

**THE MERSEY DOCKS AND HARBOUR
COMPANY LIMITED**

**Report and Financial Statements
For the year ended 31 March 2025**



THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

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THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

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THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STRATEGIC REPORT

The directors present their strategic report, directors' report and the audited financial statements of the Company for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of port facilities and cargo handling and marine related services, including being the Statutory Harbour Authority and Competent Harbour Authority for the Port of Liverpool.

COMPANY OVERVIEW

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

The Port of Liverpool, the largest port in the Group, is the UK's fourth largest port by tonnage and one of its most diversified, handling a wide range of cargos including agribulks (such as grain and animal feed), biomass, bulk liquids, bulk solids (including metals and aggregates), containers and forest products, as well as providing services to RoRo and cruise customers. Facilitating automotive imports and exports is an important part of the service provided by the Port of Sheerness, alongside a wide range of other commodities handled, with the River Medway also being the route for Liquefied Natural Gas (LNG) vessels heading to the National Grid LNG Terminal on the Isle of Grain. Clydeport operates a container terminal and a forest products terminal at Greenock as well as Greenock Ocean Terminal, a dedicated cruise vessel facility. The King George V facility in Glasgow handles a diverse range of commodities, including scrap metal and the importation of salt, and plays a significant role in supporting Scotland's onshore wind-farm sector. Hunterston is being re-developed as Hunterston Port and Resource Campus with a focus on the blue-green economy while Inchgreen Marine Park has been upgraded to support new commercial opportunities. Great Yarmouth is a significant base for the offshore energy industry, while also handling the import of commodities such as aggregates and timber products and the export of agricultural products.

The Company offers a value-added logistics solution to a customer's supply chain. This includes conservancy, pilotage, berthing, facilities rental, storage, cargo handling, marine services and shipping. Peel Ports Logistics offers other value-added services such as ships chartering and agency, as well as providing bulk solids cargo handling at its facilities at Runcorn and Ellesmere Port on the Manchester Ship Canal and the Humber Bulk Terminal on the South Bank of the Humber Estuary.

The Company's container handling offering is centred on the Port of Liverpool, which operates two container terminals, Liverpool2 and the Royal Seaforth Container Terminal ("RSCT").

Liverpool2 is an in-river deep-water container terminal capable of accommodating the world's largest container vessels, though smaller post-Panamax vessels are the primary users of the terminal. In January 2020, the Group entered into a joint venture agreement with Terminal Investment Limited S.A.R.L. in respect of the cargo handling operations of the Liverpool2 deep-water container terminal at the Port of Liverpool. The arrangement is intended to enable the business to achieve its ambitious growth plans for Liverpool2. Terminal Investment Limited S.A.R.L. is a major investor in container terminals around the world and is majority owned by Mediterranean Shipping Company (MSC), the world's largest shipping line. As Statutory Harbour Authority and Competent Harbour Authority for the Port of Liverpool, the marine income from rates and dues remain with the Company.

RSCT was the Port of Liverpool's original container terminal. It has direct deep-sea and short-sea connections to a range of countries, including the USA, Canada, Spain, Italy, Portugal, Israel, Cyprus and Turkey, in addition to a number of feeder services connecting Liverpool with the Far East, India, Africa and South America.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

COMPANY OVERVIEW (CONTINUED)

The Group's two main terminals in Liverpool are complemented by facilities at Greenock in Scotland and Dublin in Ireland.

The combination of the Liverpool2 terminal with the Group's existing port assets and short sea shipping services in the Irish Sea and the Continent is expected to provide significant advantages to shipping lines, importers and exporters.

RESULTS AND DIVIDENDS

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements and are discussed further in the business review below.

The directors proposed and paid interim dividends of £80.0m (2024: £70.0m).

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS

Summary of results

The results for the year and the previous year are summarised in the table below.

	2025	2024	Change	
	£m	£m	£m	%
Turnover	248.2	224.4	23.8	10.6
EBITDA ¹	160.1	161.3	(1.2)	(0.7)
Operating profit before exceptional items	113.8	116.0	(2.2)	(1.9)
Operating profit	104.7	115.2	(10.5)	(9.1)

The Company's results and financial position are set out in the profit and loss account and balance sheet respectively.

Details of operating exceptional items of £9.1m (2024: £0.8m) can be found in note 7.

Net assets were £115.2m at 31 March 2025 (2024: £171.9m). In addition to the profit for the financial year of £23.3m (2024: £58.7m), the net asset position has changed primarily because of the payment of interim dividends of £80.0m (2024: £70.0m) and an actuarial loss, net of deferred tax, relating to defined benefit pension schemes of £nil (2024: loss of £3.7m).

¹ EBITDA of £160.1m (2024: £161.3m) is operating profit of £104.7m (2024: £115.2m) before depreciation of £46.3m (2024: £45.3m) and exceptional items of £9.1m (2024: £0.8m). The use of EBITDA as a primary measure of profitability, and its definition, is derived from the Group's banking covenants. EBITDA is also commonly used by peer group companies, though definitions across the sector may differ.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS (CONTINUED)

Summary of key performance indicators

The directors use annual budgets as the basis for measuring Company performance.

The directors monitor the progress of the overall Company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators for the continuing business:

	2025	2024	Absolute Change	% Change	Method of calculation
Turnover (£m's)	248.2	224.4	23.8	10.6	Year-on-year change
EBITDA (£m's)	160.1	161.3	(1.2)	(0.7)	Operating profit before depreciation and exceptional items.
Tonnage throughput (millions)	26.1	25.4	0.7	2.8	Year-on-year change using standard tonnage measures for the Ports industry

Revenue has increased year-on-year by 10.6% to £248.2m, partly due to a 2.8% increase in tonnage throughput to 26.1 million tonnes, due to volume growth across a number of commodities and due to the availability of spot-market and project cargo opportunities and sales mix benefits. Although revenue is 10.6% higher than the prior year, EBITDA is 0.7% lower. This is primarily due to a gain on disposal of surplus non-operational land of £22.8m in the year ended 31 March 2024, which did not recur in the year ended 31 March 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

The Mersey Docks and Harbour Company Limited is a subsidiary of Peel Ports Group Limited. Peel Ports Group Limited and its subsidiaries ("the Group") operate as the Statutory Harbour Authority for the Port of Liverpool, the Manchester Ship Canal, the River Mersey, parts of the area along and around the River Clyde, Ardrossan Harbour, Twelve Quays at Birkenhead Docks and Heysham Port. In addition, the Group operates Great Yarmouth Port as an agent of Great Yarmouth Port Authority, the Statutory Harbour Authority for that port, on a long-term basis. Container facilities, freight forwarding and cargo handling services are also provided at Dublin Port under concession. References to "the Group" below are in respect of the Peel Ports Group group of companies, which the Company is part of.

Operational

Health and safety - landside

The nature of the Group's activities is such that many operational tasks are hazardous; however, it is our view that all hazards can be controlled and all injuries can be prevented. All cargoes passing over the quay need to be handled with care and in accordance with risk assessments and safe systems of work. The Board of Directors is committed to ensuring that the Group complies with all appropriate health and safety requirements and to achieving continuous improvement to the effectiveness of the Group's health and safety management. The safety of its workforce, and anyone who enters the working environment, is an essential part of the Group's overall strategy.

It is Peel Ports' policy that health and safety should be placed to the fore in the conduct of our operations.

The Group's operational approach to health and safety matters is overseen by the Environmental, Social and Governance (ESG) Management Board, chaired by the Group Chief Executive Officer. From April 2022, this committee was joined by Unite the Union's National Officer to further enhance the engagement with employee representatives on health and safety priorities. As an additional level of governance, the ESG Shareholder Committee, a sub-committee of the Group's main Board, meet a quarterly basis to review the Group's ESG performance, which includes health and safety.

For the year ended 31 March 2025, the Group had targeted a Total Recordable Injury Rate (TRIR) of 0.36. TRIR includes lost time incidents, restricted workday incidents and medical treatment incidents. Although this target was not achieved, with a final TRIR of 0.38 being 0.02 higher than the target, progress has been made since the previous year (2024: 0.40). The Group will continue to set challenging targets so as to drive a culture of continuous improvement in this area.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational

Health and safety – landside (continued)

The Group has continued to enhance its focus on health and safety in the year ended 31 March 2025, with further investment in new systems, tools and processes, staff development, training and safety equipment. A further focus on near miss events and sharing of Lessons Learnt communications advise employees of recent or emerging issues. An annual “Think Safe This Winter” campaign also covers a range of topics from PPE to drug and alcohol awareness.

In the year ended 31 March 2025, further safety system enhancements were made, such as the introduction of a new system for improving communication during emergency events, aligned to the work we have been doing to improve the Group’s crisis management response. The revised health and safety assurance programme which focuses on a four-level governance framework and externally assured audits continues to provide strong levels of governance and legal compliance across the organisation.

Further work is planned with the objective of continuing the progress made so far in reducing the incidence of injury and ill-health through the support of physiotherapists and ergonomics experts, in addition to our existing occupational health services.

Continued and targeted investment in this area and the next stage of the health and safety strategy ‘The Journey to Zero Harm’ will make a significant contribution to:

- Reducing the risk of injury to employees and others who enter the Group’s working environment;
- Protecting the health of employees;
- Building a strong and effective safety culture among employees at every level; and
- Demonstrating full compliance with all statutory requirements in this area.

This investment is intended to maintain Peel Ports’ reputation as a responsible operator amongst all stakeholders, including the communities in which the Group operates.

Health and safety – marine

Marine incidents, which could include vessels colliding or foundering, have the potential to cause pollution, infrastructure damage, injury or loss of life. The Group has in place several safety processes, including risk assessments, vessel traffic management services, pilotage and hydrographic services to mitigate this risk.

Several of the Group’s subsidiary port companies are Statutory Harbour Authorities (SHAs) with some also being designated Competent Harbour Authorities (CHAs). As a SHA, they have a duty to conserve the harbour so that it is fit for use as a port and a duty of reasonable care to see that the harbour is in a fit condition for a vessel to utilise it safely.

In addition, as a CHA, they have a duty to assess what, if any, pilotage services are required to secure the safety of ships, and to provide services as deemed necessary.

A local port marine safety management system, operated within the wider Group Marine Safety Management System, which is derived from formal risk assessments developed from formal hazard observations, is the principal control measure in place to ensure the entire operation is run at as low a risk as is reasonably practicable. A programme of internal marine safety management system audits, supported by external audits and an independent designated person, are utilised to maintain the integrity of the system. Each port maintains a Marine and Coastguard Agency (MCA) endorsed oil spill response plan with distinctive tiered plans, supported by external contractors at notice, depending on the size of the incident. A regular series of exercises to test readiness underpin these responses. A Group Crisis Management Plan, supported by Local Port Emergency Plans, lays out the organisation of the emergency response. The crisis management plan has been tested by assessed emergency tabletop exercises. All Port Marine Safety Code Duty Holders have received associated 1P training delivered by the UK national responder with senior marine personnel trained to 5P Executive level command and control and other marine personnel to on scene response.

The introduction of portable pilot units, which provides an enhanced navigation awareness support to pilots, has been rolled-out across the Group during the year ended 31 March 2025. It is now being supported by electronic pilot master exchange to enhance clarity of planning exchange. In addition, following comprehensive risk assessment the level of vessel traffic management service provided on the Clyde is being upgraded to a full Vessel Traffic Service.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational (continued)

Resilience of operational assets and the ability to deliver capital expenditure projects

The nature of ports is such that operations are reliant on the infrastructure of those ports, including quaysides, lock gates, cranes and warehousing. The Group invests significantly in capital maintenance in order to mitigate the risk of major infrastructure failure which could adversely affect the operations of the respective ports.

The efficient management of the Group's projected capital expenditure will impact on the ability of the Group to complete projects on time and deliver the expected financial returns and risk mitigations. In addition to the Group's own capabilities in completing capital projects, additional external resource with experience of managing major construction projects are used to mitigate this risk.

Risk of fire or explosion

Across the Group's ports, operations are either undertaken directly by the Group or by customers. In certain areas, the nature of the operations means that there can be a risk of fire or explosion, for example due to the handling of dangerous commodities. This could result in harm to employees or other port users and potential business interruption. With respect to customer operated sites, the Group has in place processes that can, as far as is reasonably practicable, provide assurance that the sites will be operated safely. With respect to Group operated sites, robust controls are in place to mitigate the risk of fire or explosions, including for example fire and Dangerous Substances and Explosive Atmospheres Regulations ('DSEAR') risk assessments.

Cyber security

Like most businesses, the Group faces risks associated with a cyber security breach. Threats can vary in their complexity and sophistication and can potentially have a negative impact on organisations of all sizes. Although the Group has successfully avoided any significant disruption from threats to date, a steady increase in the number of phishing scams and malicious software creation means that the Group will continue to be at risk of cyber-attack that could compromise the Group's IT environment. Over a number of years, the Group has increased its investment in this area to put in place appropriate resilience and recovery measures as well as a comprehensive employee training programme to raise awareness and defend against malicious attacks. This is reinforced by regular tests to ensure that employees remain vigilant. We employ a range of industry-standard security products, both internally and on our network perimeters. Formal security and IT conditions of use policies are established, which define security standards and acceptable use.

The Group has a dedicated Cyber Operations team who are responsible for identifying and resolving security incidents, and for advising on group policy with regards to information security. From May 2025, the Group has a contract with a third party to provide a 24/7 Cyber Operations Centre service, reviewing and responding to cyber alerts. A cyber incident response retainer service is in place which provides expert assistance in the event of a significant cyber incident which requires external support. Strong relationships are maintained with the National Cyber Security Centre and the Cyber Compliance Team of the Department for Transport, and the Group is represented on the Maritime Information Exchange, which facilitates the sharing of threats and intelligence amongst members of the UK maritime security industry. Regular network scans are performed and an independent third party perform internal and external facing penetration tests annually to check for exploitable IT network and system vulnerabilities. Cyber tabletop exercises are carried out annually to ensure that cyber playbooks and business continuity plans are validated and updated when necessary.

Technology and innovation

Peel Ports Group is embracing the accelerated pace of technological change through a transparent and strategic approach. At the heart of this is a newly mobilised Technology and Automation programme that acts as the Group's core vehicle for driving innovation and automation across port operations. The programme is designed to identify, pilot, and scale model technologies that improve operational efficiency, unlock new sources of value, and strengthen long-term profitability of the business.

The Group has appointed a Transformation Director for Technology and Automation to lead this agenda. This dedicated leadership role is focused on embedding digital thinking, smarter systems, and process automation through the organisation.

By aligning innovation with business outcomes, the Group is taking proactive steps to ensure its operations remain resilient, agile, and competitive in a rapidly evolving global logistics landscape.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational (continued)

General Data Protection Regulation ('GDPR')

Non-compliance with the GDPR continues to be a significant regulatory risk facing the Group. The Group has put in place appropriate policies and procedures, comprehensive training and reference materials and issued reminders through signage and intranet/IT screen background messages. Compliance with the GDPR is overseen by the Group's Data Protection Officer.

Commercial

Economic activity levels

The regional ports within the Group each form part of a wider transport infrastructure. The key operational risks and uncertainties relate to the dependency upon the economic activity of the businesses and consumers within the geographic proximity of the ports. These consumers and businesses generate the trade which flows through the ports and when they are subject to economic cycles or, at the extreme, to failure, there is an unavoidable impact on the ports. In addition, the Group may be exposed to declining volumes in certain sectors, downward pricing pressure or the loss of major contracts. This potential risk is particularly the case as the global economy continues to deal with the conflicts in the Middle East and Eastern Europe and the changing landscape with respect to global tariffs. It is also noted that in the year ended 31 March 2025, the Grangemouth oil refinery stopped processing crude oil as it transitions to becoming an import terminal for finished fuels, which adversely affects the activity levels in Clydeport.

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the Group's ports. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another. As an example, although the transition of Grangemouth from oil refining to importing finished fuels will reduce the bulk liquids volumes passing through Clydeport, the effect on the Group as a whole is less significant with the oil refineries in Merseyside continuing to invest in their production operations and their transition to greener fuels. In addition, the Group benefits from a high proportion of secure revenue from customers on long-term contracts at its port operations and has no significant concentration of revenue or profits dependent on any one customer.

Financial

Liquidity, cash flow and interest risks

The key financial risk arises from the level of long-term debt held by the Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 1 April 2025 and 30 September 2046 ("long-term debt") amount to £3,062.2m (2024: £2,573.3m). The cash flow risk arising in connection with interest charges is mitigated through the use of interest rate and index-linked swaps.

The directors consider that the combination of the swap instruments, stable trading of the ports business, effective working capital management and the investment in the asset base assists in managing the risks arising from the level of debt and variability in interest rates. The Group's bank loans and swap instruments are spread over a large number of banks. As at 31 March 2025, within the current facility agreements, there were undrawn funds of £150.0m available in addition to cash of £355.6m on the Group's balance sheet. In addition, the Group has in place £160.0m of debt service reserve liquidity facilities to cover annual interest costs. Consideration of this in the context of going concern can be found in note 3.

Credit risk

Financial risk arises from credit extended to customers. This risk is mitigated by using strict credit control procedures, the imposition of appropriate credit limits and obtaining third party credit references. The Group's ports play an essential role in maintaining the UK's (and global) supply chains, including the supply of essential supplies to organisations such as the National Health Service. It is, therefore, important that the Group is able to secure payments due from customers in order to ensure it can operate effectively and pay suppliers on a timely basis. The Group engages proactively with customers to mitigate the risks arising and takes appropriate action when necessary. The Group has no material concentration of credit risk.

Investment activity is reviewed on a regular basis and cash and cash equivalents are placed with approved counterparties, whose credit ratings are in accordance with internal treasury policies.

The Group monitors the credit rating of derivative counterparties on a regular basis and ensures no positions are entered into with counterparties with credit ratings that are below assigned limits.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial (continued)

Capital risk

The Group keeps its funding structure under review with the objective of maximising shareholder value and the capacity to meet its operational requirements and to facilitate the execution of its strategy. The Group's external loan covenants impose certain restrictions on the Group relating to capital which are regularly monitored by management. The Group's management carefully monitors the headroom against its covenants and a number of potential actions could be taken in the event that these are necessary. These include, among other things, aggressive management of working capital, deferral of uncommitted capex, deferral of recruitment activity and other cost reduction measures. The Group was in compliance with these covenants during 2024 and 2025. As referred to in note 3 to the financial statements, there is significant headroom in the forecast covenants.

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk. The Group's Shipping segment (based in Rotterdam) transacts primarily in euros and US dollars and the Group's Irish container terminals (based in Dublin) transacts primarily in euros. In addition, the Group has in issuance US dollar denominated private placement loans and may also purchase items from third party companies in currencies other than sterling.

Transaction exposures, including those associated with forecast transactions, are hedged when known. The Group manages its foreign exchange exposure on a net basis, and, if required, uses forward foreign exchange contracts and financial instruments to reduce the exposure. For example, the US dollar denominated private placement loans were fixed into sterling at the time of issuance using cross currency swaps. In addition, the new long-term charter commitments within the Group's Shipping segment are subject to forward contracts with financial instruments put in place over the year and post year-end to fully mitigate the US dollar exposure for the next few years and c84% exposure over the lifetime of the charters, with assessment of the remaining exposure continuing. If the hedging activity does not mitigate the exposure, then foreign currency fluctuations may adversely affect the results and the financial condition of the Group.

Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for these financial statements. The Group reviews its exposure to translation risk arising from its overseas investments on a continual basis and will enter into hedges if considered necessary.

Pensions risk

The Group operates defined benefit pension schemes and is party to a number of industry-wide defined benefit pension schemes. Modest changes to the assumptions used to value each schemes' assets and liabilities can have a significant effect on the asset or liability that the Group records. As at 31 March 2025, the Group balance sheet recorded a pension liability of £26.9m (2024: £39.2m). Changes in actuarial assumptions, in particular the discount rate in response to changes in bond yields, together with employer contributions of £11.1m have seen the liability decrease over the year.

The Group engages constructively with the Trustees of each of the defined benefit pension schemes that it is party to, including with respect to measures to de-risk the pension scheme arrangements where appropriate and practicable. Contribution rates are agreed with the Trustees to enable deficits to be recovered over appropriate periods of time, by reference to the triennial actuarial valuations. The triennial valuation of the Peel Ports Group Final Salary Pension Scheme, as at 5 April 2024, was completed in the year ended 31 March 2025 with the valuation disclosing an overall positive funding position with no requirement for any additional deficit contributions beyond the previous recovery plan ending November 2024. Deficit contributions of £8.0m per annum ceased from this date and Scheme expenses reduced from £0.8m to c£0.4m per annum. The triennial actuarial valuation of the Pilots National Pension Fund, an industry-wide multi-employer pension scheme, as at 31 December 2022, was completed in the prior year with the existing Recovery Plan being extended by one year to the end of 2029. In relation to the Norfolk Pension Fund, with effect from 31 October 2024 the Group ceased to have active members in the Fund and, as a result, the Group's liability to the Fund has been fully discharged. In the year ended 31 March 2025, the Group paid total employer contributions to defined benefit pension schemes of £11.1m (2024: £13.9m).

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial (continued)

Going concern

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

Environmental

Climate change

Climate change has become an increasingly important consideration across the world and is an important principal risk to which the Group is responding. Further information on the Group's response to the risks arising from climate change can be found in the climate change disclosures Peel Ports Group Limited financial statements for the year ended 31 March 2025.

SECTION 172 STATEMENT

The Company is a wholly owned subsidiary of Peel Ports Group Limited, in whose accounts for the year ended 31 March 2025 the statement is presented.

The directors of the Company are also directors of Peel Ports Group Limited.

The directors of the Company consider that the directors of Peel Ports Group Limited have due regard to the long-term interests of the Company when making decisions and that the engagement with, and consideration of the interests of, the Group's stakeholders, also reflects the position of the Company.

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES

Section 172 ('S172') of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, with respect to Peel Ports Group Limited, S172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Group.

In discharging its S172 duties, the Board of Directors ("the Board") has had regard to the factors set out above, although at times some factors may have been given greater weighting than others.

Appropriate regard was also given to other factors considered relevant to the decision being made, for example our relationship with regulators, industry bodies and other business relationships. We acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities. However, by giving consideration to key stakeholder groups and aligning our activities with our strategic plan, as well as the Group's culture and values, we aim to balance those different perspectives in the best interests of the Group over the long term.

We identify our key stakeholders as employees, defined benefit pension schemes, customers, suppliers, communities, the environment, government, local authorities and regulators, financial investors and shareholders.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

As the Board of Directors includes representatives of the Group's three shareholders², Australian Super, Lemon 2021 Ltd (a joint venture between APG Infrastructure and Global Infrastructure Partners) and Peel Group, they are more directly able to engage on matters relevant to them. In so doing, the Board is also cognisant of the importance of considering the needs of other stakeholders when making decisions.

The Board will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders, and of the Group, means that stakeholder engagement often takes place at an operational level. To support directors and assist them in complying with their duties, management provides feedback on their engagement with relevant stakeholders when matters are put forward for Board consideration.

The Executive Management Board is chaired by the Chief Executive Officer and attended by the Chief Financial Officer, both of whom are also directors of the Company and attend meetings of the Board. The Executive Management Board also comprises senior group management, including the Group Director overseeing Environmental, Health and Safety matters, as well as the senior management responsible for each of the Ports and Shipping segments. Within the Ports segment, each port cluster group has its own management teams with delegated levels of authority. Engagement with stakeholders may take place at a port cluster level, business segment level or at senior group management level, depending on the nature of the stakeholder relationship and delegated levels of responsibility. This approach is intended to ensure alignment of engagement and decision-making with the long-term strategic objectives of the Group and greater responsiveness to the needs of stakeholders. Through the participation of the Chief Executive Officer and Chief Financial Officer at Shareholder Board and Executive Management Board level, together with reports and attendance at meetings by other members of senior management, the Board is able to exercise oversight and challenge as appropriate.

The Board are aware that they set the tone for the overall control environment across the whole Group and, therefore, they review and, where appropriate, approve key policies such as anti-bribery and corruption, the policy on modern slavery, the Group's code of conduct and the supplier code of conduct. These policies are designed to ensure that the Group maintains the highest standards of conduct in its business dealings with stakeholders and internally within the Group. The Group's policies are disseminated to all employees when they join the Group and to existing employees through regular communication and training where appropriate. They are also available on the Group's intranet and, where appropriate, on the Group's external website.

Principal decisions taken by the Board

The principal decisions are considered to be those decisions taken by the Board directly, which should not be delegated to either the management or a committee of the Board, and which may have a potentially material impact on the Group's strategy, a stakeholder group or the long-term value creation of the Group. The Board's principal decisions have been grouped into the following categories:

- Financial results (the full and half year results);
- Capital allocation (the approval of the annual budget, the recommendation of the full-year dividend and declaration of an interim dividend);
- Material funding and treasury matters;
- Tax strategy;
- M&A activity;
- Review of matters reserved for the Board;
- Board member changes;
- Material supplier contracts;
- Strategy review (the review and approval of the Group's five year business plan); and
- Group statements (the approval of the Group's modern slavery statement and gender pay report).

² The shareholder investments in the Group's immediate parent company (Peel Ports Holdings (CI) Limited) are through immediate investor companies that are referenced in these financial statements, being AS Infra PP Pty Ltd (Australian Super), Lemon 2021 Ltd, an entity jointly owned by Lepiri Investments Holdings B.V. (APG Infrastructure) and GIP IV Morse Holdco Ltd (Global Infrastructure Partners) and Peel Ports Investments (IOM) Limited (Peel Group).

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

Principal decisions taken by the Board

Principal decisions taken by the Board during the year ended 31 March 2025, and how they have had regard to the interests of stakeholders, include:

Investment in port infrastructure to support customers

As an infrastructure business, the Group considers very carefully the likely consequences of any major decision it makes in the long-term, with the overall objective of generating and preserving value. The Board reviews and, where appropriate, approves capital projects that exceed a certain monetary threshold in a comprehensive manner, considering the rationale for investment in the context of the long-term cash flows anticipated to be generated by the project, the likely impact upon the Group's relationships with its customers and employees, and the risk profiles of the relevant market, customers and suppliers. The impact that the investment would have on the Group's existing infrastructure assets is also a key consideration, as is the potential risk of business interruption and potential health & safety risks.

The Group invested a total of £164.0m (2024: £208.5m) in net capital expenditure in the year ended 31 March 2025.

During the year ended 31 March 2025, the Board approved a number of proposals to invest in port assets that directly and indirectly support customers who use those ports. This included significant new investment at Heysham Port to boost capacity and efficiency, primarily to support increased freight and passenger traffic, and the enhancement of core infrastructure assets across the Group's ports to reduce business risk, such as the investment in lock gates at the Alfred Passage in Liverpool.

When considering such proposals, the Board receives detailed papers that includes the proposal's business case and key financial information, a statement as to the effect that the proposal will have on energy usage, customer expectations and business risks and opportunities. Where a proposal involves significant capital expenditure to support a particular customer, the Board will consider whether it is supported by a long-term commitment from the customer that is aligned with the Group's long-term revenue and growth objectives.

Acquisition of Leaside Shipping Limited

In March 2025, the Board approved the acquisition of Leaside Shipping Limited, a small freight forwarding business in Cork that provides services to BG Freight Line BV as well as other companies looking to import or export via the Port of Cork. The acquisition is complementary to the existing Shipping segment business.

Stakeholders

Details of the Group's key stakeholders and how we engage with them, and have regard to, are set out below.

Employees

Our employees are key to our success and we want them to be safe, well trained and successful, individually and as a team. We engage with our employees in a number of ways, including face-to-face briefings, newsletters, an intranet, social media and through engagement with unions. If an employee is not comfortable raising an issue with the Group directly, they can engage indirectly (and anonymously) via an Ethics Hotline, details of which are set out in the Group's Code of Conduct. The Group undertakes periodic environment, health and safety "climate surveys" amongst its employees. This feedback from our employees allows the Group to continuously improve and develop, particularly in relation to its health and safety processes and practices. In March 2022, the Unite National Officer joined the Group's ESG Management Board in order to further enhance engagement with employees on health and safety priorities.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

Stakeholders (continued)

Employees (continued)

Examples of ways in which the Group has responded to the expectations of employees include having continuous improvement of health and safety practices at the core of everything we do, publication of gender pay reports and development opportunities such as apprenticeship programmes. In February 2023, aligned with celebrating the National Apprenticeship Week, the Group announced that it had become a member of “The 5% Club”. This is a committed group of employer members that exists to increase the number, quality and range of “earn & learn” opportunities across the UK. In November 2024, the Group was awarded Gold accredited membership via The 5% Club’s Employer Audit Scheme.

Although the majority of those who provide labour services to the Group are employees, there are many individuals who are engaged through third party labour providers. Such workers are often under our supervision and will be party to many of the same stakeholder engagement considerations as direct employees, including through their inclusion in health and safety statistics.

Defined benefit pension schemes

The Group is party to a number of defined benefit pension schemes, including industry-wide schemes such as the Pilots National Pension Fund. The Group takes seriously its commitments to these pension schemes, which serve to provide benefits for current and former employees of the Group. We engage with these pension schemes on a regular basis through trustee meetings and involvement in industry-wide groups such as the Association of Participating Bodies of the Pilots National Pension Fund. Key areas of focus include the funding of the pension schemes and the covenant strength of the companies that provide this funding.

The Group continues to fulfil its funding commitments and, through focusing on the growth and financial strength of the business, continues to maintain and build its covenant strength.

Customers

We aim to deliver a high level of service to our customers. We build strong lasting relationships and spend time with them to understand their needs and listen to how we can improve our offer and service to them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

The Group has responded to the expectations and requirements of its customers through investment in major capital expenditure projects, such as new ship-to-shore cranes at the Greenock Container Terminal and the new Alexandra Warehouse at the Port of Liverpool.

Suppliers

The Group’s procurement function is engaged with building strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include building long-term partnerships, fair terms and conditions and health and safety. The Board recognises that relationships with key suppliers are important to the Group’s long-term success.

Twice yearly in-scope group companies report on payment practices and terms, with payments within agreed terms an important objective for the group. The Group also works with suppliers on ensuring compliance with the Modern Slavery Act, the Group’s statement on this can be found on its website.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

SECTION 172 STATEMENT FOR THE PEEL PORTS GROUP LIMITED GROUP OF COMPANIES (CONTINUED)

Stakeholders (continued)

Suppliers (continued)

The Group has a Supplier Code of Conduct that suppliers are asked to sign up to. This covers areas such as compliance with laws and regulations, health and safety and working conditions, environmental matters, child labour, forced labour, freedom of association, discrimination, wages and benefits, working hours, bribery, confidentiality, data protection, conflicts of interest and local communities.

The Group's procurement function is accredited to the Chartered Institute of Procurement and Supply's (CIPS) Corporate Ethics Mark, which reflects that team members are trained in ethical sourcing and supplier management and that the team adopts ethical values in how it sources and manages suppliers.

In September 2023, the Group became the world's first port operator to join Sedex, a supply chain sustainability data, insights and services company. The Sedex platform connects buyers, suppliers and auditors and is aimed at sharing critical data to enhance working conditions across global supply chains.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support and resolve any concerns that local communities may have with regard to the operation of our ports, create opportunities to recruit local people and help to look after the environment.

Our ports employ a significant number of people from the communities in which they are based. We engage constructively with local community groups and individuals where they may have concerns regarding our operations, so we can be a good neighbour to those who live near our ports. By their nature, ports are busy places with the transit of goods and services in and out. As a responsible operator, it is important that we manage these interactions in a way that minimises the external impacts to our local communities. This is a continual process as we refine and review our working practices and look to keep improving. Unfortunately, in some instances, our activities give rise to concerns and complaints from our local communities. We will always investigate these complaints and look for opportunities to reduce these external impacts. Often a complaint is found to be caused by something that has changed and, in some instances, that change is short-term, such as changes in the dominant wind direction or a particular visitor to a site. In other instances, we may be able to change or adapt our operations to reduce an impact, whilst keeping operations ongoing. For our larger ports, we have engaged in the port master planning process and produced port plans. These plans are consulted on with the local stakeholders and help to coordinate medium-term planning. These documents clearly set out our strategic plans for our sites and help to inform port users, employees and local communities as to how they can expect to see the port develop over the following years and inform us of areas where we need to mitigate potential impacts on the local community.

We also support local charities and community projects.

Environment

The environment is considered to be strongly related to communities and they are often considered together, although we are ever more conscious that the environment also impacts our customers and suppliers and is of increasing importance to our employees as well. The Group is committed to developing its business to meet the needs of its customers in a sustainable way, with initiatives such as reducing our carbon footprint through better energy management and recycling schemes.

One of our biggest opportunities to reduce our environmental impact is to look at our procurement and capital investment programmes. What we buy has a direct relationship on what we consume and ultimately generate as waste. By influencing our purchasing decisions, we can potentially change our buying habits and reduce our environmental impact. Looking at the whole-life costs of a purchase we can look past the upfront purchase price and consider both the running and disposal costs of the purchase. We may also look to favour or rule out certain purchases due to their environmental credentials. This will apply to all purchases and contracts we engage in (including leasing).

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

Stakeholders (continued)

Environment (continued)

Our capital investment programme is where we are investing for the long-term in our sites. The decisions we make during the capital investment process impacts our operations for years to come. It is therefore important that we take the opportunity to design in efficiencies (best available technologies, controls etc.) from the start of a project. By reviewing and adapting our current processes we can ensure that we look at and have the opportunity to design in both sustainable development principles and consideration of the environmental impacts of our operations.

The Group also engages with key environmental stakeholders such as the Environment Agency, the Department for Environment, Food and Rural Affairs and the Marine Management Organisation. Engaging with these stakeholders is important to ensure that planning and licenses are granted and that we are able to meet legislative requirements.

Government, local authorities and regulators

We engage with the government, local authorities and regulators through a range of industry consultations and meetings to communicate our views to policy makers relevant to our business. When planning development projects, we work closely with local authorities to ensure that an appropriate solution is delivered for our customers and local communities within planning requirements. Key areas of focus are compliance with laws and regulations and health and safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Financial investors

Through the group's wholly-owned subsidiary companies, Peel Ports PP Finance Limited and Peel Ports Limited, the Group raises debt and undertakes related hedging with a wide range of counterparties. This includes private placement borrowing, which is undertaken by Peel Ports PP Finance Limited, and bank borrowing, which is undertaken by Peel Ports Limited.

We rely on the support of our financial investors and we aim to maintain a timely, open and constructive dialogue with them. In addition to twice yearly presentations on the financial performance of the Group and key developments, we engage with our financial investors on an ad hoc basis through a Financial Investor relationship programme. Key areas of focus are the use to which we put financial investment, financing and refinancing opportunities, the Group's ability to pay interest payments/debt repayments when they fall due and covenant compliance.

Shareholders

As owners of our Group we rely on the support of shareholders and their opinions are important to us. Our shareholders appoint representatives to sit on the Board. Where matters to be discussed are in respect of shareholder reserved matters and those relating to the conduct of the shareholders' agreement, these are discussed at meetings of the Board of Directors of the Group's immediate parent undertaking, Peel Ports Holdings (CI) Limited, in respect of which the shareholders are each represented among the directors and in which each company invests directly. The Group Chief Executive Officer and Group Chief Financial Officer, both of whom are directors of Peel Ports Group Limited, attend meetings of the Peel Ports Holdings (CI) Limited Board, but they are not directors of that company. Discussions with shareholders cover a wide range of topics including environment, health and safety ('EHS'), financial performance, strategy, outlook and governance.

On behalf of the Board



J Clark
Director
11 July 2025

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

DIRECTORS' REPORT

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

DIRECTORS

The directors of the Company who served during the year and thereafter are listed on page 1.

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

RECOMMENDED DIVIDEND

No final dividend is proposed (2024: £nil).

DISABLED PERSONS

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

EMPLOYEE ENGAGEMENT

A statement in respect of employee engagement is included with the Section 172 statement in the Strategic Report.

STATEMENT ON BUSINESS RELATIONSHIPS

A statement in respect of business relationships is included with the Section 172 statement in the Strategic Report.

STREAMLINED ENERGY AND CARBON REPORTING ('SECR')

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 require the disclosure of annual UK energy consumption and greenhouse gas emissions from SECR regulated sources. The Company is exempt from reporting these disclosures as it is included within the information disclosed in the consolidated financial statements of Peel Ports Group Limited.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

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

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

On behalf of the Board



J Clark
Director
11 July 2025

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Mersey Docks and Harbour Company Limited ("the Company") for the year ended 31 March 2025 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be those that relate to the form and content of the financial statements, such as United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED (CONTINUED)

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, data protection laws, employment laws and environmental laws.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

- We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through inappropriate journal entries, accounting estimates and improper revenue recognition associated with unexpected revenue combinations and miscellaneous income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing income recognised throughout the year, for which the corresponding entry was not in line with expectations, through to documentation to verify whether the revenue posting was correct and supportable;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of defined benefit pension schemes and provisions; and
- Testing a sample of one-off revenue transactions to ensure revenue has been recognised appropriately on these contracts.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED (CONTINUED)

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.

Signed by:

Daniel Wilbourn

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Daniel Wilbourn (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

11 July 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2025

	Note	2025 £m	2024 £m
TURNOVER	5	248.2	224.4
Exceptional cost of sales	7	(9.1)	(0.8)
Other cost of sales		(118.3)	(117.6)
Cost of sales		<u>(127.4)</u>	<u>(118.4)</u>
GROSS PROFIT		120.8	106.0
Administrative expenses		(16.1)	(13.6)
Profit on disposal of fixed assets		-	22.8
OPERATING PROFIT	7	104.7	115.2
Net interest expense	8	(71.3)	(53.1)
PROFIT BEFORE TAXATION		33.4	62.1
Taxation	9	(10.1)	(3.4)
PROFIT FOR THE FINANCIAL YEAR		<u>23.3</u>	<u>58.7</u>

The above results are derived from continuing operations.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

	Note	2025 £m	2024 £m
Profit for the financial year		23.3	58.7
<i>Other comprehensive expense:</i>			
Remeasurement of net defined benefit liability	17	-	(5.0)
Total tax on components of other comprehensive expense	9(b)	-	1.3
Other comprehensive expense for the year, net of tax		<u>-</u>	<u>(3.7)</u>
Total comprehensive income for the year		<u>23.3</u>	<u>55.0</u>

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

BALANCE SHEET
As at 31 March 2025

	Note	2025 £m	2024 £m
FIXED ASSETS			
Investments	10	-	-
Tangible assets	11	750.6	708.5
		<u>750.6</u>	<u>708.5</u>
CURRENT ASSETS			
Stocks	12	3.0	2.2
Debtors - due in less than one year	13	1,800.3	1,215.7
- due after more than one year	13	88.3	81.9
Cash at bank and in hand		11.1	18.7
		<u>1,902.7</u>	<u>1,318.5</u>
CREDITORS: amounts falling due within one year	14	<u>(760.7)</u>	<u>(480.6)</u>
NET CURRENT ASSETS		<u>1,142.0</u>	<u>837.9</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,892.6	1,546.4
CREDITORS: amounts falling due after more than one year	15	(1,761.6)	(1,354.6)
POST-EMPLOYMENT PENSION LIABILITY	17	<u>(15.8)</u>	<u>(19.9)</u>
NET ASSETS		<u>115.2</u>	<u>171.9</u>
CAPITAL AND RESERVES			
Called-up share capital	18	7.9	7.9
Share premium account	18	18.1	18.1
Capital redemption reserve	18	1.3	1.3
Profit and loss account		87.9	144.6
		<u>115.2</u>	<u>171.9</u>
TOTAL SHAREHOLDER'S FUNDS		<u>115.2</u>	<u>171.9</u>

The financial statements of The Mersey Docks and Harbour Company Limited (company registration number 7438262), were approved and authorised for issue by the Board of Directors on 11 July 2025 and were signed on its behalf by:



J Clark
Director

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2025

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
As at 31 March 2023	7.9	18.1	1.3	159.6	186.9
Profit for the financial year	-	-	-	58.7	58.7
Other comprehensive expense	-	-	-	(3.7)	(3.7)
Total comprehensive income	-	-	-	55.0	55.0
Dividends (note 18)	-	-	-	(70.0)	(70.0)
Total transactions with owners, recognised directly in equity	-	-	-	(70.0)	(70.0)
As at 31 March 2024	7.9	18.1	1.3	144.6	171.9
Profit for the financial year	-	-	-	23.3	23.3
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	23.3	23.3
Dividends (note 18)	-	-	-	(80.0)	(80.0)
Total transactions with owners, recognised directly in equity	-	-	-	(80.0)	(80.0)
As at 31 March 2025	7.9	18.1	1.3	87.9	115.2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below.

Basis of preparation

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

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

Going concern

The directors have obtained confirmation from the directors of Peel Ports Group Limited that the Group will provide such financial support as is necessary to ensure that the Company will be able to meet its third-party liabilities as they fall due during the twelve months following the date of the signing of the 2025 financial statements. In considering the appropriateness of the going concern basis of preparation, the directors have considered consolidated forecasts for Peel Ports Group Limited, which include the Company, for the next twelve months from the date of signing the 2025 financial statements. These include detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the next twelve months after taking account of reasonably possible changes in trading performance. The Company is party to the cross-guarantee of the debt facility of Peel Ports Group Limited group ("the Group").

In considering the assumptions and conclusions of Group's management in making their assessment of going concern on a Group basis, the directors are cognisant of the following going concern disclosure, which appears in the financial statements of Peel Ports Group Limited for the year ended 31 March 2025:

- the directors prepare and update detailed annual budgets and two year projections that support the going concern assessment. For the period extending at least 12 months from the date of signing of these accounts, the Group has modelled different scenarios in the absence of further mitigating actions that show that the Group has sufficient headroom to withstand significant downward pressure on results from reduced volumes or customer opportunities not being converted, both in terms of available liquidity and the Group's covenant ratios. If the actual results are significantly worse than forecast, the Group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include reductions in variable staff and other variable costs to match reduced activity, a decreased level of capital expenditure or the deferment/cancellation of shareholder distributions;
- at the balance sheet date, the Group has net liabilities of £1,695.4m (2024: £1,653.3m) which are principally attributed to two factors. Firstly, the reorganisation of the Group in 2006 which was accounted for under merger accounting principles and resulted in the creation of a merger relief reserve of £506.1m. Secondly, the fair value of the Group's derivative financial instruments, primarily interest rate and index-linked cross currency swaps, which have a net liability of £426.5m (2024: £638.2m);

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- as at 31 March 2025, the Group had borrowings of £2,939.2m (2024: £2,450.3m), which are subject to covenant restrictions. No breaches have occurred in the historical period or are forecast to occur. After taking account of potential changes in trading performance, the Group's forecasts and projections indicate that it is expected to continue to comply with covenant requirements for a period of at least 12 months from the date of approval of the financial statements;
- during the year ended 31 March 2025, the Group drew down £200.0m of private placement debt raised during the previous financial year with maturities ranging from 10 to 12 years, and raised a further £375.0m which funded during the year with maturities ranging from 10 to 15 years.
- as at 31 March 2025, there are £159.4m of loans that are due for repayment in the year ending 31 March 2026 and a further £1.8m due for repayment in the six months ending 30 September 2026; all other loans and loan note instruments have repayment dates between 1 October 2027 and 6 March 2040.
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance net tangible fixed asset additions of £164.0m (2024: £208.5m) (cash outflow);
- as at the balance sheet date, the Group held £355.6m (2024: £139.4m) of cash balances and had undrawn loan facilities of £150.0m available; a further £160.0m of liquidity facility is available for the payment of interest;
- there is confidence that the Group has the resources and flexibility to respond timely to events as they occur; the Group's robust business model is underpinned by long-term customers with a high percentage of secure, and typically RPI-linked, revenue;
- management have concluded that the Group should generate sufficient EBITDA and cash to continue as a going concern and avoid breaching its loan covenants. Liquidity risk is principally managed by maintaining cash and borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the expected future needs of the Group.

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

Exemptions for qualifying entities under FRS 102

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary of Peel Ports Group Limited, which prepares consolidated financial statements that are publicly available.

Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

Revenue recognition

All revenue recorded excludes value added tax and consideration is given as to the collectability of any amounts due from customers.

Revenue from the provision of ports services comprises rates and dues, cargo handling charges, infrastructure charges, marine operations, utilities and fuel, service fees, port related rental income and other sundry income. Revenue from the provision of these services is recognised when the service is provided.

Contracts with customers are typically long-term in nature and often include minimum volume guarantees which, if not achieved by the customer, result in additional revenue to the Company to cover the shortfall. These shortfall revenues are recognised at the point that the underperformance on the contract can be reliably measured and the underperformance is reasonably certain, taking into account the period and other terms specified in the contract.

Revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the product have been transferred to the buyer. Where the profit on disposal is material, the gain is recorded on the face of the profit and loss account as a separate line item.

When a third-party is involved in providing goods or services to the Company's customers, consideration is given to whether the Company is a principal or an agent in these transactions by evaluating the nature of the commitment to the customer. The Company is a principal if it controls the promised goods or services before transferring them to the Company. If the Company's role is to arrange for a third-party to provide the goods or services, then the Company is acting as an agent and will record revenue at the net amount it retains for its agency services.

Finance income

Interest income on financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is included in net interest expense in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

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

(i) Short-term benefits

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

(ii) Defined contribution pension plans

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

(iii) Defined benefit pension plans

The Company operates a defined benefit pension plan for certain employees. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

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

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

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

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

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

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

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

Exceptional items

Exceptional items are those significant items which are separately disclosed on the face of the profit and loss account by virtue of their size or incidence to enable a full understanding of the Company's financial performance.

Finance costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance costs (continued)

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

Taxation

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

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

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

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

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

Investments

Fixed asset investments are stated at cost less any provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair value or the nominal value of shares issued. Income from investments in subsidiary undertakings is included in the profit and loss account when dividends have been declared.

Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned.

Estimated useful lives extend up to a maximum of:

- 100 years for operational buildings, dock structures, quays and capital dredge assets (capital dredge assets are depreciated over estimated useful lives of up to five years);
- 25 years for plant and machinery;
- freehold and leasehold land is not depreciated; and
- no depreciation is charged on capital work-in-progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

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

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

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

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

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

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Stocks

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

Financial instruments

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

(i) Financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(ii) Financial liabilities

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

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

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

Government grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all conditions pertaining to the grant.

Grants are recognised in the profit and loss account on a systematic basis that matches the timing of the related expenditure that they are intending to compensate in line with the performance conditions of the grant funding. Where the performance conditions have not been satisfied, grants are credited to a deferred income account until they are.

Share capital

Ordinary shares are classified as equity.

Distributions to equity holders

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

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These are based on management's best knowledge of the amount, event or actions, taking into account historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

These 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 wars in the Middle East and Eastern Europe continue to cause disruption to global economies and this has created significant uncertainty for many companies. Consideration has been given as to how this might impact the critical accounting judgements and estimates, with the most likely significant affect being in respect of the valuation of defined benefit pension scheme assets and liabilities. Volatility in investment markets as a result of economic uncertainty can affect both the valuation of pension scheme assets and the assessment of liabilities.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Company's accounting policies

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

Useful economic lives of tangible assets (notes 3 and 11)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets and note 3 for the useful economic lives for each class of asset. The depreciation charge for the year ended 31 March 2025 was £46.3m (2024: £45.3m).

Discount rates and other assumptions used to determine the carrying amount of the Company's defined benefit pension obligation (note 17)

The Company's defined benefit pension 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 judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. As an indication of the sensitivity of the resulting liability to changes in the discount rate, it is estimated that a 0.5% decrease in the rate applied would increase the liability approximately 7%.

In addition, the Company has to make assumptions regarding a number of other factors including life expectancy, salary increases and inflation rates. The Company takes actuarial advice when determining the appropriate assumptions to use. Further information on the Company's defined benefit pension arrangements can be found in note 17.

5. TURNOVER

Turnover arises in the UK from the following sources:

	2025 £m	2024 £m
Port operations	248.2	224.4

The Company operates a "value added model" business based on port-centric solutions that reflects the integral part the port plays in customer supply chains, with the objective of adding value at each touchpoint. As Statutory Harbour Authority (SHA) and Competent Harbour Authority (CHA), the Company derives revenue from the levying of dues for the use of harbours and the provision of services such as pilotage, mooring and towage. Short and long-term rentals in combination with other services, including additionally cargo handling, allow customers to benefit from the proximity of the port to major cities, industrial areas and motorway networks. Logistics services, including those provided by other group companies such as chartering, agency and transport, extend the value chain offered by the Company. The Company does not distinguish between each of these elements of port turnover, which in combination support the objective of attracting and maintaining commodity volume throughput.

6. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed by the Company during the year was 442 (2024: 446).

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. EMPLOYEES AND DIRECTORS (CONTINUED)

The staff costs for the above persons were:

	2025	2024
	£m	£m
Wages and salaries	21.3	19.1
Social security costs	2.2	1.9
Defined benefit pension fund cost (note 17)	0.9	0.6
Other pension costs – defined contribution pension schemes (note 17)	1.4	1.2
	<hr/>	<hr/>
Total staff costs	25.8	22.8
Amounts capitalised	(5.7)	(3.9)
	<hr/>	<hr/>
	20.1	18.9
	<hr/> <hr/>	<hr/> <hr/>

Directors

No director received any emoluments for their services to the Company (2024: £nil). Directors who are remunerated by other undertakings in the Peel Ports Group Limited group of companies are not disclosed in these financial statements. Those directors have to account in turn to those undertakings. Additionally, the emoluments of directors who are remunerated for services to the Group as a whole are not disclosed in these financial statements. It is not practicable to allocate their remuneration between their services to the Company, to the other companies in the group or to their Group role.

7. OPERATING PROFIT

	2025	2024
	£m	£m
Operating profit is stated after charging/(crediting):		
Depreciation – owned assets (note 11)	46.3	45.3
Operating lease charges	12.5	11.5
(Profit)/Loss on disposal of fixed assets	(0.2)	22.8
	<hr/>	<hr/>

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

Exceptional items of £9.1m relate to the settlement of historic legal claims of £7.3m, restructuring costs of £0.3m and £1.5m of other exceptional items. Exceptional costs of £0.8m were incurred in the year ended 31 March 2024, which included £0.5m in respect of restructuring costs.

The analysis of auditor’s remuneration is as follows:	2025	2024
	£m	£m
Fees payable to the Company’s auditor for the audit of the Company’s annual financial statements	0.1	0.1
	<hr/>	<hr/>

Fees paid to the Company’s auditor, BDO LLP, for services other than the statutory audit are not disclosed in the financial statements of the Company as the financial statements of the Company’s intermediate parent, Peel Ports Group Limited, are required to disclose non-audit fees on a consolidated basis.

The undemoted information in respect of Pilotage is given in accordance with Article 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

	2025	2024
	£m	£m
Income includes:		
Pilotage	25.3	21.7
	<hr/>	<hr/>
Expenditure includes:		
Pilotage*	20.9	22.0
	<hr/>	<hr/>

*Excludes defined benefit pension payments to the Pilots National Pension Fund of £0.9m (2024: £1.0m).

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. NET INTEREST EXPENSE

	2025 £m	2024 £m
a) Interest payable and similar charges:		
Loans from group undertakings	(77.3)	(58.1)
	<hr/>	<hr/>
b) Other finance costs:		
Net interest expense on post-employment benefits (note 17)	(0.8)	(0.8)
Unwind of discounts	-	(0.5)
	<hr/>	<hr/>
	(0.8)	(1.3)
	<hr/>	<hr/>
c) Interest receivable and similar income:		
External interest receivable	-	0.1
Loans from group undertakings	5.9	5.8
Loans from related undertakings (note 21)	0.9	0.5
	<hr/>	<hr/>
	6.8	6.4
	<hr/>	<hr/>
Net interest expense:		
Total interest payable and similar charges (note 8(a))	(77.3)	(58.1)
Other finance costs (note 8(b))	(0.8)	(1.3)
Interest receivable and similar income (note 8(c))	6.8	6.4
	<hr/>	<hr/>
	(71.3)	(53.0)
	<hr/> <hr/>	<hr/> <hr/>

9. TAXATION

a) Analysis of tax charge in the year:

	2025 £m	2024 £m
Current tax		
UK Corporation tax – current year	2.1	1.3
Adjustment in respect of prior years	0.2	-
	<hr/>	<hr/>
Total current tax	2.3	1.3
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	5.8	5.4
Adjustment in respect of prior years	2.0	(3.3)
	<hr/>	<hr/>
Total deferred tax	7.8	2.1
	<hr/>	<hr/>
Total tax charge	10.1	3.4
	<hr/> <hr/>	<hr/> <hr/>

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

9. TAXATION (CONTINUED)

b) Reconciliation of total taxation

Total taxation is higher (2024: lower) than that arising from applying the standard rate of UK corporation tax of 25% (2024: 25%). The differences are explained below:

	2025 £m	2024 £m
Profit before taxation	33.4	62.1
Profit before taxation multiplied by the standard rate of UK corporation tax of 25% (2024: 25%)	8.4	15.5
Effects of:		
Expenses not deductible for tax purposes / (income not taxable)	1.5	(0.8)
Group relief claimed without payment	(2.0)	(8.0)
Adjustment in respect of prior years	2.2	(3.3)
Total tax charge	10.1	3.4

c) Factors affecting future tax charges

Deferred tax balances are stated at 25% for the years ended 31 March 2024 and 31 March 2025 which is the rate at which they are expected to unwind.

d) Deferred tax

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

	2025 £m	2024 £m
Accelerated capital allowances	0.2	7.0
Short-term timing differences	(2.9)	(2.9)
Post-employment benefits	4.0	5.0
	<u>1.3</u>	<u>9.1</u>

The net deferred tax asset of £1.3m (2024: £9.1m asset) is recorded in debtors due in less than one year (2024: debtors due in less than one year) on the balance sheet (see note 13).

There are no unused tax losses or unused tax credits. The company has deferred tax not recognised relating to carried forward corporate interest restrictions of £14.1m (2024: £8.5m).

Movements in deferred tax

	Asset £m
As at 1 April 2024	9.1
Charged to the profit and loss account (note 9(a))	<u>(7.8)</u>
As at 31 March 2025	<u>1.3</u>

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2025

10. FIXED ASSET INVESTMENTS

	Investment in subsidiary undertakings	Total
	£m	£m
Cost and net book amount		
As at 31 March 2024 at 31 March 2025	-	-
	-	-

Subsidiary undertakings

Details of the Company's principal subsidiary undertakings, each of which is wholly owned and incorporated in the United Kingdom, are provided below:

Name of undertaking	Principal activity
Peel Ports Containers Limited	Intermediate Holding Company
The Mersey Docks and Harbour Company (RSCT) Limited*	Container Terminal Operator

Joint venture undertakings

Details of the Company's joint venture undertakings, each of which is incorporated in the United Kingdom, are provided below:

Name of undertaking	Principal activity
The Mersey Docks and Harbour Company (L2) Limited*	Container Terminal Operator
MDHC Container Services Limited*	Labour provider

*Held indirectly.

On 15 January 2020, the Company and Peel Ports Containers Limited entered into a joint venture agreement with Terminal Investment Limited S.A.R.L. in respect of The Mersey Docks and Harbour Company (L2) Limited ('MDHC (L2)'). Also on 15 January 2020, the business of the operation of the Liverpool2 deep-water container terminal at the Port of Liverpool was transferred from the Company to MDHC (L2). Certain employees of the Company were transferred, pursuant to TUPE regulations, to MDHC Container Services Limited at the same time. MDHC Container Services Limited provides labour and other services to both the Liverpool2 terminal and RSCT at the Port of Liverpool. As Statutory Harbour Authority and Competent Harbour Authority for the Port of Liverpool, the marine income from rates and dues remain with the Company.

The registered address of the subsidiary and joint venture undertakings is: Maritime Centre, Port of Liverpool, Liverpool, L21 1LA.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

11. TANGIBLE FIXED ASSETS

	Land and buildings - freehold £m	Plant and machinery £m	Capital work-in- progress £m	Total £m
Cost				
At 1 April 2024	754.3	406.00	48.7	1,209.0
Additions	4.8	-	83.6	88.4
Disposals	-	(1.2)	-	(1.2)
Transfer from capital work-in-progress	87.8	17.9	(105.7)	-
At 31 March 2025	<u>846.9</u>	<u>422.7</u>	<u>26.6</u>	<u>1,296.2</u>
Depreciation				
At 1 April 2024	329.3	171.2	-	500.5
Charge for year	26.4	19.9	-	46.3
Disposals	-	(1.2)	-	(1.2)
At 31 March 2025	<u>355.7</u>	<u>189.9</u>	<u>-</u>	<u>545.6</u>
Net book value				
At 31 March 2025	<u>491.2</u>	<u>232.8</u>	<u>26.6</u>	<u>750.6</u>
At 31 March 2024	<u>425.0</u>	<u>234.8</u>	<u>48.7</u>	<u>708.5</u>

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £13.3m (2024: £13.3m).

Non-depreciable land

Included within tangible fixed assets is freehold land, which is not subject to depreciation, amounting to £68.6m (2024: £68.6m).

12. STOCKS

	2025 £m	2024 £m
Raw materials and consumables	<u>3.0</u>	<u>2.2</u>

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

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

13. DEBTORS

Amounts falling due within one year:	2025	2024
	£m	£m
Trade debtors	21.0	34.2
Amounts owed by group undertakings	1,735.9	1,138.0
Amounts owed by related undertakings (note 21)	6.0	5.2
Deferred tax (note 9(d))	1.3	9.1
Corporation tax	12.4	2.1
Other debtors	3.1	5.0
Prepayments and accrued income	20.6	22.1
	<u>1,800.3</u>	<u>1,215.7</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	73.6	73.6
Amounts owed by related undertakings (note 21)	14.7	8.3
	<u>88.3</u>	<u>81.9</u>

The allowance for bad debt provision included in trade debtors above is £nil. (2024: £nil). The amounts that are past due but not impaired are immaterial for separate disclosure in the financial statements.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£m	£m
Group loans	87.7	36.3
Loans and other borrowings (note 16)	87.7	36.3
Trade creditors	20.8	18.5
Amounts owed to group undertakings	584.7	355.0
Amounts owed to related undertakings (note 21)	0.1	6.3
Other taxes and social security	3.2	3.4
Other creditors	2.6	3.1
Accruals and deferred income	61.6	58.0
	<u>760.7</u>	<u>480.6</u>

Details of security on the above borrowings are disclosed in note 16.

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

	2025	2024
	£m	£m
Group loans	1,760.9	1,353.9
Secured borrowings	0.7	0.7
	<u>1,761.6</u>	<u>1,354.6</u>

Details of security on the above borrowings are disclosed in note 16.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

16. LOANS AND OTHER BORROWINGS

	2025 £m	2024 £m
(a) Loans and other borrowings		
Group loans	1,848.6	1,386.3
Secured borrowings	0.7	0.7
	1,849.3	1,387.0
(b) Maturity of loans and borrowings:		
In less than one year – Group loans	87.7	36.3
In more than one year, but not more than five years – Group loans	717.6	87.5
In more than five years - Group loans	1,043.3	1,262.5
In more than five years - 3.625% irredeemable debentures	0.7	0.7
	1,849.3	1,387.0

Secured borrowings of £0.7m (2024: £0.7m) include 3.625% irredeemable debentures which are secured by a fixed charge over certain securities and a floating charge over Peel Ports (IDS) Limited. The debentures were delisted from the London Stock Exchange on 8 August 2016.

Group loans of £1,848.6m (2024: £1,386.3m) are amounts advanced to the Company by fellow subsidiary undertakings. The loans bear interest at a floating SONIA rate plus margin and are repayable over terms maturing between 1 April 2024 and 13 December 2033.

17. POST-EMPLOYMENT BENEFITS

The Company operates a defined benefit pension scheme based on final pensionable pay, the Peel Ports Final Salary Pension Scheme, which is closed to future accrual, and a defined contribution scheme. The Company is also a participating employer in a number of multi-employer industry-wide schemes, the largest of which is the Pilots National Pension Fund (“PNPF”). The Company also operates a defined contribution (otherwise known as money purchase) pension scheme, the Peel Ports Group Retirement Savings Plan.

Amounts recognised in profit and loss account are as follows:

	2025 £m	2024 £m
Defined benefit schemes		
- Scheme administrative costs (note 17(a))	0.9	0.6
Defined contribution scheme (note 17(b))	1.4	1.2
	2.3	1.8
Defined benefit schemes		
- Net interest expense (note 17(a))	0.8	0.8
	3.1	2.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	2025 £m	2024 £m
Post-employment pension liability	<u>15.8</u>	<u>19.9</u>

a) Defined benefit pension schemes

Administration and valuations

Defined benefit pension schemes, which pay benefits based on final pensionable pay, are administered by trustees and managed professionally. By law, the trustees' primary responsibility is to protect the interests of the members of the respective pension schemes and the assets of each of the schemes are held separately from the assets of the Company.

Defined benefit pension schemes are subject to triennial valuations using the projected unit credit method. These valuations, performed by qualified actuaries who are independent of the Company, are used to determine the level of contributions that the trustees, taking into account actuarial advice, require of the Company. The Company is committed to meeting its responsibilities to each of the defined benefit pension schemes to which it is party.

In addition to the triennial valuations, each defined benefit scheme is also valued annually for the purposes of these financial statements. These valuations are prepared in accordance with accounting standards (FRS 102), which require that all companies assume their pension fund grows at a standard rate reflecting a relatively low level of risk. Although this can aid comparability between companies, it means that these valuations are not representative of the funding position of each of the schemes.

The trustees, taking into account the relative strength of the Company and independent investment advice from pension experts, will set actuarial assumptions which reflect the investment strategy for each scheme rather than a prescribed approach as required for accounting disclosures. This can lead to a difference between the ongoing funding deficit based on the "technical provisions" and the accounting deficit. Generally, because of the maturity of the Company's pension schemes and the investments that the trustees hold, the accounting deficit is higher than the technical provisions deficit.

The investment strategy of the Company's defined benefit pension schemes is set by the trustees of the scheme after taking independent advice. The trustees will aim to achieve the investment objectives of the scheme through investing to varying degrees in a diversified mix of growth assets which, over the long term, would be expected to grow in value by more than low risk assets such as cash and gilts. Where appropriate, trustees will also invest in "Liability-driven investments" ("LDIs") that either hedge against interest rate or inflation risks. As interest rates fall or inflation increases the liabilities of the schemes will increase in value. LDIs that hedge against interest rate risk increase in value as interest rates decrease. LDIs that hedge against inflation risk increase in value as inflation increases. The trustees will also invest in hedge funds that may also hold financial derivatives designed to hedge the respective scheme's interest rate or inflation risks. The trustees will manage the risks associated with the different investment strategies by regular monitoring of investment managers and the overall strategy and results.

Defined benefit pension schemes operated by the Company

Peel Ports Final Salary Pension Scheme ("PPFSPS")

The PPFSPS is closed to future accrual with effect from 31 December 2013. Following the closure, employer contributions continue to be payable in relation to the recovery plan in place for the Scheme.

The most recent full triennial actuarial valuations for each of the five sections of the PPFSPS, including the MDHC Weekly Staff Section and the MDHC Salaried Officers Section (together, "the MDHC Sections"), were as at 5 April 2024. As at the latest actuarial valuation, the value of the assets within the MDHC Sections was £128.5m, which was sufficient to cover 105% of the benefits that had been accrued to members, after allowing for expected future increases in earnings. The total surplus was £6.0m.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Defined benefit pension schemes operated by the Company (continued)

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

The main assumptions applied in the 2024 triennial valuation were that the pre-retirement discount rate would be calculated as the fixed interest gilt yield plus 0.5% per annum, the post-retirement discount rate would be calculated as the fixed interest gilt yield curve plus 0.5% per annum and that RPI would be determined from the gilt market implied break-even inflation, based on Bank of England published data. CPI inflation is RPI minus best estimate term dependent wedge (0.9% p.a. pre-2030 and 0.1% p.a. post-2030 at 5 April 2024).

Due to the funding position, the Trustee has concluded that the previous deficit repair contributions were no longer required, so those ended in November 2024. The Company will continue to pay scheme administrative expenses of £0.1m per annum. During the year, the Company made contributions of £2.9m (2024: £4.3m). The triennial valuation as at 5 April 2027 is expected to be completed by the end of 2027.

At 31 March 2025, the Company's share of the surplus, on a FRS 102 accounting standards basis, was £0.2m (2024: £2.0m), which is after the restriction of a surplus of £10.5m (2024: £nil), is included in the amount recognised in the balance sheet.

Industry-wide defined benefit pension schemes

The Pilots National Pension Fund ("PNPF")

The Pilots National Pension Fund ("PNPF") is a multi-employer industry-wide defined benefit pension scheme that is accounted for on a defined benefits basis. The trustee assessed and indicated the Company's share of the deficit as at 31 December 2010 to be 13.1%. Although the respective shares of the deficit as at 31 December 2010 hasn't changed, the Trustee has taken into account changes in the membership of the PNPF since the original recovery plan was introduced when allocating the share of the additional deficit arising from the most recent actuarial triennial valuation. Membership changes since the original plan will include the extent to which ports have active pilots, with active pilots continuing to accrue benefits and therefore increase the deficit, actual experience with mortality rates and pilot members who have transferred out of the PNPF to alternative pension arrangements. The latest valuation shows that the PNPF's deficit is approximately £20m higher than was expected by the original recovery plan. The Trustee has indicated that the Company's share of the new additional deficit is 18.7% and this has been applied when determining the additional future deficit repair contributions payable to the Fund, as set out further below.

The most recent formal actuarial valuation, completed by an independent actuary, was as at 31 December 2022.

As at that date, the scheme had assets with a market value of £247.6m, representing 67% of the benefits that had accrued to members. The total deficit was £123.9m. The main assumptions in the actuarial valuation were that long-term investment rates, and the discount rate, would be based on a fixed interest gilt yield curve plus 3.0% per annum for pre-retirement and plus 0.5% per annum for post-retirement. Pensionable salary increases were set at CPI. The RPI assumption and any associated increases are derived from the implied curve and the CPI assumptions and any associated increases are based on the RPI assumption curve less 1.0% per annum for any increases prior to 2030, and 0.1% per annum for any increases post 2030. This is to reflect the structural differences between the calculation of PRI and CPI at the date any calculation is carried out and the replacement of the RPI calculation methodology with CPI in 2030.

As the actuarial valuation disclosed a slightly higher deficit than the previous Recovery Plan, the additional Recovery Plan was extended by one year, so as to achieve a fully funded status by 31 December 2029. During the year ended 31 March 2025, the Company made contributions of £3.0m (2024: £2.9m) to the PNPF.

The next triennial valuation falls due as at 31 December 2025, and is expected to be completed by late 2026.

At 31 March 2025, the Company's share of the deficit, on an FRS 102 accounting standards basis, was £15.6m (2024: £17.8m), which is included in the amounts recognised in the balance sheet.

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

Merchant Navy Officers Pension Fund ("MNOFP")

The scheme closed to future accrual with effect from 31 March 2016 with a Defined Contribution Section being introduced for future pension accrual. The Company's share of the scheme has been assessed by the trustee and actuary to be 0.14%. The Company has no active members within the Defined Contribution Section.

During the year, the Company made contributions of £nil (2024: £nil) to the Defined Benefit Section in relation to the past-service deficit. The Group's share of the MNOFP Defined Benefit Section's scheme assets and liabilities is accounted for on a defined benefits basis.

The most recent triennial valuation of the Defined Benefit Section was carried out at 31 March 2021, when the Section had assets of £3,250m, representing 102% of the benefits accrued to members as at that date. The total surplus was £58m. The main assumptions were that the discount rate would be based on gilts plus 0.875% at 31 March 2021, trending linearly down to gilts plus 0.25% from 2025, RPI would be derived from the break-even RPI curve and CPI would be 1.0% below RPI to 2030 and in line with RPI thereafter. As there are sufficient assets to cover the Fund's technical provisions, no deficit recovery payment plan is required. The triennial valuation as at 31 March 2025 is expected to be completed by early 2025.

At 31 March 2025, the Company's share of the surplus on an FRS 102 accounting standards basis was £nil (2024: £nil), which is after the restriction of a surplus of £0.2m (2024: £nil), is included in the amount recognised in the balance sheet.

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

Net pension liability

	2025 £m	2024 £m
Fair value of scheme assets	152.0	164.4
Present value of funded obligations	(157.0)	(184.1)
	(5.0)	(19.7)
Present value of unfunded obligations	(0.1)	(0.1)
Restriction of surplus	(10.7)	(0.1)
Post-employment pension liability	(15.8)	(19.9)

Reconciliation of scheme assets and liabilities

	Assets £m	Liabilities £m	Total £m
As at 1 April 2024	164.3	(184.2)	(19.9)
Benefits paid	(13.0)	13.0	-
Employer contributions	5.9	-	5.9
Employee contributions	1.0	(1.0)	-
Interest income/(expense)	7.8	(8.6)	(0.8)
Scheme administrative expenses	(0.9)	-	(0.9)
Remeasurement gains/(losses)			
- Actuarial gains	-	23.8	23.8
- Return on plan assets excluding interest income	(13.2)	-	(13.2)
	151.9	(157.0)	(5.1)
As at 31 March 2025, before restriction of surplus	151.9	(157.0)	(5.1)
Restriction of surplus	(10.7)	-	(10.7)
As at 31 March 2025	141.2	(157.0)	(15.8)

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

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

The net remeasurement of the defined benefit liability for the year ended 31 March 2025, recorded in other comprehensive income, is a loss of £nil (2024: loss of £5.0m), which is the sum of the remeasurement gains/(losses) of £10.6m net gain (2024: net loss of £4.9m) and after a loss of £10.6m (2024: £0.1m) from the movement in the surplus restriction (from £0.1m to £10.7m).

Total cost recognised as an expense

	2025 £m	2024 £m
Scheme administrative expenses	0.9	0.6
Interest cost (note 8)	0.8	0.8
	<u>1.7</u>	<u>1.4</u>

No amounts (2024: £nil) have been capitalised into the cost of assets.

Fair value of the plan assets:

	2025 £m	2024 £m
Equities	14.2	8.7
Hedge funds	1.0	1.2
Fixed-interest gilts	6.4	1.0
Index-linked gilts	-	0.2
Absolute return funds	0.6	-
Liability-driven investments	33.2	37.9
Corporate bonds	32.0	35.2
Insurance policies/annuities	4.7	6.0
Diversified growth funds	-	15.1
Property	-	0.1
Private Credit	-	22.2
Cash	59.9	36.8
	<u>152.0</u>	<u>164.4</u>
Total	<u>152.0</u>	<u>164.4</u>

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

Return on plan assets

	2025 £m	2024 £m
Interest income	7.8	7.8
Loss on plan assets less interest income	(13.2)	(4.5)
	<u>(5.4)</u>	<u>3.3</u>
Total (loss)/gain	<u>(5.4)</u>	<u>3.3</u>

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

a) Defined benefit pension schemes (continued)

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

Principal actuarial assumptions used at the balance sheet date

Adjustments to the actuarial valuations as at the dates described in the preceding section have been made for FRS 102 accounting standards purposes based on the assumptions set out below.

Assumptions

	2025	2024
Discount rate	5.6%	4.8%
Price inflation (RPI)	3.3%	3.3%
Price inflation (CPI)	2.7%	2.7%
Rate of increase of:		
- pensionable salaries	3.3%	3.3%
- pensions in payment	3.0%	3.0%
- deferred pensions	3.3%	3.3%

The mortality assumptions used were as follows:

	2025 Years	2024 Years
Longevity at age 65 for current pensioners:		
- Men	21.1	21.6
- Women	23.6	24.0
Longevity at age 65 for future pensioners (currently aged 45):		
- Men	22.7	23.2
- Women	25.4	25.7

Sensitivities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	+/- 0.5%	-/+ 4%
Inflation	+/- 0.5%	+/- 1%
Rate of increase in pensionable salaries	+/- 0.5%	+/- 1%
Mortality	+1 year	+5%

b) Defined contribution scheme

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

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

b) Defined benefit pension schemes (continued)

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

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

	2025	2024
	£m	£m
Current year contributions (note 6)	1.4	1.2
	<u>1.4</u>	<u>1.2</u>

18. SHARE CAPITAL AND OTHER RESERVES

	Number	2025	2024
	(m)	£m	£m
Allotted, called-up and fully paid share capital			
Ordinary shares of 10p each	79.3	7.9	7.9
	<u>79.3</u>	<u>7.9</u>	<u>7.9</u>

Equity dividends paid

	2025	2024
	£m	£m
Interim ordinary dividends paid	80.0	70.0
	<u>80.0</u>	<u>70.0</u>

Other reserves

The Company's other reserves are as follows:

The share premium account represents the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents amounts transferred following the redemption or purchase of the Company's own shares.

19. CAPITAL COMMITMENTS

	2025	2024
	£m	£m
Capital expenditure contracted for but not provided for	24.3	10.6
	<u>24.3</u>	<u>10.6</u>

20. GROUP BORROWING FACILITY

The Company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under bank and private placement loans by certain group companies. At 31 March 2025, this amounted to £2,450.2m (2024: £2,450.3m).

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

21. RELATED PARTY TRANSACTIONS

Marine Support Services

The following summarises the transactions during the year with the former Marine Support Services segment of Peel Ports Group Limited. Companies within the former Marine Support Services segment were disposed of on 23 July 2020 to Peel Ports Holdings (No 2) (IOM) Limited, a company in which Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l had at the time a 50.1% and 49.9% shareholding respectively. Both of Peel Ports Investments (IOM) Limited and Infrastructure JVCo (Lime) S.a.r.l. were both related parties to the Group through shareholdings. Infrastructure JVCo (Lime) S.a.r.l. ceased to be a related party in the year ended 31 March 2022. Prior to 31 March 2024, the principal transactions with the former Marine Support Services segment were in respect of the lease of land. As disclosed below, the land that was subject to the lease arrangements was sold on 5 March 2024. During the year ended 31 March 2025, total rent and other income from the former Marine Support Services segment amounted to £1.8m (2024: £3.1m). As at 31 March 2025, £0.2m was due from the related party (2024: £0.4m).

Entities in the Peel Holdings (IOM) Limited group of companies

The following summarises the transactions during the year with the Peel Holdings (IOM) Limited group of companies. Peel Holdings (IOM) Limited is a related party due to the group of which it is part having a shareholding in Peel Ports Holdings (CI) Limited, the Group's ultimate parent undertaking.

Property transactions in the year ended 31 March 2024

On 5 March 2024, the Company entered into two property-related transactions with entities in the Peel Holdings (IOM) Limited group of companies.

The first transaction involved an option held by Peel L&P (Ports) Limited over certain land owned by the Company being terminated by mutual agreement. The option had been entered into in the year ended 31 March 2007, when it was considered that the land would subsequently cease to be used for port operational purposes. As the asset is now considered integral to port operations, the option agreement has been terminated and the asset is now held by the Company free of any option arrangement, which will better enable the Company to grow its operations. This settled an outstanding deferred liability of £30.8m on the opening balance sheet, with no gain or loss arising on termination in the year ended 31 March 2024.

The second transaction was the sale of certain land assets including those that were previously leased by the Company to the Peel Ports Group's former Marine Support Services segment, which was sold to Peel Ports Holdings (No 2) (IOM) Limited in the year ended 31 March 2021.

As explained above, the lease also represented a related party transaction. The land was sold to Peel Land & Property (Ports No 3) Limited and Peel South East Limited for total consideration of £29.4m and a profit on disposal of £21.2m has been recorded in the profit and loss account. In addition, the Company sold other land to Peel L&P Investments (Intermediate) Limited for £1.4m, giving rise to a £1.3m gain on disposal. As related party transactions, they were supported by independent third party valuations and approved by the Board of Directors. It was agreed between the parties that the transactions would be settled on a net basis.

A payable of £6.2m to Peel L&P (Ports) Limited was outstanding as of 31 March 2024, which was settled on 2 April 2024

Related Party	Transaction	2025 £m	2024 £m
Peel Holdings (IOM) Limited group of companies	Sales	-	24.9
	Purchases	-	(0.1)

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Entities in the Peel Holdings (IOM) Limited group of companies (continued)

As at the balance sheet date, the following significant amounts were due (to)/from related parties:

Related Party	2025	2024
	£m	£m
Peel Holdings (IOM) Limited group of companies	-	(6.1)

Joint ventures

Related party	Transaction	2025	2024
		£m	£m
The Mersey Docks and Harbour Company (L2) Limited and MDHC Container Services Limited	Sales and expenses recharged	14.0	17.6
	Purchases	(0.1)	(0.5)

As at the balance sheet date, the following significant amounts were due from related parties:

Related party	2025	2024
	£m	£m
The Mersey Docks and Harbour Company (L2) Limited and MDHC Container Services Limited	20.5	10.8

As at 31 March 2025, the amount due from the above joint venture undertakings was £20.5m (2024: £10.8m). This includes a loan balance of £14.7m (2024: £8.3m) that bears interest at the Bank of England base rate plus 3% and is repayable in full on 15 January 2030. Loan interest of £0.9m (2024: £0.5m) (note 8) was earned in the year and the receivable from this interest is included in the amounts due from the joint venture in each year presented (on a cumulative basis). The interest earned is not included in the sales and expenses recharged numbers disclosed above.

22. OTHER FINANCIAL COMMITMENTS

As at 31 March, the Company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2025	2024
	£m	£m
Within one year	12.2	9.2
Within two to five years	39.7	33.8
After five years	253.5	198.9
	<u>305.4</u>	<u>241.9</u>

THE MERSEY DOCKS AND HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

23. ULTIMATE AND IMMEDIATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Peel Ports Investments Limited. The ultimate parent company is Peel Ports Holdings (CI) Limited, a company incorporated in the Cayman Islands. Peel Ports Group Limited is the largest and smallest group company for which publicly available consolidated financial statements are prepared. The financial statements of The Mersey Docks and Harbour Company Limited form part of the consolidated financial statements of Peel Ports Group Limited which are available to the public from its registered office:

The Company Secretary
Peel Ports Group Limited
Maritime Centre
Port of Liverpool
L21 1LA.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Peel Ports Holdings (CI) Limited, the immediate parent company of Peel Ports Group Limited.