

FORTH PORTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023
Registered number: SC134741

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FORTH PORTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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FORTH PORTS LIMITED

COMPANY INFORMATION

DIRECTORS

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Carole Cran
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Richard Chang
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Simon Davy
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James Cooper

GROUP COMPANY SECRETARY

Pamela Smyth

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FORTH PORTS LIMITED

STRATEGIC REPORT

CEO Foreword

2023 was another year of good progress for Forth Ports on a number of fronts, representing a third consecutive year of strong trading growth with the business having grown significantly since 2020 and the impact of the Covid-19 pandemic. During this time there have been significant macroeconomic and geopolitical challenges on a scale not experienced in decades which have impacted businesses globally. These events have resulted in inflation peaking at levels not seen for many years leading to higher interest rates and so muted economic growth. The group's trading growth is in spite of these external factors and reflects the diversity of the end markets that the business serves and the impact of returns from a number of investments made in recent years. It is also testament to the commitment, resourcefulness and flexibility of our workforce as well as excellent collaboration with many customers and suppliers, reflecting the strength of these longstanding relationships.

In terms of recent investments the year was notable for our key involvement in the large offshore wind project Neart na Goithe (NnG) off the Fife coast. The Port of Dundee, which has been redeveloped to support such projects, played a key role as NnG's final assembly base. In addition to providing the port infrastructure we also provided towage operations and heavy lift logistics services. The capability to provide these additional services resulted from the investments to acquire Targe Towing in 2021 and a heavy lift logistics business in 2022 which means we can offer a fuller service offering to developers. Having demonstrated our capability on this project we are well placed to play a key role in future offshore wind projects as Scotland and the UK seeks to significantly expand electricity generation from offshore wind farms given the key role they will play in meeting the stated net zero targets of 2045 for Scotland and 2050 for the UK.

The year also benefitted from the lease of part of the further land we acquired to the east of the main port at Tilbury (Tilbury3), very strong activity levels in the Targe Towing business, which saw it operate across many parts of the UK market, a strong ongoing post-pandemic return of the cruise business and year on year growth at both elements of the Tilbury2 business, being the RoRo freight terminal and the construction materials and aggregates terminal. In terms of the latter, during the course of the year we instructed and completed the installation of a deep sea hopper which sees the facility well placed to deal with the discharge of large aggregate vessels which are capable of transporting 100,000 tonnes.

The year saw good progress on a number of other commercial and capital projects including a new contract with Coca Cola in the fast moving consumer goods market whilst significant steps were made with Aggregate Industries regarding the construction of a new low carbon manufacturing facility with planning permission secured and construction having commenced. We also made good progress in relation to the grain silo rebuild in Tilbury which is nearing completion and will see the complex return to its capacity of over 130,000 tonnes whilst we also signed a new five year agreement with Frontier, a key customer of the facility. The silo complex rebuild programme has been a great example of team working and collaboration both in terms of how the Forth Ports team has worked together and how we have worked with key external stakeholders to successfully deliver this significant project.

The continued unwinding of the impact of Covid-19 did have a negative impact on some elements of the business in the year, most notably in our unitised business as the normalisation of supply chains led to lower storage revenues as goods moved more quickly through our ports and also a reduction in volumes over the quayside as companies ran down stock levels alongside a weak economic picture. This impact was felt most keenly in our container business in Tilbury which led to some restructuring of that business to right size it for the market.

Our capital investment programme, which ensures the resilience of our business whilst supporting the Group's future growth prospects across a number of our key markets, continued during the year. Notable investments included:

- Ongoing expenditure on the Leith Outer Berth, a £50m project and a key element of the Group's ambitious plan to create Scotland's largest renewable energy hub on a 175-acre site supporting Scotland's energy transition plans and net zero carbon emissions targets;
- Building on the acquisition of the heavy lift logistics business in 2022 noted above we further invested in specialist lifting equipment in support of the offshore wind industry in order that we can offer an enhanced service offering to customers in this market;

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STRATEGIC REPORT (continued)

CEO Foreword (continued)

- We also invested further in our Targe Towing tug fleet with one new tug and payment of a deposit for another. This will again support the offshore wind market going forward but also enables the Targe business to build on the strong trading success it has seen since its acquisition in 2021;
- The purchase of 190 acres of land at Tilbury3, a large portion of which benefits from Freeport designation, and part of which as noted above was leased in the year;
- Expenditure on warehouse enhancements at our 26 berth operations in Tilbury in support of the Coca Cola contract noted above; and
- Ongoing expenditure rebuilding and repurposing the Grain Silo at Tilbury.

2023 was an active year for the Group in terms of community engagement, most notably with a celebration held at the London Cruise Terminal in June to mark the 75 year anniversary of the Windrush generation arriving to the UK at the Port of Tilbury. We also saw further success in funding various community initiatives through the Leith Community Trust and celebrated the 150th Anniversary of Grangemouth. In October we formally launched the Group's commitment to net zero announcing our ambition to achieve carbon neutral emissions by 2032 and net zero carbon operations by 2042. We commenced a number of initiatives during the course of the year in support of these ambitions, including a shore power facility for the MV Victoria, which was a safe home for many Ukrainian refugees in the Port of Leith.

We continued to make good progress on both the Forth Green Freeport and Thames Freeport initiatives north and south of the border with the continued aim in both locations being to position our ports for inward investment that will result in the creation of highly-skilled, green jobs and so support the regeneration of these coastal communities for many years to come.

From a funding perspective we secured £275m of loan finance from the Private Placement market in February 2023. £175m was drawn in August 2023 with the remaining £100m drawn in February 2024, both over 10 years to 2033 and 2034 respectively. This coincided with the 10-year anniversary of the Group first accessing loan finance from this market and the funds were partly used to repay £160m of debt which matured in December 2023. I am pleased to report this success has continued into 2024 with the Group's £320m bank facilities (£220m term loan and £100m revolving facilities) having been successfully refinanced for a five year period to February 2029. This mix of medium and long term funds provides excellent certainty of funding for the Group to enable it to continue with its ongoing capital investment programme.

As I deliver my last CEO Report, I am proud of what we have achieved for all our stakeholders, and particularly the strength, resilience and growth of the business coming out of Covid-19. Our investment programme continues, and is underpinned by two main themes in our industry, Supply Chain Resilience and Decarbonisation. As we continue to invest in our Infrastructure and the skills of our people, we also strive for greater and deeper diversity as an organisation. Forth Ports is a force for good in the UK economy, and in all of our local communities. I want to pay tribute to the best senior management team in the industry, and the most skillful and motivated workforce in our great industry. I wish you all success for the future and an enjoyable long term career.

Our Purpose

Forth Ports' eight strategically located ports play a vital role in the UK's local and national economies. Our professional, highly trained teams keep cargo moving so ensuring that people can access the products they depend on and exporters can reach their markets around the world.

From essential materials for the construction sector to the commodities that power our economy; from the food that we eat to the medicines we need – we are dedicated to keeping goods moving efficiently.

We take pride in our work and are great collaborators – always striving to create solutions and offer value added services for our customers and stakeholders, investing in the right infrastructure and technologies to help solve their problems.

We care about each other and about the communities we operate in and work hard to earn the trust of our customers, neighbours and staff. At the heart of everything we do is our safety-first culture – embedded across all our activities as well as our commitment to playing our part in the global mission to build a greener, more sustainable economy.

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STRATEGIC REPORT (continued)

Strategy

Our strategy is to invest in our ports and supply chain solutions for our customers through our people, infrastructure, skills and commercial networks in order to generate value for the business.

Values

Our Core Values are at the heart of everything we do	
Safe	Our safety-first culture informs everything we do – it shows that we value and care about others.
Collaborative	Teamwork helps us to work faster and more effectively to identify and apply business solutions for our customers.
Progressive	We're agile and challenging - always driving for the right results within the business and with all our partners.
Genuine	Our professionalism is underpinned by a commitment to being open, honest and ethical in everything that we do. We do the right thing.
Dependable	We keep our promises by taking ownership individually and collectively and are trusted to deliver the right solutions.

Principal Activities

The principal activities of Forth Ports Limited (the Company) together with its subsidiaries (the Group) are the provision of port facilities and ancillary services across eight sea ports in the United Kingdom, as well as being the Statutory Harbour Authority for the Forth and Tay estuaries in Scotland.

The Group has extensive property interests, the vast majority of which are used for customers and port operations. Any land that is not required for port-related activity is kept under review to determine uses which can deliver sustainable returns to the Group.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Forth Ports Limited and its subsidiary undertakings when viewed as a whole.

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STRATEGIC REPORT (continued)

Performance Review

Group revenue for the year was £321.0m which represents an 11.3% increase on 2022. This increase reflects a variety of factors including strong towage activity, increased activity levels through Tilbury2, increased offshore wind related activity and an increase in rental income of £20.3m predominantly as a result of a number of new lease agreements being secured in the year. The increased activity resulted in an increase in gross profit to £158.0m, up £20.8m or 15.2% on 2022.

Adjusted administrative expenses were £42.5m, £4.9m higher than last year, which reflects inflationary and other increases in a number of core costs including staff costs, insurance and depreciation as well as costs of right sizing the container business to align with market demand, offset by gains on the strategic disposal of land outside the port estate in Tilbury.

Group adjusted operating profit was £115.5m, up £15.9m or 16.0% on 2022. The adjusted operating profit margin improved year on year to 36.0% (2022 – 34.5%). Total group operating profit was £165.9m, up £36.1m reflecting the £15.9m increase above as well as a number of year on year movements in adjusting items (the key items explained further below).

Finance income was £19.4m in 2023, up from £14.8m in the previous year. The finance income mainly relates to Group interest receivable on inter-company loans with the immediate parent, Otter Ports Limited, increased in 2023 by significant deposit interest received following the receipt of the first tranche of the USPP fundraising in advance of repaying debt in December 2023. The net total finance cost was £31.3m (2022 - income of £13.1m). The year on year movement is largely explained by a reduction in the mark to market value of the interest rate swaps as the swaps move closer to maturity and expected future interest rates began to fall (explained further below).

Adjusted profit before tax for the year was £93.7m, £16.4m or 21.2% higher than last year.

The 2023 Group tax charge, excluding the impact of adjusting items, was £20.7m, an effective tax rate of 22.1% (2022 – 19.1%), up from £14.8m last year due to higher profit before tax. The total tax charge for the year was £27.9m representing an effective tax rate of 20.7% (2022 – 19.9%) (Note 12).

Adjusting items (Note 8) recognised in the Group Income Statement totalled a net gain of £40.9m (2022: £65.6m) and relate to:

- An increase in the fair value of investment properties of £41.0m (2022 - £22.1m);
- Losses recognised on interest rate swaps of £9.2m (2022 - gains of £38.5m) and on cross currency hedges of £32.5m (2022 – gains of £11.9m);
- A loss on diesel hedges of £2.0m and Euro forward contracts of £0.1m (2022 - gains of £0.6m and £0.1m);
- Long Term Incentive Plan (LTIP) expense of £4.7m (2022 - £0.6m);
- A retranslation gain on the Series A and Series G US \$ loan notes of £33.5m (2022 – loss of £16.1m);
- Loss on re-measurement of the discount rate on the PNPf pension provision of £0.7m (2022 – gain of £1.5);
- An increase in the PNPf pension provision of £2.1m resulting from the triennial valuation (2022 - £nil);
- Gain on settlement of an overnight index swap of £1.5m (2022 - £nil);
- In 2022 a charge of £1.1m was incurred due to the discount unwind on the deferred consideration for the Targe acquisition. There was no comparable cost in 2023;
- Demolition and site clearance costs at the grain silo site in Tilbury of £0.0m (2022 - £0.6m);
- Business interruption costs in relation to the grain silo rebuild at Tilbury were £3.8m (2022 - £7.7m); and
- Insurance proceeds received in relation to the Tilbury grain silos of £20.0m (2022 - £17.0m).

The tax effect of these adjusting items was an expense of £7.2m (2022 – £13.7m).

Profit for the year for the Group was £106.7m (2022 - £114.4m), down 6.6%, and for the Company was £34.1m (2022 - £67.2m), down 49.3 %.

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STRATEGIC REPORT (continued)

Performance Review (continued)

Financial Position

In terms of the Group's financial position, as reflected in the Balance Sheet at 31 December 2023, the significant year on year changes are as follows:

- Increase in property, plant and equipment (PPE) of £68.2m due to additions of £106.2m which included further warehousing in Grangemouth, spend on the Outer Berth at Leith and spend on the rebuild of the silo complex in Tilbury as it nears completion, net transfers to investment property of £4.7m offset by net depreciation of £33.3m;
- Investment properties increased in value by £172.8m in the year, due to a revaluation uplift of £134.7m, largely driven by transfers from operational property (£41.0m recognised in the Income Statement and £93.7m through Other Comprehensive Income), additions of £40.5m from the purchase of additional land at Tilbury, net transfers in from PPE of £4.7m, offset by disposals of £7.1m;
- Cash and cash equivalents held at the end of the year were £34.7m, a decrease of £79.9m in the year largely due to the capital expenditure noted above as well as repayment of interest due on shareholder loans;
- The total value of derivative financial instruments, both current and non-current, decreased by £43.8m largely as a result of settlement of the cross currency swaps in December 2023. The net position decreased from an overall assets position of £54.3m to £10.5m;
- Borrowings decreased by £18.7m year on year largely as a result of the unwind of the retranslation loss on the USD denominated loans which matured in December 2023 of £33.5m offset by a net increase in USPP loans of £15m;
- Retirement benefit obligations increased by £1.9m to £43.5m which reflects the impact of company contributions to the scheme being lower than a number of other movements including a reduction in the discount rate and reduction in scheme asset values;
- Total comprehensive income for the year of £160.0m took the value of shareholder's equity at 31 December 2023 to £858.3m.

Liquidity and Going Concern

The Group's borrowing facilities at 31 December 2023 totalled £1,009.9m, with £320m of bank facilities (£220m term loan, £95m revolving credit facility (currently undrawn) and £5m of ancillary facilities) due for repayment in June 2024. Combined with cash of £34.7m these undrawn facilities, together with a further £100m of US Private Placement Loan Note funds received in February 2024 as part of the 2023 issuance, ensure the Group has sufficient forecast liquidity to comply with its financial covenants throughout the going concern period. The £1,009.9m of existing facilities are a combination of £689.9m of US Private Placement Loan Notes which mature from 2026 to 2038 and £320m of bank facilities which were due to mature in June 2024 as noted above. This has contributed to the Group's net current liabilities position of £156.4m however, as described in the CEO foreword, in February 2024 the Group successfully refinanced its bank facilities for a further five years to February 2029. In addition there are £29m of facilities relating to the National Housing Trust property developments at Harbour Gateway and Harbour Point, repayment or refinancing of which is required from September 2026 to November 2029. Full details of the Group's borrowings can be found in note 22.

The Group's current five year plan was approved by the Board of Directors in November 2023 with this year's approval continuing to recognise the risks and opportunities that could impact the delivery of the plan in relation to external matters including the potential effect of the currently uncertain economic climate on both supply chains and levels of demand across a number of markets we operate. This has been caused by a variety of external factors including recovery from the Covid-19 pandemic, the UK's exit from the EU, the conflicts in Ukraine and Gaza and the impact on wholesale commodity markets, higher inflation than seen for a number of decades and higher interest rates than since the financial crisis in 2008/09.

The Group handles a broad range of basic commodities, across a number of sectors, for a large number of customers. This breadth is important in meeting unexpected and serious levels of business disruption. From the platform of a resilient level of trading over the last two years, having emerged from Covid-19 in the last three years, and continued tight control over capital expenditure and discretionary spend, various sensitivities have been applied to the 2024 budget and 2025 forecast, with a central case seeing relatively modest growth in 2024 as the Group benefits from significant investments made over recent years but tempered through the impact of the uncertain economic environment.

FORTH PORTS LIMITED

STRATEGIC REPORT (continued)

Liquidity and Going Concern (continued)

In addition, the budget has been stress tested assuming a more dramatic and prolonged reduction in volumes and earnings. The modelling shows that under this scenario the Group remains profitable and generates operating cash flows over the next 12 months and that there is considerable headroom in lending facilities and covenants which underpins the going concern assumption on which these financial statements have been prepared. We will closely monitor cash conversion and covenants over this period with a number of mitigating actions including delay in capex spend and deferral of discretionary dividend payments, which are within the control of the Company.

Key Performance Indicators

The Board uses the annual budget as the base for measuring the Group's performance. Financial and non-financial targets are set for individual senior managers and for the businesses within the Group. At the Annual Strategy Review in quarter four, the Board considers the financial projections over a five year time horizon. The overarching aim is to sustainably increase the value of the Group.

The KPIs which are used to measure this increase in value are:

- Health and safety record, measured by Accident Incidence Rate¹ compared to industry average;
- Group adjusted EBITDA (defined as: Earnings Before Interest, Tax, Depreciation and Amortisation) (page 7);
- Growth in the value of port assets (page 8); and
- Growth in value of investment properties (Note 14).

During 2024 we will also be advancing our thinking on the appropriate suite of ESG KPIs and targets for the business.

Principal Business Risks and Uncertainties

The Group has extensive risk identification and mitigation processes in place. The most significant opportunities and risks are discussed and debated by the Board in November each year, as part of the 5 year plan review, which also includes a deep dive into each of our key markets. This is the basis for the Executive Directors preparing the Group Risk Register which is reviewed bi-annually by the Audit & Risk Committee and annually presented for approval by the Board.

As with all commercial businesses there are a number of macro and industry trends that are considered through a risk, and indeed opportunity lens, which by their nature do vary from time to time. The most significant such macro trends currently are: prolonged economic uncertainty, partly due to increases in energy and other commodity prices caused by a number of global factors and disruptive events, which has resulted in minimal UK economic growth in recent years, weak growth forecast in the coming years and UK government debt at record high levels; the short and long term impact of issues related to supply chain resilience following the Covid-19 pandemic, the UK's exit from Europe and other disruptive events including the uncertainty created from conflicts in Ukraine and Gaza as well as more recent disruption in the Red Sea causing an impact on shipping movements through the Suez Canal; the short and long term impact of decarbonisation in terms of the potentially conflicting objectives of security of energy supply and meeting net zero targets; and the threat of a cyber-attack from increased digitalisation. As well as these macro trends there are a number of risks that are inherent in our business model, such as the risk of serious injury, particularly given the heavy plant and equipment that we operate.

It's important to remember the Group's ports are well located, with Tilbury's proximity to London, Grangemouth as Scotland's largest port in the centre of the country and more recently Dundee and Leith as prime locations in support of offshore wind farm deployment. These locations mean they are well positioned for changes in trade flows and have the infrastructure in place to respond to such changes, especially given the level of investment in facilities that has been made over a number of years. More broadly all of our ports are accustomed to handling a diverse and changing range of commodities and have the resources in place to respond to changes.

¹ Accident Incidence Rate (AIR) is number of RIDDOR injuries divided by average employees multiplied by 100

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STRATEGIC REPORT (continued)

Principal Business Risks and Uncertainties (continued)

In addition, the Group has a diverse customer base, many of whom have been customers for a number of years and a significant portion of which have long term commitments to the Group in the form of property leases and/or minimum volume guarantees which gives security to the Group's revenues and profits.

Some of the key risks to the business are explained in more detail below.

Macro Trends

Low forecast economic growth

The ports industry tends to be very resilient in terms of economic shocks but is not immune to changes in economic activity. Since 2020 and the impact of Covid-19 we have seen some positive and adverse impacts across the business. For example we saw reduced demand for liquid bulks and in our cruise business, although this has bounced back strongly in 2022 and 2023, and whilst initially the supply chain issues that were experienced as the world emerged from the pandemic led to a benefit in our unitised business in 2021 and 2022, particularly from high storage levels as goods remained in our ports for longer as supply chains struggled to adapt to the upheaval, we saw this unwind in 2023 particularly in the LoLo business based in Tilbury which experienced a significant reduction in both container volumes and storage levels. Despite these ups and downs our trading has remained resilient in recent years which is in part driven by investment into different areas of the business and also reflects our strategic locations, the nature of what we handle, with a considerable volume of unitised cargo being household staples that are less affected by economic activity and also the diversity of what we can handle enabled by the infrastructure/location of our ports. Despite low forecast economic growth the business continues to remain resilient meaning that if and when the UK does see future higher economic growth the business should be well placed to take advantage of the opportunities that would present across our key markets.

Supply chain challenges as a result of external events

When considering the longer term impacts of external events, such as the fall-out from Covid-19, the UK's exit from Europe, ongoing conflicts in Ukraine and Gaza and disruption in the Red Sea, whether on supply chains or demand for different commodities and so the resultant impact on our business, there remains uncertainty on how this will play out and we remain alert to the need to be nimble in response. We have seen some changes to date and in response have developed strategies to adapt, including investments in infrastructure to provide port centric storage solutions to our customers and as well as making investments in growing sectors such as logistics for FMCG customers and offshore renewables.

As a Group we have serviced customers exporting and importing from outside Europe for many years and so have the systems and processes in place which have allowed us to support our European customers in making the transition as the UK has left Europe. The final element of this transition is additional physical inspections on certain goods which are expected to come into force during 2024. We are well prepared for this with the ability to handle significant unaccompanied volume at Tilbury2 and completed Border Control Posts, to handle these inspections.

Impact of decarbonisation

Decarbonisation remains near the top of the agenda for many businesses and politicians and policymakers whilst the economics of certain alternative energy sources means they are becoming increasingly viable. For Forth Ports this means we need to manage the transition in our liquid bulks business and be proactive in being part of the move to new energy sources. In Scotland this could see, as publicly announced during 2023, the refinery at Grangemouth, which currently exports refined oil and gas based products from the Port of Grangemouth, transition to an import terminal as early as 2025 whilst ongoing emphasis on the security of energy supply may mean that liquid bulks feature as part of the energy mix for longer than was anticipated previously. In terms of the transition this means: working closely with our key customers to understand how we can best support their plans with the concept of a Firth of Forth Net Zero Hub key to this; investment in renewables hubs at Dundee and Leith to support offshore wind deployment; and a medium/longer term understanding of the port infrastructure that will be required to support in areas such as green and blue hydrogen and carbon capture and storage. The Thames Freeport designation and the Green Freeport in Scotland are both key enablers in terms of attracting green investment and jobs that a just transition will bring.

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STRATEGIC REPORT (continued)

Principal Business Risks and Uncertainties (continued)

Cyber threat

Like any business today we recognise we face the risk of a cyber-attack and that this has increased significantly in recent years with attacks becoming more widespread and more sophisticated. This risk is managed with continued investment in appropriate resilience and recovery measures (including network segregation, enhanced system access controls, integrated and managed end point detection and response, implementing appropriate policies including in relation to disaster recovery and business continuity) as well as a comprehensive employee training programme to raise awareness and defend against malicious attacks.

Business specific

Loss of key customer

The majority of the Group's customers have long-term contractual agreements and relationships however there is always a risk that, when these contracts expire, they may not be renewed. This risk is at its greatest in those sectors facing structural decline. More generally to mitigate against the risk of customers moving to competitor ports, the Group manages this by negotiating any renewals early and providing high operational service levels and generally maintaining good relations with key customers.

Environment and Operations

Forth Ports Limited and Port of Dundee Limited are Statutory Harbour Authorities and have responsibilities in the event of a marine incident in the Firth of Forth or Firth of Tay which includes maintaining an emergency response centre should such an incident occur. Our capability in this area is tested each year as well as an external audit of our procedures each year, which is reviewed and approved by the Board of Directors.

Given the nature of the Group's operations there is the risk of a major accident or fatality. The Group's safety record, which is measured by the industry recognised 'Accident Incident Rate (AIR)', continues to be better than industry averages. This risk is taken extremely seriously by the Board and is managed by regular and ongoing engagement with employees using different forms of communication including face to face briefings, online and classroom training and bulletins, with the support and guidance of our in house Health & Safety Team. The ongoing 'Visible Felt Leadership' engagement programme remains key to this as a highly participative programme focused on further reducing our injury rate through cultural change. As part of the programme, leaders at all levels within the business undertake a number of activities during the year including delivering health and safety tours and workshops and contributing to the Group health and safety improvement plan.

The nature of ports is such that operations are reliant on key pieces of infrastructure including quaysides, lock gates, major equipment (cranes, sennebogens, straddle carriers, etc.) and warehousing. There is always a risk of a failure of a major piece of infrastructure and the impact that might have on the business. To mitigate this risk the Group invests in comprehensive maintenance and upgrade programmes, managed by experienced engineering teams located at each of our major ports.

Stakeholder Engagement and Section 172 Statement

The Board is aware of its responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and, in describing the relationships between Forth Ports and its key stakeholder groups, the Board has taken into consideration the Financial Reporting Council guidance on this matter. By focussing on our purpose and values along with our strategic priorities, we consider our employees, customers, suppliers, local communities and other stakeholders whilst delivering long-term sustainable growth for our investors. The Group's main stakeholders, their expectations and how the Board responds to them are explained as follows:

FORTH PORTS LIMITED**STRATEGIC REPORT (continued)****Stakeholder Engagement and Section 172 Statement (continued)**

Stakeholder expectations	How the Board responds
Employees Forth Ports employs over 1,200 people directly. The majority of the workforce are on the quayside loading and unloading vessels or directly supporting these teams, handling a diverse range of cargoes for our many customers. Our employees are key to the success of the business.	
<ul style="list-style-type: none"> • Safe working conditions • Fair terms and conditions • Job security • Regular and transparent communication 	<ul style="list-style-type: none"> • Adaptation of working practices where necessary and regular communication with all employees with specific support for vulnerable employees to protect them; • Signatory to the Maritime Mental Health Pledge; • Continuous improvement of health and safety practices including the 'Visible Felt Leadership' initiative, with greater use of technology to keep reviews and initiatives progressing despite the changes to working practices; • 'Stand Down for Safety' – a dedicated safety event for the entire workforce hosted by the Chief Operating Officer demonstrating the commitment to the highest standards of safety; • Consideration of the impact of decisions on employees with views of employees and wider workforce considered – these are obtained via company-wide communications, CEO briefings and local port/asset employee meetings; • Publication of our Gender Pay Gap Report for 2023; • Range of development opportunities available including Apprenticeship and Graduate programmes, as well as dedicated training centres at Tilbury (including simulators) and Grangemouth, with a shift to more online training; • A number of charitable and community projects.
Customers Forth Ports supports over 500 domestic and international customers that are linked existentially to the growth and the success of each of its ports.	
<ul style="list-style-type: none"> • Trusted long-term partnerships • High and consistent levels of operational efficiency • Flexibility 	<ul style="list-style-type: none"> • Offering a customs processing service to help customers keep goods moving; • Regular contact with customers following the grain silo incident to ensure continuity of service; • Alignment of our business with customer needs, such as investment at Tilbury2, warehousing at Grangemouth and renewable energy investment at Dundee and Leith; • Customer meetings, events and attendance at key industry conferences; • Service level agreements are monitored and customer feedback taken into consideration when developing new facilities and service offerings (e.g. Track Your Container online); • Deepened and broadened our knowledge/expertise of our key markets through targeted analysis; • Working with Coca Cola to develop a facility for processing fast moving consumer goods; • Strategic acquisitions of Targe Towing in 2021 and OM HeavyLift in 2022 to enhance the breadth of our service offering to better serve our customers' needs.
Suppliers and Contractors A wide range of suppliers, contractors and advisors supporting our operational and investment plans.	
<ul style="list-style-type: none"> • Trusted long-term partnerships • Fair terms and conditions • Prompt payment 	<ul style="list-style-type: none"> • Timely payment to suppliers; • Supplier performance management involving dedicated procurement teams focused on developing and managing supplier relationships, including regular account review meetings and maintained controls, systems and processes in place to ensure suppliers are supported; • Chartered Institute of Procurement and Supply certification; • Modern Slavery – details of our policies to combat modern slavery are detailed in our 2023 Modern Slavery Statement which can be found on our website www.forthports.co.uk.
Communities and other stakeholders Encompassing our neighbours in the communities where our ports are to local, national and UK wide private and public bodies.	
<ul style="list-style-type: none"> • Jobs and investment • Compliance with regulation and legislation • Good neighbours, operating safely • Actively help and support local communities • Protection of the environment and heritage 	<ul style="list-style-type: none"> • Thames Freeport Development – job creation; green investment and levelling up; • Early and transparent consultation with local communities as part of significant developments such as Tilbury2, Dundee and Leith Outer Berth for offshore renewables; • Charitable and community projects including Leith Community Trust, Tilbury on the Thames Trust, Port open days, career events and annual celebrations such as Windrush Day. In 2023 we also celebrated the 75th anniversary of the arrival of the Empire Windrush at the Tilbury Cruise Terminal; • Continued development of the Forth Green Freeport project for Firth of Forth; • GRESB submission (Global ESG Benchmark), delivering improved score.

FORTH PORTS LIMITED

STRATEGIC REPORT (continued)

Stakeholder Engagement and Section 172 Statement (continued)

How the Board responds	
Shareholders The owners of the business who are a number of UK and international pension funds.	
<ul style="list-style-type: none"> • Clear strategy and strong execution • Financial discipline • Sustainable growth and regular returns to match pension liabilities our shareholders are managing • Protection of Group’s reputation 	<ul style="list-style-type: none"> • Board decisions are made with the long-term success of the Group in mind; • Active and ongoing dialogue with shareholder representatives who sit on the Board; • Regular board meetings including review of key operational, commercial and financial matters as well as specific meetings to review Five Year Strategic Plan and Budget; • Consideration of ESG matters including focus on green credentials.

During the year the Board was involved in making various key strategic decisions impacting a number of stakeholders. The table below sets out certain key decisions taken in 2023, and how their impact on stakeholders was considered.

Key decision	Strategic planning in relation to ensuring the most effective use of land within the port estate; including land acquisition / development and maximising the financial return on the existing port estate. The Board continued and progressed a number of initiatives in this regard including the option to acquire additional land adjacent to Tilbury2, completing the land purchase at Tilbury3, master planning of land across the port estate particularly those areas with Freeport designation and detailed planning and capital investment to ensure new customers can be accommodated alongside servicing existing customer requirements. In the current year this included agreeing to the surrender of a lease by a current tenant in order for the area to be redeveloped in a cohesive manner in line with the strategy for the whole estate.
Objective	Secure long term growth through maximising the earning potential of the Port’s land, maintaining existing customer relationships, accommodating new customers and moving into new markets.
Stakeholder considerations	<p>Employees Taking on new customers and additional port facilities provides certainty of employment for existing employees, a requirement to develop new skills and requires the recruitment of additional staff to fulfil additional business.</p> <p>Customers Finding solutions for new and existing customers is key to fostering long term relationships, maintaining our reputation and securing the long term success of the business.</p> <p>Shareholders These decisions which resulted in the need to meet customer requirements and expand the footprint and breadth of service offering at the port, including investing capital and making modifications to the port facilities to enter a new market, aligns with the goal of providing a stable platform for growth and delivering long term operational and financial success.</p>

FORTH PORTS LIMITED

STRATEGIC REPORT (continued)

Stakeholder Engagement and Section 172 Statement (continued)

Key decision	To continue our focus on the renewable energy sector. Progressing plans at the port of Dundee and to continue with the redevelopment of a significant area of land within the port of Leith to expand our reach in the offshore wind market by investing in a renewables hub comprising a new outer berth and extensive marshalling area.
Objective	Secure long term growth through investment in a growth market which is in close proximity to our ports on the Scottish east coast.
Stakeholder considerations	<p>Employees Major investment in the port of Leith and Dundee will provide security of employment for existing staff with the aim of recruiting additional staff as the service offering grows.</p> <p>Customers Working with developers to ensure the facilities are in line with the market requirements.</p> <p>Community The aim is to create a renewables hub in Leith that has the potential to attract manufacturing businesses to the area which have been absent for decades. This will create highly skilled jobs which aligns closely with the objectives of the Forth Green Freeport.</p> <p>Shareholders This decision is aimed at future proofing the business and aligns with the goal of providing a stable platform for growth and delivering long term operational and financial success.</p>

FORTH PORTS LIMITED**STRATEGIC REPORT (continued)****Streamlined Energy and Carbon Reporting***Scope, Reporting Period and Organisational Boundary*

The Group is required to report its energy use and associated greenhouse gas emissions (GHGs) and the information below covers all entities in the Group using the financial control approach.

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per thousand tonne of dry volume handled, the recommended ratio for the sector. Following the acquisition of Targe Towing Limited in 2021 we have included an alternative intensity ratio which is linked to activity related revenue as the Targe Towing business is not directly involved in handling dry volumes.

Year on year comparison

The intensity ratios below are reported under the location based methodology. As shown below Scope 2 emissions under the market based methodology are zero, reflecting the fact that we have procured all of our electricity from renewable sources, illustrating our commitment to improved energy efficiency. We have used the location based methodology in order to show a full picture of our overall consumption and illustrate the impact of key events impacting on our electricity consumption.

The group intensity ratio decreased by 2.3% from last year whilst the second ratio, using traffic based revenues, decreased by over 21%.

Energy consumption

	2023	2022*
Energy consumption breakdown (MWh):		
• Gas	646	893
• Electricity (net purchased from grid)	7,254	13,698
• Electricity (purchased from onsite wind generation)	20,576	18,175
• Electricity (generated from onsite solar PV Arrays)	40	-
• Transport fuel	78,688	86,559
• Heating oil	1,037	1,035
<hr/>		
Energy consumption used to calculate emissions (MWh)	108,241	120,360

FORTH PORTS LIMITED**STRATEGIC REPORT (continued)****Streamlined Energy and Carbon Reporting (continued)***Energy emissions*

	2023	2022*
Scope 1 emissions in metric tonnes CO ₂ e:		
• Gas consumption	118	163
• Heating	270	269
• Owned transport	18,245	21,727
Total Scope 1	18,633	22,159
Scope 2 emissions in metric tonnes CO ₂ e:		
• Purchased electricity (location based)	5,763	6,164
Total Scope 2	5,763	6,164
• Purchased electricity (market based)	-	-
Scope 3 emissions in metric tonnes CO ₂ e:		
• Electricity transmission and distribution	130	242
• Business travel in employee owned vehicles	69	63
Total Scope 3	199	305
Total gross emissions in metric tonnes CO₂e (location based)	24,595	28,628
Total gross emissions in metric tonnes CO₂e (market based)	18,832	22,464
Out of Scope emissions from HVO fuels	1,269	451
<i>Intensity ratios</i>		
Intensity ratio (location based) – metric tonnes CO ₂ e per thousand tonne of dry volume handled	1.80	1.84
Intensity ratio (location based) – metric tonnes CO ₂ e per £1,000's Traffic revenue	0.133	0.169

The emissions reported in the prior year (*) have been re-stated to reflect a reduction in Scope 2 emissions for electricity sold to customers. Following a methodology review it has been established that the consumption of this electricity is not within scope for reporting purposes and so it has been deducted from the reported emissions. This reduced the 2022 reported emissions by 175 tonnes. During the same review tonnage and revenue associated with on-sold electricity was also removed from the inputs associated with the intensity ratio calculation, increasing the 2022 dry volume ratio by 0.21 and the revenue ratio by 0.003.

Measures taken to improve energy efficiency

Over recent years, we have carried out a number of measures to improve energy efficiency across the Group, including:

- In 2023 we publicly announced our commitment to be carbon neutral by 2032 and net zero by 2042;
- HVO was adopted at Tilbury2 and Rosyth in Q2 2023. The full year HVO volume is 522,000 litres reducing emissions by 11% for landside equipment previously using white diesel;
- Upgrade of Tilbury lock gates in conjunction with the Environment Agency has improved efficiency and therefore reduced electricity consumption whilst future proofing the flood prevention defences at the port and wider Tilbury area;
- Solar PV array on warehouse in Grangemouth went live, with plans to put PV arrays on all new warehouses going forward;
- Introduction of EVs into the Coca Cola operation at 26 Berth;
- Continued dialogue and appraisal of alternative fuelled equipment with OEMs and lease providers, and consider opportunities to trial;
- Progressed commercial opportunities that can help both the port and wider ecosystem to decarbonise;

FORTH PORTS LIMITED

STRATEGIC REPORT (continued)

Measures taken to improve energy efficiency (continued)

- Memorandum of Understanding signed with RWE & Mitsui for a green hydrogen project at Tilbury;
- Letter of Intention signed with Fleete for an EV charging facility at Tilbury;
- Utilising PowerBI to identify opportunities to improve operational efficiencies;
- Liebherr low-emission material handler delivered to Tilbury in April 2023;
- Continuing upgrades to LED lighting across the port estate; and
- Fuel switch from diesel to electric for Grangemouth reefers completed.

Future Developments

There has been and is significant investment being made across the Group with the key priorities for 2024 and our future growth as follows:

- Continue to advance development of the land in the Thames Freeport designation at Tilbury and the Green Freeport in Scotland;
- Promote a considerable increase in volumes handled via the conveyor system for the construction materials hub at Tilbury2;
- Complete the build for the Leith offshore renewables hub and position both Leith and Dundee to support Scotland and the UK's stated ambitions to significantly increase offshore wind electricity generation;
- Invest in further warehousing at Grangemouth for export logistics;
- Ramp up volumes for Coca Cola through the automated warehouse at 26 berth in Tilbury;
- Further advance our knowledge of our key markets, through development of our commercial networks, underpinned by data analysis.

BY ORDER OF THE BOARD

Carole Cran

Carole Cran
Director

24 April 2024

FORTH PORTS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of Forth Ports Limited for the year ended 31 December 2023. With the exception of the refinancing of the Group's bank facilities which is discussed in the Strategic Report, there have been no other events of note since the balance sheet date.

Company Registration

The Company is registered in Scotland as number SC 134741. The Company is incorporated and domiciled in Scotland and is 100% owned by Otter Ports Limited, which is ultimately controlled by Public Sector Pension Investment Board.

Dividend

No dividends were paid in the current or prior year.

Streamlined Energy and Carbon Reporting

Disclosures in relation to the Group's carbon emissions can be found in the Strategic Report on pages 15 and 16.

Future Developments

An indication of likely future developments in the business of the Group is included in the Strategic Report on page 17.

Directors

The Directors of the Company who were in office during the year, and up to the date of signing the financial statements, unless otherwise stated were:

Lord Smith of Kelvin (Chairman)
Charles Hammond
Carole Cran
Stuart Wallace
Jean-Christophe Aubert (Alternate) (appointed 25 September 2023)
Richard Chang (Alternate)
Patrick Charbonneau (Alternate) (resigned 6 July 2023)
Colette Cohen (appointed 10 November 2023)
Stephen Kynaston
Simon Davy
Stewart Oades
Azhar Abidi
Martine Légaré (resigned 25 September 2023)
Simon Beer (resigned 12 December 2023)
James Cooper

Indemnification of Directors

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

Employee Engagement

The general policy of the Group is to welcome employee involvement as far as it is reasonably practicable. Employees are kept informed by meetings, newsletters and notices. Consultation and communication takes place through structured meeting groups and employee representatives as appropriate. Further commentary on consideration of employee engagement is covered in the Strategic Report on page 12.

FORTH PORTS LIMITED

DIRECTORS' REPORT (continued)

Business Relationships

The Group's consideration of business relationships is covered in the Strategic Report on page 12.

Disabled Persons

The Group provides Occupational Health Services in-house which play a significant part in monitoring the health of employees and ensuring that those members of staff who experience long-term illness or disability receive the appropriate support to secure their return to work. Where their return to work is possible the Group has well-developed procedures to ensure the employee continues to play a productive role within the Group. These procedures are evidenced by the number of employees who remain in employment with disabilities or a restricted capacity to carry out their normal duties. The Group continues to fully endorse the aims of the Disability Discrimination Act and our internal procedures ensure compliance at all locations.

Modern Slavery

The Group takes its social responsibility seriously and is committed to conduct business in compliance with the highest ethical standards. The Group supports and is committed to upholding the UN Guiding Principles on Business and Human Rights and is committed to developing its approach and practices so that it can detect and eradicate any non-compliant activities that it identifies, and has consequently taken steps to ensure that modern slavery and human trafficking is not present within its own business and its supply chain. Forth Ports has produced a Modern Slavery Statement (available on www.forthports.co.uk) which sets out its approach and the activities that will be implemented to ensure compliance with the Act. The Group has also set standards that it expects its suppliers to adhere to in its responsible procurement policy and introduced clauses in its standard contract forms for new contracts to ensure suppliers are able to demonstrate compliance with the Act.

In 2018, the Group received a certificate of achievement in Corporate Ethical Procurement & Supply from the Chartered Institute of Procurement & Supply ('CIPS'). This is renewed annually, with all procurement staff required to be recertified on this basis. As a result of this, we are also listed on the CIPS Ethical Register.

The Modern Slavery statement details the steps Forth Ports takes to comply with the Act, which focus on ongoing training. We are committed to ensuring our staff understand and are compliant with our approach to preventing modern slavery and human trafficking. The Group has provided the following training and communication on our Modern Slavery Statement:

- The CEO has written to every employee stressing our commitment to preventing modern slavery and human trafficking – a copy of this letter is issued to every new start;
- All new employees, agency workers and contractors are briefed on our Modern Slavery Statement, which is available on our website; and
- All leadership roles and those that are involved in procurement activities on behalf of the Company have completed an e-learning module to ensure a high level of understanding of the risks of Modern Slavery and Human Trafficking in our supply chain and business, alongside the relevant policies.

Financial Risk Management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures.

Risk management is carried out by the central finance function (Group Finance), operating under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Note 22 (Borrowings) gives details of the Group's sensitivities to financial risks.

FORTH PORTS LIMITED**DIRECTORS' REPORT (continued)**Foreign Exchange Risk

The Group has relatively little exposure to foreign exchange risk. Where appropriate, entities in the Group use forward contracts, transacted by Group Finance, to hedge their exposure to foreign currency risk in connection with the currency in which the underlying contract is denominated. Where appropriate, the Group hedges the foreign currency exposure of its contractual commitments.

Interest Rate Risk

The Group borrows at variable rates and may use interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. Under such interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly half yearly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit Risk

The Group's policy is to check that its recurring customers have an appropriate credit history prior to setting approved limits. The Group also ensures that property sales are covered by either controlled release of land plots in exchange for cash, fixed charge securities or bank bonds. Derivative counter-parties and cash transactions are limited to quality financial institutions. Refer to Note 19 where provisions for credit losses are disclosed.

Liquidity Risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Finance aims to maintain flexibility in funding by keeping committed credit lines available. Refer to the following table for an analysis of the expected undiscounted cash repayment profile of the Group's financial liabilities and derivative instruments:

	< 1 year £m	1-2 years £m	2-5 years £m	>5 years £m	Total £m
As at 31 December 2023					
Trade and other payables	70.1	-	-	-	70.1
Derivative financial instruments:					
- Interest rate swaps	(5.0)	(1.0)	(1.9)	-	(7.9)
- Cross currency swaps	(0.1)	(0.1)	(0.3)	0.6	0.1
- Euro forward	0.1	-	-	-	0.1
- Fuel swap	(0.4)	(0.4)	(0.3)	-	(1.1)
Provisions	3.0	2.6	7.9	2.8	16.3
Borrowings	259.5	54.6	195.0	580.7	1,089.8
	327.2	55.7	200.4	584.1	1,167.4

	< 1 year £m	1-2 years £m	2-5 years £m	>5 years £m	Total £m
As at 31 December 2022					
Trade and other payables	51.4	-	-	-	51.4
Derivative financial instruments:					
- Interest rate swaps	(6.8)	(5.8)	(8.8)	(1.9)	(23.3)
- Cross currency swaps	(32.4)	(0.1)	(0.4)	(0.8)	(33.7)
- Euro forward	(0.1)	-	-	-	(0.1)
- Fuel swap	(1.3)	-	-	-	(1.3)
Provisions	2.9	2.5	7.6	2.7	15.7
Borrowings	207.9	243.9	215.3	434.8	1,101.9
	221.6	240.5	213.7	434.8	1,110.6

FORTH PORTS LIMITED

DIRECTORS' REPORT (continued)

Liquidity Risk (continued)

The expected maturity of financial assets, other than derivative assets (cross currency swaps) shown above, is the same as the contractual maturity per the Balance Sheet.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group has the authority to return capital to shareholders. It may issue new shares or sell assets to reduce debt.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. Refer to Notes 22 and 23. Other than in respect of borrowings, there is no difference between the fair value and the book value of these liabilities. The fair value of borrowings is not considered to be materially different to book value.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and the Company financial statements in accordance with United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply material accounting policy information;
- present information, including material accounting policy information, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group and Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FORTH PORTS LIMITED

DIRECTORS' REPORT (continued)

Going Concern

The Group's business activities, financial performance, cashflows, borrowings and liquidity position together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 17. After making appropriate enquiries, the Directors have concluded that the Group will be able to meet its financial obligations for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of these financial statements) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements.

Auditor

Each Director, as at the date of this report, has confirmed that, insofar as they are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by:

Pamela Smyth

Pamela Smyth
GROUP COMPANY SECRETARY

24 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH PORTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Forth Ports Limited (the Company) and its subsidiaries (the Group):

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group and Company Balance Sheets;
- the Group and Company Statements of Changes in Equity;
- the Group Statement of Cash Flows; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH PORTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, real estate, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- There is significant judgement involved with the valuation of investment properties, particularly around the yield applied. To address this risk we worked with our internal real estate specialists to assess the significant yield assumptions used in the valuations and challenged management over the appropriateness of these assumptions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH PORTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

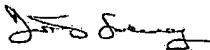
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



David Sweeney CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
24 April 2024

GROUP INCOME STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Before Adjusting Items £m	Adjusting Items £m	Total 2023 £m	Before Adjusting Items £m	Adjusting Items £m	Total 2022 £m
Group revenue	4,5	321.0	-	321.0	288.3	-	288.3
Cost of sales	6	(163.0)	-	(163.0)	(151.1)	-	(151.1)
Gross profit		158.0	-	158.0	137.2	-	137.2
Administrative expenses	6,8	(42.5)	(10.6)	(53.1)	(37.6)	(8.9)	(46.5)
Other income	8	-	61.0	61.0	-	39.1	39.1
Group operating profit	6,8	115.5	50.4	165.9	99.6	30.2	129.8
Finance income	10	19.4	-	19.4	14.8	-	14.8
Finance costs	8,11	(41.2)	(9.5)	(50.7)	(37.1)	35.4	(1.7)
Profit before tax		93.7	40.9	134.6	77.3	65.6	142.9
Tax on profit	8,12	(20.7)	(7.2)	(27.9)	(14.8)	(13.7)	(28.5)
Profit for the year		73.0	33.7	106.7	62.5	51.9	114.4
Loss attributable to non-controlling interest		(0.1)	-	(0.1)	(0.1)	-	(0.1)
Profit attributable to equity shareholder		73.1	33.7	106.8	62.6	51.9	114.5
		73.0	33.7	106.7	62.5	51.9	114.4

All activities relate to continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £m	2022 £m
Profit for the year		106.7	114.4
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of investment property transferred from operational land and buildings	14	93.7	2.0
Deferred tax on revaluation of investment property	26	(21.1)	(0.4)
Effect of tax rate change on deferred tax opening revaluation balance	26	(1.3)	-
Actuarial (loss)/gain on defined benefit pension schemes	27	(23.5)	17.5
Deferred tax on actuarial loss/(gain)	20	5.5	(3.3)
Corporation tax on excess pension contribution		5.1	3.4
Deferred tax on excess pension contributions	20	(5.1)	(3.4)
Effect of tax rate change for deferred tax on defined benefit pension schemes	20	-	(2.1)
Other comprehensive income recognised directly in equity, net of tax		53.3	13.7
Total comprehensive income for the year		160.0	128.1
Attributable to:			
Non-controlling interest		(0.1)	(0.1)
Equity shareholder		160.1	128.2
		160.0	128.1

BALANCE SHEETS**AS AT 31 DECEMBER 2023**

	Notes	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
ASSETS					
Non-current assets					
Property, plant and equipment	13	738.9	670.7	150.7	131.1
Investment property	14	695.8	523.0	111.5	106.2
Intangible assets	15	63.8	66.0	2.6	3.1
Investment in joint ventures	16	0.1	0.1	-	-
Investment in subsidiaries	17	-	-	429.8	429.8
Derivative financial assets	23	6.7	15.8	6.7	15.8
Deferred tax assets	20	10.9	10.4	10.9	10.4
Trade and other receivables	19	492.1	398.8	1,002.1	902.2
		2,008.3	1,684.8	1,714.3	1,598.6
Current assets					
Inventories	18	6.9	6.1	0.9	0.8
Trade and other receivables	19	84.0	71.3	202.2	197.2
Current tax assets		6.0	2.2	5.3	2.2
Derivative financial assets	23	4.9	38.5	4.9	38.5
Cash and cash equivalents		34.7	114.6	6.8	71.5
		136.5	232.7	220.1	310.2
LIABILITIES					
Current liabilities					
Trade and other payables	21	(70.5)	(52.0)	(136.9)	(122.3)
Borrowings	22	(219.5)	(193.0)	(215.7)	-
Derivative financial instruments	23	(0.1)	-	(0.1)	-
Provisions	24	(2.8)	(2.8)	(2.1)	(2.0)
		(292.9)	(247.8)	(354.8)	(124.3)
Net current (liabilities)/assets		(156.4)	(15.1)	(134.7)	185.9
Total assets less current liabilities		1,851.9	1,669.7	1,579.6	1,784.5
Non-current liabilities					
Trade and other payables	25	(69.5)	(48.9)	(734.1)	(748.7)
Borrowings	22	(717.1)	(762.3)	(0.5)	(215.9)
Derivative financial instruments	23	(1.0)	-	(1.0)	-
Provisions	24	(10.8)	(10.2)	(10.1)	(9.6)
Deferred tax liabilities	26	(151.7)	(111.4)	(21.3)	(21.4)
Retirement benefit obligations	27	(43.5)	(41.6)	(43.5)	(41.6)
		(993.6)	(974.4)	(810.5)	(1,037.2)
Net assets		858.3	695.3	769.1	747.3
SHAREHOLDER'S EQUITY					
Share capital	28	23.1	23.1	23.1	23.1
Fair value and other reserves		5.6	5.6	52.0	52.0
Retained earnings		830.6	667.5	694.0	672.2
Total shareholder's equity		859.3	696.2	769.1	747.3
Non-controlling interest in equity		(1.0)	(0.9)	-	-
Total equity		858.3	695.3	769.1	747.3

As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement is not shown separately in these financial statements. The profit for the financial year was £34.1m (2022 - £67.2m).

The financial statements of Forth Ports Limited, registered number SC134741, on pages 26 to 67 were approved and authorised for issue by the Board of Directors on 24 April 2024 and signed on its behalf by:

Charles Hammond

Charles Hammond
Director

Carole Cran

Carole Cran
Director

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			Non- controlling interest	Total Equity
	Share capital £m	Fair value and other reserves £m	Retained earnings £m	£m	£m
Group					
Balance at 1 January 2022	23.1	5.6	538.7	(0.8)	566.6
Other comprehensive income recognised directly in equity	-	-	13.7	-	13.7
Profit for the year	-	-	114.5	(0.1)	114.4
Total comprehensive income for the year	-	-	128.2	(0.1)	128.1
LTIP shares – capital contribution	-	-	0.6	-	0.6
Balance at 31 December 2022	23.1	5.6	667.5	(0.9)	695.3
Other comprehensive income recognised directly in equity	-	-	53.3	-	53.3
Profit for the year	-	-	106.8	(0.1)	106.7
Total comprehensive income for the year	-	-	160.1	(0.1)	160.0
LTIP shares – value adjustment	-	-	3.0	-	3.0
Balance at 31 December 2023	23.1	5.6	830.6	(1.0)	858.3

Fair value and other reserves relates to a special reserve of £5.6m. The special reserve arose from the reduction in share capital in 1995. The purpose of this reserve is to maintain the Company's capital.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Company	Share capital £m	Fair value and other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2022	23.1	52.0	592.1	667.2
Revaluation on transfer of investment property (Note 14)	-	-	0.3	0.3
Deferred tax on revaluation of investment property (Note 26)	-	-	(0.1)	(0.1)
Actuarial gain on defined benefit pension scheme (Note 27)	-	-	17.5	17.5
Deferred tax on actuarial loss (Note 20)	-	-	(3.3)	(3.3)
Corporation tax on excess pension contributions	-	-	3.4	3.4
Deferred tax on excess pension contributions (Note 20)	-	-	(3.4)	(3.4)
Effect of tax rate change for deferred tax on defined benefit pension scheme (Note 20)	-	-	(2.1)	(2.1)
Other comprehensive income recognised directly in equity	-	-	12.3	12.3
Profit for the year	-	-	67.2	67.2
Total comprehensive income for the year	-	-	79.5	79.5
LTIP shares – value adjustment	-	-	0.6	0.6
Balance at 31 December 2022	23.1	52.0	672.2	747.3
Revaluation on transfer of investment property (Note 14)	-	-	4.0	4.0
Deferred tax on revaluation of investment property (Note 26)	-	-	(0.9)	(0.9)
Actuarial loss on defined benefit pension scheme (Note 27)	-	-	(23.5)	(23.5)
Deferred tax on actuarial loss (Note 20)	-	-	5.5	5.5
Corporation tax on excess pension contributions	-	-	5.1	5.1
Deferred tax on excess pension contributions (Note 20)	-	-	(5.1)	(5.1)
Other comprehensive expense recognised directly in equity	-	-	(14.9)	(14.9)
Profit for the year	-	-	34.1	34.1
Total comprehensive income for the year	-	-	19.2	19.2
LTIP shares – value adjustment	-	-	2.6	2.6
Balance at 31 December 2023	23.1	52.0	694.0	769.1

The fair value and other reserves are non-distributable. Fair value and other reserves relates to a special reserve of £52.0m. The special reserve arose from the reduction in share capital in 1995. The purpose of this reserve is to maintain the Company's capital.

Retained earnings include the following non-distributable amounts:

	2023 £m	2022 £m
Opening cumulative unrealised increases in fair value of investment properties	28.1	25.7
Revaluation in the year (Note 14)	1.5	2.4
Closing cumulative unrealised increases in fair value of investment properties	29.6	28.1
Deferred tax provided thereon (Note 26)	(11.4)	(10.4)
	18.2	17.7

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group 2023 £m	Group 2022 £m
Cash flows generated from operating activities			
Cash generated from operations	30	137.7	118.4
Interest paid		(33.7)	(34.5)
Interest received		5.5	1.9
Tax paid		(5.3)	(6.8)
Net cash generated from operating activities		104.2	79.0
Cash flows used in investing activities			
Purchase of subsidiary company		-	(11.2)
Purchase of property, plant and equipment, intangibles and investment property		(121.9)	(70.2)
Disposal of property, plant and equipment, intangibles and investment property		11.2	0.3
Net cash used in investing activities		(110.7)	(81.1)
Net cash outflow before financing activities		(6.5)	(2.1)
Cash flows used in financing activities			
Loan to parent company		(84.4)	(60.0)
Loan notes drawn down		175.0	-
Loan notes repaid		(160.1)	-
Repayment of lease liabilities		(3.9)	(3.7)
Net cash used in financing activities		(73.4)	(63.7)
Decrease in cash and cash equivalents		(79.9)	(65.8)
Cash and cash equivalents at start of year		114.6	180.4
Cash and cash equivalents at end of year		34.7	114.6

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Forth Ports Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in Scotland and the address of its registered office is given on page 3. The Company and its subsidiaries and joint ventures together form the Group. The nature of the Group's operations and its principal activities are the provision of port, cargo handling, towage and related services and facilities. The Group also has non-operational property interests. These consolidated financial statements have been approved for issue by the Board of Directors on 24 April 2024.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest million pounds (£m) unless otherwise indicated.

2. Basis of Preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investment properties at fair value and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily. The Directors have adopted the going concern basis in preparing these financial statements after assessing the principal risks as set out in the Strategic Report on pages 9 to 11. The Directors note the Group's net current liabilities position resulting from the Group's banking facilities having a maturity date of June 2024. As described in the CEO foreword, in February 2024 the Group successfully refinanced these facilities for a further five years to February 2029 as well as receiving a further £100m of US Private Placement Loan Note funds in February 2024 as part of the 2023 issuance. After making appropriate enquiries, the Directors have concluded that the Group will be able to meet its financial obligations for the foreseeable future and therefore have a reasonable expectation that the Group overall has adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of these financial statements) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements. The Group continues to have significant liquidity headroom on existing facilities and headroom against the financial covenants.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Material Accounting Policy Information adopted in the preparation of these financial statements are set out in Note 37. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Critical Accounting Judgements, Key Assumptions and Estimation Uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Other estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have concluded that there are no critical accounting judgements for the Group or the Company.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may result in a material adjustment to the carrying amounts of assets or liabilities within the next financial year, are discussed below.

Discount rate and other assumptions used to determine the carrying amount of the Group's defined benefit obligation

The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant estimation is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

The pension benefit assumptions include gilt yields at the year end, investment returns (including a risk margin over gilt yields), which both impact the discount rate used, price and salary inflation and mortality assumptions. In 2021, the mortality assumptions were re-assessed taking into account scheme specific experience on life expectancy. Full details of the assumptions used to calculate the pension assets and liabilities including the Directors' assessment of the impact of a reasonably possible change in key assumptions on the liability may be found in Note 27.

Rental yields used to determine the fair value of the Group's investment property assets

The fair value of the Group's investment properties are assessed at each balance sheet date and significant estimation is required to determine the yields used to derive the fair value for each property. In estimating the fair value of a property, the Group uses market-observable data to the extent that it is available. Where Level 2 inputs are not available, the Group uses appropriately qualified internal or external valuers to perform the valuation.

For information on valuation techniques and inputs used in the investment property valuation, as well as sensitivities to key assumptions, please refer to Note 14. The impact on the carrying value of a reasonably possible change in the underlying key assumptions is quantified therein.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. Revenue**

Revenue represents income earned from Port activities and Property transactions. An analysis of the Group's revenue, all of which is generated in the UK, is as follows:

	2023 £m	2022 £m
Port operations	258.6	242.3
Property rental	62.4	42.1
Land sales	-	3.9
Total revenue	321.0	288.3

Included within total revenue is revenue from contracts with customers. The aggregate revenue by region and major service provision is as follows:

	2023 £m	2022 £m
Region		
Tilbury	123.2	124.4
Scotland	135.4	117.6
Total contract revenue	258.6	242.0

	2023 £m	2022 £m
Major service provision areas		
Cargo handling	124.5	129.6
Vessel charges	22.0	16.1
Storage	37.0	40.2
Marine charges	34.0	27.0
Ancillary services	41.1	29.1
Total contract revenue	258.6	242.0

	2023 £m	2022 £m
Timing of revenue recognition		
At a point in time	221.6	201.8
Over time	37.0	40.2
Total contract revenue	258.6	242.0

The transaction price allocated to partially unsatisfied performance obligations as of 31 December is as follows:

	2023 £m	2022 £m
Major service provision areas		
Cargo handling	0.3	0.6
Total contract revenue	0.3	0.6

All of the partially unsatisfied performance obligations are expected to be recognised as revenue within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. Pilotage**

The undernoted information is given in accordance with Article 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988; this income is included within Group revenue.

	2023 £m	2022 £m
Pilotage revenue	8.7	7.8
Revenue from pilotage exemption certificates	0.0	0.0
Aggregate expenditure*	5.6	5.2

*excludes contributions to the PNPf (Note 24).

6. Adjusted Group Operating Profit

Group operating profit has been arrived at after (crediting)/charging:

	2023 £m	2022 £m
Property rentals (revenue)	(62.4)	(42.1)
Depreciation		
- owned assets	30.1	28.1
- depreciation on leased assets	3.7	3.4
- capital grants	(0.5)	(0.5)
Amortisation		
- intangible assets	2.2	2.1
Repairs and maintenance expenditure on property, plant and equipment	11.4	10.8
Expenses relating to short term leases	2.8	2.7
(Gain)/loss on disposal of PPE and Investment Property	(4.1)	0.2
Inventories		
- cost of inventories recognised as an expense	1.0	1.0
Employee costs		
- cost of sales (Note 9)	58.0	57.6
- administrative expenses (Note 9)	18.7	16.8

Auditor's Remuneration

The fees payable for the audit of the parent Company's annual financial statements were £150k (2022 - £140k). The fees payable for the audit of the underlying subsidiaries' annual financial statements were £190k (2022 - £180k) and the fees payable for non-audit services were £8k (2022 - £nil).

7. Directors' Emoluments

	2023 £m	2022 £m
Aggregate emoluments	3.1	2.9
Highest paid Director		
Total emoluments and amounts receivable under long-term incentive schemes	1.3	1.2

Retirement benefits due to one Director (2022 - one Director) increased by the inflationary amount applicable under The Forth Ports Group Pension Scheme, a defined benefit scheme. No Directors made contributions to the scheme during the year (2022 - no Director) nor accrued any additional service. The highest paid Director is a member of The Forth Ports Group Pension Scheme and had accrued entitlements of £0.2m (2022 - £0.2m) under the scheme at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**8. Adjusting Items**

Adjusting items have been disclosed separately because in the view of the Directors their quantum or unusual nature means their separate disclosure gives a clearer understanding of the Group's financial performance. They are charged/(credited) to the Income Statement as follows:

	2023 £m	2022 £m
<u>Administrative expenses</u>		
LTIP shares – value of services provided (Note 9)	4.7	0.6
Increase in PNPf provision	2.1	-
Demolition and site clearance costs relating to the Tilbury grain silo rebuild	0.0	0.6
Business interruption costs in relation to the Tilbury grain silo rebuild	3.8	7.7
	<u>10.6</u>	<u>8.9</u>
<u>Other income</u>		
Increase in fair value of investment properties (Note 14)	(41.0)	(22.1)
Insurance proceeds in relation to the Tilbury grain silo rebuild	(20.0)	(17.0)
	<u>(61.0)</u>	<u>(39.1)</u>
<u>Finance costs</u>		
Interest rate hedge – mark to market (Note 11)	9.2	(38.5)
Cross currency interest rate hedge – mark to market (Note 11)	32.5	(11.9)
Retranslation of Series A and Series G US \$ loan notes (Note 11)	(33.5)	16.1
Settlement of overnight index swap (Note 11)	(1.5)	-
Diesel hedge – mark to market (Note 11)	2.0	(0.6)
Euro forward contract – mark to market (Note 11)	0.1	(0.1)
Unwinding of discount on deferred consideration (Note 11)	-	1.1
Remeasurement of discount rate on PNPf pension provision (Note 11)	0.7	(1.5)
	<u>9.5</u>	<u>(35.4)</u>

The tax effect of the items noted above results in a charge to the Income Statement of £7.2m (2022 – £13.7m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**9. Employee Costs**

The aggregate remuneration of all Employees and Directors was:	2023 £m	2022 £m
Wages and salaries	64.2	58.4
Social security costs	7.6	7.2
LTIP – value of services provided (Note 8)	4.7	0.6
Pension costs - defined benefit plans	2.3	6.6
- defined contribution plans	2.6	2.2
	81.4	75.0
Average monthly number of Employees and Directors:	2023 No	2022 No
Operational	860	774
Maintenance	157	148
Administrative	214	168
	1,231	1,090

10. Finance Income

	2023 £m	2022 £m
Interest receivable from parent company (Note 32)	13.1	12.7
Interest receivable on bank and other deposits	6.3	2.1
	19.4	14.8

11. Finance Costs

	2023 £m	2022 £m
Interest on pension liability (Note 27)	17.6	11.0
Interest income on scheme assets (Note 27)	(16.1)	(9.7)
Interest payable to parent company (Note 32)	0.0	0.0
Interest on borrowings and overdrafts	37.1	34.2
Less: Interest capitalised in the year	(1.3)	(1.6)
Lease interest	1.4	0.9
Amortisation of IFRS 9 gains on amendments to bank facilities	1.0	1.0
Other foreign currency exchange movements	0.1	-
Amortisation of loan arrangement fees	1.4	1.3
Interest rate hedge – mark to market (Note 8)	9.2	(38.5)
Cross currency interest rate hedges – mark to market (Note 8)	32.5	(11.9)
Retranslation of Series A and Series G US \$ loan notes (Note 8)	(33.5)	16.1
Settlement of overnight index swap (Note 8)	(1.5)	-
Remeasurement of the discount rate on PNPF provision (Note 8)	0.7	(1.5)
Unwinding of discount on deferred consideration (Note 8)	-	1.1
Diesel hedge – mark to market (Note 8)	2.0	(0.6)
Euro forward contract – mark to market (Note 8)	0.1	(0.1)
	50.7	1.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. Taxation**

	2023 £m	2022 £m
Current tax		
Charge for the year	10.4	7.7
Group relief	3.6	2.4
Adjustments in respect of prior years	(4.0)	(1.6)
Total current tax	10.0	8.5
Deferred Tax		
Deferred tax charge in respect of deferred tax liabilities (Note 26)	17.9	20.0
Total deferred tax	17.9	20.0
Tax charge	27.9	28.5

The tax charge for the year of 20.7% (2022 – 19.9%) is lower than the effective rate of corporation tax in the UK of 23.5% (2022 – 19%). The differences are explained below:

	2023 £m	2022 £m
Profit before tax	134.7	142.9
Profit multiplied by rate of corporation tax in the UK of 23.5% (2022 – 19%)	31.7	27.2
Effects of:		
Adjustments in respect of prior years – current tax	(4.0)	(1.6)
Adjustments in respect of prior years – deferred tax	2.6	0.9
Effect of tax rate change on current year deferred tax	1.0	4.6
Effect of rate change on deferred tax opening balances	-	0.1
Reduction of non-taxable gain on disposal to partnership	(1.9)	-
Non-taxable element of grain silo collapse	(3.9)	(2.4)
Expenses not deductible for tax purposes	3.4	0.7
Non-taxable element of revaluation gain	(0.3)	(0.3)
Deferred tax on uplift in revalued properties	(0.4)	(0.1)
Non-deductible LTIP	0.8	0.1
Revaluation adjustment	(0.4)	-
Capital allowance super deduction	(0.3)	(0.9)
Unwinding discount on deferred consideration	-	0.2
Non-taxable gain on disposal of asset	(1.1)	-
Deferred tax on capital loss offset against investment properties	0.7	-
Tax charge	27.9	28.5

As announced in the 2021 Budget on 3rd March 2021, the UK corporate income tax rate increased from 19% to 25% from 1st April 2023. This rate is used for calculating the deferred tax provision.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, Plant and Equipment

	Operational Land and Buildings £m	Plant and Equipment £m	Right-of- Use Assets £m	Capital Works in Progress £m	Total £m
Group					
Cost (net of capital grants)					
At 1 January 2023	644.0	247.8	26.5	136.9	1,055.2
Additions	-	0.2	9.0	97.0	106.2
Disposals	(0.4)	(4.3)	(2.2)	-	(6.9)
Transfers between asset categories	37.7	21.3	-	(64.8)	(5.8)
At 31 December 2023	681.3	265.0	33.3	169.1	1,148.7
Accumulated depreciation (net of grant amortisation)					
At 1 January 2023	219.3	154.5	10.7	-	384.5
Depreciation charge (net of grant amortisation)	16.1	13.5	3.7	-	33.3
Disposals	(0.4)	(4.4)	(2.1)	-	(6.9)
Transfers between asset categories	(1.0)	(0.1)	-	-	(1.1)
At 31 December 2023	234.0	163.5	12.3	-	409.8
Net book value at 31 December 2023	447.3	101.5	21.0	169.1	738.9
Group					
Cost (net of capital grants)					
At 1 January 2022	616.5	235.4	22.9	92.5	967.3
Additions	-	5.1	4.1	74.3	83.5
Disposals	(0.1)	(6.2)	(0.5)	-	(6.8)
Transfers between asset categories	27.6	13.5	-	(29.9)	11.2
At 31 December 2022	644.0	247.8	26.5	136.9	1,055.2
Accumulated depreciation (net of grant amortisation)					
At 1 January 2022	203.2	149.2	7.8	-	360.2
Depreciation charge (net of grant amortisation)	16.2	11.4	3.4	-	31.0
Disposals	(0.1)	(6.1)	(0.5)	-	(6.7)
At 31 December 2022	219.3	154.5	10.7	-	384.5
Net book value at 31 December 2022	424.7	93.3	15.8	136.9	670.7

Capital grants included in property, plant and equipment have the following net book amount:

	Operational Land and Buildings £m	Plant and Equipment £m	Total £m
Group			
Cost			
Cost	30.7	11.9	42.6
Accumulated amortisation	(18.0)	(9.0)	(27.0)
Net book amount at 31 December 2023	12.7	2.9	15.6
Group			
Cost			
Cost	19.1	23.5	42.6
Accumulated amortisation	(17.7)	(8.7)	(26.4)
Net book amount at 31 December 2022	1.4	14.8	16.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, Plant and Equipment (continued)

	Operational Land and Buildings £m	Plant and Equipment £m	Right-of- Use Assets £m	Capital Work in Progress £m	Total £m
Company					
Cost (net of capital grants)					
At 1 January 2023	147.6	70.4	0.9	25.3	244.2
Additions	-	0.1	0.1	30.8	31.0
Disposals	(0.4)	(4.0)	-	(0.4)	(4.8)
Transfers between asset categories	4.8	3.4	-	(12.9)	(4.7)
At 31 December 2023	152.0	69.9	1.0	42.8	265.7
Accumulated depreciation (net of grant amortisation)					
At 1 January 2023	64.9	47.7	0.5	-	113.1
Depreciation charge (net of grant amortisation)	3.4	3.5	0.2	-	7.1
Disposals	(0.4)	(4.0)	-	-	(4.4)
Transfers between asset categories	(0.8)	-	-	-	(0.8)
At 31 December 2023	67.1	47.2	0.7	-	115.0
Net book value at 31 December 2023	84.9	22.7	0.3	42.8	150.7
Company					
Cost (net of capital grants)					
At 1 January 2022	130.0	66.4	0.8	10.6	207.8
Additions	-	-	0.2	25.7	25.9
Disposals	-	(1.1)	(0.1)	-	(1.2)
Transfers between Group companies	-	-	-	(0.7)	(0.7)
Transfers between asset categories	17.6	5.1	-	(10.3)	12.4
At 31 December 2022	147.6	70.4	0.9	25.3	244.2
Accumulated depreciation (net of grant amortisation)					
At 1 January 2022	61.5	45.8	0.5	-	107.8
Depreciation charge (net of grant amortisation)	3.4	3.0	0.1	-	6.5
Disposals	-	(1.1)	(0.1)	-	(1.2)
At 31 December 2022	64.9	47.7	0.5	-	113.1
Net book value at 31 December 2022	82.7	22.7	0.4	25.3	131.1

Capital grants included in property, plant and equipment have the following net book amount:

	Operational Land and Buildings £m	Plant and Equipment £m	Total £m
Company			
Cost			
Cost	16.8	6.1	22.9
Accumulated amortisation	(11.1)	(5.3)	(16.4)
Net book amount at 31 December 2023	5.7	0.8	6.5
Company			
Cost			
Cost	11.1	11.8	22.9
Accumulated amortisation	(11.0)	(5.3)	(16.3)
Net book amount at 31 December 2022	0.1	6.5	6.6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. Investment Property**

	2023 £m	2022 £m
Group		
Valuation		
At 1 January	523.0	510.7
Fair value movement - to Income Statement (Note 8)	41.0	22.1
- to Statement of Comprehensive Income	93.7	2.0
Net transfers from/(to) other asset categories	4.7	(11.4)
Additions	40.5	-
Disposals	(7.1)	(0.4)
<hr/>		
At 31 December	695.8	523.0
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Company		
Valuation		
At 1 January	106.2	116.7
Fair value movement - to Income Statement	(2.6)	2.1
- to Statement of Comprehensive Income	4.0	0.3
Net transfers from/(to) PPE	3.9	(12.6)
Disposals	-	(0.3)
<hr/>		
At 31 December	111.5	106.2

The fair value of the Group's investment property at 31 December 2023 has been arrived at on the basis of valuations carried out by Graham and Sibbald (G&S) and Lambert Smith Hampton (LSH), Property Consultants. In accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS), IFRS 13 and the International Valuation Standards (IVSI) the valuation of each investment property was calculated on the basis of market value, subject to the assumption that the investment properties would be sold with any existing leases. The market value was primarily derived using comparable recent market transactions on arm's length terms. In accordance with the Valuation Standards, both G&S and LSH confirm that although they have carried out the valuation of the assets in 2023, they have not provided other property advice. In relation to the firms' preceding year the total fees paid by the Group as a percentage of the firms' total fee income was less than 5%. Both G&S and LSH maintain a policy of rotating valuers in accordance with Practice Statement 5.2.2. of the RICS Appraisal and Valuations Standards (The Red Book).

The resulting increase in fair value of £41.0m (2022 - £22.1m) is taken to the Income Statement in the year and £93.7m (2022 - £2.0m) shown through the Statement of Comprehensive Income in accordance with IAS 40 in relation to assets transferred from PPE during the year. Deferred tax is provided on timing differences arising from the revaluation of investment property.

Key assumptions include equivalent yield, which is set dependent on the nature and location of each specific property. At the year end, the range of yields was 4.12% to 18.8% (2022 - 4.06% to 21.53%). A 0.5% reduction in the yield assumed would increase the valuation by £52.4m (2022 - £38.6m). The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £62.4m (2022 - £42.1m).

The historical cost of the Group and Company's investment property portfolio is £176.9m (2022 - £134.4m) and £29.4m (2022 - £24.8m) respectively.

Operating lease arrangements

The future minimum lease income receivable under non-cancellable operating leases is as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Within one year	54.8	30.6	8.7	6.4
Between two and five years inclusive	158.4	100.0	24.9	20.5
After five years	524.1	306.2	26.0	32.4
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	737.3	436.8	59.6	59.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. Investment Property (continued)**

The Group leases out its investment property with a book value of £695.8m (2022 - £523.0m) under non-cancellable operating lease agreements. The leases are for various lengths of time and have varying terms, escalation clauses and renewal rights.

15. Intangible Assets

	Goodwill £m	Customer Relationships £m	Software £m	Total £m
Group				
Cost (net of capital grants)				
At 1 January 2023	55.6	20.8	13.9	90.3
Transfers between asset categories	-	-	0.0	0.0
At 31 December 2023	55.6	20.8	13.9	90.3
Accumulated amortisation and impairment (net of grant amortisation)				
At 1 January 2023	-	14.6	9.7	24.3
Charge for the year	-	1.3	0.9	2.2
At 31 December 2023	-	15.9	10.6	26.5
Net book value at 31 December 2023	55.6	4.9	3.3	63.8
Group				
Cost (net of capital grants)				
At 1 January 2022	51.3	20.8	13.7	85.8
Additions	4.3	-	-	4.3
Transfers between asset categories	-	-	0.2	0.2
At 31 December 2022	55.6	20.8	13.9	90.3
Accumulated amortisation and impairment (net of grant amortisation)				
At 1 January 2022	-	13.3	8.9	22.2
Charge for the year	-	1.3	0.8	2.1
At 31 December 2022	-	14.6	9.7	24.3
Net book value at 31 December 2022	55.6	6.2	4.2	66.0

Capital grants included in software have the following net book amount:

	Software £m
Group	
Cost	0.3
Accumulated amortisation	(0.3)
Net book amount at 31 December 2023	0.0
Group	
Cost	0.3
Accumulated amortisation	(0.2)
Net book amount at 31 December 2022	0.1

The net book value of software includes internally generated assets of £0.2m (2022 - £0.4m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. Intangible Assets (continued)**

Goodwill of £55.6m is monitored for impairment purposes at the operating segment level, with the relevant cash generating units (CGU) being the Port of Tilbury and Scottish operations.

Amortisation of customer relationships of £1.3m (2022 - £1.3m) is included in the cost of sales line in the Income Statement. Amortisation of software of £0.9m (2022 - £0.8m) is charged to administrative expenses.

For the purposes of the annual impairment review, the recoverable amount has been determined on a value in use basis. The calculations are based on five year post-tax cash flow projections approved by the Directors. Cash flows beyond the initial five year period are extrapolated using the growth rates set out below.

The key assumptions used in determining the value in use are as follows:

Assumption	How Determined
Revenue	Estimated revenue has been based on management projections taking into account experience and contracted revenue.
Operating margin	Estimated operating margin has been based on management projections taking into account experience and changes in cost base including operating costs and maintenance capital expenditure.
Growth rate	The growth rates in the first five years for the CGUs range from -0.3% to 18.6%. The average growth rate used after the fifth year is 2.5% which is consistent with the UK's long-term average growth in GDP.
Discount rate	A pre-tax discount rate of 8.0% has been used and reflects the risks relating to the acquired company.

The value in use is sensitive to changes in the growth rate and discount rate. The Directors performed an impairment test in the year, including running sensitivities around growth rate and discount rate, and the current year tests confirmed that there was adequate headroom. The breakeven post-tax discount rate for the Port of Tilbury CGU is 8.05%.

Software	2023	2022
Company	£m	£m
Cost		
At 1 January	9.8	9.6
Transfers between asset categories	-	0.2
At 31 December	9.8	9.8
Accumulated amortisation		
At 1 January	6.7	6.2
Charge for the year	0.5	0.5
At 31 December	7.2	6.7
Net book value at 31 December	2.6	3.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**16. Investments in Joint Ventures**

The Group's significant interests are as follows:

<u>Name of undertaking</u>	<u>Interest held %</u>	<u>Country of incorporation</u>
London Distribution Park LLP	50	United Kingdom
London Distribution Park No. 2 LLP	50	United Kingdom

London Distribution Park LLP is dormant and is in liquidation. London Distribution Park No. 2 LLP was set up to develop further land opportunities adjacent to the Port of Tilbury. The interests in both joint ventures are held by a subsidiary company.

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
At 1 January and 31 December	0.1	0.1	-	-

17. Investments in Subsidiaries

	Company 2023 £m	Company 2022 £m
Cost and net book value at 31 December	429.8	429.8

The information relating to those subsidiaries whose results or financial position, in the opinion of the Directors, principally affected the figures of the Group, together with details of all other subsidiaries, are set in in Note 35. The Directors consider the value of the investments to be supported by their underlying assets.

18. Inventories

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Materials and spare parts	3.0	2.7	0.9	0.8
Property developments and land held for sale	3.9	3.4	-	-
	6.9	6.1	0.9	0.8

19. Trade and Other Receivables

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Current				
Trade receivables	57.0	48.2	15.4	18.0
Less: provision for allowance for credit losses	(0.6)	(0.5)	(0.1)	(0.1)
Trade receivables – (net)	56.4	47.7	15.3	17.9
Prepayments	7.2	4.3	4.7	2.0
Accrued income	7.4	6.7	1.5	1.2
Amounts owed by parent company	9.0	8.8	9.4	9.2
Amounts owed by subsidiaries	-	-	170.8	163.8
Other receivables	4.0	3.8	0.5	3.1
	84.0	71.3	202.2	197.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. Trade and Other Receivables (continued)**

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Non-current				
Amounts owed by subsidiaries	-	-	511.3	506.9
Amounts owed by parent company	490.8	395.3	490.8	395.3
Other receivables	1.3	3.5	-	-
	492.1	398.8	1,002.1	902.2
The ageing of past due but not impaired trade receivables is as follows:				
Less than 30 days past due date	13.0	10.8	5.5	4.7
31-60 days past due date	4.5	4.2	1.7	1.1
61-90 days past due date	1.6	1.0	0.8	0.3
Over 90 days past due date	2.3	4.4	0.5	0.9
	21.4	20.4	8.5	7.0

At 31 December 2023, Group and Company trade receivables of £35.0m and £6.8m (2022 - £27.3m and £10.9m) respectively were not past due or impaired. With respect to trade receivables that are neither past their due date nor impaired, there are no indications as at the reporting date that the payment obligations will not be met. Group trade receivables and accrued income and Company trade receivables of £0.6m and £0.1m (2022 - £0.5m and £0.1m) respectively were identified as being impaired, all of which are provided for.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has calculated that a loss allowance would be nil, therefore the specific receivables already provided for are in excess of this amount. This was also the case for 31 December 2022 whereby there was no adjustment to be made to the provision for bad debts recognised and the provision for loss allowances calculated under IFRS 9 at the same date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 December 2023 and 31 December 2022	Trade receivables – days past due					Total £m
	Not past due £m	< 30 days £m	31-60 days £m	61-90 days £m	> 90 days £m	
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	0.0	0.0	0.0	0.0	0.0	0.0
Lifetime expected credit losses						0.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. Trade and Other Receivables (continued)**

No lifetime expected credit losses have been recognised in the current or previous year as the impact of applying the matrix would not require an adjustment to the net trade receivable position presented above, once the current provision is taken into account.

Trade receivables are non-interest bearing and are generally on 30 days' terms. There are no indications, as of the reporting date, that the net trade receivables will not meet their payment obligations.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers sufficiently dispersed. The maximum exposure to credit risk at the year-end is the value of each class of receivable mentioned above. The Group does not hold any collateral as security over port receivables. There is no material difference between the fair value of trade and other receivables and their carrying amount stated above.

The amounts owed by the parent company and subsidiary undertakings within current receivables are unsecured and receivable on demand but are not expected to be fully received within the next twelve months. The amounts receivable from subsidiaries have been considered for impairment under IFRS 9 based on the probability of default and expected recovery. The provision against inter-Group receivables in the Company is £33.2m (2022 - £31.8m). Interest on amounts owed by subsidiary undertakings was applied at rates based on the Group borrowing rate of 4.0% (2022 - 3.7%) plus a fixed margin of 2.75% (2022 - 2.75%).

Interest on amounts owed by the parent company is charged at 6.4% (2022 – 6.4%).

Interest is charged on subsidiary loans within non-current receivables at the Group borrowing rate of 4.0% (2022 - 3.7%) plus a fixed margin of 2.75% (2022 - 2.75%).

The other classes within Trade and other receivables do not contain impaired assets.

Within trade receivables, the following amounts represent revenue from contracts with customers under IFRS 15:

	Group 2023 £m	Group 2022 £m
Opening contract receivables	46.9	40.2
Movement in the year	7.0	6.7
Closing contract receivables	53.9	46.9

20. Deferred Tax Assets

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Deferred tax asset – Retirement benefit obligations				
Asset at 1 January	10.4	19.2	10.4	19.2
Deferred tax on actuarial loss/(gain) charged to Statement of Comprehensive Income	5.6	(3.3)	5.6	(3.3)
Effect of tax rate change				
- charged to Statement of Comprehensive Income	-	(2.1)	-	(2.1)
Deferred tax on pension contributions charged to Statement of Comprehensive Income	(5.1)	(3.4)	(5.1)	(3.4)
Asset at 31 December	10.9	10.4	10.9	10.4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. Trade and Other Payables - Current Liabilities**

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Trade payables	17.6	9.4	6.1	2.8
Amounts owed to parent company	0.0	0.0	0.0	0.0
Amounts owed to subsidiaries	-	-	106.0	97.9
Lease liabilities	4.2	3.3	0.2	0.2
Other taxation and social security	4.5	2.2	2.6	0.9
Accruals	43.8	36.5	-	-
Deferred income	0.4	0.6	22.0	20.5
	70.5	52.0	136.9	122.3

Trade payables are mainly contractually due to be paid within one month. The average credit period taken for trade purchases for the Group and Company is 23 days (2022 – 31 days) and 23 days (2022 – 31 days) respectively. No interest has been charged by suppliers for any balances settled after the stated credit terms. The Group has financial risk management policies in place to ensure that all payables are settled within the pre-agreed credit terms. The amounts owed to subsidiaries are unsecured and payable on demand but are not expected to be fully paid within the next twelve months. Interest on amounts owed to subsidiaries was applied at rates based on the Group borrowing rate of 4.0% (2022 - 3.7%). The Directors consider the carrying amount of trade and other payables approximates to their fair value.

22. Borrowings

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Current				
Bank borrowings	219.1	-	215.7	-
Loan notes	-	192.7	-	-
Other loans	0.4	0.3	-	-
	219.5	193.0	215.7	-
Non-current				
Bank borrowings	-	217.3	-	215.4
Loan notes	686.1	513.6	-	-
Other loans	31.0	31.4	0.5	0.5
	717.1	762.3	0.5	215.9
Total borrowings	936.6	955.3	216.2	215.9

The borrowings are repayable as follows:

On demand or within one year	219.5	193.0	215.7	-
In the second year	1.3	219.0	-	215.4
In the third to fifth years inclusive	123.2	111.9	-	-
After more than five years	592.6	431.4	0.5	0.5
Amount due for settlement	936.6	955.3	216.2	215.9

All borrowings are denominated in UK sterling with the exception of the \$21m series G loan note.

The Group's principal bank and private placement loans are as follows:

The bank term loans and facilities totalling £219.1m have a repayment date of June 2024 and were refinanced in February 2024 for a further five years. The bank term loans are secured by way of a floating charge over the Company's shares and carry interest at a margin plus SONIA and mandatory costs. The Group has a revolving credit facility (RCF) of £100.0m which, other than the £5.0m overdraft and corporate credit card facility with Bank of Scotland, carry the same interest rates as the term loans. At the year end the undrawn amount was £95.0m on the RCF and £5.0m on the overdraft. The overdraft carries interest at a margin over Bank of Scotland base rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. Borrowings (continued)**

The other loans represent £0.5m (2022 - £0.5m) of funded debt, £1.7m (2022 - £2.0) of hire purchase agreements and £29.2m (2022 - £29.2m) from the City of Edinburgh Council for the developments held within Sandpiper Road NHT 2014 LLP and Western Harbour NHT LLP. The funded debt was taken out prior to 1950 and there is no fixed repayment date. The debt is unsecured and carries interest at 3.75%. The loans from City of Edinburgh Council carry interest at 4% and are repayable from 6.5 years of drawdown with the availability to extend for a further 3.5 years.

The Group has undertaken four rounds of private placement loan issuance in 2013, 2016/17, 2019/20 and 2023/24 denominated in a combination of GBP sterling and US dollars.

The 2013 issuance comprised fixed rate loans at interest rates and with repayment years of: £80.0m Series C at 4.89% repayable from 2025 to 2031 and a floating rate loan of £35.0m Series D at SONIA+1.87% repayable from 2025 to 2031. The previously outstanding Series A and Series B notes were repaid on maturity in December 2023.

The 2016/17 issuance comprised fixed rate loans of £50m Series A and £50m Series B both at 2.62% repayable in 2026 and 2027 respectively.

The 2019/20 issuance comprised fixed rate loans at interest rates and with repayment years of: £45m Series A at 2.97% repayable in 2029, £5m Series B at 3.07% repayable in 2030, £58m Series C at 3.03% repayable in 2031, £55m Series D at 3.13% repayable in 2032, £90m Series E at 3.19% repayable in 2037, £30m Series F at 3.29% repayable in 2038 and \$21m Series G at 3.78% repayable in 2029.

The 2023/24 issuance comprised fixed rate loans at interest rates and with repayment years of: £175m Series A at 5.61% which was drawn in August 2023 and is repayable in 2033 and £100m Series B at 5.75% which was drawn in February 2024 and is repayable in 2034.

Once drawn any US dollar private placement loans were immediately swapped into sterling to eliminate exposure to future exchange rate movements at a Group level.

The Group has fixed the interest rate on £300m which has fixed periods of 5, 7 and 10 years. The cross currency swaps in place from 2013 matured and were settled in December 2023 (Note 23).

In accordance with IFRS 9: Financial Instruments, the Group reassessed the carrying value of its bank borrowings following the "Amend and Extend" exercise in 2019. Any change in terms is classified as a non-substantial modification under IFRS 9, therefore the gain of £2.5m arising was reflected through borrowings and the Income Statement in 2019. This, added to the gain on transition to IFRS 9 recognised in 2018, takes the total gain recognised through borrowings to £6.9m. The remaining unamortised gain at 31 December 2023 was £0.5m (2022 - £1.5m).

The exposure of the Group and Company borrowings to interest rate changes and the contractual repricing dates at the year-end are as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
In the first year	219.1	-	215.7	-
In the second year	-	217.3	-	215.4
In the third to fifth years inclusive	-	-	-	-
Over five years	35.0	35.0	-	-
	<hr/> 254.1	<hr/> 252.3	<hr/> 215.7	<hr/> 215.4

The exposure of the Group and Company borrowings to interest rate changes is managed by using interest rate swaps as explained above.

Covenants

The Group has lenders' covenants which require minimum leverage ratios and interest cover ratios to be met. If these covenants were to be breached, the Group's lenders could demand the immediate repayment of all advances and interest outstanding. There was no breach of these covenants during the year.

Sensitivity Analysis

The Group has effectively fixed 100% of interest rates payable on borrowings, therefore there is no exposure to interest rate movements in the next three years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. Borrowings (continued)**Risk Management

An analysis of the expected undiscounted cash repayment profile of the Group's financial liabilities is given in the Directors' Report on page 20, with other Financial Risk Management disclosures.

The weighted average interest rates paid on Group borrowings were as follows:

	2023	2022
	%	%
Bank borrowings	3.47	3.47
Loan notes	4.11	3.72
Other loans	4.00	4.00

The Group has the following undrawn committed borrowing facilities available at 31 December:

	2023	2022
	£m	£m
Floating rate		
Expiring within one year	100.0	5.0
Expiring in more than one year	-	95.0
	100.0	100.0

The undrawn facilities expiring within one year are the undrawn element of the revolving credit facility and the overdraft facility. Both facilities were refinanced in February 2024 for a further five years. The fair value of bank borrowings approximates to book value because the interest rate is reset after periods not greater than six months. The fair value of loan notes is not materially different to book value.

23. Derivative Financial Instruments

The Group has interest rate and cross currency swaps in place. These Level 2 derivatives relating to the Group's current finance facilities have not been designated as fair value or cash flow hedges and are valued at mark to market with any fair value movement recognised in the Income Statement.

Cross Currency Derivative (Liabilities)/Assets	Principal	Payable	Receivable	Maturity
US\$ swap	\$21m	Fixed - 3.06%	Fixed - 3.78%	September 2029
				2023
				2022
				£m
				£m
Net present value of cash flows				
Due within 1 year				0.1
Due in more than 1 year				(0.2)
				(0.1)
				32.4
Interest Rate Derivative Assets	Principal	Payable	Receivable	Maturity
5 year fixed rate	£85m	Fixed - 1.44%	Floating	June 2024
7 year fixed rate	£65m	Fixed - 3.27%	Floating	December 2026
10 year fixed rate	£150m	Fixed - 2.35%	Floating	December 2028
				2023
				2022
				£m
				£m
Net present value of cash flows				
Due within 1 year				4.7
Due in more than 1 year				6.7
				11.4
				21.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Derivative Financial Instruments (continued)

Diesel Swap Derivative Assets/(Liabilities)	Notional (Litres)	Payable	Receivable	Maturity		
1 year fixed rate	6.3m	Fixed – 0.52	Floating	December 2024		
1 year fixed rate	6.0m	Fixed – 0.52	Floating	December 2025		
1 year fixed rate	5.0m	Fixed – 0.53	Floating	December 2026		
					2023	2022
					£m	£m
Net present value of cash flows						
Due within 1 year					0.1	0.0
Due in more than 1 year					(0.8)	-
					(0.7)	-
Euro Forward Derivative Liabilities		Principal	Payable	Maturity		
FX forward fixed rate		€5.7m	1.1331 EUR/GBP	April 2024		
					2023	2022
					£m	£m
Net present value of cash flows						
Due within 1 year					(0.1)	-
Due in more than 1 year					-	-
					(0.1)	-

Details of the Group's financial risk management policies can be found in the Directors' Report on pages 19 to 21.

24. Provisions

	Insurance Claims £m	Pilots' National Pension Fund £m	2023 Total £m	2022 Total £m
Group				
At 1 January	0.6	12.4	13.0	17.0
Utilisation of provision	(0.1)	(2.3)	(2.4)	(2.6)
Increase in provision	0.1	2.1	2.2	0.1
Unwinding of discount on PNPf	-	0.8	0.8	(1.5)
At 31 December	0.6	13.0	13.6	13.0
Included in current liabilities	0.6	2.2	2.8	2.8
Included in non-current liabilities	-	10.8	10.8	10.2
Total provisions	0.6	13.0	13.6	13.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Provisions (continued)

	Pilots' National Pension Fund £m	2023 Total £m	2022 Total £m
Company			
At 1 January	11.6	11.6	14.9
Utilisation of provision	(2.1)	(2.1)	(1.9)
Increase in provision	2.0	2.0	-
Unwinding of discount on PNPf	0.7	0.7	(1.4)
At 31 December	12.2	12.2	11.6
Included in current liabilities	2.1	2.1	2.0
Included in non-current liabilities	10.1	10.1	9.6
Total provisions	12.2	12.2	11.6

The Insurance Claims provision represents management's best estimate of claims under the General Marine and Employer's Liability policies. Settlement of such claims is dependent on negotiation and, potentially, litigation with third parties, the timing of which cannot be predicted with complete accuracy.

The Company and Port of Dundee Limited (PoDL) are the Competent Harbour Authority (CHA) in the Firth of Forth and Firth of Tay respectively where they are responsible for the provision of pilotage services. These services are provided by self-employed pilots who are members of a defined benefit pension scheme, the Pilots' National Pension Fund. The scheme has an accumulated deficit of its assets compared to its estimated future liabilities. Following a High Court ruling in 2012 it was determined that whilst the pilots are self-employed the Company and PoDL, as the respective CHAs, should be required to contribute to the Scheme deficit, based on triennial valuations of the scheme. The latest triennial valuation was at 31 December 2022 and led to additional contributions being required to be settled by 2029.

25. Trade and Other Payables – Non-Current Liabilities

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Lease liabilities	18.0	13.3	0.2	0.2
Amounts owed to Group company	-	-	697.4	712.9
Amounts owed to parent company	36.5	35.1	36.5	35.1
Other payables	15.0	0.5	-	0.5
	69.5	48.9	734.1	748.7

Other payables in the prior year related to the deferred consideration resulting from the acquisition of the O M Holdings Limited Group. This is included within current liabilities in the current year. In the current year the balance relates to the consideration due for the purchase of land at Tilbury3. Interest on amounts owed to the Group company is charged at the same rate as that incurred by the Group company on external borrowings, the weighted average being 4.0% (2022 – 3.7%). The repayment dates also mirror the repayment dates associated with the Group company's external borrowings, all of which fall in more than one year (see Note 22).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. Deferred Tax Liabilities**

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Deferred tax liability				
Intangible assets – customer relationships	1.2	1.5	-	-
Capital allowances	45.1	35.4	6.6	5.6
Short-term differences	2.9	5.0	3.3	5.4
Investment property revaluation surplus	102.5	69.5	11.4	10.4
	151.7	111.4	21.3	21.4
Deferred tax liability – movement				
Liability at 1 January	111.4	90.4	21.4	11.1
Deferred tax on business combination	-	0.6	-	-
Effect of tax rate change debited to Income Statement (Note 12)	1.0	4.6	-	2.4
Amount charged to Income Statement (Note 12)	16.9	15.4	(1.0)	7.8
Amount charged to Statement of Comprehensive Income	22.4	0.4	0.9	0.1
Liability at 31 December	151.7	111.4	21.3	21.4

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and where the deferred tax relates to the same authority. Deferred tax assets which require to be disclosed separately are detailed in Note 20.

Within the investment property revaluation surplus of the Group, deferred tax assets of £1.6m (2022 – £2.4m) are recognised for capital tax losses carried forward only to the extent that they offset the deferred tax liability within the Group. We do not expect any of the deferred tax asset to be released within 12 months from the Balance Sheet date.

27. Retirement Benefit Schemes**Defined Benefit Pension Schemes**

The Group sponsors one defined benefit pension scheme called The Forth Ports Group Pension Scheme (the 'FP Scheme') that covers a combination of active and former employees.

The FP scheme typically exposes the Group to actuarial risks such as:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and alternative investments. Due to the long-term nature of the plan liabilities, the Trustees of the FP scheme consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest risk	A decrease in corporate bond rates will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments including assets held specifically to mitigate the impact of future increases.
Longevity risk	The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. Retirement Benefit Schemes (continued)**

The FP scheme is administered by a separate Board of Trustees composed of employer nominated representatives and member nominated Trustees and continues to be legally separate from the Group. The assets of the FP scheme are held separately from those of the Group in managed funds under the supervision of the Trustees. The Trustees are required by law to act in the interest of all classes of beneficiary in the scheme and are responsible for investment policy and the day-to-day administration of benefits.

The FP scheme provides qualifying employees with an annual pension based on pensionable salary for each completed year's service on attainment of normal retirement ages. The proportion of salary and normal retirement ages vary across the scheme. Active members' benefits also include life assurance cover, albeit the payment of these benefits is at the discretion of the Trustees of the FP scheme.

On withdrawing from active service, a deferred member's pension is revalued from the time of withdrawal until the pension is drawn. Revaluation in deferment is statutory and is revalued on the Consumer Price Index (CPI) measure of inflation. Revaluation of pensions in payment is a blend of fixed increases and inflationary increases depending on the relevant periods of accrual of benefit. For pensions in payment, the inflationary increase is based on the Retail Price Index (RPI) measure of inflation.

The Group continues to consider ways in which to manage the FP scheme's liabilities.

The pension cost relating to the FP scheme was assessed in accordance with the advice of qualified actuaries. The latest formal actuarial assessment of the FP scheme was as at 5 April 2023.

The actuaries have provided updated figures for the FP scheme as at 31 December 2023. Assets are taken at their market value. Liabilities are valued using various assumptions which are listed overleaf. The total pension cost included in operating profit was £2.3m (2022 - £6.6m).

Defined Benefit Pension Schemes

The key assumptions used in the valuation of the Group and Company defined benefit pension scheme were as follows:

	2023 %	2022 %
Discount rate	4.65	4.95
Rate of pension increases	1.85-3.55	1.90-3.65
Inflation rate (RPI) – (pre/post 2030)	2.90/2.90	3.10/3.10
Inflation rate (CPI) – (pre/post 2030)	2.50/2.50	2.50/2.50

The expected future lifetimes used to determine benefit obligations at 31 December were as follows:

	Male 2023	Male 2022	Female 2023	Female 2022
Member age 60 (current life expectancy)	24.5 years	24.8 years	26.9 years	27.2 years
Member age 40 (life expectancy at age 60)	25.7 years	26.0 years	28.1 years	28.5 years

Sensitivity of Key Assumptions

A 0.5% increase in the discount rate assumed could reduce the shortfall position within the FP scheme by approximately £24m, a change in assumed life expectancy at age 60 by one year would increase or decrease liabilities by £9.8m and a 0.25% change in the rate of inflation could increase or decrease the liabilities by approximately £5.7m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. Retirement Benefit Schemes (continued)**Plan Assets

The weighted average asset allocations at the year-end were as follows:

	Plan Assets at 31 December 2023 %	Plan Assets at 31 December 2022 %
Asset category		
Equity investments	22	-
Debt investments	41	40
Other investments	36	57
Cash	1	3
	<hr/>	<hr/>
	100	100

The actual loss on plan assets in the year ended 31 December 2023 was £10.8m (2022 – £203.5m).

The Trustees review the investments of the FP scheme on a regular basis and consult with the Group regarding any proposed changes to the investment profile. During the year, the investment strategy was reviewed and a number of changes were made to provide a more effective hedge against the impact of significant equity market shock on the assets in the scheme as well as providing protection against changes in inflation and interest risk.

Movements in the present value of defined benefit obligations and the fair value of the FP scheme's assets were as follows:

Group and Company	2023 £m	2022 £m
Reconciliation of movement in benefit obligation		
Benefit obligation at 1 January	362.6	583.2
Current service cost	1.3	5.2
Past service cost – plan amendments	0.3	0.9
Interest cost	17.6	11.0
Administrative cost	0.7	0.5
Contributions by scheme participants	1.8	1.8
Net re-measurement due to changes in financial assumptions	12.0	(245.9)
Net re-measurement due to changes in demographic assumptions	(5.1)	(2.9)
Net re-measurement due to changes in experience	5.8	27.8
Benefits paid	(20.1)	(19.0)
	<hr/>	<hr/>
Benefit obligation at 31 December	376.9	362.6
 Reconciliation of movement in scheme assets		
Fair value of plan assets at 1 January	321.0	506.3
Interest income on scheme assets	16.1	9.7
Loss on assets, excluding interest income	(10.8)	(203.5)
Contributions by employers	25.4	25.7
Contributions by scheme participants	1.8	1.8
Benefits paid	(20.1)	(19.0)
	<hr/>	<hr/>
Fair value of plan assets at 31 December	333.4	321.0
	<hr/>	<hr/>
Funded status/net amount recognised	(43.5)	(41.6)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. Retirement Benefit Schemes (continued)**

The amounts recognised in the Group Income Statement in respect of these defined benefit schemes are as follows:

Group and Company	2023 £m	2022 £m
Amount recognised in the Income Statement		
Total service cost – cost of sales	1.6	6.1
Administrative cost – administrative expenses	0.7	0.5
Net interest on net defined benefit liability – finance costs	1.5	1.3
Total pension cost recognised in the Income Statement	3.8	7.9
Re-measurements of the net defined benefit liability to be shown in the Statement of Comprehensive Income		
Net re-measurement losses/(gains) - financial	12.0	(245.9)
Net re-measurement gains- demographic	(5.1)	(2.9)
Net re-measurement losses - experience	5.8	27.8
Loss on assets, excluding interest income	10.8	203.5
Total re-measurement losses/(gains) recognised in the Statement of Comprehensive Income	23.5	(17.5)

Funding and Contributions

UK pension legislation requires that pension schemes are funded prudently. The Group is currently paying deficit reduction contributions in accordance with agreements with the Trustees to reduce the deficit over five years. The Schedule of Contributions to the Pension Scheme, which was signed in February 2024, requires the Company to contribute 10.7% of pensionable salaries plus annual shortfall contributions of £20m to September 2025.

Other matters

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK, although is subject to possible appeal in 2024. At the balance sheet date, it was unknown if, or to what extent, this ruling will impact the Scheme and therefore no adjustment has been made in accounting for the pension deficit. The Company will monitor the case alongside the Trustees of the Scheme.

Other Pension Schemes

The Group has a contractual relationship with self-employed pilots who operate within the Firth of Forth and the Firth of Tay to provide pilotage services. The self-employed pilots make payments into the PNPf (Note 24).

Defined Contribution Pension Schemes

The Group also operates defined contribution pension schemes. The employer contributions to these schemes during the year was £2.6m (2022 – £2.2m).

28. Share Capital

Group and Company	2023 £m	2022 £m
Authorised:		
58,000,000 Ordinary Shares of 50p (2022 – 58,000,000 shares of 50p)	29.0	29.0
Allotted and fully paid:		
46,080,930 Ordinary Shares of 50p (2022 – 46,080,930 shares of 50p)	23.1	23.1

The Company has one class of Ordinary Share which carries no right to fixed income. Ordinary shares carry equal voting rights and the right to receive dividends when declared.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**29. Capital Commitments**

Capital commitments, including the value of work still to be carried out on contracts placed but not provided for, were £43.0m for the Group and £17.5m for the Company (2022 - Group £136.0m and Company £50.1m) all of which relate to property, plant and equipment, the main elements of which relate to Leith Outer Berth and the purchase of Tilbury3 land. The Group's share of commitments in its joint ventures was £nil (2022 - £nil).

30. Statements of Cash Flows**a) Reconciliation of profit before tax to cash generated from operations**

	Group 2023 £m	Group 2022 £m
Profit before tax	134.6	142.9
Adjustments for:		
- increase in fair value of investment properties	(41.0)	(22.1)
- net finance costs/(income)	29.8	(14.4)
- interest on pension cost in finance costs	1.5	1.3
- depreciation of property, plant and equipment and amortisation of intangibles and capital grants	35.5	33.1
- (gain)/loss on sale of property, plant and equipment and investment property	(4.1)	0.2
- net movement in provisions	(0.1)	(2.5)
- retirement benefit contributions	25.4	25.7
- increase in retirement benefit obligations	(48.5)	(44.8)
- LTIP	3.0	0.6
- Provision against intercompany loans	-	-
Movement in working capital:		
(Increase)/decrease in inventories	(0.8)	0.4
Increase in receivables	(11.1)	(8.8)
Increase in payables	13.5	6.8
Cash generated from operations	137.7	118.4

b) Reconciliation of movement in net debt

	Group 2023 £m	Group 2022 £m
Decrease in cash and cash equivalents	(79.9)	(65.8)
Cash (inflow)/outflow from movement in borrowings (net)	(11.1)	3.7
Change in net debt resulting from cash flows	(91.0)	(62.1)
Retranslation of US \$ loan notes	33.5	(16.1)
Retranslation of Euro denominated loan	-	-
Capitalisation and amortisation of loan arrangement fees	0.7	(1.3)
Amortisation of gain on modification of loan (IFRS 9) (Note 22)	(1.0)	(1.0)
Movement in hire purchase and lease liabilities	(8.9)	(7.1)
Movement in net debt	(66.7)	(87.6)
Opening net debt	(857.3)	(769.7)
Closing net debt	(924.0)	(857.3)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. Analysis of Net Debt

	At 01.01.23 £m	Cash Flows £m	Other Movements £m	At 31.12.23 £m
Group				
Cash at bank and on deposit	114.6	(79.9)	-	34.7
Debt due in more than one year	(775.6)	(175.0)	215.5	(735.1)
Debt due within one year	(196.3)	163.9	(191.2)	(223.6)
Total net debt	(857.3)	(91.0)	24.3	(924.0)

The other movements consist of the amortisation and capitalisation of arrangement fees for bank and private placement facilities of £0.7m, movement in hire purchase and lease liabilities of £8.9m, amortisation of the IFRS 9 gain on bank facilities of £1.0m and £33.5m retranslation gain on the Series A and Series G US \$ loan notes.

32. Related Party Transactions

	2023 £m	2022 £m
Group		
Key management compensation (excluding Directors):		
Salaries and short-term employee benefits	1.2	0.9
Post-employment benefits	0.1	0.1
	1.3	1.0

The following transactions were carried out between the Company and its subsidiaries (unless stated otherwise):

Nature of Transactions and Related Party	2023 £m	2022 £m
(a) Revenue:		
Sales of goods and services:		
Port of Dundee Limited	0.0	0.0
Purchase of services:		
Targe Towing Limited	0.7	-
OM Heavy Lift Limited	-	0.2
Dividends received:		
Forth Estuary Towage Limited	6.0	0.0
Management fees:		
Port of Tilbury London Limited	1.0	1.0
Port of Dundee Limited	0.6	0.6
	1.6	1.6
(b) Finance income - Interest receivable:		
Otter Ports Limited (parent company)	13.1	12.7
International Transport Limited	7.2	6.5
Forth Estuary Towage Limited	-	-
Port of Tilbury London Limited	30.7	29.2
Forth Properties Limited	0.2	0.2
FP Newhaven Two Limited	0.7	0.6
Forth Property Developments Limited	1.2	1.1
Forth Property Holdings Limited	0.1	0.1
Port of Dundee Limited	2.5	2.6
OM Heavy Lift Limited	0.4	0.2
O M Holdings Limited	0.2	0.1
Edinburgh Forthside Investments Limited	0.3	0.3
Edinburgh Forthside Developments Limited	0.2	0.1
	56.8	53.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. Related Party Transactions (continued)

	2023	2022
	£m	£m
(c) Finance costs - Interest payable:		
Otter Ports Limited (parent company)	0.0	0.0
Port of Tilbury London Limited	3.6	4.2
Forth Ports Finance PLC	30.1	24.3
Targe Towing Limited	0.7	0.5
Oilfield Machinery Limited	0.1	0.1
	34.5	29.1
(d) Year end balances:		
Trade and other receivables - current:		
International Transport Limited	113.4	106.7
Forth Estuary Towing Limited	-	-
Edinburgh Forthside Holdings Limited	1.2	1.2
Edinburgh Forthside Investments Limited	3.8	4.0
Edinburgh Forthside Developments Limited	2.6	1.8
Forth Property Holdings Limited	-	1.6
FP Newhaven Two Limited	10.1	9.6
Port of Dundee Limited	31.0	32.9
OM Heavy Lift Limited	8.7	3.6
O M Holdings Limited	-	2.4
Otter Ports Holdings Ltd (parent company)	8.8	8.7
Otter Ports Group Holdings Limited (parent company)	0.6	0.5
	180.2	173.0
Trade and other receivables – non current:		
Otter Ports Limited (parent company)	346.4	335.3
Otter Ports Holdings Ltd (parent company)	144.4	60.0
O M Holdings Limited	2.6	-
Forth Property Holdings Limited	1.8	-
Port of Tilbury London Limited	506.9	506.9
	1,002.1	902.2
(e) Year end balances:		
Trade and other payables - current:		
Port of Tilbury London Limited	87.6	79.0
Forth Property Investments Limited	1.1	1.1
Non-significant companies	1.0	1.0
Nordic Limited	1.7	1.7
Targe Towing Limited	10.6	12.1
Oilfield Machinery Limited	4.0	3.0
	106.0	97.9
Trade and other payables – non-current:		
Otter Ports Limited (parent company)	36.5	35.1
Forth Ports Finance PLC	697.4	712.9
	733.9	748.0
(f) Key management compensation:		
Company:		
Salaries and short-term employee benefits	0.6	0.4
Post-employment benefits	0.0	0.0
	0.6	0.4

This excludes Directors' emoluments as disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**33. Ultimate Parent Company**

The Company is 100% owned by Otter Ports Limited, a company incorporated in England. Forth Ports Limited is the smallest group of undertakings for which Group financial statements are available.

Otter Ports Limited is ultimately controlled by Public Sector Pension Investment Board, based in Canada. As Public Sector Pension Investment Board does not consolidate the results of Forth Ports Limited, the next most senior parent is Otter Ports Group Holdings Limited with registered office at Ugland House, South Church Street, George Town, Cayman Islands, and copies of its consolidated financial statements may be obtained from its principal place of business at 10 Bressenden Place, 8th Floor, London, SW1E 5DH.

34. Material Accounting Policy Information**Impact of New Standards and Interpretations**

In the current year, the Group has adopted the following amendments to existing accounting standards issued by the International Accounting Standards Board.

- Amendment to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies – effective date 1 January 2023
- Amendment to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective date 1 January 2023
- Amendment to IAS 8 Accounting Estimates – effective date 1 January 2023
- Amendment to IAS 12 Rules–International Tax Reform — Pillar Two Model Rules: application of the exception and disclosure of that fact and other disclosure requirements - effective date 1 January 2023
- Minor editorial amendments to IFRS – effective immediately
- Amendments to IFRS 17 Insurance Contracts – effective date 1 January 2023

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

There were no new accounting standards adopted by the Group in the year.

The following new standards and amendments to standards and interpretations have also been issued, but are not yet effective and have not been early adopted in the current year.

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - effective date 1 January 2024 but not yet endorsed for use in the UK
- IFRS S2 — Climate-related Disclosures – effective date 1 January 2024 but not yet endorsed for use in the UK
- Amendment to IAS 1. Classification of Liabilities as Current or Non-Current – effective 1 January 2024 but optional
- Amendments to IFRS 16. Lease Liability in a Sale and Leaseback - effective 1 January 2024 but optional
- Amendments to IFRS 7 and IAS 7. Supplier Finance Arrangements - effective 1 January 2024 but optional
- Amendments to IAS 21. Lack of Exchangeability - effective 1 January 2025 but not yet endorsed in the UK
- Amendments to the SASB standards to enhance their international applicability - effective 1 January 2025 but not yet endorsed in the UK

The adoption of these changes is not expected to have a material impact on the Group financial statements.

Adjusting Items

Adjusting items are those material items of income and expenditure which the Group has disclosed separately because of their unusual nature so as to give a clearer understanding of the Group's financial performance. This includes the effect of the revaluation of investment properties under IAS 40, and the mark to market movement of interest rate and cross currency swaps under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Material Accounting Policy Information (continued)

Consolidation

Subsidiaries

Subsidiaries are those entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is transferred and are no longer consolidated from the date that control ceases. The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Acquisition-related costs are recognised in the Income Statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 "Share-based payment"; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 "Non-current assets held-for-sale and discontinued operations" are measured in accordance with that standard.

The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated fully on consolidation; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Business combinations under common control are accounted for in the consolidated financial statements prospectively from the date the Group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate parent entity Otter Ports Holdings Ltd. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity in the "consolidation reserve" reflecting business combinations under common control.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group's interests in joint ventures are accounted for by the equity method of accounting. The investment in the joint venture is initially recorded at cost and is adjusted thereafter for the post-acquisition change in the Group's share of net assets of the jointly controlled entity.

The Group Income Statement includes the Group's share of the profit or loss of the joint venture. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. When the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the joint venture.

Goodwill

Goodwill arising in a business combination is recognised, at cost less accumulated impairment costs, as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The allocation of goodwill is made to those cash generating units (CGU) or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**34. Material Accounting Policy Information (continued)**Goodwill (continued)

Goodwill is shown as an intangible asset with an indefinite useful life which is not amortised but is subject to an annual impairment test at each relevant group of cash generating units and is also subject to a test whenever there is an indication of impairment. Any such goodwill impairment is not reversed. Where there is an excess of the Group's interest in the net fair value of the acquiree's identifiable assets over the purchase price (negative goodwill), this amount is taken to the Income Statement in the year of acquisition. Non-amortisation of goodwill, in accordance with International Financial Reporting Standards, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view. If this departure from company law had not been made, the profit for the financial year would have been reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

Revenue Recognition

Revenue from Port operations represents the income earned from the provision of port facilities, which comprise cargo handling, vessel charges, storage, marine charges and ancillary services. Such revenue is recognised at the point in time that the relevant performance obligations have been met. Revenue from contracts to provide storage is recognised over the period of the contract. Where a contract contains guaranteed minimum volumes (GMV) and the contract period straddles the balance sheet date, an estimate is made of the likelihood of any revenue to be accrued in relation to these GMVs.

Revenue from Property includes rental income and sales of property developments. Both Property and Port related rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term. Revenue excludes value added tax and is shown on a gross basis in relation to recoverable charges such as utilities, recoverable overtime and recoverable plant hire costs. Consideration is given to the collectability of any debt outstanding arising from the sale of sites or property developments and provisions are made where necessary. The need for such provisions is reviewed on a regular basis. Profits and losses arising on the sale of sites or completed developments are recognised when contracts for sale have been exchanged and all material conditions have been satisfied and control has been transferred. The Board will have due regard to all the circumstances of any individual transaction in determining whether or not any conditions are material or have been satisfied.

Where sites or completed developments are sold to joint ventures, profits are only recognised in proportion to third parties' interests in those entities. The remaining profits are recognised when the sites or completed developments are sold by the joint ventures or associates to unrelated parties.

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

Property, Plant and Equipment

Operational land and buildings and plant and equipment are stated at historical cost less depreciation. Land and capital works in progress are not depreciated. Cost is the original purchase price of the asset and the cost of bringing the asset to its current condition and includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchase costs where appropriate.

All operational buildings and plant and equipment in the course of construction are recorded as capital work in progress until such time as they are brought into use by the Group. Capital work in progress includes all direct expenditure. On completion, such assets are transferred to the appropriate asset category and start being depreciated. In circumstances where there is a change in use of operational land and buildings to investment property, the fair value of the asset is established at a date when it has been decided to transfer the asset from operational land and buildings to investment property. Any changes at transfer date are recorded in reserves in Other Comprehensive Income.

Depreciation is charged to write off the cost less any residual value of the asset on a straight line basis over the estimated useful lives (which are reassessed at each balance sheet date) as follows:

Buildings and dock structures	15-50 years straight line
Plant and equipment	3-35 years straight line

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of assets are included in operating profit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Material Accounting Policy Information (continued)

Property, Plant and Equipment (continued)

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining life of the related asset.

Investment Property

Investment property, principally comprising tenanted land and buildings within the port estates, is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at fair value determined annually. Changes in fair values are recorded in the Income Statement in accordance with IAS 40 and are included in other income. If an investment property is transferred into operating property, it is transferred at the fair value at the date of transfer with any change in value shown through the Statement of Comprehensive Income.

Impairment of Assets

Property, plant and equipment and other non-current assets, excluding goodwill, are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or fair value, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Intangible Assets

Excluding goodwill, intangible assets refer principally to computer software and customer relationships and are carried at cost less accumulated amortisation. Except as noted below, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of those involved in the software development. Expenditure which enhances or extends the performance of identifiable computer software products beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of ten years. If a business is acquired which has long-term customer relationships, those relationships are valued and an intangible asset set up to reflect that value. They are written off on a straight-line basis over periods of up to ten years.

Investment in Subsidiaries

Investments in subsidiaries are stated at cost less any permanent diminution in value by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Material Accounting Policy Information (continued)

Grants relating to the Purchase of Property, Plant and Equipment

Capital grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all conditions pertaining to the grant. Grants relating to the purchase of PPE are recorded against the cost of the relevant item and are amortised over the life of the asset. The amount amortised in each period is set against the depreciation charge of the asset to which it relates.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the shareholders. Group dividends are recorded in the period in which they are approved and paid by the subsidiary company's Board.

Long Term Incentive Plan

Certain directors and employees are eligible for compensation benefits in the form of a long term incentive scheme linked to the performance of the Group. The benefit is recorded at the present value of the expected future cash benefits, charged on a straight line basis over the performance period of the scheme, discounted to take into account the time value of money and specific risks identified in relation to the key assumptions used to determine the value of the benefit. The credit is reflected in equity, as a capital contribution received as settlement of any compensation is undertaken by a parent company.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions are recognised in the period in which the Group has a present legal or constructive obligation for payment. Costs relating to the ongoing activities of the Group are not provided in advance.

Inventories

Property work in progress relates to expenditure on property development projects, land held for development and project work in progress and is included at cost less amounts written off which are deemed to be irrecoverable. Cost includes all direct expenditure and associated indirect costs and related costs of finance where appropriate. On completion, such assets are transferred to investment properties or sold to third parties.

Trade Receivables and Accrued Property Income

Trade receivables and accrued property income are carried at original invoice amount less an allowance made for impairment of these receivables. An allowance for impairment of trade receivables and accrued property income is calculated based on the expected credit losses model as set out in IFRS 9. The Group has adopted the simplified approach to impairment when considering trade receivables, contract assets and lease receivables and recognises the lifetime expected loss allowance on these assets. The amount of the allowance is determined by applying expected loss rates to each group of receivables. In determining the loss rates to apply, the Directors give due consideration to historical losses as well as current market conditions to assess the probability of future defaults. Where the expected credit loss is deemed to be immaterial at the balance sheet date, no adjustment has been made to the recoverable amount. The carrying amount of the asset is reduced through the use of this impairment allowance and the amount of the loss is recognised in the Income Statement.

Borrowings

Borrowings are recognised initially at the fair value of the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings. Foreign currency borrowings are retranslated at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Material Accounting Policy Information (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit and loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the Balance Sheet at cost. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Share Capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from the proceeds. Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholder's equity as own shares held. Where such shares are subsequently sold, any consideration received is included in shareholder's equity.

Accounting for Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group includes a number of companies, including the Company, which are part of a tax group for certain aspects of the tax legislation. One of these aspects relates to group relief whereby current tax liabilities can be offset by current tax assets driven by current tax losses arising in other companies within the same tax group. Payment for group relief is made equal to the tax benefit and amounts are included within the current tax disclosures.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current tax rates in the relevant jurisdiction are used in the determination of deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Material Accounting Policy Information (continued)

Employee Benefits

Defined Benefit Plans

Pension contributions are charged principally at a rate calculated by the Actuary to provide, over the expected remaining service lives of current employees, for all retirement benefits related to projected final salaries and wages. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date minus the fair value of plan assets, together with adjustments for past service cost. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using market yields on high quality corporate bonds. Actuarial gains and losses are recognised in full as they arise in the Statement of Comprehensive Income.

Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

Accounting for Derivative Financial Instruments and Hedging Activities

At 31 December 2023 the Group had no derivative financial instruments that were designated as hedges.

The derivative financial instruments associated with the Group's current finance facilities have not been designated as fair value or cash flow hedges and are valued at mark to market and any fair value movement thereon is recognised through the Income Statement.

Fair Value Estimation of Financial Instruments

The fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. Subsidiary, Joint Venture and Associate Undertakings**

All Group subsidiaries have year-end dates of 31 December and will make individual Annual Returns to the Registrar of Companies. The Group's joint ventures have a year-end date of 31 March.

The interests in Forth Ports Finance PLC, International Transport Limited, Port of Dundee Limited, Forth Estuary Towage Limited, Nordic Limited, Edinburgh Forthside Holdings Limited and Forth Property Holdings Limited are held directly by Forth Ports Limited. In all other cases the interest is held by a subsidiary. The principal country of registration and operation of the above undertakings is Scotland, with the exception of Forth Ports Finance PLC, International Transport Limited, Port of Tilbury London Limited, London Container Terminal (Tilbury) Limited and Nordic Limited which are registered and operate in England. Subsidiaries are accounted for by the Company at historical cost less provision for any impairment.

<u>Subsidiary</u>		<u>Interest Held</u>	<u>Description of Undertaking</u>
		<u>% ***</u>	
International Transport Limited	**	100%	Intermediate holding company
Port of Tilbury London Limited	**	100%	Port operator
London Container Terminal (Tilbury) Limited	**	100%	Dormant/Non-trading
Forth Estuary Towage Limited (SC076746) (1)	*	100%	Towage services
Forth Ports Finance PLC	**	100%	Finance company
Port of Dundee Limited	*	100%	Port operator
Targe Towing Limited	*	100%	Towage services
AF Dundee Limited	*	100%	Dormant/non-trading
Forth Property Holdings Limited	*	90%	Intermediate holding company
Forth Property Investments Limited	*	90%	Property investment company
Forth Property Developments Limited	*	90%	Property development
Edinburgh Forthside Holdings Limited	*	100%	Non-trading company
FP Newhaven Two Limited (SC208821) (1)	*	100%	Property investment company
Edinburgh Forthside Developments Limited (SC321461) (1)	*	100%	Property development
Edinburgh Forthside Investments Limited (SC274929) (1)	*	100%	Property investment company
Forth Properties Limited (SC124730) (1)	*	100%	Property development
Forth Energy Limited	*	100%	Dormant/non-trading
Fife Energy (Services) Limited	*	100%	Dormant/non-trading
Forth Energy (Pipelines) Limited	*	100%	Dormant/non-trading
Forth Energy (Services) Limited	*	100%	Dormant/non-trading
Forth Energy (Tilbury) Limited	**	100%	Dormant/non-trading
Forth Energy (Retail) Limited	*	100%	Dormant/non-trading
Forth Energy (Generation) Limited	*	100%	Dormant/non-trading
Forth Energy (Distribution) Limited	*	100%	Dormant/non-trading
Port of Grangemouth Security Authority Limited	*	100%	Dormant/non-trading
Victoria Quay Limited	*	100%	Dormant/non-trading
Forthside Limited	*	100%	Dormant/non-trading
Forth Ports Trustees Limited	*	100%	Non-trading
Forth Estate Management Limited	*	100%	Dormant/non-trading
Grainfax Limited	*	100%	Dormant/non-trading
Nordic Limited	**	100%	Dormant/non-trading
Nordic Holdings Limited	**	100%	Dormant/non-trading
Nordic Recycling (Lincoln) Limited	**	100%	Dormant/non-trading
Nordic Data Management Limited	**	100%	Dormant/non-trading
O M Holdings Limited (SC684016) (1)	*	100%	Intermediate holding company
Oilfield Machinery Limited	*	100%	Finance company
OM Heavy Lift Limited (SC559566) (1)	*	100%	Logistics services
Port of London Tilbury Limited	**	100%	Dormant/non-trading
Logistics Academy East of England Limited	**	100%	Dormant/non-trading
Forthport Limited	*	100%	Dormant/non-trading
FLM Realisations Limited	*	100%	Dormant/non-trading
Leith Stevedores Limited	*	100%	Dormant/non-trading
Cruise Edinburgh Limited	*	100%	Dormant/non-trading
Sandpiper Road NHT 2014 LLP	*	33⅓%	NHT scheme with Scottish Futures Trust and City of Edinburgh Council
Western Harbour NHT LLP	*	33⅓%	NHT scheme with Scottish Futures Trust and City of Edinburgh Council

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. Subsidiary, Joint Venture and Associate Undertakings (continued)**

Sandpiper Road NHT 2014 LLP and Western Harbour NHT LLP are consolidated as subsidiaries as the Group is considered to have economic control.

<u>Associate</u>		<u>Interest Held</u> %***	<u>Description of Undertaking</u>
Tilbury on the Thames Trust	**	100%	Promotion of heritable buildings for community benefit and provision of training

The above entity is deemed to be an associate as control is split between all members which include non-Group appointments.

Joint Ventures

London Distribution Park LLP	**	50%	JV POTLL with Roxhill (Tilbury) Limited
London Distribution Park No. 2 LLP	**	50%	JV POTLL with SEGRO (Tilbury 2) Limited

Registered Address

- * 1 Prince of Wales Dock, Edinburgh EH6 7DX
- ** Leslie Ford House, Tilbury, Essex RM18 7EH
- *** All shares held are ordinary equity shares

- (1) These companies are entitled to exemption from audit by virtue of meeting the conditions set out in section 479A of the Companies Act 2006.