This reflects the best estimate of the period over which the negative goodwill is expected to be realised.

The following tables summarise the consideration paid by the Group:

Satisfied by:	£m
Cash consideration	43.4
Transaction costs	0.9
	<u>44.3</u>
Net cash outflows:	£m
Cash consideration – loan settlement	9.1
Cash consideration – shares acquired	43.4
Transaction costs	0.9
Cash at bank	(2.2)
	<u>51.2</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

28. ACQUISITION OF GREAT YARMOUTH PORT COMPANY LIMITED (CONTINUED)

The adjustments arising on acquisition reflect contingent and actual liabilities assumed by the Group. These include amounts relating to environmental matters and to potential liabilities associated with GYPC's pension arrangements.

The revenue from GYPC for the period post-acquisition included in the consolidated profit and loss account is GYPC is £3.8m. GYPC also contributed a profit after tax of £1.2m over the same period.

Great Yarmouth Port Company Limited and Eastport UK Cargo Handling Limited have changed their year ends from 31 December to 31 March.

29. TRANSITION TO FRS 102

This is the first year that the Group has presented its results under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as issued by the Financial Reporting Council. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102. No changes were required to the Company balance sheet and profit and loss account as previously stated.

Net assets

	Notes	At 1 April 2014 £m	At 31 March 2015 £m
Capital and reserves (as previously stated)		(566.6)	(662.1)
Financial instruments – derivatives	(i)	(602.9)	(815.4)
Financial instruments – foreign currency borrowings	(ii)	11.1	(17.7)
Short-term employee benefits	(iii)	(1.2)	(1.2)
Post-employment benefits – defined benefit pension asset	(v)	5.8	3.7
Post-employment benefits – contributions agreement	(vi)	(1.5)	(1.5)
Financial assets measured at fair value	(vii)	-	0.1
Deferred tax on pre-transition date fair value adjustments	(viii)	(8.0)	(7.6)
Deferred tax on changes	(ix)	22.6	33.9
Capital and reserves (as restated)		<u>(1,140.7)</u>	<u>(1,467.8)</u>

Profit and loss account

	Notes	Year ended 31 March 2015 £m
Profit after tax for the year (as previously stated)		25.6
Financial instruments – derivatives	(i)	(212.5)
Financial instruments – foreign currency borrowings	(ii)	(28.8)
Post-employment benefits – defined benefit pension	(iv)	(6.8)
Financial assets measured at fair value	(vii)	0.1
Changes to tax recorded in the profit and loss account	(ix)	12.7
Loss after tax for the year (as restated)		<u>(209.7)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. TRANSITION TO FRS 102 (CONTINUED)

Statement of other comprehensive income

	Notes	Year ended 31 March 2015 £m
Comprehensive income for the year (as previously stated)*		(16.7)
Loss for the year (see above)		(235.3)
Other comprehensive income – post-employment benefits	(iv), (v)	4.6
Changes to tax recorded in the statement of other comprehensive income	(iv), (v)	<u>(0.9)</u>
Comprehensive income for the year (as restated)*		<u><u>(248.3)</u></u>

*Before non-controlling interest share

Notes

(i) *Financial instruments - derivatives*

Under previous GAAP, the fair values of the Group's derivative financial instruments were disclosed in the notes to the financial statements but they were not required to be recorded on the balance sheet. These are primarily interest rate and index-linked swaps that allow the Group to fix future financing cash flows, so reducing uncertainty. However, by their very nature, the fair value of such instruments can be volatile depending on market conditions, such as interest rates. FRS 102 requires on-balance sheet accounting and, therefore, on adoption of FRS 102 a liability of £602.9m was recorded. The movement in the fair values during the year ended 31 March 2015, totalling a loss of £212.5m, has been recorded in the restated profit and loss account for the year, with the fair value of the derivatives at 31 March 2015 being £815.4m. As explained in note 19, the terms of the Group's index-linked swaps provided for accretion payments to be made every four years commencing in October 2016. Under previous UK GAAP an accrual of £27.6m (2014: £20.4m) had been recorded as at 31 March 2015, with a charge to the profit and loss account of £7.2m for the year ended 31 March 2015. Under FRS 102, the year-end balances are reflected within the fair value of the swaps and the accretion charge for the year reflected in the change in the fair value of the swaps recorded in the profit and loss account.

(ii) *Financial instruments – foreign currency borrowings*

Prior to adopting FRS 102, the Group's foreign currency private placement loans were fixed in Sterling terms through the use of cross currency swaps, providing certainty over the Sterling value of the coupon and final repayment amount. Therefore, these borrowings were recorded in the financial statements at the Sterling amount. Under FRS 102 the borrowings need to be retranslated at the spot rate as at the reporting date and the corresponding cross currency swap recorded at its fair value (see above). The effect of this was to record a £11.1m reduction in the recorded liability on transition at 1 April 2014 and a £17.7m increase in the recorded liability as at 31 March 2015. The movement in these balance sheet positions, a loss of £28.8m, is recorded in the restated profit and loss account under FRS 102.

(iii) *Short-term employee benefits - holiday pay accrual*

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £1.2m on transition to FRS 102. Previous holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. The calculated liability as at 31 March 2015 was also £1.2m and, therefore, the profit and loss account for the year ended 31 March 2015 was unchanged.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. TRANSITION TO FRS 102 (CONTINUED)

(iv) Post-employment benefits

Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 102, a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. The effect of the change has been to reduce the credit to the profit and loss account in the year ended 31 March 2015 by £6.8m and to increase the credit in other comprehensive income by an equivalent amount. This also resulted in a change of the tax recorded in the profit and loss account with a corresponding change to the tax recorded in the statement of other comprehensive income.

(v) Post-employment benefits – defined benefit pension asset

Under previous UK GAAP the Group restricted to £nil any surplus arising in respect of its defined benefit schemes, whereas under FRS 102 such surpluses are recognised as assets, with a corresponding deferred tax liability. On transition to FRS 102, the Group recognised a pension asset of £5.8m and a corresponding deferred tax liability of £1.2m (included within the net deferred tax adjustment in the table on page 51). As at 31 March 2015, a pension asset of £3.7m and a corresponding deferred tax liability of £0.7m have been recognised (included within the net deferred tax adjustment).

In the year ended 31 March 2015, under previous GAAP, the Group recognised in the statement of total recognised gains and losses a debit of £2.2m relating to the restriction of pension assets. Under FRS 102, the asset was recognised on transition and, therefore, the £2.2m as previously recorded is reversed under FRS 102, giving rise to a £2.2m credit to the statement of other comprehensive income within the transition adjustments for the year ended 31 March 2015.

(vi) Post-employment benefits – contributions agreement

FRS 102 requires that where a defined benefit pension arrangement is not recorded on a defined benefits basis, a provision is required if there is a funding agreement in place for that scheme. Accordingly, a provision of £1.5m has been recorded on transition to FRS 102, an amount that was unchanged as at 31 March 2015 so that no amount needed to be reflected in the restated profit and loss account for the year ended 31 March 2015.

(vii) Financial assets measured at fair value

Listed investments that were recorded at cost under previous UK GAAP are required to be recorded at fair value under FRS 102. This resulted in no increase in asset values on transition to FRS 102. However, the increase in fair values between transition and 31 March 2015, of £0.1m, has been recorded in the restated profit and loss account for that year. The impact as at 31 March 2015 was an increase of £0.1m in recorded asset values.

(viii) Deferred tax on pre-transition date fair value adjustments

Under previous UK GAAP deferred tax was not recorded on all fair value adjustments that arose as a result of business combinations. As a result of the adoption of FRS 102, deferred tax liabilities of £8.0m were recorded on transition to FRS 102 as at 1 April 2014 and £7.6m recorded as at 31 March 2015.

(ix) Deferred tax on FRS 102 adjustments

As a result of the changes described above, a net deferred tax asset of £22.6m has been recorded on transition to FRS 102 and a net deferred asset of £33.9m has been recorded as at 31 March 2015, primarily in respect of the recording of the derivative financial instruments at fair value. The impact of the changes has been to record a tax credit to the restated profit and loss account of £12.7m and a tax charge to other comprehensive income of £0.9m for the year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. TRANSITION TO FRS 102 (CONTINUED)

Notes (continued)

Other adjustments arising on transition to FRS 102

Deferred tax asset relating to the post-employment benefits liability

Under FRS 102 the deferred tax asset at 1 April 2014 of £12.9m, arising on the post-employment benefits liability, is now included within deferred tax on the balance sheet (presented within debtors). Under the previous UK GAAP, and applying FRSs 17 and 19, the deferred tax asset arising on the post-employment benefits liability was offset against the liability. This has no effect on the Group's equity or profit for the year.

Statement of cash flows

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. Under FRS 102, the cash flow statement additionally reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash, though this has not given rise to a difference upon adoption of FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

30. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

Principal subsidiary undertakings

The principal subsidiary undertakings consolidated at 31 March 2016 were as follows. The country of incorporation of each company is the United Kingdom, unless otherwise denoted.

Subsidiary	Principal activity
A&P Falmouth Limited*	Marine Support Services
A&P Tees Limited*	Marine Support Services
A&P Tyne Limited*	Marine Support Services
Birkenhead Port Limited	Regional Port Operator
B.G. Freight Line B.V. (N)	Shipping
Cammell Laird Shiprepairers & Shipbuilders Limited*	Marine Support Services
Clydeport Operations Limited	Regional Port Operator
Great Yarmouth Port Company Limited	Regional Port Operator
Heysham Port Limited	Regional Port Operator
Marine Terminals Limited (I)	Stevedoring
Peel Ports Limited	Treasury Company
Peel Ports PP Finance Limited	Treasury Company
Port of Sheerness Limited	Regional Port Operator
The Manchester Ship Canal Company Limited	Regional Port Operator
The Mersey Docks and Harbour Company Limited	Regional Port Operator

All the subsidiaries listed above and below are 100% owned other than those denoted with an asterix:

*75% owned

Other subsidiary undertakings

The Group's other subsidiary undertakings consolidated at 31 March 2016 were as follows, categorised by principal activity. The country of incorporation of each company is the United Kingdom, unless otherwise denoted.

Trading companies

Subsidiary	Principal activity
Atlantic & Peninsula Pty Limited* (Aus)	Marine Support Services
Ardrossan Harbour Company Limited	Regional Port Operator
A&P Shipbuilders Limited*	Property ownership
Atlantic Engineering & Laboratories Limited*	Engineering Services
B.G. Freight Line Limited (I)	Shipping
Coastal Container Line Limited	Shipping
Dublin Container and Transport Services Limited (I)	Container Services
Eastport UK Cargo Handling Limited	Stevedoring Services
Marine Designs Limited*	Marine Support Services
Neway Industrial and Environmental Services Limited*	Cleaning Services
Peel Ports (IDS) Limited	Investment Holding
Seaforth Power Limited	Electricity Supply to the Port of Liverpool
The Falmouth Docks and Engineering Company*	Marine Support Services

The Group's 70% shareholding in Teca GmbH and 65% shareholding in Portia Management Services Limited were disposed of during the year ended 31 March 2016. Net proceeds of £0.8m were received (note 22(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (CONTINUED)

Other subsidiary undertakings (continued)

Intermediate holding companies

Each of the following companies act as intermediate holding companies within the Group.

A&P GH 2006 Limited*	Merlin Ports Limited
A&P Group Limited*	Peel Holdings (Ports) Limited
A&P Ship Repairers Limited*	Peel Ports Freight Limited
Atlantic & Peninsula Marine Services Limited*	Peel Ports Holdings Limited
B.G. Freight Line Holding B.V. (N)	Peel Ports Intermediate Holdco Limited
Clydeport Limited	Peel Ports Investments Limited
De Facto 1693 Limited	Peel Ports Land & Property Investments Limited
Imari Limited	Peel Ports Operations Limited
Maritime Centre Limited	Peel Ports UK Financeco Limited
Medway Ports Limited	

Dormant or non-trading companies

Each of the following companies is either dormant or does not trade.

A&PA Property Limited	Coastal Seaforth Container Terminals Limited
A&P Birkenhead Properties Limited*	Concorde Container Line Limited
A&P Defence Limited*	Ellesmere Newco Limited (CI)
A&P Dry Docks Limited	Hunterston Bulk Handling Limited
A&P Ports & Properties Limited	Hunterston Development Company Limited
A&PPP 2006 Limited	Hydropower Services Limited
A&P Southampton Limited*	IPG-UK Nuclear Alliance Limited*
A&P Tyne Properties Limited	Irwell Newco Limited (CI)
A&P Wallsend Limited*	James Scott & Co (Dublin) Limited (I)
B.G. Freight Line (Agency) B.V. (N)	Mersey Docks Trustees Limited
B.G. Freight Line Shipping B.V. (N)	Peel Ports Finance Limited (CI)
Birkenhead East Float (North Vittoria) Newco Limited (CI)	Peel Ports Land & Property Investments (No. 2) Limited
Birkenhead East Float (South Vittoria) Newco Limited (CI)	Peel Ports Trustees Limited
Birkenhead East Float Newco Limited (CI)	Port Falmouth Limited
Birkenhead West Float No 1 Newco Limited (CI)	Portia World Travel Limited
Birkenhead West Float No 2 Newco Limited (CI)	Runcorn Newco Limited (CI)
Birkenhead West Float No 3 Newco Limited (CI)	Scott Lithgow Shiprepairers Limited*
Birkenhead West Float No 4 Newco Limited (CI)	Seaforth Stevedoring Limited
Birkenhead West Float No 5 Newco Limited (CI)	Seawing Landguard International Limited
Birkenhead West Float No 6 Newco Limited (CI)	Ship Canal Investments Limited
Birkenhead West Float No 7 Newco Limited (CI)	Ship Canal Land Limited
Caledonian Ports Limited	Tankspeed Limited
Coastal Line Container Terminal Limited (I)	TR Shipping Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (CONTINUED)

Joint venture undertakings

The joint venture undertakings at 31 March 2016 were as follows. The country of incorporation of each company is the United Kingdom, unless otherwise denoted.

Joint venture	Principal activity
Clydeboyd Fort William Limited	Port Facilities
Clarke Chapman Portia Port Services Limited	Non-trading
Estuary Services Limited	Port Facilities
Servicios de Operacion y Mantenimiento S.A. (A)	Non-trading

The Group had a 50% shareholding in each of the joint venture undertakings above.

Key

A – incorporated in Argentina

Aus – incorporated in Australia

CI – incorporated in Cayman Islands

I – incorporated in Ireland

N – incorporated in the Netherlands