

ASSOCIATED BRITISH PORTS

(Company Number ZC000195)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



ASSOCIATED BRITISH PORTS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

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Income statement for the year ended 31 December 2024

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

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

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

Statement of comprehensive income for the year ended 31 December 2024

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

Balance sheet as at 31 December 2024

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

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



M S Atwal
Director

Statement of cash flows for the year ended 31 December 2024

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

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

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

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

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

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

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

The financial statements are presented in sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated. Where current presentation has been changed to aid understanding of the financial statements the comparatives have been reclassified to follow the new presentation.

Statement of compliance

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

Consolidation exemption

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

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

Going concern basis

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

In arriving at their decision, the Directors have considered:

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

New standards and amendments adopted

No new standards effective for the first time for the annual reporting period commencing 1 January 2024 have a material impact on the financial statements of the company.

New standards, amendments and interpretations issued but not yet effective

The IASB and IFRIC have issued a number of standards, amendments and interpretations:

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.2 Significant estimates, judgements and assumptions

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

Estimates

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

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

Judgements

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

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

Climate impact on financial disclosures

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies

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

Revenue recognition

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

Revenue from contracts with customers

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

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

Agent versus principal relationships

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

Lease income from investment properties

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

Impairment of non-financial assets

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

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

Intangible assets

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Investment property

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

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

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

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Property, plant and equipment

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

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

Estimated useful lives extend up to a maximum of:

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

Freehold land is not depreciated.

Retirement benefits

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Financial instruments

The company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

The company’s derivatives are not designated as hedges, therefore fair value gains and losses are taken to the income statement following the same classification as the underlying transaction.

Financial assets and financial liabilities are offset and the net amount is reported in the company balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

Provisions

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.3 Material accounting policies (continued)

Taxation

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

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

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

1.4 Other accounting policies

Finance income

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

Finance costs

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

Leases

Company as lessor

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

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Leases (continued)

Company as lessee

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

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

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

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

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

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

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

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

Intangible assets

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

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

Notes to the financial statements

1. Accounting policies (continued)

1.5 Other accounting policies (continued)

Intangible assets (continued)

Estimated useful lives extend up to a maximum of:

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

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

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

Investments

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

Cash and cash equivalents

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

Government grants

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

Foreign currencies

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

Dividends

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

Notes to the financial statements**1. Accounting policies (continued)****1.5 Other accounting policies (continued)****Inventories**

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

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

2. Revenue

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

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

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

Revenue from contracts with customers

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

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

Notes to the financial statements**3. Operating profit**

Operating profit is stated after charging/(crediting):

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

4. Audit fees

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

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

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

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

Notes to the financial statements

5. Directors and employees

Staff costs are analysed as follows:

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

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

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

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

Directors' emoluments are analysed as follows:

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

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

Key management compensation is analysed as follows:

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

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

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

Notes to the financial statements

5. Directors and employees (continued)

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

6. Finance costs/(income)

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

7. Taxation

The taxation charge for the year is analysed as follows:

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

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

Notes to the financial statements**7. Taxation (continued)**

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

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

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

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

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

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

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

Notes to the financial statements

8. Intangible assets

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

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

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

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

Notes to the financial statements

9. Property, plant and equipment

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

Notes to the financial statements

9. Property, plant and equipment (continued)

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

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

Notes to the financial statements

9. Property, plant and equipment (continued)

Right of use assets

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

| 2024 | Operational land £m | Buildings £m | Floating craft £m | Plant and equipment £m | Total £m |
|-------------------------------------|---------------------------|-----------------|-------------------------|------------------------------|-------------|
| Cost | | | | | |
| At 1 January | 2.4 | 4.3 | 1.3 | 8.8 | 16.8 |
| Additions | 1.8 | - | 1.2 | 1.7 | 4.7 |
| At 31 December | 4.2 | 4.3 | 2.5 | 10.5 | 21.5 |
| Accumulated Depreciation | | | | | |
| At 1 January | (0.6) | (2.9) | (1.3) | (7.8) | (12.6) |
| Charge for the year | (0.2) | (0.6) | (1.2) | (1.0) | (3.0) |
| At 31 December | (0.8) | (3.5) | (2.5) | (8.8) | (15.6) |
| Net book value | | | | | |
| At 1 January | 1.8 | 1.4 | - | 1.0 | 4.2 |
| At 31 December | 3.4 | 0.8 | - | 1.7 | 5.9 |
| 2023 | Operational land £m | Buildings £m | Floating craft £m | Plant and equipment £m | Total £m |
| Cost | | | | | |
| At 1 January | 2.4 | 4.3 | 1.3 | 7.6 | 15.6 |
| Additions | - | - | - | 1.5 | 1.5 |
| Disposals | - | - | - | (0.3) | (0.3) |
| At 31 December | 2.4 | 4.3 | 1.3 | 8.8 | 16.8 |
| Accumulated Depreciation | | | | | |
| At 1 January | (0.6) | (2.3) | (0.5) | (7.2) | (10.6) |
| Charge for the year | - | (0.6) | (0.8) | (0.9) | (2.3) |
| Disposals | - | - | - | 0.3 | 0.3 |
| At 31 December | (0.6) | (2.9) | (1.3) | (7.8) | (12.6) |
| Net book value | | | | | |
| At 1 January | 1.8 | 2.0 | 0.8 | 0.4 | 5.0 |
| At 31 December | 1.8 | 1.4 | - | 1.0 | 4.2 |

Notes to the financial statements

9. Property, plant and equipment (continued)

Right of use assets (continued)

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

10. Investment property

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

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

Notes to the financial statements**10. Investment property (continued)**

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

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

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

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

Basis of valuation

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

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

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

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

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

Notes to the financial statements

10. Investment property (continued)

Significant inputs, including estimates and judgments

Estimated Rental Value (“ERV”) – Core rental

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

Estimated Rental Value (“ERV”) – Other income

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

Yields

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

Purchasing costs

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

Sensitivity

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

| | Port-related investment properties | Other investment properties | Total |
|-------------------|--|--------------------------------|------------|
| 2024 | | | |
| Yield – average % | 11.2 | 11.9 | 11.4 |
| Yield – range % | 5.0 – 25.0 | 5.0 – 17.5 | 5.0 – 25.0 |
| 2023 | | | |
| Yield – average % | 11.3 | 9.5 | 10.8 |
| Yield – range % | 5.0 – 33.3 | 5.0 – 24.0 | 5.0 – 33.3 |

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

Notes to the financial statements**10. Investment property (continued)****Lease income**

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

11. Investments

| Investments in subsidiaries | £m |
|-----------------------------|-------------|
| At 31 December 2023 | 54.6 |
| At 31 December 2024 | 54.6 |

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

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

12. Trade and other receivables

Trade and other receivables are analysed as follows:

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

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

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

Notes to the financial statements**12. Trade and other receivables (continued)**

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

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

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

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

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

The ageing of these trade receivables is as follows:

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

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

13. Inventories

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

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

Notes to the financial statements**14. Pension commitments**

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

Define Benefit:

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

Defined Contribution:

- The Legal & General Worksave Mastertrust (“MyPension Plan”)
- The Ensign Retirement Plan (“ERP”)
- The Merchant Navy Officers Pension Fund (“MNOFF”)
- The Civil Service Pension
- The People’s Pension

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

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

Summary***Income statement***

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

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

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

Notes to the financial statements

14. Pension commitments (continued)

Summary (continued)

Balance sheet

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

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

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

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

Schemes accounted for on a defined benefit basis*ABPGPS and unfunded retirement benefit arrangements*

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

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

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

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

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

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

Notes to the financial statements**14. Pension commitments (continued)****Schemes accounted for on a defined benefit basis (continued)**

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

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

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

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

The Pilots National Pension Fund (“PNPF”)

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

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

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

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

Notes to the financial statements**14. Pension commitments (continued)****Schemes accounted for on a defined benefit basis (continued)**

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

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

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

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

Assumptions

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

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

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

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

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

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

Notes to the financial statements**14. Pension commitments (continued)****Schemes accounted for on a defined benefit basis (continued)**

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

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

Sensitivities

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

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

Balance sheet

Changes in fair value of scheme assets were as follows:

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Changes in fair value of scheme obligations were as follows:

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

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

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

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

The fair value of scheme assets is analysed as follows:

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

Historical record – ABPGPS and unfunded retirement benefit arrangements

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

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined benefit basis (continued)

Historical record – PNPf

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

Schemes accounted for on a defined contribution basis

The Merchant Navy Officers Pension Fund (“MNOF”)

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

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

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

The Legal & General Worksave Mastertrust (“MyPension Plan”)

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

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined contribution basis (continued)

The Ensign Retirement Plan (“ERP”)

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

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

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

The Civil Service pension

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

Notes to the financial statements

14. Pension commitments (continued)

Schemes accounted for on a defined contribution basis (continued)

The Peoples Pension

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

Section 37 certification

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

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

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

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

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

Notes to the financial statements**15. Borrowings**

Borrowings are analysed as follows:

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

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

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

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

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

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

Notes to the financial statements**16. Financial instruments****Treasury operations**

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

The group does not use financial instruments for speculative purposes.

Financial risk management

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

Liquidity risk

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

Interest rate risk

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

Foreign exchange risk

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

Credit risk

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

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

Notes to the financial statements**16. Financial instruments (continued)****Financial risk management (continued)**

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

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

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

Capital risk

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

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

The company's overall strategy remains unchanged from 2024

Contractual maturity of financial liabilities

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

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

Notes to the financial statements

16. Financial instruments (continued)

Financial risk management (continued)

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

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

Fair value of financial instruments

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

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

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

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

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

Notes to the financial statements

16. Financial instruments (continued)

Derivative financial instruments

The company uses derivatives to manage its exposure to fuel prices and foreign exchange rates. As the company does not designate any of its derivatives as hedges, the fair value changes are recognised in the income statement in accordance with the company's accounting policy set out in note 1. The terms and fair value of derivative financial assets and liabilities held by the company at the balance sheet date are:

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

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

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

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

Notes to the financial statements

17. Trade and other payables

| | 2024 £m | 2023 £m |
|---|--------------|--------------|
| Current: | | |
| Trade payables | 34.6 | 31.1 |
| Amounts due to group undertakings | 58.9 | 61.7 |
| Amounts due to subsidiary undertakings | 14.1 | 15.7 |
| Accruals | 83.0 | 63.9 |
| Other creditors | 6.6 | 9.3 |
| Taxation | 5.1 | 4.5 |
| Total current trade and other payables | 202.3 | 186.2 |
| Non-current: | | |
| Amounts due to subsidiary undertakings | 45.8 | 45.8 |
| Accruals | 5.5 | 27.3 |
| Other creditors | 13.4 | 12.6 |
| Total non-current trade and other payables | 64.7 | 85.7 |

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

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

18. Deferred income

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

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

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

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

Notes to the financial statements

18. Deferred income (continued)

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

19. Provisions

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

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

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

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

Notes to the financial statements

19. Provisions (continued)

Property

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

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

Retrospective employer liabilities

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

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

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

Other provisions

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

Notes to the financial statements

20. Deferred tax

The movement on deferred tax is shown below:

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

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

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

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

Notes to the financial statements

21. Cash flow reconciliations

Reconciliation of profit before taxation to cash generated by operations:

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

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

| | At 1 January (liability)/ asset | Cash flows | Non-cash changes | At 31 December (liability)/ asset |
|-----------------------------------|---------------------------------------|--------------|---------------------|--|
| | £m | £m | £m | £m |
| 2024 | | | | |
| Long-term intercompany borrowings | (663.5) | 177.0 | (180.5) | (667.0) |
| Lease liabilities | (5.0) | 3.3 | (5.1) | (6.8) |
| Total | (668.5) | 180.3 | (185.6) | (673.8) |
| | | | | |
| | At 1 January (liability)/ asset | Cash flows | Non-cash changes | At 31 December (liability)/ asset |
| | £m | £m | £m | £m |
| 2023 | | | | |
| Long-term intercompany borrowings | (574.7) | 143.9 | (232.7) | (663.5) |
| Lease liabilities | (7.0) | 3.8 | (1.8) | (5.0) |
| Total | (581.7) | 147.7 | (234.5) | (668.5) |

Notes to the financial statements**21. Cash flow reconciliations (continued)**

Cash and cash equivalents comprises:

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

22. Related party transactions**Transactions with the Trustee of the Associated British Ports Group Pension Scheme**

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

Transactions with key management personnel

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

Notes to the financial statements**22. Related party transactions (continued)****Transactions with fellow group companies**

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

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

Notes to the financial statements

22. Related party transactions (continued)

The company has the following borrowings with a related party:

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

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

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

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

Notes to the financial statements

22. Related party transactions (continued)

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

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

Notes to the financial statements

22. Related party transactions (continued)

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

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

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

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

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

23. Financial commitments

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

| | 2024 | 2023 |
|-------------------------------|------|------|
| | £m | £m |
| Property, plant and equipment | 49.1 | 37.3 |
| Investment property | 10.5 | 6.2 |
| Intangible assets | 1.7 | 0.7 |

Notes to the financial statements**24. Contingent liabilities**

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

25. Leases**Company as lessor**

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

Operating lease receivables

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

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

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

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

Company as lessee

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

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

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

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

Notes to the financial statements**26. Subsidiary undertakings**

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

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

27. Holding company and ultimate controlling parties

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

Notes to the financial statements**27. Holding company and ultimate controlling parties (continued)**

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 3rd floor, 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

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

| | % of A Ordinary shares | % of B Ordinary shares | % of Preference shares |
|---|------------------------------|------------------------------|------------------------------|
| 2024 | | | |
| Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation) | 22.10 | 22.10 | 22.09 |
| Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation) | 7.90 | 7.90 | 7.91 |
| CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board) | 30.00 | 33.88 | 33.88 |
| 9348654 Canada Inc. | 3.88 | - | - |
| Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited) | 20.00 | 20.00 | 20.00 |
| Wren House Infrastructure LP (controlled by Kuwait Investment Authority) | 10.00 | 10.00 | 10.00 |
| Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP and Hermes Infrastructure (Alaska) LP) | 6.12 | 6.12 | 6.12 |
| | 100.00 | 100.00 | 100.00 |
| 2023 | | | |
| Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation) | 22.10 | 22.10 | 22.09 |
| Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation) | 7.90 | 7.90 | 7.91 |
| CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board) | 30.00 | 33.88 | 33.88 |
| 9348654 Canada Inc. | 3.88 | - | - |
| Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited) | 20.00 | 20.00 | 20.00 |
| Wren House Infrastructure LP (controlled by Kuwait Investment Authority) | 10.00 | 10.00 | 10.00 |
| Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP and Hermes Infrastructure (Alaska) LP) | 6.12 | 6.12 | 6.12 |
| | 100.00 | 100.00 | 100.00 |