Company Registration No: 7438096

THE MANCHESTER SHIP CANAL COMPANY LIMITED

Report and Financial Statements

For the year ended 31 March 2015

REPORT AND FINANCIAL STATEMENTS

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T E Allison
I G L Charnock
G E Hodgson
Sir R C Leese
S Underwood
P P Wainscott
J Whittaker
M Whitworth

COMPANY SECRETARY

C R Marrison Gill

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
Liverpool
L21 1LA

REGISTRARS AND TRANSFERS OFFICE

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Registration and New Issues
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BR3 4TU

BANKERS

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

AUDITOR

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

STRATEGIC REPORT

The directors present their strategic report, directors' report and the audited financial statements of the Company for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of port facilities, cargo handling and marine related services. An integral part of the port operations is the management of its land and property interests.

RESULTS AND DIVIDENDS

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

The directors proposed and paid interim ordinary dividends of £15.9m (2014: £18.9m). The directors proposed and paid dividends of £0.1m (2014: £0.1m) on the 3.5% (net) preference shares.

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS

Summary of results

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

Continuing operations	2015 £m	2014 £m	Change £m	%
Turnover	34.5	35.3	(0.8)	(2.3)
Gross profit	16.3	18.1	(1.8)	(9.9)
Operating profit	16.0	15.2	0.8	5.3

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

Net assets were £53.1m at 31 March 2015 (2014: £56.4m). In addition to the profit for the financial year of £15.3m (2014: £14.6m), the net asset position has changed principally because of the payment of interim dividends of £15.9m (2014: £18.9m) and a recognised actuarial loss, net of deferred tax, relating to the defined benefit pension arrangements of £2.7m (2014: £0.7m).

Details of operating exceptional items of £nil (2014: £2.0m) can be found in note 6. The prior year charge includes a non-cash pension curtailment loss of £1.8m arising from the closure of the Group's defined benefit pension scheme to future accrual (see note 18).

Summary of key performance indicators

The directors use annual budgets as the basis for measuring Company performance. In addition, the Company prepares two year forecasts and a ten year strategic plan from a participative process.

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 (shown overleaf).

STRATEGIC REPORT (CONTINUED)

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS (CONTINUED)

Summary of key performance indicators (continued)

	2015	2014	Absolute Change	% Change	Method of calculation
Turnover (£m)	34.5	35.3	(0.8)	(2.3)	Year-on-year change in turnover
Gross profit margin	47.2%	51.3%	(4.1)	(8.0)	Ratio of gross profit to turnover expressed as a percentage
Tonnage throughput (millions)	7.3	7.4	(0.1)	(1.4)	Year-on-year change in tonnage using standard tonnage measures for the Ports industry

Tonnage throughput was slightly down on the prior year, with revenue lower by 2.3% and gross margin lower by 8.0%, primarily due to spot market opportunities in the prior year. Underlying core sector revenues were strong within both bulk liquid and bulk solid sectors.

Economic indicators suggest that the outlook continues to be positive and it is anticipated that the business is in a good position to benefit from this.

PRINCIPAL RISKS AND UNCERTAINTIES

Economic outlook and market pressures

The port forms part of a wider transport infrastructure. The key operational risk and uncertainty relates to the dependency upon the economic activity of the businesses and consumers within an economic geographic proximity of the port. 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 port.

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the port. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another.

Liquidity, cash flow and interest risks

The key financial risk arises from the level of long-term debt held by the Company and the wider Peel Ports Group and the interest arising thereon. The Group's loans and loan note instruments with repayment dates between 3 October 2016 and 30 September 2046 ("long-term debt") amount to £1,502.4m (2014: £1,367.4m). The cash flow risk arising in connection with interest charges is mitigated through the use of interest rate and index-linked swaps held by the Group. Further details on this risk can be found in the consolidated financial statements of Peel Ports Group Limited, the smallest UK group in which the accounts of the Company are consolidated.

The directors consider that the combination of the swap instruments, stable trading of the port 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.

Credit risk

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

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Pensions risk

The Company operates defined benefit pension schemes and is party to the Pilots National Pension Fund ('PNPF'), an industry-wide pension scheme. Modest changes to the assumptions used to value the defined benefit pension arrangements' assets and liabilities can have a significant effect on the asset or liability that the Company records. The arrangements and the assumptions used are more fully explained in note 18 of the financial statements, together with an indication of the sensitivity of amounts recorded to changes in assumptions. At 31 March 2015, the Company balance sheet recorded a pension liability, net of deferred taxation, of £9.8m (2014: £8.4m). The year-on-year increase in the net liability was primarily due to revised actuarial assumptions due to lower corporate bond yields. The Company manages its responsibilities with regard to funding its defined benefit pension arrangements by agreeing contribution rates with the trustees to enable deficits to be recovered over appropriate periods of time.

As explained in note 18, the Peel Ports Group Final Salary Pension Scheme closed to future accrual during the prior year. Benefits accrued by members prior to the closure were unaffected and liabilities for these continue to be recorded on the Company's balance sheet.

Health and safety

The nature of the ports industry is such that the work undertaken requires employees and contractors to be totally aware of their working environment as there is always the possibility of accidents occurring. Some of the cargoes which are handled are dangerous and need to be handled in accordance with specific procedures.

The Company enforces rigorous policies and procedures and has emergency plans in place which are reviewed and updated where necessary. In addition, training and safety guidance is provided to all employees and contractors working in the port. The Board of Directors is committed to ensuring that the Company complies with all appropriate health and safety requirements and to achieving continuous improvement.

Going concern

As referred to in note 1 to the financial statements, the directors have a reasonable expectation that the Company 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.

On behalf of the Board

I G L Charnock
Director
10 July 2015

DIRECTORS' REPORT

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

DIRECTORS

The directors of the Company who served during the year and thereafter, except as noted, were as follows:

T E Allison
I G L Charnock
G E Hodgson
Sir Richard Leese
M MacKay (resigned 30 May 2014)
S Underwood
P P Wainscott
J Whittaker
M Whitworth

Under the Companies Act 2006 Sir Richard Leese would be regarded as a non-executive director. Sir Richard Leese has been leader of Manchester City Council since 1996.

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

RECOMMENDED DIVIDEND

No final dividend is proposed (2014: £nil).

EMPLOYEES

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

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.

ENVIRONMENT

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

DIRECTORS' REPORT (CONTINUED)

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.

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

On behalf of the Board

I G L Charnock
Director
10 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MANCHESTER SHIP CANAL COMPANY LIMITED

We have audited the financial statements of The Manchester Ship Canal Company Limited for the year ended 31 March 2015 which comprise the profit and loss account, the note of historical cost profits and losses, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds, the balance sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as 31 March 2015 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MANCHESTER SHIP CANAL COMPANY LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, United Kingdom
10 July 2015

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2015

	Note	2015 £m	2014 £m
TURNOVER	1,2	34.5	35.3
Cost of sales		(18.2)	(17.2)
GROSS PROFIT		16.3	18.1
Other administrative expenses		(0.8)	(0.9)
Exceptional administrative expenses	6	-	(2.0)
Administrative expenses		(0.8)	(2.9)
Other income		0.5	-
OPERATING PROFIT	5	16.0	15.2
Net interest and similar items	7	(0.2)	(0.5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15.8	14.7
Tax on profit on ordinary activities	8	(0.5)	(0.1)
PROFIT FOR THE FINANCIAL YEAR	17	15.3	14.6

The above results are derived from continuing operations.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 March 2015

	2015 £m	2014 £m
Reported profit on ordinary activities before taxation	15.8	14.7
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	0.2	0.2
Historical cost profit for the year before taxation	16.0	14.9
Historical cost profit for the year after taxation	15.5	14.8

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2015

	Note	2015 £m	2014 £m
Profit for the financial year		15.3	14.6
Other recognised gains and losses			
Actuarial loss relating to defined benefit pension schemes	17, 18	(3.4)	(0.9)
Movement on deferred taxation relating to defined benefit pension schemes	17	0.7	0.2
		(2.7)	(0.7)
Total recognised gains and losses for the financial year		12.6	13.9

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 March 2015

	Note	2015 £m	2014 £m
Profit for the financial year		15.3	14.6
Dividends paid	9	(15.9)	(18.9)
Other recognised gains and losses for the financial year		(2.7)	(0.7)
Net change in shareholder's funds		(3.3)	(5.0)
Opening shareholder's funds		56.4	61.4
Closing shareholder's funds		53.1	56.4

BALANCE SHEET
As at 31 March 2015

	Note	2015 £m	2014 £m
FIXED ASSETS			
Tangible assets	10	64.1	64.7
CURRENT ASSETS			
Debtors	11	35.9	54.3
Cash at bank and in hand		1.2	1.9
		37.1	56.2
CREDITORS: amounts falling due within one year	12	(6.4)	(24.3)
NET CURRENT ASSETS		30.7	31.9
TOTAL ASSETS LESS CURRENT LIABILITIES		94.8	96.6
CREDITORS: amounts falling due after more than one year	13	(30.5)	(30.5)
PROVISIONS FOR LIABILITIES	15	(1.4)	(1.3)
NET ASSETS EXCLUDING PENSION LIABILITY		62.9	64.8
Pension liability	18	(9.8)	(8.4)
NET ASSETS INCLUDING PENSION LIABILITY		53.1	56.4
CAPITAL AND RESERVES			
Called-up share capital	16	4.0	4.0
Revaluation reserve	17	16.5	16.7
Capital redemption reserve	17	3.3	3.3
Profit and loss account	17	29.3	32.4
TOTAL SHAREHOLDER'S FUNDS		53.1	56.4

The financial statements of The Manchester Ship Canal Company Limited (company registration number 7438096), were approved by the Board of Directors on 10 July 2015 and were signed on its behalf by:

I G L Charnock
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

1. ACCOUNTING POLICIES

These financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom law and accounting standards. 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

In considering the appropriateness of the going concern basis of preparation, the directors have considered forecasts for the next twelve months from the date of signing the 2015 financial statements, which include detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the next twelve months 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"). Therefore, the directors of the Company have considered the assumptions and conclusions of Group's management in making their assessment of going concern on a Group basis and 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 2015:

- "the directors prepare and update detailed annual budgets, two year forecasts, and ten year strategic plans. Together these show that sufficient resources are available to the business and on this basis the directors continue to adopt the going concern assumption;
- at the balance sheet date, the Group has net liabilities of £662.1m (2014: £566.6m) which are principally attributed to the reorganisation of the Group in 2006 which was accounted for under merger accounting principles and resulted in the creation of a merger relief reserve of £506.1m;
- at the balance sheet date, the Group has borrowings of £1,379.4m (2014: £1,244.4m), which are subject to covenant restrictions. No breaches have occurred in the historical period or are forecast to occur. After taking account of reasonably possible changes in trading performance, the Group's forecasts and projections indicate that it is expected to continue to comply with covenant requirements for a period of at least 12 months from the date of approval of the financial statements;
- the Group's loans and loan note instruments have repayment dates between 3 October 2016 and 30 September 2046;
- in the year ended 31 March 2015, turnover decreased slightly, by £7.6m to £616.1m. Group operating profit increased by £29.6m to £136.0m;
- cash inflows generated in the year, together with utilisation of existing capital expenditure facilities, enabled the Group to finance fixed asset additions of £185.8m;
- at the balance sheet date the Group held £69.4m of cash balances and had undrawn loan facilities of £212.7m available, of which £66.7m is specific to the development of the Liverpool2 facility at the Port of Liverpool."

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

Turnover

Turnover is stated net of VAT, rebates and trade discounts. Turnover from the sale of goods and services is recognised when the significant risk and benefits of ownership of the product have transferred to the buyer or the service has been discharged, which may be upon shipment, completion of the product or the product being ready for delivery, based on specified contract terms. Port income comprises amounts receivable by the Company in respect of services provided during the financial year. Property turnover comprises property rental income and rental premiums, which are accounted for on an accruals basis. All turnover arises in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

1. **ACCOUNTING POLICIES (CONTINUED)**

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at rates applicable at the balance sheet date or forward foreign exchange contract rates as appropriate. Gains and losses on foreign currency transactions arising in the ordinary course of business are included in operating profit.

Investments

The Company holds investments in a number of wholly-owned subsidiary companies with a total cost value of £nil. These subsidiaries, which are dormant and have never traded, were incorporated in the Cayman Islands. The companies held by the Company are: Runcorn Newco Limited, Ellesmere Newco Limited and Irwell Newco Limited..

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.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, excluding freehold and long-leasehold land and capital work-in-progress, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- operational buildings at rates varying between 1% and 4% per annum;
- plant and machinery at rates varying between 5% and 25% per annum;
- freehold and leasehold land is not depreciated; and
- no depreciation is charged on capital work-in-progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

Residual value is calculated on prices prevailing at the date of acquisition or revaluations.

The carrying value of previously revalued tangible fixed assets was frozen under the transitional arrangements of FRS 15 'Tangible Fixed Assets'.

Taxation

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

1. ACCOUNTING POLICIES (CONTINUED)

Pension costs

The cost of the Company's money purchase pension arrangements is charged to the profit and loss account on the basis of contributions payable in respect of the accounting period.

The Company also operates a defined benefit scheme, which requires contributions to be made to a separately administered fund. This has been accounted for under the requirements of FRS 17 "Retirement Benefits".

Under FRS 17, the defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged against operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The Company recognises an asset in respect of any surplus, being the excess of the value of the assets in the scheme over the present value of the scheme's liabilities, only to the extent that it is able to recover the surplus, either through reduced contributions in the future or from refunds from the scheme.

Leased assets

Assets acquired under finance leases are capitalised at a value equivalent to the cost incurred by the lessor and depreciated over their expected useful economic lives. Finance charges thereon are charged to the profit and loss account in the period in which they accrue. The capital element of the future lease payments is reflected within creditors.

Costs in respect of operating leases are charged directly to the profit and loss account on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs.

Financial assets are classified depending on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is a rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Loans and receivables

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

1. **ACCOUNTING POLICIES (CONTINUED)**

Financial instruments (continued)

Impairment of financial assets

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

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in economic conditions that correlate with default on debtors.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement and is determined at the time of initial recognition. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is a rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled or they expire.

Risk management

The principal risks and uncertainties facing the Company, including operational risk, financial risk, and credit risk are discussed within the Strategic Report. Management's assessment of these risks incorporate consideration of the Company's financial instruments which include cash, loans and receivables (debtors) and other financial liabilities measured at amortised cost (creditors).

Foreign exchange risk and interest rate risk have been considered by the directors and have been deemed not to be significant in relation to the operations of the Company. Consequently, no further disclosure has been included within the financial statements.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost. The directors establish the overall liquidity and capital policies of the Company. The Company's risk management policies are designed to mitigate the potential risk that the Company may be unable to access adequate financing to service its financial obligations when they fall due without adverse business impact.

See notes 12, 13 and 14 for details of the balances included in other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

1. ACCOUNTING POLICIES (CONTINUED)

Cash flow statement

The Company is a wholly-owned subsidiary of Peel Ports Group Limited. The cash flows of the Company are included in the consolidated cash flow statement of Peel Ports Group Limited. Consequently, the Company is exempt, under the terms of FRS 1 (Revised 1996), from publishing a cash flow statement.

Related party disclosures

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly-owned undertakings within the Peel Ports Group Limited group of companies.

2. SEGMENTAL INFORMATION

	2015 £m	2014 £m
Turnover arises in the UK from the following sources:		
Port and canal operations	33.7	33.5
Rental income	0.8	1.8
	34.5	35.3

3. DIRECTORS' EMOLUMENTS

The directors are also directors of other Group companies or of companies outside of the Group and spend the majority of their time dealing with the affairs of those companies. For this reason no recharge of the emoluments was made to the Company in the year ended 31 March 2015 (2014: £nil).

4. EMPLOYEE INFORMATION

The average monthly number of persons employed by the Company during the year was:

	2015 No.	2014 No.
Administration	17	18
Operational	34	41
	51	59

The staff costs for the above persons were:

	2015 £m	2014 £m
Wages and salaries	1.5	1.9
Social security costs	0.2	0.2
Defined benefits pension fund service cost (note 18)	-	0.3
Other pension costs (note 18)	0.2	0.1
	1.9	2.5

Other pension costs are Company contributions to defined contribution pension schemes. Contributions to defined benefit pension schemes recorded in the balance sheet are disclosed in note 18. These total £1.2m (2014: £1.2m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

5. OPERATING PROFIT

	2015 £m	2014 £m
Operating profit is stated after charging/(crediting):		
Depreciation – owned assets	2.5	2.3
Profit on disposal of fixed assets	(0.5)	(0.1)
Hire of plant and machinery under operating leases	0.6	1.1
Hire of other assets under operating leases	0.9	0.9

	2015 £'000	2014 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	23	23

Fees paid to the Company's auditor, Deloitte 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 undernoted information in respect of Pilotage is given in accordance with Article 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

	2015 £m	2014 £m
Port and Canal income includes:		
Pilotage (including exemption certificates of £285 (2014: £4,000))	1.7	1.6
Port and canal expenditures includes:		
Pilotage*	1.7	1.6

*Excludes defined benefits pension payments to the Pilots National Pension Fund.

6. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2015 £m	2014 £m
Pension curtailment losses	-	1.8
Restructuring expenses	-	0.2
	-	2.0

Pension curtailment losses in 2014 arose as a consequence of the closure to future accrual of the Peel Ports Final Salary Pension Scheme (see note 18).

Restructuring expenses in 2014 comprise redundancy and other costs incurred in connection with the streamlining and reorganisation of activities as part of a strategic review of the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

7. NET INTEREST AND SIMILAR ITEMS

	2015 £m	2014 £m
Interest payable:		
Other loans	(0.3)	(0.2)
Loans from group undertakings	(0.6)	(0.6)
Dividends on preference shares classed as financial liabilities	(0.1)	(0.1)
Total interest payable and similar charges	(1.0)	(0.9)
Interest receivable:		
Bank and other deposits	0.3	0.2
Other finance income:		
Expected return on pension scheme assets	4.0	3.6
Interest on pension scheme liabilities	(3.5)	(3.4)
Total other finance income (note 18)	0.5	0.2
Net interest and similar items	(0.2)	(0.5)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £m	2014 £m
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	0.1	0.2
Change of UK tax rate	-	(0.2)
Pension cost relief in excess of pension charge	-	(0.2)
Pension cost relief – change of UK tax rate	0.4	0.3
Total deferred tax charge	0.5	0.1
Total tax on profit on ordinary activities	0.5	0.1

Excluding deferred tax items relating to the defined benefit pension schemes, there is a deferred tax charge of £0.1m in the year (2014: £nil) (note 15).

A reduction in the rate of UK corporation tax from 21% to 20% with effect from 1 April 2015 was enacted in 2013. The deferred tax balances as at 31 March 2015 have been calculated at a rate of 20% (2014: 20%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Reconciliation of current tax charge

The current tax charge is lower (2014: lower) than that arising from applying the standard rate of UK corporation tax of 21% (2014: 23%). The differences are explained below:

	2015 £m	2014 £m
Profit on ordinary activities before taxation	15.8	14.7
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 21% (2014: 23%)	3.3	3.4
Effects of:		
Capital allowances in excess of depreciation	(0.1)	(0.2)
Pension relief in excess of pension charge	(0.4)	0.2
Net disallowable expenditure	0.3	0.2
Group relief claimed without payment	(3.1)	(3.6)
Current tax charge	-	-

9. EQUITY DIVIDENDS PAID

	2015 £m	2014 £m
Interim ordinary dividends of £3.965 (2014: £4.715) per share	15.9	18.9

10. TANGIBLE FIXED ASSETS

	Land and buildings – freehold and long leasehold £m	Plant and machinery - owned £m	Capital work-in-progress £m	Total £m
Cost or valuation				
At 1 April 2014	84.7	36.5	6.1	127.3
Additions	0.4	0.1	1.4	1.9
Disposals	-	(0.5)	-	(0.5)
Transfer from work in progress	2.3	5.2	(7.5)	-
At 31 March 2015	87.4	41.3	-	128.7
Depreciation				
At 1 April 2014	36.0	26.6	-	62.6
Charge for year	1.2	1.3	-	2.5
Disposals	-	(0.5)	-	(0.5)
At 31 March 2015	37.2	27.4	-	64.6
Net book value				
At 31 March 2015	50.2	13.9	-	64.1
At 31 March 2014	48.7	9.9	6.1	64.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

10. TANGIBLE FIXED ASSETS (CONTINUED)

Non depreciable land

Included within tangible fixed assets is freehold and long leasehold land, which is not subject to depreciation, amounting to £30.9m (2014: £30.9m) and £0.1m (2014: £0.1m) respectively.

Historical cost of fixed assets

The historical cost of land and buildings is £69.6m (2014: £66.9m).

If land and buildings had not been revalued, they would have been included at the following amounts:

	2015 £m	2014 £m
Cost	69.6	66.9
Depreciation	(32.6)	(31.6)
Net book value	37.0	35.3

11. DEBTORS (LOANS AND RECEIVABLES)

	2015 £m	2014 £m
Amounts falling due within one year:		
Trade debtors	4.2	4.8
Amounts owed by Group undertakings	31.3	47.8
Amounts owed by related undertakings	0.1	0.2
Taxation and social security	-	0.1
Other debtors	0.1	0.2
Prepayments and accrued income	0.2	1.2
	35.9	54.3

The allowance for bad debt provision included in trade debtors above and the amounts that are past due but not impaired are immaterial for separate disclosure in the financial statements. The Company has no significant concentration of credit risk. The carrying amount of trade and other debtors approximates to their fair value.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (OTHER FINANCIAL LIABILITIES)

	2015 £m	2014 £m
Trade creditors	1.1	0.9
Amounts owed to Group undertakings	0.3	19.0
Amounts owed to related undertakings	0.3	0.3
Other creditors including taxation and social security	2.1	0.1
Accruals and deferred income	2.6	4.0
	6.4	24.3

The carrying amount of the Company's financial liabilities approximates to their fair value.

Details of security on the above borrowings are disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (OTHER FINANCIAL LIABILITIES)

	2015 £m	2014 £m
Group loans	24.2	24.2
Perpetual debenture stocks	2.2	2.2
3,999,980 3.5% (net) preference shares (see note 16)	4.0	4.0
Debt falling due after more than one year	30.4	30.4
Other creditors	0.1	0.1
	30.5	30.5

The carrying amount of the Company's financial liabilities approximates to their fair value.

Details of security on the above borrowings are disclosed in note 14.

14. BORROWINGS

	2015 £m	2014 £m
(a) Analysis of net debt		
Creditors – amounts falling due after more than one year	30.4	30.4
Cash at bank and in hand	(1.2)	(1.9)
Net debt	29.2	28.5
(b) Maturity of other financial liabilities		
Between two and five years	24.2	-
In more than five years	6.2	30.4
Gross debt	30.4	30.4

During the year ended 31 March 2013, the company borrowed £24.2m from a fellow group undertaking, Peel Ports Limited, to facilitate the repayment of its bank loans. The loan bears interest at LIBOR plus margin payable quarterly in arrears. The loan is repayable in more than five years not by instalments and has a final repayment date of 11 December 2019.

The perpetual debenture stocks are secured by floating charges over the undertaking of the Company and bear interest at rates between 3.5% and 4%. The perpetual debenture stocks are listed on the London Stock Exchange, a regulated market, and since inception have never been traded. The directors consider that the fair value of the instruments is not materially different from the carrying value in the financial statements.

The interest rate sensitivity in respect of the borrowings is considered to be low due to the impact of reasonably possible changes in the LIBOR rate not being material to the Company's profit before tax.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

15. PROVISIONS FOR LIABILITIES

	Deferred taxation £m
At 1 April 2014	1.3
Debit to profit and loss account (note 8)	0.1
At 31 March 2015	1.4

The provision for deferred tax comprises:	2015 £m	2014 £m
Accelerated capital allowances	1.4	1.3

16. CALLED-UP SHARE CAPITAL

	Number	2015 £m	2014 £m
Allotted, called-up and fully paid			
Ordinary shares of £1 each ranking for dividend	4,000,000	4.0	4.0
Shares classed as equity shareholder funds	4,000,000	4.0	4.0
3.5% (net) preference shares of £1 each	3,999,980	4.0	4.0
Total allotted share capital at 31 March	7,999,980	8.0	8.0

The holders of preference shares of £1 each are entitled to receive notice of any general meeting of the Company and vote on resolutions proposed, carrying equal voting rights with ordinary shares. The articles of the Company require that two thirds of profits should be paid to preference shareholders and one third to ordinary shareholders provided that when the said two thirds due to the preference shareholders shall in any year amount to £0.1m all remaining profits shall be payable to ordinary shareholders.

In accordance with FRS 25 the 3.5% (net) preference shares are classified as creditors due after more than one year on the balance sheet (see note 13). Cumulative dividends are accrued within creditors until they are paid.

17. RESERVES

	Revaluation reserve £m	Capital redemption reserve £m	Profit and loss account £m
At 1 April 2014	16.7	3.3	32.4
Profit for the financial year	-	-	15.3
Equity dividends paid (note 9)	-	-	(15.9)
Actuarial loss relating to defined benefits pension schemes (note 18)	-	-	(3.4)
Movement on deferred tax relating to defined benefits pension schemes	-	-	0.7
Transfer of amount equivalent to additional depreciation on revalued assets	(0.2)	-	0.2
At 31 March 2015	16.5	3.3	29.3

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

18. PENSION FUNDS

Defined contribution pension scheme operated by the Company

The Company operates a defined contribution pension scheme, the Peel Ports Group Stakeholder Pension Plan, in respect of which contributions totalling £0.2m (2014: £0.1m) were paid during the year. The assets of the schemes are held separately from the assets of the Company and are administered and managed professionally by the insurance company. Benefits are provided based on actual contributions paid and investment performance. Company contributions to this pension scheme typically match those paid by employees, up to a maximum of 10% of pensionable salaries. To meet the Government's workplace savings legislation, the Group automatically enrols employees who met the eligibility criteria and are not members of a qualifying pension scheme into the Peel Ports Group Stakeholder Pension Plan.

Defined benefit pension scheme operated by the Company

The Company also operates a defined benefit pension scheme based on final pensionable pay, the Peel Ports Final Salary Pension Scheme. The assets of the scheme are held separately from those of the Company and are administered by trustees and managed professionally. Contributions to the defined benefit pension scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The Peel Ports Final Salary Pension Scheme closed to future accrual with effect from 31 December 2013, giving rise to a curtailment loss of £1.8m in the year ended 31 March 2014. Benefits accrued by members as of that date were unaffected by the closure and employees were auto-enrolled into the Peel Ports Group Stakeholder Pension Plan in respect of future service benefits.

Contributions totalling £0.6m were paid during the year (2014: £0.8m). Prior to closure to future accrual, the contributions of the Company were 25.4% of Contribution Pay, less the percentage of Contribution Pay payable by the employees. The contributions made by employees varied between 4.5% and 5 % of Contribution Pay. Following the closure, employer contributions continue to be payable to the Scheme in relation to the existing recovery plan and administrative expenses.

The most recent full triennial actuarial valuation is as at April 2012. The main assumptions applied were that long-term investment rates would be 7.0% per annum pre-retirement and 3.8% per annum post-retirement, pensionable salary increases would be 3.25% per annum, the majority of pensions in payment would increase at a rate of between 2.2% and 3.6% per annum, and price inflation would be 3.25% per annum on a RPI basis and 2.75% on a CPI basis. As at the latest actuarial valuation, the value of the assets within each section of the scheme was sufficient to cover between 86% and 100% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Industry-wide defined benefit pension scheme

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 most recent formal actuarial valuation, completed by an independent actuary, is as at 31 December 2013. As at that date, the scheme had assets with a market value of £271m, representing 57% of the benefits accruing to members. The main assumptions in the actuarial valuation were that long-term investment rates, and the discount rate, would be 7.2% per annum pre-retirement and 4.4% per annum post-retirement, pension salary increases would be 4.0% per annum, and price inflation would be 3.5% per annum on a RPI basis and 2.8% on a CPI basis. The trustee assessed and indicated the Company's share of the deficit as at 31 December 2010 to be 5.4%. There has been no change since that date.

During the year, the Company made contributions of £0.6m (2014: £0.4m) to the PNPF.

As noted above, the Company's share of the of the PNPF's scheme assets and liabilities is accounted for on a defined benefits basis. At 31 March 2015, the Company's share of the deficit was £12.1m (2014: £10.5m), which is included in the amounts recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

18. PENSION FUNDS (CONTINUED)

Disclosures relating to the defined benefit pension arrangements

Amounts to be recognised in the balance sheet:	**2015 £m**	**2014 £m**
Fair value of scheme assets	82.7	74.7
Present value of funded liabilities	(94.9)	(83.2)
Deficit in the scheme	(12.2)	(8.5)
Restriction imposed	-	(2.0)
Deferred taxation	2.4	2.1
Amount recognised in the balance sheet	(9.8)	(8.4)

Amount recognised in the profit and loss account:	**2015 £m**	**2014 £m**
Current service cost	0.1	0.3
Past service cost	(0.1)	-
Curtailment loss	-	1.8
Interest cost	3.5	3.4
Expected return on scheme assets	(4.0)	(3.6)
Total (income)/expense	(0.5)	1.9

Of the £0.5m credit for the year (2014: £1.9m charge), a charge of £nil (2014: £1.8m charge) has been recorded in operating exceptional items, a charge of £nil (2014: £0.3m) has been included in administrative expenses and a credit of £0.5m (2014: £0.2m) has been included within net interest and similar items.

The most recent actuarial valuations were updated to 31 March 2015 by qualified actuaries. These informal valuations used a set of assumptions consistent with those required under FRS 17. The major assumptions used by the actuaries are set out below.

Major actuarial assumptions	**2015 % pa**	**2014 % pa**
Rate of increase in pensionable salaries	3.0	3.3
Rate of increase of pensions in payment	3.0	3.3
Rate of increase for deferred pensioners	3.0	3.3
Discount rate	3.1	4.3
Price Inflation (RPI)	3.0	3.3
Price Inflation (CPI)	2.0	2.3

Mortality	**2015 Years**	**2014 Years**
Current pensioners		
Male life expectancy at age 65	21.9	21.8
Female life expectancy at age 65	24.2	24.1
Future pensioners		
Male life expectancy at age 65 (currently aged 45)	23.7	23.6
Female life expectancy at age 65 (currently aged 45)	26.1	26.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

18. PENSION FUNDS (CONTINUED)

Disclosures relating to the defined benefit pension arrangements (continued)

In the years ended 31 March 2015 and 31 March 2014 the actuarial table used was the 110% SAPS table, birth year, CMI 2011, with a minimum improvement of 1.25% per annum.

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

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%	-/+ 7%
Inflation	+/- 0.5%	+/- 5%
Rate of increase in pensionable salaries	+/- 0.5%	+/- 1%
Mortality	+1 year	+3%

Reconciliation of fair value of scheme assets:	2015 £m	2014 £m
Opening fair value of scheme assets	74.7	75.3
Expected return on scheme assets	4.0	3.7
Actuarial gain/(loss) on scheme assets	6.9	(1.0)
Contributions by the Company	1.2	1.2
Contributions by employees	0.2	0.3
Benefits paid	(4.3)	(4.8)
Closing fair value of scheme assets	82.7	74.7

Analysis of the defined benefit obligation:	2015 £m	2014 £m
Present value of funded liabilities	94.9	83.2

Reconciliation of present value of scheme liabilities:	2015 £m	2014 £m
Opening defined benefit liability	83.2	84.1
Service cost	0.1	0.3
Past service cost	(0.1)	-
Interest cost	3.5	3.4
Employee contributions	0.2	0.3
Actuarial losses/(gains) arising on scheme liabilities	12.3	(0.1)
Benefits paid	(4.3)	(4.8)
Closing defined benefit liability	94.9	83.2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

18. PENSION FUNDS (CONTINUED)

Disclosures relating to the defined benefit pension arrangements (continued)

Cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS 17:	**2015 £m**	**2014 £m**
Opening cumulative	(14.4)	(13.5)
Actuarial losses	(5.4)	(1.0)
Effect of restriction imposed	2.0	0.1
	(3.4)	(0.9)
Closing cumulative	(17.8)	(14.4)

Plan assets

	Fair value of assets 31 March 2015	**31 March 2015**	**Expected rate of return 31 March 2015**	**Fair value of assets 31 March 2014**	**31 March 2014**	**Expected rate of return 31 March 2014**
	£m	**%**	**%**	**£m**	**%**	**%**
Equities	12.3	15	7.5	12.0	16	7.5
Hedge funds	21.5	26	7.5	20.8	28	7.5
Index linked gilts	3.3	4	2.0	5.1	7	3.3
Corporate bonds	45.0	54	3.1	36.5	49	4.3
Cash	0.6	1	0.5	0.3	-	0.5
Total market value of assets	82.7	100	4.8	74.7	100	5.5

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected returns are set by reference to market indicators, including price inflation, dividend yields, economic growth, yields on index linked gilts and bonds and interest rates. The actual return on plan assets was a gain of £10.9m (2014: £2.8m).

History of experience gains and losses	**2015 £m**	**2014 £m**	**2013 £m**	**2012 £m**	**2011 £m**
Present value of defined benefit liability	(94.9)	(83.2)	(84.1)	(53.1)	(49.1)
Fair value of scheme assets	82.7	74.7	75.3	54.8	51.7
(Deficit)/surplus	(12.2)	(8.5)	(8.8)	1.7	2.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

18. PENSION FUNDS (CONTINUED)

Disclosures relating to the defined benefit pension arrangements (continued)

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Experience losses/(gains) on scheme liabilities and changes in assumptions:					
Amount	12.3	0.1	(5.5)	(3.1)	1.5
Percentage of present value of scheme liabilities	13%	-	6%	6%	3%
Difference between expected and actual return on scheme assets:					
Amount	6.9	(1.1)	3.6	0.7	-
Percentage of scheme assets	8%	2%	5%	1%	-

Company contributions for the defined benefit pension arrangements for the year ending 31 March 2016 are expected to be in the region of £1.2m.

19. RELATED PARTY TRANSACTIONS

Entities in the Peel Holdings Limited group of companies

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

Related Party	Transaction	2015 £m	2014 £m
Peel Holdings Land & Property (UK) Limited	Sales	1.6	1.5
	Rent paid	(1.1)	(0.9)

At the balance sheet date the following significant amounts were due to related parties:

Related Party	2015 £m	2014 £m
Peel Holdings Land & Property (UK) Limited	(0.2)	(0.1)

20. CAPITAL COMMITMENTS

	2015 £m	2014 £m
Capital expenditure contracted for but not provided for in these financial statements	0.2	1.3

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015

21. OTHER FINANCIAL COMMITMENTS

At 31 March 2015, the Company had annual commitments under non-cancellable operating leases as follows:

Expiry date:	Land and Buildings 2015 £m	Other 2015 £m	Land and Buildings 2014 £m	Other 2014 £m
- within 1 year	-	-	-	0.1
- between two and five years	-	0.3	-	0.4
- after five years	1.1	-	0.9	-
	1.1	0.3	0.9	0.5

22. 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 2015 this amounted to £1,379.4m (2014: £1,244.4m).

23. ULTIMATE AND IMMEDIATE HOLDING COMPANY

The directors regard Tokenhouse Limited, a company incorporated in the Isle of Man, as the ultimate holding company and Peel Ports Investments Limited, a company registered in Great Britain, as the immediate parent company.

The largest and smallest group of undertakings of which the Company is a member that produces publicly available consolidated financial statements is Peel Ports Group Limited, a company registered in Great Britain. Its Group financial statements are available from:

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

24. ULTIMATE CONTROLLING PARTY

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