

**THAMESPORT (LONDON) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**(Registered number 2191687)**

**31 December 2016**

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## **Thamesport (London) Limited**

### **Strategic report for the financial year ended 31 December 2016**

The directors present their Strategic report for the financial year ended 31 December 2016.

#### **Fair review of the business**

The company continues to attract new business as a multipurpose facility, offering services including short-sea container operations, general cargo facilities and warehousing. Such a range of flexible facilities has generated significant interest from potential customers and tenants and management anticipate that revenue will continue to grow in the coming years.

#### **Principal risks and uncertainties**

The principal risks and uncertainties of the company have been referred to in the Directors' report.

#### **Key performance indicators**

The company uses a wide range of performance measures to monitor progress and ensure targets are met. The following is a summary of the key performance indicators for 2016, with historical comparisons:

##### **Revenue**

Revenue for 2016 (£7.727 million) has decreased on the previous financial year (£10.832 million) reflecting changes in local business conditions.

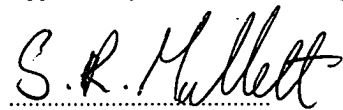
##### **Gross and operating profit margins**

Gross profit margin (2016: 21.86%, 2015: 22.70%) and operating profit margin (2016: 4.32%, 2015: 6.25%) have both decreased compared to the previous financial year.

#### **Business environment**

UK ports play a vital role in the UK economy. The Department for Transport confirmed that in 2015 UK ports handled around 500 million tonnes of freight. Unitised traffic handled in the UK during the same period rose by 4%, with 23.6 million units coming in and out of UK major ports. According to a study by Oxford Economics, the UK ports sector employed 118,200 people in 2013. The study also estimated that in 2013 the ports sector made a £7.7 billion value-added contribution to UK GDP.

Approved by the Board on 2 August 2017 and signed by its order:



Mr Simon Richard Mullett  
Company secretary

#### **Registered number**

2191687

#### **Registered Office**

Tomline House  
The Dock  
Felixstowe  
Suffolk  
IP11 3SY

## **Thamesport (London) Limited**

### **Directors' report for the financial year ended 31 December 2016**

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2016.

#### **Principal activities**

The principal activity of the company is the management and operation of London Thamesport and associated services.

#### **Company information**

Details regarding the company can be found in note 1 to the financial statements. Details regarding parent and ultimate parent entities can be found in note 19 to the financial statements.

#### **Results and Dividends**

The Income statement is set out on page 8 and shows the results for the financial year ended 31 December 2016. The directors do not propose a final dividend for the financial year ended 31 December 2016 (2015 : £nil).

#### **Charitable donations**

No charitable donations were made during the financial year (2015: £nil).

#### **Strategy and values**

The company's strategy is to achieve profitable growth in port operations and logistics activities by providing a high standard of performance, innovative solutions and developing long-term relationships with its customers.

As reviewed and updated in 2016, the company has 5 core values:

1. Unrivalled Standards - Setting new standards, innovating constantly, going beyond expectations, providing the best service and value for all our partners and customers.
2. Network Strength - Working together as one team, with a shared ambition to keep making our network better, showing respect and support for each other.
3. Informed Decisions - Seeing the big picture, and the small details, furthering our knowledge and understanding of our industry and the world, with the future in mind.
4. Trusted and Honest - Approaching business professionally, ethically and honestly. Understanding our place in the world, and taking responsibility for our actions and decisions.
5. Your Partners - Focusing on our customers, tailoring solutions to their precise needs. Forming and maintaining strong partnerships with customers and employees.

#### **Directors of the company**

The following served as directors during the financial year and up to the date of signing of the financial statements:

Mr Sing Chi Ip

Ms Edith Shih

Mr Clemence Chun Fun Cheng

#### **Principal risks and uncertainties**

Business risks are considered on a regular basis. Any changes in the business, economy or regulatory environment are monitored and reviewed by management. The key financial risks affecting the company are as per note 3 to the financial statements.

## **Thamesport (London) Limited**

### **Directors' report for the financial year ended 31 December 2016**

#### **Employment of disabled persons**

The company's policy is to give full and fair consideration to any application for employment made by a disabled person, having regard to the applicant's particular aptitudes and abilities and to the essential requirements of the job in question. In the event of an employee being disabled during the period of their employment the company would seek to continue their employment and, if necessary, to provide appropriate training for a more suitable alternative job within the company. The company regards disabled persons as equally eligible with others for training, career development and promotion, subject only to such restriction as the nature of any particular disablement may unavoidably impose.

#### **Employee involvement**

The awareness and involvement of employees in the company's performance is prompted by consultation and the provision of information on matters of concern through a variety of internal publications and meetings involving employees at all levels. The company seeks to create an environment which encourages employees to express to management their ideas and opinions about the company and its work.

#### **Future development**

The directors continue to seek suitable opportunities for the business both in container handling and in other business sectors.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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.

#### **Going concern**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of an intermediate parent company, Hutchison Ports (UK) Limited. The directors have received confirmation that Hutchison Ports (UK) Limited intend to support the company for at least one year after these financial statements are signed.

## **Thamesport (London) Limited**

### **Directors' report for the financial year ended 31 December 2016**

#### **Disclosure of information to auditors**

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 auditors are unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board on 2 August 2017 and signed by its order:



Mr Simon Richard Mullett  
Company secretary

**Registered number**  
2191687

**Registered Office**  
Tomline House  
The Dock  
Felixstowe  
Suffolk  
IP11 3SY

## **Thamesport (London) Limited**

### ***Independent auditors' report to the members of Thamesport (London) Limited***

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Thamesport (London) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## **Thamesport (London) Limited**

### ***Independent auditors' report to the members of Thamesport (London) Limited***

#### **Opinions on other matter prescribed by the Companies Act 2006**

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Thamesport (London) Limited

### *Independent auditors' report to the members of Thamesport (London) Limited*

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

10 Bricket Road  
St Albans  
Hertfordshire  
AL1 3JX

Date: *17 August 2017*



## Thamesport (London) Limited

### Income statement for the financial year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Revenue		7,727	10,832
Cost of sales		<u>(6,038)</u>	<u>(8,373)</u>
Gross profit		1,689	2,459
Administrative expenses		<u>(1,355)</u>	<u>(1,782)</u>
Operating profit	6	334	677
Finance income		-	1
Finance costs		<u>(8)</u>	<u>(3)</u>
Profit before tax		326	675
Income tax	8	<u>(77)</u>	<u>(39)</u>
Profit for the year		<u>249</u>	<u>636</u>

The Income statement has been prepared on the basis that all operations are continuing.

The notes on pages 13 to 28 form an integral part of these financial statements.

## Thamesport (London) Limited

### Statement of comprehensive income for the year ended 31 December 2016

	2016 £ 000	2015 £ 000
Profit for the year	<u>249</u>	<u>636</u>
<b>Other comprehensive (expense)/income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial (losses)/gains on defined benefit pension schemes	(1,492)	771
Movement on current tax relating to pension scheme	85	-
Movement on deferred tax relating to pension scheme	213	(139)
Movement on deferred tax relating to change in UK tax rate	<u>(67)</u>	<u>(143)</u>
Total other comprehensive (expense)/income for the year	<u>(1,261)</u>	<u>489</u>
Total comprehensive (expense)/income for the year	<u><u>(1,012)</u></u>	<u><u>1,125</u></u>

The notes on pages 13 to 28 form an integral part of these financial statements.

# Thamesport (London) Limited

## Statement of financial position as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	13	711	568
<b>Current assets</b>			
Inventories	9	362	354
Other receivables	10	5,824	5,005
Cash and cash equivalents	11	936	942
		<u>7,122</u>	<u>6,301</u>
Total assets		<u>7,833</u>	<u>6,869</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	-	-
(Accumulated losses)/Retained earnings	15	<u>(177)</u>	<u>835</u>
Total equity		<u>(177)</u>	<u>835</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	17	3,867	2,802
<b>Current liabilities</b>			
Trade and other payables	12	2,661	2,658
Loans and borrowings	11	1,457	500
Current tax payable		<u>25</u>	<u>74</u>
		<u>4,143</u>	<u>3,232</u>
Total liabilities		<u>8,010</u>	<u>6,034</u>
Total equity and liabilities		<u>7,833</u>	<u>6,869</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

The financial statements on pages 8 to 28 were approved by the Board of Directors on 2 August 2017 and signed on its behalf by:



Mr Clemence Chun Fun Cheng  
Director

# Thamesport (London) Limited

## Statement of changes in equity for the financial year ended 31 December 2016

	Retained earnings/ (accumulated losses) and total equity £ 000
At 1 January 2016	835
Profit for the year	249
Actuarial losses on defined benefit pension schemes before tax	(1,492)
Movement on current tax relating to pension scheme	85
Movement on deferred tax relating to pension scheme	213
Movement on deferred tax relating to change in UK tax rate	(67)
At 31 December 2016	<u>(177)</u>
	£ 000
At 1 January 2015	(290)
Profit for the year	636
Actuarial gains on defined benefit pension schemes before tax	771
Movement on deferred tax relating to pension scheme	(139)
Movement on deferred tax relating to change in UK tax rate	(143)
At 31 December 2015	<u>835</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

# Thamesport (London) Limited

## Statement of cash flows for the financial year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
<b>Cash flows from operating activities</b>			
Cash used in continuing operations	16	(917)	(373)
Interest received		-	1
Interest paid		(8)	(3)
Income taxes paid		<u>(38)</u>	<u>(39)</u>
Net cash flow used in operating activities		<u>(963)</u>	<u>(414)</u>
Net decrease in cash and cash equivalents		(963)	(414)
Cash and cash equivalents at 1 January		<u>442</u>	<u>856</u>
Cash and cash equivalents at 31 December		<u><u>(521)</u></u>	<u><u>442</u></u>

The notes on pages 13 to 28 form an integral part of these financial statements.

# **Thamesport (London) Limited**

## **Notes to the financial statements for the financial year ended 31 December 2016**

### **1 General information**

The principal activity of the company is the management and operation of London Thamesport and associated services.

The company is limited by shares, incorporated in England and Wales and domiciled in the United Kingdom.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The statements have been prepared on a going concern basis and on a historical cost basis, except for the following:

- Defined benefit pension plans

No new standards, interpretations and amendments are effective for the first time from 1 January 2016.

#### **New standards and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements, except the following set out below:

IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to European Union endorsement.

IFRS 16 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. IFRS 16 completes the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases Standard, IAS 17 'Leases', and related Interpretations.

The company is assessing the impact of IFRS 15 and IFRS 16.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the company.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is based on the group continuing its support.

## **Thamesport (London) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2016**

#### **Revenue recognition**

The revenue and profit before taxation are attributable to the management and operation of London Thamesport and associated services, which arise wholly within the United Kingdom.

Revenue is the total amount receivable by the company in the ordinary course of business for services provided to third parties, net of discounts and rebates, exclusive of Value Added Tax. Revenue from the provision of services is recognised on the delivery of those services, which for container shipping is on completion of the shipping or transport operation.

#### **Inventories**

Inventories, which comprise spare parts and consumable stores, are stated at the lower of cost and net realisable value. The cost of inventories is calculated on an average cost basis.

#### **Pension costs**

The company operates both defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to the Income statement spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who, for accounting purposes, also carry out a valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds, which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses are recognised in full in the year in which they occur, outside the Income statement, in the Statement of changes in equity.

The defined benefit pension scheme was closed to new entrants on 30 June 2003 and to future accrual on 31 December 2013. Subsequent costs relating to the defined contribution group personal pension plan which replaced the defined benefit pension scheme are expensed as incurred. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

## **Thamesport (London) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2016**

#### **Other receivables**

Other receivables are recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the Income statement.

#### **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **Cash and cash equivalents**

For the purpose of the Statement of cash flows, the cash and cash equivalents note includes cash in hand, short term deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position.

#### **Trade payables**

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

#### **Foreign currency transactions and balances**

The financial statements are presented in GBP, which is the company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Income statement.

### **3 Financial risk management and impairment of financial assets**

The company's activities expose it to a variety of financial risks: liquidity risk, market risks (including foreign exchange risk, price risk and cash flow interest rate risk) and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the group. The group approves written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk. Hedge accounting is applied where appropriate.



## **Thamesport (London) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2016**

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the business, the central treasury department aims to maintain flexibility in funding by keeping committed credit lines available. Accordingly, liquidity risk is monitored at an immediate parent company level.

#### **Foreign exchange risk**

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Hong Kong dollar and the Euro. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management has set up a policy to advise group companies to manage their foreign exchange risk against their functional currency. The policy permits the use of forward rate agreements, forward foreign exchange contracts and currency swaps with prior approval. All group companies are reviewed on a regular basis.

#### **Price risk**

The company is not exposed to significant price risks.

#### **Cash flow and interest rate risk**

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

#### **Capital risk management**

Capital is managed at a group level. The group objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce cost of capital. Accordingly, the details of capital risk management are disclosed in the consolidated financial statements of a parent entity.

#### **4 Fair value**

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term maturities of these assets and liabilities. Where appropriate, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### 5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these issues is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further, the recoverability of deferred tax assets for tax losses is based upon the achievement of future expected profitability, which is inherently uncertain.

##### Pension assumptions

Contributions to the Maritime Transport Services Limited Retirement and Death Benefit Scheme are determined by a qualified actuary on the basis of an actuarial valuation using the projected unit credit method. Valuations are carried out every three years and the most recent was issued as at 31 December 2013. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rate of return on the investments and the rates of increase in salaries and pension.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation and updated by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 December 2016. The details of the principal actuarial assumptions are given in note 17.

#### 6 Operating profit

Operating profit for the financial year is arrived at after charging

	2016 £ 000	2015 £ 000
Hire of equipment	<u>509</u>	<u>590</u>

##### Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of these financial statements	<u>6</u>	<u>6</u>

Commitments under non-cancellable operating leases are detailed in note 18.

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### 7 Staff costs and directors' remuneration

The aggregate payroll costs were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	3,065	4,191
Social security costs	316	378
Other pension costs, defined contribution scheme	299	338
Other pension costs, defined benefit scheme	192	243
	<u>3,872</u>	<u>5,150</u>

The monthly average number of persons employed by the company (including directors) during the year was as follows:

	2016 No.	2015 No.
Monthly average number of employees	<u>90</u>	<u>106</u>

#### Key management compensation

The emoluments of key management are paid by another group company which makes no recharge to the company. Key management form the executive board of the group and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of key management. Their total emoluments are included in the aggregate of key management disclosed in the financial statements of the group.

#### Directors' remuneration

All directors received their remuneration primarily in respect of services provided to other group companies and as a result their respective remuneration details are reflected in the financial statements of those companies.

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### 8 Income tax

Tax charged in the Income statement

	2016 £ 000	2015 £ 000
<b>Current taxation</b>		
UK corporation tax	74	74
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(9)	63
Arising from changes in tax rates and laws	12	(98)
Total deferred taxation	3	(35)
Tax expense in the Income statement	77	39

The tax assessed on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015: lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%). The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	326	675
Profit on ordinary activities before taxation at 20% (2015: 20.25%)	65	137
Deferred tax credit relating to changes in tax rates or laws	12	(98)
Total tax charge	77	39

The Finance Act 2013 included legislation which reduced the main rate of corporation tax from 23% to 21% on 1 April 2014 and a further reduction to 20% on 1 April 2015.

The Finance (No. 2) Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% on 1 April 2017 and a further reduction to 18% on 1 April 2020. The Finance (No. 2) Act 2015 was substantively enacted on 18 November 2015 and the effect of this change has been reflected in the financial statements of the company for the comparative financial year ended 31 December 2015.

The Finance Act 2016 included legislation to further reduce the main rate of corporation tax from 18% to 17% on 1 April 2020. The Finance Act 2016 was substantively enacted on 6 September 2016 and the effect of this change has been reflected in the financial statements of the company for the financial year ended 31 December 2016.

#### 9 Inventories

	2016 £ 000	2015 £ 000
Spare parts and consumables	362	354

Inventories recognised as an expense during the year ended 31 December 2016 amounted to £217,000 (2015: £375,000).

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### 10 Other receivables

	2016	2015
	£ 000	£ 000
Amounts owed by group undertakings	5,427	4,582
Prepayments	334	323
Other receivables	63	100
Total other receivables	<u>5,824</u>	<u>5,005</u>

Amounts owed by group undertakings are denominated in GBP, unsecured, interest free and repayable on demand. The fair values of other receivables are assumed to approximate their fair values due to their short-term nature.

#### 11 Cash and cash equivalents

	2016	2015
	£ 000	£ 000
Cash at bank and on hand	936	942
Bank overdrafts	(1,457)	(500)
Cash and cash equivalents in statement of cash flows	<u>(521)</u>	<u>442</u>

#### 12 Trade and other payables

	2016	2015
	£ 000	£ 000
Trade payables	219	261
Amounts owed to group undertakings	1,862	23
Social security and other taxes	73	102
Accrued expenses	482	1,902
Other payables	25	370
	<u>2,661</u>	<u>2,658</u>

Amounts owed to group undertakings are denominated in GBP, unsecured, interest free and repayable on demand.

# Thamesport (London) Limited

## Notes to the financial statements for the financial year ended 31 December 2016

### 13 Deferred tax assets

	2016	2015
	£ 000	£ 000
<b>Deferred tax asset - pension scheme</b>		
At 1 January	555	800
Credited/(charged) to Income statement	9	(63)
Re-measurement of deferred tax asset	(12)	100
Credited/(charged) directly to equity in respect of:		
Current financial year actuarial losses/(gains)	213	(139)
Re-measurement of deferred tax asset	(67)	(143)
At 31 December	<u>698</u>	<u>555</u>

	2016	2015
	£ 000	£ 000
<b>Deferred tax asset - other timing differences</b>		
At 1 January	13	15
Re-measurement of deferred tax asset	-	(2)
At 31 December	<u>13</u>	<u>13</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

	2016	2015
	£ 000	£ 000
<b>Deferred tax assets to be recovered:</b>		
After more than 12 months	641	512
Within 12 months	70	56
	<u>711</u>	<u>568</u>

# Thamesport (London) Limited

## Notes to the financial statements for the financial year ended 31 December 2016

### 14 Share capital

	2016	2015
	£	£
<b>Authorised share capital</b>		
100 (2015: 100) ordinary shares of £1 each	100	100
<b>Allotted, issued, called up and fully paid share capital</b>		
2 (2015: 2) ordinary shares of £1 each	2	2

The ordinary shares have voting rights with no restrictions and are not limited in respect of participation in any dividend or capital distribution.

### 15 (Accumulated losses)/Retained earnings

	£ 000
At 1 January 2016	835
Profit for the financial year	249
Actuarial losses on defined benefit pension schemes before tax	(1,492)
Movement on current tax relating to pension scheme	85
Movement on deferred tax relating to pension scheme	213
Movement on deferred tax relating to change in UK tax rate	(67)
At 31 December 2016	(177)
	£ 000
At 1 January 2015	(290)
Profit for the financial year	636
Actuarial gains on defined benefit pension schemes before tax	771
Movement on deferred tax relating to pension scheme	(139)
Movement on deferred tax relating to change in UK tax rate	(143)
At 31 December 2015	835

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### 16 Cash used in continuing operations

	2016 £ 000	2015 £ 000
Profit for the year	249	636
Adjustments to cash flows from non-cash items		
Finance income	-	(1)
Finance costs	8	3
Income tax expense	77	39
	<u>334</u>	<u>677</u>
Working capital adjustments		
(Increase)/decrease in inventories	(8)	15
Decrease in trade and other receivables	26	7
(Decrease)/increase in trade and other payables	(1,836)	604
Decrease in retirement benefit obligation net of actuarial changes	(427)	(314)
Increase in amounts owed by group undertakings	(845)	(1,385)
Increase in amounts owed to group undertakings	1,839	23
	<u>(917)</u>	<u>(373)</u>

#### 17 Retirement benefit obligations

Pension benefits are provided to employees through a defined benefit pension scheme, which was closed to new members on 30 June 2003 and to future accrual on 31 December 2013, and through a defined contribution group personal pension plan which replaced it for new entrants from 1 July 2003. Both schemes are funded by the company and its employees.

##### Defined benefit pension scheme

##### The Maritime Transport Services Limited Retirement and Death Benefits Scheme

The fund is separately administered by trustees. The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary.

An actuarial valuation of the scheme was carried out as at 31 December 2013 the conclusion of which was that the market value of the scheme's assets was £17,437,000 and an actuarial deficit of £3,610,000 existed. The following assumptions were used:



## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

	Non-pensioner	Pensioner
Pre-retirement discount rate	5.90%	n/a
Post-retirement discount rate	4.70%	4.10%
Inflation (RPI): Pre Retirement	3.50%	n/a
Inflation (RPI): Post Retirement	4.00%	3.50%
Inflation (CPI): Pre Retirement	2.80%	n/a
Inflation (CPI): Post Retirement	3.30%	2.80%
Pension increases:		
- CPI capped at 3%	2.55%	2.30%
- RPI capped at 2.5%	2.35%	2.25%
- RPI capped at 5%	3.75%	3.35%
- RPI capped at 5% with minimum 3%	4.00%	3.75%
Return on assets	6.58%	6.58%

In order to eliminate the deficit, the company has agreed to pay the following contributions from the date of the recovery plan until 31 October 2019:

Year ending 31 December	£ 000
2014	430
2015	446
2016	463
2017	480
2018	498
2019	431

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at 31 December 2013 and updated by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 December 2016. Scheme assets are stated at their bid value at 31 December 2016.

Contributions payable to the pension scheme at the end of the year are £nil (2015: £nil).

The expected contributions to the plan for the next financial year are £480,000.

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the Statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	23,409	18,854
Present value of scheme liabilities	(27,276)	(21,656)
Defined benefit pension scheme deficit	(3,867)	(2,802)

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### *Scheme assets*

Changes in the fair value of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Fair value at start of financial year	18,854	18,474
Interest income	721	668
Return on plan assets, excluding amounts included in interest income	3,871	(202)
Employer contributions	619	557
Benefits paid	(498)	(492)
Net transfer out liability	(68)	(45)
Administrative expenses paid	(90)	(106)
Fair value at end of financial year	<u>23,409</u>	<u>18,854</u>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Cash and cash equivalents	204	160
Equity instruments	16,671	13,243
Debt instruments	<u>6,534</u>	<u>5,451</u>
	<u>23,409</u>	<u>18,854</u>

#### *Actual return on scheme's assets*

	2016 £ 000	2015 £ 000
Actual return on scheme assets	<u>4,592</u>	<u>466</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

#### *Scheme liabilities*

Changes in the present value of scheme liabilities are as follows:

	2016 £ 000	2015 £ 000
Present value at start of financial year	21,656	22,361
Actuarial gains and losses arising from changes in demographic assumptions	(85)	115
Actuarial gains and losses arising from changes in financial assumptions	5,575	(809)
Actuarial gains and losses arising from experience adjustments	(127)	(279)
Interest cost	823	805
Benefits paid	(498)	(492)
Net transfer out liability	<u>(68)</u>	<u>(45)</u>
Present value at end of financial year	<u>27,276</u>	<u>21,656</u>

# Thamesport (London) Limited

## Notes to the financial statements for the financial year ended 31 December 2016

Weighted average duration of the defined benefit obligation is 23 years (2015: 21 years).

### Principal actuarial assumptions

The principal actuarial assumptions at the Statement of financial position date are as follows:

	2016	2015
	%	%
Future salary increases	2.70	2.55
Allowance for increases to pensions in payment - pre 6 April 2005	2.00	1.90
Allowance for increases to pensions in payment - post 6 April 2005	1.65	1.50
Discount rate	2.80	3.85
Inflation CPI	2.00	1.85
Inflation RPI	3.20	3.05

### Post retirement mortality assumptions

	2016	2015
	Years	Years
Current UK pensioners at retirement age - male	19.00	18.80
Current UK pensioners at retirement age - female	21.60	21.40

### Amounts recognised in the Income statement

	2016	2015
	£ 000	£ 000
<b>Amounts recognised in operating profit</b>		
Administrative expenses paid	90	106
Net interest	102	137
Total recognised in the Income statement	192	243

### Amounts recognised in the Statement of comprehensive income

	2016	2015
	£ 000	£ 000
Actuarial gains/(losses) arising from changes in demographic assumptions	85	(115)
Actuarial (losses)/gains arising from changes in financial assumptions	(5,575)	809
Actuarial gains arising from experience adjustments	127	279
Return on plan assets, excluding amounts included in interest income	3,871	(202)
Amounts recognised in the Statement of comprehensive income	(1,492)	771

## Thamesport (London) Limited

### Notes to the financial statements for the financial year ended 31 December 2016

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
<b>Expressed as %</b>			
Discount rate	0.25%	decrease by 5.46%	increase by 5.9%
Inflation - RPI	0.25%	increase by 3.63%	decrease by 3.3%
Life expectancy	1 Year	increase by 4.58%	-
<b>Expressed as £ 000</b>			
Discount rate	0.25%	decrease by 1,490	increase by 1,610
Inflation - RPI	0.25%	increase by 990	decrease by 900
Life expectancy	1 Year	increase by 1,250	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the Statement of financial position.

#### Maturity analysis of benefit payments

	1-5 years £ 000	6-10 years £ 000	11-15 years £ 000	16-20 years £ 000	Over 20 years £ 000	Total £ 000
2016	2,903	4,171	5,164	6,801	32,838	51,877
2015	<u>2,777</u>	<u>3,773</u>	<u>5,070</u>	<u>6,672</u>	<u>34,516</u>	<u>52,808</u>

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the financial year represents contributions payable by the company to the scheme and amounted to £299,000 (2015: £338,000).

Contributions totalling £24,000 (2015: £30,000) were payable to the scheme at the end of the financial year and are included in trade and other payables.

## **Thamesport (London) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2016**

#### **18 Operating lease commitments**

The total future value of minimum lease payments is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Within one year	<u>90</u>	<u>47</u>

#### **19 Parent and ultimate parent undertaking**

Maritime Transport Services Limited, a company registered in England and Wales, is the immediate parent of the company and owns 100% of the shares and voting rights.

MTS (Holdings) Limited, a company registered in England and Wales, is the smallest group to consolidate the financial statements of the company.

Copies of the MTS (Holdings) Limited financial statements may be obtained from the Company Secretary, Tomline House, The Dock, Felixstowe, Suffolk, IP11 3SY.

CK Hutchison Holdings Limited ("CKHH"), a company incorporated in the Cayman Islands and listed in Hong Kong is the ultimate parent of the company and the largest group to consolidate these financial statements.

Copies of the annual financial statements of CKHH may be obtained from the Company Secretary, 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong.

#### **20 Related party transactions**

##### **Parent company**

During the financial year the company received £7,727,000 (2015: £10,832,000) in respect of port usage services provided to Maritime Transport Services Limited.

##### **Fellow subsidiary**

During the financial year, the company did not incur any management fees (2015: £137,000) with The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports (UK) Limited. A balance of £383,000 (2015: £383,000) relating to services received in previous years is outstanding at 31 December 2016.

The company incurred operating lease payments to The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports (UK) Limited, of £145,000 (2015: £155,000). There were no outstanding balances as at 31 December 2016 (2015: £nil).

During the financial year, the company received services worth £11,000 (2015: £27,000) from Maritime Cargo Processing plc. Hutchison Ports (UK) Limited has an investment in Maritime Cargo Processing plc. An outstanding balance of £1,000 (2015: £6,000) is included as a trade creditor as at 31 December 2016.