

CLYDEPORT OPERATIONS LIMITED

**Report and Financial Statements
For the year ended 31 March 2011**



REPORT AND FINANCIAL STATEMENTS 2011

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OFFICER AND PROFESSIONAL ADVISERS

DIRECTORS

T E Allison
M MacKay
S Underwood
M Whitworth

SECRETARY

C R Marrison Gill

PRINCIPAL OFFICE

16 Robertson Street
Glasgow
G2 8DS

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
Liverpool
United Kingdom

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of port facilities and 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 dividends of £12,000,000 (2010: £12,000,000). No final dividend is proposed (2010: £nil).

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS*Summary of results*

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

	2011 £'000	2010 £'000	Change £'000	%
Continuing operations:				
Turnover	49,254	45,233	4,021	8.9%
Gross profit	15,922	13,155	2,767	21.0%
Operating profit	12,591	10,097	2,494	24.7%

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

Net assets were £22,028,000 at 31 March 2011 (2010: £19,112,000). In addition to the profit for the financial year of £13,270,000 (2010: £9,896,000), the net asset position has changed primarily because of an actuarial gain net of deferred tax relating to the Company's defined benefit pension scheme of £1,646,000 (2010: loss £1,409,000), and the payment of interim dividends of £12,000,000 (2010: £12,000,000).

Port operations

The level of business activity for the port operations has been satisfactory and performed in a manner consistent with expectations during the year. It is anticipated that the present level of activity within the business will be maintained for the foreseeable future.

DIRECTORS' REPORT

Summary of key performance indicators

The directors use divisional annual budgets aggregated into a Company budget as the basis for measuring the Company's performance. In addition, the Company prepares three year rolling forecasts and a five year strategic plan from a participative process.

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

	2011	2010	Absolute Change	% Change	Method of calculation
Turnover (£'000s)	49,254	45,233	4,021	8.9	Year on year change in turnover
Gross profit margin	32.3%	29.1%	3.2%	11.0	Ratio of gross profit to turnover expressed as a percentage
Investment in trade debtors as a percentage of turnover	11.0%	11.4%	(0.4%)	(3.5)	Trade debtors net of provisions as a percentage of turnover
Turnover per employee (£'000s)	218	206	12	5.8	Turnover divided by average number of employees
Tonnage throughput (millions)	12.1	11.0*	1.1	10.0	Year on year change in tonnage using standard tonnage measures for the Ports industry

* 2010 throughput has been restated (2010: 10.2million) to include containers (0.8million). A standard company conversion has now been calculated to allow equivalent tonnage for this throughput to be included

Throughput has increased in all operational ports year on year with growth in a variety of commodities. In particular we have experienced a return in the demand for coal from UK power stations. The Company has also continued to focus on containing costs, resulting in an increase in the gross profit margin, and on improving collection of trade debtors, resulting in a decrease in the investment in trade debtors as a percentage of turnover.

PRINCIPAL RISKS AND UNCERTAINTIES

It is now widely understood that the principal challenges facing UK businesses relate to those generated by the global economic downturn. The resulting lack of liquidity in the financial markets reduced the ability of individuals and businesses to borrow money and this ultimately led to a lack of demand in the global marketplace. Although economic recovery appears to be in progress, the outlook remains uncertain.

Despite the downturn in the global economic environment, the results for the year have remained strong, which is largely attributed to the benefit of a strong and diverse portfolio of customers and service provision. Although several European ports have been hit by the global decline in container volumes, the Company is not as reliant on container handling as many other port businesses. With its strong and diverse service offering, the Company continues to show greater resilience in the current environment

DIRECTORS' REPORT

Operational risk

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 port 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.

In addition, 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 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.

Financial risk

The key financial risk arises from the level of long term debt held by the Company and the wider Peel Ports Shareholder FinanceCo Limited Group and the interest arising thereon. The Group's long term debt, amounting to £1,182,679,000, falls due for repayment between 31 December 2013 and 30 September 2046. In addition, the cash flow risk arising in connection with interest charges is mitigated through the use of interest swaps in other Group companies. Further details on this risk can be found in the consolidated financial statements of Peel Ports Shareholder FinanceCo Limited, the smallest UK group in which the financial statements of the Company are consolidated.

The Company operates a defined benefit pension scheme. Modest changes to the assumptions used to value the scheme's assets and liabilities can have a significant effect on the asset or liability that the Company records. The scheme and the assumptions used are more fully explained in note 21 of the financial statements, together with an indication of the sensitivity of amounts recorded to changes in assumptions. The Company manages its responsibilities with regard to the defined benefit scheme arrangements by agreeing contribution rates with the trustees of the scheme that allow for deficits to be recovered over appropriate periods of time. At 31 March 2011, the Company balance sheet recorded a pension asset, net of deferred taxation, of £4,338,000 (2010: £1,746,000). The year on year increase is primarily as a result of higher asset values.

In addition, 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 directors consider that the combination of stable trading of the port business, effective working capital management and the development of the asset base assists in managing the risks arising from the level of debt and variability in interest rates.

Going concern

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

DIRECTORS

The directors of the Company, who served during the year and thereafter, except as noted below, are listed on page 1.

S R Baxter and A A Barr resigned as directors on 24 June 2010 and 9 May 2011 respectively. S Underwood and M Whitworth were appointed as directors on 24 June 2010 and 3 November 2010 respectively.

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

DIRECTORS' REPORT

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.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

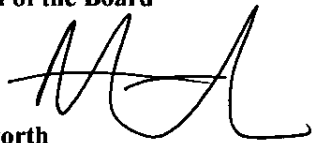
Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director 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 auditors in the absence of an Annual General Meeting.

On behalf of the Board



M Whitworth
Director
28 July 2011

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLYDEPORT OPERATIONS LIMITED

We have audited the financial statements of Clydeport Operations Limited for the year ended 31 March 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, and the related notes 1 to 25. 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. 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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Patrick Loftus BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, United Kingdom
28 July 2011

CLYDEPORT OPERATIONS LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
TURNOVER	1	49,254	45,233
Cost of sales		(33,332)	(32,078)
GROSS PROFIT		15,922	13,155
Administrative expenses		(3,331)	(3,058)
OPERATING PROFIT	3	12,591	10,097
Net interest and similar items	6	1,045	269
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,636	10,366
Tax on profit on ordinary activities	7	(366)	(470)
PROFIT FOR THE FINANCIAL YEAR	16,17	13,270	9,896

The above results are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		<u>13,270</u>	<u>9,896</u>
Other recognised gains and losses			
Actuarial gain/(loss) relating to the pension scheme	18	2,224	(1,957)
Movement on deferred taxation relating to the pension asset	18	<u>(578)</u>	<u>548</u>
		<u>1,646</u>	<u>(1,409)</u>
Total recognised net gains relating to the financial year		<u><u>14,916</u></u>	<u><u>8,487</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 March 2011

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	13,636	10,366
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>178</u>	<u>178</u>
Historical cost profit on ordinary activities before taxation	<u>13,814</u>	<u>10,544</u>
Historical cost profit on ordinary activities after taxation	<u><u>13,448</u></u>	<u><u>10,074</u></u>

CLYDEPORT OPERATIONS LIMITED

BALANCE SHEET

As at 31 March 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	9	49,208	48,187
CURRENT ASSETS			
Stocks	10	345	346
Debtors	11	70,340	63,316
Cash at bank and in hand		6,995	3,079
		77,680	66,741
CREDITORS: amounts falling due within one year	12	(28,782)	(90,201)
NET CURRENT ASSETS/(LIABILITIES)		48,898	(23,460)
TOTAL ASSETS LESS CURRENT LIABILITIES		98,106	24,727
CREDITORS: amounts falling due after more than one year	13	(78,525)	(5,569)
PROVISIONS FOR LIABILITIES	14	(1,891)	(1,792)
NET ASSETS EXCLUDING PENSION ASSET		17,690	17,366
Pension asset	18	4,338	1,746
NET ASSETS INCLUDING PENSION ASSET		22,028	19,112
CAPITAL AND RESERVES			
Called-up share capital	15	-	-
Revaluation reserve	16	1,822	2,000
Profit and loss account	16	20,206	17,112
TOTAL SHAREHOLDER'S FUNDS	17	22,028	19,112

The financial statements of Clydeport Operations Limited (company registration number SC134759) were approved by the Board of directors on 28 July 2011 and were signed on its behalf by:



M Whitworth
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies, which have been applied consistently by management, in the current and prior financial year, is set out below.

Going concern

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 2011 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. The directors have also obtained confirmation from the directors of Peel Ports Shareholder FinanceCo 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 2011 financial statements.

The Company is party to the cross guarantee of the debt facility of Peel Ports Shareholder FinanceCo 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 Shareholder FinanceCo Limited for the year ended 31 March 2011:

- "the directors prepare and update detailed annual budgets, three year forecasts, and five year strategic plans. Together these show that sufficient resources are available to the business and on this basis the directors continue to adopt the going concern assumption;
- at the balance sheet date the Group has net liabilities of £449,355,000 which are 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 £506,095,000;
- at the balance sheet date, the Group has borrowings of £1,062,679,000 (2010: £1,063,572,000), which are subject to covenant restrictions. The borrowings are in place until 31 December 2013. No breaches have occurred in the historical period. The continuing economic conditions create uncertainty. However, even after taking account of all reasonably possible sensitivities for 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;
- in the year ended 31 March 2011, while turnover decreased by £3.6 million to £358.9 million, Group operating profit increased by £11.7 million to £76.8 million, despite the continuing uncertainty in the global economic environment. This was due to a combination of higher volumes, enhanced productivity, improved sales mix and the realised benefit of the Group's restructuring exercises;
- cash inflows generated in the year enabled the Group to finance fixed asset additions of £29.9 million from cash, together with all financing outflows, resulting in an increase in net cash of £6.1million;
- there are undrawn loan facilities of £83.7 million available to the Group; and
- the Group has net current liabilities of £70.2 million principally as a result of amounts owed to the immediate parent company, which the directors believe will not be called for repayment within twelve months of the signing of the financial statements."

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 Company has 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 recognised upon provision of services and excludes sales related taxes. All turnover arises in the United Kingdom. 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.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2011****1. ACCOUNTING POLICIES (CONTINUED)****Leased assets**

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

Tangible fixed assets

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 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:

- Buildings, docks and quays at rates varying between 2% and 10% per annum;
- Dredging and navigation aids at rates varying between 2% and 3.3% per annum;
- Plant and machinery at rates varying between 2% and 33% per annum; 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 revaluation.

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

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates applicable at the balance sheet date. Transactions in foreign currencies are translated to sterling at the exchange rate ruling at the transaction date. Gains and losses on foreign currency transactions arising in the ordinary course of business are included in operating profit.

Government grants

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

Pension costs

The cost of the Company's money purchase pension arrangements are 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 separately administered funds. This has been accounted for under the requirements of FRS 17 "Retirement Benefits" ("FRS 17").

Under FRS 17, the pension 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 schemes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1. ACCOUNTING POLICIES (CONTINUED)

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 on the 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.

Cash flow statement

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

Related party transactions

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 Shareholder FinanceCo Limited group of companies.

2. PILOTAGE

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

	2011 £'000	2010 £'000
Pilotage Revenue	2,504	2,380
Revenue from Pilotage exemption certificates	14	11
Aggregate expenditure	1,482	1,502

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

3. OPERATING PROFIT

	2011	2010
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation – owned assets	2,894	2,664
Profit on disposal of fixed assets	(6)	(9)
Hire of plant and machinery under operating leases	3,948	4,714
Hire of other assets under operating leases	527	469
Foreign currency exchange gains	(21)	(9)
Grant releases	(99)	(100)
	<u>16</u>	<u>29</u>
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>16</u>	<u>29</u>

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 Shareholder FinanceCo Limited, are required to disclose non-audit fees on a consolidated basis.

4. EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2011	2010
	Number	Number
Administration	18	18
Operational staff	208	202
	<u>226</u>	<u>220</u>

The staff costs for the above persons were:

	2011	2010
	£'000	£'000
Wages and salaries	7,871	7,237
Social security costs	741	732
Pension fund service cost (note 18)	1,058	749
Other pension costs (note 18)	198	83
	<u>9,868</u>	<u>8,801</u>

During the year ended 31 March 2011, the Company introduced a 'Smartpay' pension arrangement whereby participating employees forego part of their salary in return for higher employer pension contributions. The impact of this has been to increase the employer contributions (Other pension costs) during the year with a corresponding decrease in wages and salaries expense.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

5. DIRECTORS' REMUNERATION

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

	2011	2010
	£'000	£'000
Emoluments	<u>229</u>	<u>216</u>

At 31 March 2011, retirement benefits are accruing to one (2010: one) director under a defined benefit scheme. No benefits are accruing to directors under a defined contribution scheme (2010: none).

The above analysis excludes the emoluments of directors who are remunerated by other undertakings in the Peel Ports Shareholder FinanceCo Limited group of companies or by the wider Peel Holdings group of companies. Those directors have to account in turn to those undertakings.

The remuneration of the highest paid director was as follows:

	2011	2010
	£'000	£'000
Emoluments	<u>229</u>	<u>216</u>
Accrued defined benefit pension scheme entitlements at year end	<u>99</u>	<u>95</u>

6. NET INTEREST AND SIMILAR ITEMS

	2011	2010
	£'000	£'000
Interest payable and similar charges:		
Irredeemable loan stock	<u>(117)</u>	<u>(117)</u>
Total interest payable and similar charges	<u>(117)</u>	<u>(117)</u>
Interest receivable and similar income:		
Interest receivable	<u>14</u>	<u>38</u>
Total interest receivable and similar income	<u>14</u>	<u>38</u>
Other finance income:		
Expected return on pension scheme assets	5,858	4,798
Interest on pension scheme liabilities	<u>(4,710)</u>	<u>(4,450)</u>
Total other finance income (note 18)	<u>1,148</u>	<u>348</u>
Net interest and similar items	<u>1,045</u>	<u>269</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax		
Adjustments in respect of prior years:		
- UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	165	385
Change in UK tax rate	(128)	-
Adjustment in respect of prior years	62	29
Pension cost relief in excess of pension charge	315	56
Pension cost – adjustment for change of UK tax rate	(48)	-
Total deferred tax charge	366	470
Total tax on profit on ordinary activities	366	470

Excluding deferred tax items relating to the defined benefit pension scheme, the deferred tax charge is £99,000 (2010: charge of £414,000) (note 14).

The UK government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years. The Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of corporation tax to 27% with effect from 1 April 2011. On 23 March 2011 the UK government announced that it intended to reduce the rate of corporation tax further to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014. The reduction to 26% was substantively enacted before the balance sheet date. The further intended reductions have not been substantively enacted. The deferred tax balances as at 31 March 2011 have therefore been calculated at a rate of 26%, which has resulted in a credit to the profit and loss account of £176,000.

Reconciliation of current tax charge

The tax assessed for the year is lower (2010: lower) than that arising from applying the standard rate of UK corporation tax of 28% (2010: 28%). The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	13,636	10,366
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2010: 28%)	3,818	2,902
Effects of:		
Capital allowances in excess of depreciation	(184)	(380)
Other timing differences	6	(5)
Expenses not deductible for tax purposes	164	119
Pension relief in excess of pension charge	(340)	(56)
Group relief claimed without payment	(3,464)	(2,580)
Current tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

8. EQUITY DIVIDENDS PAID

	2011 £'000	2010 £'000
Interim ordinary dividends of £15,000 (2010: £15,000) per share	12,000	12,000

9. TANGIBLE FIXED ASSETS

	Freehold Land buildings, docks, quays, and dredging navigation aids £'000	Owned Plant and machinery £'000	Capital work in progress £'000	Total £'000
Cost or valuation				
At 1 April 2010	52,258	34,349	2,440	89,047
Additions	151	2,370	1,394	3,915
Disposals	-	(2,087)	-	(2,087)
Transfer from capital work in progress	-	2,503	(2,503)	-
At 31 March 2011	52,409	37,135	1,331	90,875
Depreciation				
At 1 April 2010	20,599	20,261	-	40,860
Charge for year	856	2,038	-	2,894
Disposals	-	(2,087)	-	(2,087)
At 31 March 2011	21,455	20,212	-	41,667
Net book value				
At 31 March 2011	30,954	16,923	1,331	49,208
At 31 March 2010	31,659	14,088	2,440	48,187

Historical cost of fixed assets

At 31 March 2011, tangible fixed assets include:

- Land valued in 1971 at £1,802,000 for which the historical cost was £434,000;
- Other assets valued at £4,054,000 as at 31 December 1999, for which the cost to the Company was £1,296,000. These assets have a net book value at 31 March 2011 of £1,117,750 (2010: £1,378,750).

Non depreciable land

Included within land and buildings is land, which is not subject to depreciation, amounting to £1,087,000 (2010: £11,087,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

	2011 £'000	2010 £'000
10. STOCKS		
Consumables and engineering stores	345	346

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

11. DEBTORS (LOANS AND RECEIVABLES)

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Trade debtors	5,397	5,176
Amounts owed by Group undertakings	63,932	57,202
Amounts owed by related undertakings	26	36
Other taxes and social security	265	65
Other debtors	118	336
Prepayments and accrued income	602	501
	<u>70,340</u>	<u>63,316</u>

The allowance for bad debt provision included in trade debtors above is immaterial for separate disclosure in the financial statements.

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

	2011 £'000	2010 £'000
Trade creditors	3,755	2,349
Amounts owed to Group undertakings	20,725	83,566
Other taxes and social security	225	186
Other creditors	182	92
Accruals and deferred income	3,796	3,909
Government grants	99	99
	<u>28,782</u>	<u>90,201</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

	2011 £'000	2010 £'000
3% irredeemable stock	1,439	1,453
4% irredeemable stock	1,828	1,835
Government grants	2,182	2,281
Amounts owed to Group undertakings	73,076	-
	<u>78,525</u>	<u>5,569</u>

The irredeemable stock is listed on the London Stock Exchange, a regulated market. The directors consider that the fair value of the instruments is not materially different from the carrying value in the financial statements.

Grants may be repayable in whole or in part if conditions relating to the award of such grants are not met. However, the directors are not aware of any instances where such conditions have not been met and consider the likelihood of this to be remote.

Prior to 31 March 2011, the Company received confirmation from Peel Ports Investments Limited that it would not seek repayment of the amount due to that company of £73,076,000 for a period of at least twelve months from the date of signing of these financial statements. Accordingly, the balance has been shown as falling due after more than one year.

The directors consider that the Company has minimal exposure to interest rate sensitivity.

14. PROVISION FOR LIABILITIES

	Deferred taxation £'000
At 1 April 2010	1,792
Profit and loss account (note 7)	99
	<u>1,891</u>
At 31 March 2011	<u>1,891</u>

The provision for deferred tax comprises:

	2011 £'000	2010 £'000
Capital allowances in excess of depreciation	1,926	1,864
Other timing differences	(35)	(72)
	<u>1,891</u>	<u>1,792</u>

15. CALLED-UP SHARE CAPITAL

	2011 Number	2010 Number	2011 £	2010 £
<i>Authorised, allotted, called-up and fully paid</i>				
Ordinary shares of 25p each	800	800	200	200
	<u>800</u>	<u>800</u>	<u>200</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

16. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2010	2,000	17,112	19,112
Profit for the financial year	-	13,270	13,270
Dividends (note 8)	-	(12,000)	(12,000)
Actuarial gain on pension scheme net of deferred tax	-	1,646	1,646
Transfer from revaluation reserve to profit and loss account	(178)	178	-
At 31 March 2011	1,822	20,206	22,028

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	13,270	9,896
Dividends	(12,000)	(12,000)
Actuarial gain/(loss) on pension scheme net of deferred tax	1,646	(1,409)
Net change in shareholder's funds	2,916	(3,513)
Opening shareholder's funds	19,112	22,625
Closing shareholder's funds	22,028	19,112

18. PENSION FUNDS

Defined contribution schemes

The Company operates a money purchase pension scheme providing benefits based on actual contributions paid. The assets of the scheme are held separately from the assets of the Company and are administered by trustees and managed professionally. The contributions of the Company varied between 3% and 6% (2010: varied between 3% and 6%) of pensionable salaries for the financial year. Company contributions to money purchase pension schemes are matched by employees. Contributions totalling £198,000 were paid during the year (2010: £83,000).

Defined benefit scheme

The Company also participates in The Clydeport Pension and Life Assurance Scheme, a defined benefit pension scheme, for qualifying employees, based on final pensionable pay. This scheme is closed to new entrants. The assets of the scheme are held separately from those of the Company.

Contributions of the Company to the defined benefit pension scheme are based on pension costs across the Company as a whole. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent full triennial actuarial valuation was as at April 2009.

Contributions totalling £1,123,000 were paid during the year (2010: £601,000). The contributions of the Company to the defined benefit pension scheme were 17.8% (2010: 14%) of pensionable earnings in the period. The contributions made by employees to the defined benefit pension scheme during the year were 6% (2010: 6%) of pensionable salaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

18. PENSION FUNDS (CONTINUED)

The main assumptions in the actuarial valuation as at April 2009 were that long-term investment rates would be 7.0% per annum pre retirement and 4.75% per annum post retirement, pensionable salary increases would be 2.8% per annum, the majority of pensions in payment would increase at a rate of between 2.8% and 3.3% per annum, and price inflation would be 2.8% per annum. As at the latest actuarial valuation, the value of the assets was enough to cover between 78% and 88% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

As at 31 March 2011, the assets of the defined benefit pension scheme were valued at £92.8 million (2010: £89.2 million).

During the year ended 31 March 2011, the Government announced its intention to move to using the Consumer Price Index (CPI), rather than the Retail Price Index (RPI) as previously, as the measure of price inflation for the purposes of regulating occupational pension schemes. The revaluation order implementing this change was issued in December 2010. The impact of the changes announced by the Government on any particular scheme depends on the provisions of the rules of that scheme and, in particular, whether these state specifically that increases should be in line with a specified index or whether they cross refer to the statutory provisions requiring pensions to be increased. Following a review of the rules of the Group's defined benefits pension scheme, and based on actuarial advice, the impact of the change has been evaluated and, where appropriate, reflected in the FRS 17 numbers for the year ended 31 March 2011. The overall impact has been to reduce the value of the scheme liabilities at 31 March 2011 by £1,110,000, recognised as an actuarial gain in the statement of total recognised gains and losses, and to decrease the expected charge to the profit and loss account for the year ending 31 March 2012.

Company contributions for the defined benefit pension scheme for the year ending 31 March 2012 are expected to be in the region of £1,400,000.

The most recent actuarial valuation was updated to 31 March 2011 by qualified actuaries. This informal valuation 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

	31 March 2011 % pa	31 March 2010 % pa
Rate of increase in pensionable salaries	3.40	3.60
Rate of increase of pensions in payment (LPI)	3.40	3.60
Rate of increase for deferred pensioners	3.40	3.60
Discount rate	5.50	5.50
Price inflation (RPI)	3.40	3.60
Price inflation (CPI)	2.40	n/a
Mortality		
Current pensioners		
Actuarial tables used	120% SAPS tables, birth year, with medium cohort improvements and a 1% underpin	120% SAPS tables, birth year, with medium cohort improvements and a 1% underpin
Male life expectancy at age 65	19.9 years	19.9 years
Future pensioners		
Actuarial tables used	120% SAPS tables, birth year, with medium cohort improvements and a 1% underpin	120% SAPS tables, birth year, with medium cohort improvements and a 1% underpin
Male life expectancy at age 65 (currently aged 45)	21.8 years	21.8 years

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

18. PENSION FUNDS (CONTINUED)

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

Changes in the present value of the defined benefit liabilities are as follows:

	2011 £'000	2010 £'000
Opening defined benefit liability	86,826	67,295
Service cost	1,058	749
Interest cost	4,710	4,450
Employee contributions	245	258
Actuarial (gains)/losses on scheme liabilities	(2,169)	17,848
Benefits paid	(3,730)	(3,774)
	<u>86,940</u>	<u>86,826</u>
Closing defined benefit liability	<u>86,940</u>	<u>86,826</u>

Analysis of the defined benefit obligation:

	2011 £'000	2010 £'000
Present value of funded liabilities	<u>86,940</u>	<u>86,826</u>

Reconciliation of fair value of scheme assets:

	2011 £'000	2010 £'000
Opening fair value of scheme assets	89,251	71,477
Expected return on scheme assets	5,858	4,798
Actuarial gains on scheme assets	55	15,891
Contributions by the Company	1,123	601
Contributions by employees	245	258
Benefits paid	(3,730)	(3,774)
	<u>92,802</u>	<u>89,251</u>
Closing fair value of scheme assets	<u>92,802</u>	<u>89,251</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

18. PENSION FUNDS (CONTINUED)

	2011	2010
	£'000	£'000
Amounts to be recognised in the balance sheet:		
Present value of funded liabilities	(86,940)	(86,826)
Fair value of scheme assets	<u>92,802</u>	<u>89,251</u>
Recognisable asset before deferred taxation	5,862	2,425
Deferred taxation	<u>(1,524)</u>	<u>(679)</u>
Amount recognised in the balance sheet	<u><u>4,338</u></u>	<u><u>1,746</u></u>

	2011	2010
	£'000	£'000
Amount to be recognised in the profit and loss account:		
Current service cost	1,058	749
Interest cost	4,710	4,450
Expected return on scheme assets	<u>(5,858)</u>	<u>(4,798)</u>
Total (income) / expense	<u><u>(90)</u></u>	<u><u>401</u></u>

Of the credit for the year (2010: charge), a charge of £1,058,000 (2010: £749,000) has been included in administrative expenses and a credit of £1,148,000 (2010: £348,000) has been included within net interest and similar items.

Cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS 17:

	2011	2010
	£'000	£'000
Opening cumulative	(14,160)	(12,203)
Actuarial gains/(losses)	<u>2,224</u>	<u>(1,957)</u>
Closing cumulative	<u><u>(11,936)</u></u>	<u><u>(14,160)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

18. PENSIONS FUND (CONTINUED)

Plan assets	Fair value		Expected	Fair value		Expected
	of assets		rate of	of assets		rate of
	31 March	31 March	return	31 March	31 March	return
	2011	2011	31 March	2010	2010	31 March
	£'000	%	2011	£'000	2010	2010
			%		%	%
Equities	28,903	31	8.50	43,210	48	8.50
Hedge Funds	11,430	12	8.50	-	-	-
Fixed Interest Gilts	4,039	4	4.20	11,164	13	4.50
Corporate Bonds	36,876	40	5.50	34,786	39	5.50
Index Linked Gilts	8,090	9	4.20	-	-	-
Cash	3,464	4	0.50	91	-	0.50
Total market value of assets	92,802	100	6.45	89,251	100	6.80

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 for the year was a gain of £5,913,000 (2010: £20,689,000).

History of experience gains and losses	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined benefit liability	(86,940)	(86,826)	(67,295)	(71,870)	(80,320)
Fair value of scheme assets*	<u>92,802</u>	<u>89,251</u>	<u>71,477</u>	<u>85,522</u>	<u>90,300</u>
Surplus	<u>5,862</u>	<u>2,425</u>	<u>4,182</u>	<u>13,652</u>	<u>9,980</u>
Experience gains/(losses) on scheme liabilities and changes in assumptions					
Amount	2,169	(17,848)	6,412	10,818	2,388
Percentage of present value of scheme liabilities	2%	(21%)	10%	15%	3%
Difference between expected and actual return on scheme assets					
Amount	55	15,891	(16,600)	(8,287)	(1,604)
Percentage of scheme assets	<u>0%</u>	<u>18%</u>	<u>(23%)</u>	<u>(10%)</u>	<u>(2%)</u>

* The fair value of scheme assets is shown at bid value at 31 March 2011, 2010 and 2009 and is shown at mid-market value for all other dates.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

19. CAPITAL COMMITMENTS

	2011 £'000	2010 £'000
Capital expenditure contracted for but not provided for in these financial statements	210	326

20. OTHER FINANCIAL COMMITMENTS

At 31 March 2011, the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2011 £'000	Other operating leases 2011 £'000	Land and buildings 2010 £'000	Other operating leases 2010 £'000
Expiry date:				
- within one year	-	8	-	2,711
- between two and five years	-	2,171	-	35
- after five years	297	-	292	-
	<u>297</u>	<u>2,179</u>	<u>292</u>	<u>2,746</u>

21. CONTINGENT LIABILITIES

The Company may become liable, as tenant of three leased areas, for removal of certain installations and re-instatement of those sites on termination of the leases. Upon termination of these leases in 2074 and 2075 the lessors have the option to take over such installations, in which case any such liability would not arise. The extent to which any such liability may arise cannot therefore presently be determined. Accordingly, no provision has been provided in connection therewith. Under the terms of two of the leases the Company is entitled to break each lease during or after 2015. Under the terms of the other lease the Company is entitled to break that lease during or after 2006.

Group borrowing facility

The Company together with certain of its fellow Group undertakings, has guaranteed the bank loans and overdrafts of certain other Group companies. At 31 March 2011 this amounted to £1,062,679,000 (2010: £1,063,576,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

22. RELATED PARTY TRANSACTIONS

Related Party	Transaction	2011 £'000	2010 £'000
<i>Joint ventures</i>			
CLYDEBoyd Fort William Limited	Accounting and support fee	15	15
	Rent received	35	35

At the balance sheet date £25,756 (2010: £36,000) was included in debtors in relation to CLYDEBoyd FortWilliam Limited.

Entities in the Peel Holdings group of companies

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

		2011 £'000	2010 £'000
Peel Holdings Land & Property (UK) Limited	Salary recharge	201	281
	Rent paid	(378)	(308)
	Service charge	(58)	(141)
	Sale of property	-	216
		<u> </u>	<u> </u>

At the balance sheet date the following significant amounts were owed by / (due to) related parties

Entities in the Peel Holdings group of companies

The following summarises the year end balances between entities in the Peel Ports Group and other divisions of the Peel Holdings group of companies. The other divisions of Peel Holdings are headed by the following entities

	2011 £'000	2010 £'000
Peel Holdings Land & Property (UK) Limited	<u>(5)</u>	<u>(7)</u>

23. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The directors regard Tokenhouse Limited, a company incorporated in the Isle of Man, as the ultimate holding company and Clydeport 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 Shareholder FinanceCo Limited, a company registered in Great Britain. Its group financial statements are available from:

The Company Secretary
 Peel Ports Shareholder FinanceCo Limited
 Maritime Centre
 Port of Liverpool
 L21 1LA

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2011****24. ULTIMATE CONTROLLING PARTY**

Tokenhouse Limited is controlled by The 1997 Billown 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 Holdings (IOM) Limited, the Company considers The 1997 Billown Settlement Trust to be the ultimate controlling party.

25. RISKS ARISING FROM FINANCIAL INSTRUMENTS

The principal risks and uncertainties facing the Company, including operational risk, financial risk, and credit risk are discussed within the Directors' 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 has been considered below.

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. The Company has cash surpluses available to fund ongoing operations and future developments and has received a letter of support from the directors of Peel Ports Shareholder FinanceCo Limited confirming that the Group will provide such financial support as is necessary to ensure that Clydeport Operations Limited 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 2011 financial statements.

No quantitative analysis has been included in the financial statements in relation to liquidity risk of other financial liabilities. See notes 12 and 13 for details of the balances included in other financial liabilities.