

THAMESPORT (LONDON) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(Registered number 2191687)

31 December 2018



Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2018

The directors present their Strategic report for the financial year ended 31 December 2018.

Fair review of the business

The decrease in revenue is a direct result of the decrease in the port usage services provided to the company's immediate parent company.

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 2018, with historical comparisons:

Revenue

Revenue for 2018 (£7.299 million) has decreased on the previous financial year (£8.032 million).

Gross and operating profit margins

Gross profit margin (2018: 9.26%, 2017: 25.75%) has decreased compared to the previous financial year and operating profit margin (2018: 7.41%, 2017: 6.44%) has increased compared to the previous financial year.

Total equity

As at 31 December 2018, the company had equity of £1.810 million (2017: £0.989 million).

Business environment

UK ports play a vital role in the UK economy. The Department for Transport confirmed that in 2017 UK ports handled around 482 million tonnes of freight. There was no significant increase in unitised traffic handled in the UK during the same period with 5.9 million container units handled, the same as in 2016. Brexit continues to create uncertainty in the market, and the wider UK economy, although London Thamesport is well placed to provide the additional facilities and services that may be required.

Approved by the Board on 20 September 2019 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 2018

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2018.

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 profit for the financial year ended 31 December 2018. The directors do not propose a final dividend for the financial year ended 31 December 2018 (2017 : £nil).

Charitable donations

No charitable donations were made during the financial year (2017: £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.

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:

Ms Edith Shih

Mr Sing Chi Ip

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.

Other risks facing the company include the limited availability of land for expansion, constantly changing technology and the impact on the environment. Management seek to mitigate these risks by maximising efficient use of available land, renewing, upgrading and the development of plant and machinery and seeking and implementing green technology wherever available.

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2018

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 in container handling by establishing the port as a short sea-hub, and in other business sectors such as construction and aggregates, which was an area of high growth for the business in the current financial year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report (consisting of the Strategic report, Directors' report, financial statements and notes to the financial statements) in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the 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.

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2018

Going concern

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

Approved by the Board on 20 September 2019 and signed by its order:



.....
Mr Simon Richard Mullett
Company secretary

Registered number
2191687

Registered Office
Tomline House
The Dock
Felixstowe
Suffolk
IP11 3SY

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

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

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
23 September 2019

Thamesport (London) Limited

Income statement for the financial year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Revenue		7,299	8,032
Cost of sales		<u>(6,623)</u>	<u>(5,964)</u>
Gross profit		676	2,068
Administrative expenses		<u>(135)</u>	<u>(1,551)</u>
Operating profit	6	541	517
Finance income		1	-
Finance costs		<u>(22)</u>	<u>(18)</u>
Profit before tax		520	499
Income tax expense	8	<u>(81)</u>	<u>(116)</u>
Profit for the financial year		<u>439</u>	<u>383</u>

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

The notes on pages 13 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of comprehensive income for the financial year ended 31 December 2018

	2018 £ 000	2017 £ 000
Profit for the financial year	<u>439</u>	<u>383</u>
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial gains on defined benefit pension schemes	460	944
Movement on deferred tax relating to pension scheme	(87)	(182)
Movement on deferred tax relating to change in UK tax rate	<u>9</u>	<u>21</u>
Total other comprehensive income for the financial year	<u>382</u>	<u>783</u>
Total comprehensive income for the financial year	<u>821</u>	<u>1,166</u>

The notes on pages 13 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of financial position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Assets			
Non-current assets			
Deferred tax assets	13	311	452
Current assets			
Inventories	9	325	344
Other receivables	10	6,698	6,983
Cash and cash equivalents	11	-	678
		<u>7,023</u>	<u>8,005</u>
Total assets		<u>7,334</u>	<u>8,457</u>
Equity and liabilities			
Equity			
Share capital	14	-	-
Retained earnings	15	<u>1,810</u>	<u>989</u>
Total equity		<u>1,810</u>	<u>989</u>
Non-current liabilities			
Retirement benefit obligations	17	1,581	2,515
Current liabilities			
Trade and other payables	12	3,814	3,460
Loans and borrowings	11	115	1,475
Current tax payable		<u>14</u>	<u>18</u>
		<u>3,943</u>	<u>4,953</u>
Total liabilities		<u>5,524</u>	<u>7,468</u>
Total equity and liabilities		<u>7,334</u>	<u>8,457</u>

The notes on pages 13 to 36 form an integral part of these financial statements.

The financial statements on pages 8 to 36 were approved by the Board of Directors on 20 September 2019 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 2018

	Retained earnings and total equity £ 000
At 1 January 2018	989
Profit for the financial year	439
Actuarial gains on defined benefit pension schemes before tax	460
Movement on deferred tax relating to pension scheme	(87)
Movement on deferred tax relating to change in UK tax rate	9
At 31 December 2018	<u>1,810</u>
	£ 000
At 1 January 2017	(177)
Profit for the financial year	383
Actuarial gains on defined benefit pension schemes before tax	944
Movement on deferred tax relating to pension scheme	(182)
Movement on deferred tax relating to change in UK tax rate	21
At 31 December 2017	<u>989</u>

The notes on pages 13 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of cash flows for the financial year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Cash generated from/(used in) continuing operations	16	725	(233)
Interest received		1	-
Interest paid		(22)	(18)
Income taxes paid		(22)	(25)
Net cash flow generated from/(used in) operating activities		<u>682</u>	<u>(276)</u>
Net increase/(decrease) in cash and cash equivalents		682	(276)
Cash and cash equivalents at 1 January		<u>(797)</u>	<u>(521)</u>
Cash and cash equivalents at 31 December		<u><u>(115)</u></u>	<u><u>(797)</u></u>

The notes on pages 13 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

1 General information

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

The company is a private company 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 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:

- Certain financial assets
- Defined benefit pension plans

New and amended standards adopted by the company

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

IFRS 9 'Financial Instruments'

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The company has reviewed its financial assets and liabilities and there has not been any significant impact from the adoption of the new standard on 1 January 2018.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 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 2018. The company has reviewed its revenue recognition policy and there has not been any significant impact from the adoption of the new standard on 1 January 2018.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements, being:

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IAS 40 - Investment Property

IFRS 2 - Share-based Payment

New standards and interpretations not yet adopted

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's financial statements in future:

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

IFRS 16 'Leases'

IFRS 16 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'). The company will apply the standard from its mandatory adoption date of 1 January 2019. IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 'Leases', and related Interpretations. It will result in almost all leases being recognised on the balance sheet by lessees, since the distinction between operating and finance leases is removed. Under the new standard, an asset (that is, the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The company intends to apply the simplified transition approach and, as a result, will not restate comparative amounts for the year prior to first adoption. Where a full history of lease payments is available, right-of-use assets for leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Key judgements and estimates

The fundamental principle as defined by the Standard is that a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company has reviewed all current contracts which may contain a lease, and will continue to review all long term contracts entered into. The company will also continue to assess whether any split of lease and service elements of long term contracts is required.

The Standard also requires a lessee to determine the period for which a contract containing a lease is enforceable and, where applicable, identify when the lessee and the lessor each has the right to terminate the lease without permission from the other party. A lessee must also assess whether it is reasonably certain to exercise any option to extend a contract containing a lease. The company has an internal Procurement policy that states all leases must be re-tendered upon expiry. The company has therefore concluded that any automatic renewal clauses will not be exercised.

In order to derive an appropriate discount rate used in the calculation of right-of-use assets and lease liabilities, the company has made reference to average yields derived from UK Government risk free Gilts yields. This forms a base to which the company can add a typical spread in order to derive an incremental cost of borrowing over a period to match that of the lease term.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Practical expedients

The Standard allows a range of practical expedients to be applied on initial application of the standard. The company has chosen to apply the following expedients:

- A lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- A lessee may elect not to apply the requirements of the standard to leases for which the lease term ends within 12 months of the date of initial application. All lease contracts with an expiry date within 12 months of the date of initial application will be treated as short-term and will be classified as such within the Income statement.
- A lessee may exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- A lessee may use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Initial application

The company has reviewed all its leasing arrangements in light of the new lease accounting rules required under IFRS 16. As at the reporting date, the company has non-cancellable operating lease commitments of £84,000, as disclosed in note 18. The company expects to recognise right-of-use assets of approximately £38,000 on 1 January 2019 along with lease liabilities of £43,000. The resulting impact on opening retained earnings will be a charge of £5,000, before any deferred tax impact is considered. Short-term leases and low-value leases will both continue to be recognised on a straight-line basis as an expense in the Income Statement.

None of the other standards, interpretations and amendments effective for the first time for financial periods starting after 1 January 2018 will have a material effect on the financial statements, being:

IFRIC 23 - Uncertainty over Income Tax Treatments

Amendments to IAS 19 - Employee Benefits

Amendments to IAS 28 - Investments in Associates and Joint Ventures

Annual improvements cycle (2015-2017)

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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

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.

Revenue recognition

Recognition

The company earns revenue from the provision of services attributable to the operation of London Thamesport, and 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 related parties, net of discounts and rebates, exclusive of Value Added Tax. The company earns revenue from provision of management services to related party entities.

The company has adopted IFRS 15 with an effective date of 1 January 2018. As a result the company has changed its accounting policy for revenue recognition in line with the requirements of IFRS 15. The policy applied for the year ending 31 December 2018 is detailed below.

IFRS 15 requires entities to apportion revenue earned from contracts to individual performance obligations based on a stand-alone selling price. The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

Under IFRS 15, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. IFRS 15 introduces specific criteria for determining when revenue is recognised.

For revenue generated from the handling and storage of goods imported to, and exported from, the UK, the company's performance obligations can be considered to be separate and individual in nature. Each element of revenue can be identified separately and is selected individually as per the customer's requirements. Individual services are invoiced to the customer following completion of that particular service and there is no obligation on the company to provide subsequent services once each individual service has been completed. All services are considered to be provided at a point in time. This includes revenue recognised from the storage of goods, which is short term in nature and is charged based on a daily rate. The company considers that a separately identifiable performance obligation is created at the completion of each day's storage.

The similar nature of revenues generated by the company results in no requirement to disaggregate revenue, in accordance with IFRS 15.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Transaction price

The consideration which the company expects to receive in exchange for specific services is clearly defined and agreed prior to the service being performed. Such consideration is fixed for most individual services supplied. As a result, there is little ambiguity when allocating prices to such performance obligations within the company/group's transactions with customers. Variable elements of revenue are subject to agreements which are ordinarily co-terminus with the financial year, which reduces the uncertainty over the revenue attributable to the financial year. Any liabilities that may arise as a result of non-performance of obligations are netted against revenue in the period to which such non-performance relates.

Contract assets and receivables

Contract assets are required to be classified as a receivable when the entity's right to consideration is unconditional, when payment is due only on the passage of time. Given that the company/group's performance obligations can be considered to be clearly defined, separate and individual in nature, trade receivables are recognised rather than contract assets.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration. In the ordinary course of business no such balances arise due to the timing and nature of the services provided and cash collection from customers.

Practical Expedients

The company applies the practical expedient under para 63 of IFRS 15 that no discounting is applied on the basis that the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The company also applies the practical expedient under para 94 of IFRS 15 in relation to contract costs which is applied on the basis that contractually agreed rates are ordinarily in place for a period of 12 months or less.

Transition

The overall impact of transition on profit and retained earnings is estimated to be £nil. Given the impact of implementing the new accounting policy under IFRS 15 is no different to the financial performance and position under the IFRS that previously applied, there has been no presentation of the current year financial statements under the previous IFRS. All key judgments are unchanged from those required in application of the IFRS as previously applied. Revenue continues to be recognised when performance obligations are met, which is considered to be upon completion of each individual component of port handling services, delivered at a point in time.

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 and other payables

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

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

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 either to the Income statement or the Statement of comprehensive income depending on the nature of the asset or liability being revalued.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of financial position date.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities, inventories, accruals and employee benefits plan. All assets and liabilities affected can be found in the table at the end of this note.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income ("FVTOCI"); or
- financial assets at fair value through the profit or loss ("FVTPL").

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in OCI and are not subsequently included in the Income statement.

Financial assets at FVTPL

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at FVTPL

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Impairment of financial assets

Measurement of Expected Credit Losses ("ECL")

The impairment model is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVTOCI, lease receivables, contract assets within the scope of IFRS 15 and certain written loan commitments and financial guarantee contracts.

Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to: (i) the 12-month expected credit losses or (ii) full lifetime expected credit losses. The latter applies if credit risk has increased significantly since initial recognition of the financial instrument.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Derivative financial instruments

All derivatives in the scope of IFRS 9, including those linked to unquoted equity investments, are measured at fair value. Value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship.

The contractual cash flows of the financial asset are assessed in their entirety, and the asset as a whole is measured at FVTPL if the contractual cash flow characteristics test is not passed. Embedded derivatives not closely related to financial liabilities will be accounted for separately at fair value in the case of financial liabilities not designated at FVTPL.

Hedge accounting

If the eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge.

There are three types of hedging relationships: (i) fair value hedge; (ii) cash flow hedge and (iii) hedge of a net investment in a foreign operation.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met: (i) the hedging relationship consists only of eligible hedging instruments and eligible hedged items; (ii) at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; (iii) the hedging relationship meets all of the hedge effectiveness requirements.

In order to qualify for hedge accounting, the hedge relationship must meet the following effectiveness criteria: (i) there is an economic relationship between the hedged item and the hedging instrument; (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and (iii) the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Transition to IFRS 9

Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories. There was no effect resulting from reclassification. There was no impact on any carrying amounts or on equity, so no restatement has been performed.

On the date of initial application, 1 January 2018, the financial instruments of the company were as follows:

	Measurement Category		Carrying Amount	
	Original (IAS 39)	New (IFRS 9)	Original £ 000	New £ 000
Current financial assets				
Amounts owed by group undertakings	Amortised cost	Amortised cost	6,687	6,687
Cash and cash equivalents	Amortised cost	Amortised cost	678	678
Current financial liabilities				
Loans and borrowings	Amortised cost	Amortised cost	1,475	1,475
Amounts owed to group undertakings	Amortised cost	Amortised cost	2,440	2,440

Amounts owed by group undertakings are measured at amortised cost due to their short term nature and the fact that they are repayable on demand, this would therefore approximate fair value.

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 Hutchison Ports (UK) Limited 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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

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 Hutchison Ports (UK) Limited 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 Hutchison Ports (UK) Limited.

4 Fair value

Where financial assets or liabilities are measured at fair value they are classified using a fair value hierarchy that reflects the significance of the inputs used in the measurement. 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 2018

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 2016. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the discount rate applied to liabilities 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 2018. The details of the principal actuarial assumptions are given in note 17.

There are no critical judgements made by the directors in applying the company's accounting policies which have a significant impact on the financial statements other than those involving estimates, as disclosed above.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

6 Operating profit

Operating profit for the financial year is arrived at after charging

	2018 £ 000	2017 £ 000
Hire of equipment	319	408
Operating lease rents payable	<u>7</u>	<u>6</u>

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

Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of these financial statements	<u>7</u>	<u>6</u>

7 Staff costs and directors' remuneration

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	3,130	3,046
Redundancy costs	-	29
Social security costs	300	278
Other pension costs, defined contribution scheme	282	280
Other pension costs, defined benefit scheme	<u>137</u>	<u>232</u>
	<u>3,849</u>	<u>3,865</u>

The monthly average number of employees of the company was 81 (2017: 82).

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 2018

8 Income tax expense

Tax charged in the Income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	18	18
Deferred taxation		
Arising from origination and reversal of temporary differences	90	78
Arising from changes in tax rates and laws	(27)	20
Total deferred taxation	63	98
Tax expense in the Income statement	81	116

The tax assessed on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%). The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	520	499
Profit before tax at 19% (2017: 19.25%)	99	96
Deferred tax credit relating to changes in tax rates or laws	(27)	20
Effect of expense not deductible in determining taxable profit	9	-
Total tax charge	81	116

The Finance (No. 2) Act 2015 included legislation to reduce the main rate of corporation tax from 19% to 18% on 1 April 2020. 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 these financial statements.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

9 Inventories

	2018	2017
	£ 000	£ 000
Spare parts and consumables	<u>325</u>	<u>344</u>

Inventories recognised as an expense during the year ended 31 December 2018 amounted to £295,000 (2017: £225,000).

10 Other receivables

	2018	2017
	£ 000	£ 000
Amounts owed by group undertakings	6,447	6,687
Prepayments	183	220
Other receivables	<u>68</u>	<u>76</u>
Total other receivables	<u>6,698</u>	<u>6,983</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

	2018	2017
	£ 000	£ 000
Cash at bank and on hand	-	678
Bank overdrafts	<u>(115)</u>	<u>(1,475)</u>
Cash and cash equivalents in statement of cash flows	<u>(115)</u>	<u>(797)</u>

12 Trade and other payables

	2018	2017
	£ 000	£ 000
Trade payables	214	262
Amounts owed to group undertakings	2,483	2,440
Social security and other taxes	76	72
Accrued expenses	1,003	657
Other payables	<u>38</u>	<u>29</u>
	<u>3,814</u>	<u>3,460</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 2018

13 Deferred tax assets

	2018	2017
	£ 000	£ 000
Deferred tax asset - pension scheme		
At 1 January	439	698
Charged to Income statement	(90)	(78)
Re-measurement of deferred tax asset	27	(20)
(Charged)/credited directly to equity in respect of:		
Movement on deferred tax relating to pension scheme	(87)	(182)
Re-measurement of deferred tax asset	9	21
At 31 December	<u>298</u>	<u>439</u>

	2018	2017
	£ 000	£ 000
Deferred tax asset - other timing differences		
At 1 January	13	13
Re-measurement of deferred tax asset	-	-
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.

	2018	2017
	£ 000	£ 000
Deferred tax assets to be recovered:		
After more than 12 months	268	395
Within 12 months	43	57
	<u>311</u>	<u>452</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

14 Share capital

	2017
	£
Authorised share capital	
2017: 100 ordinary shares of £1 each	100

During the year the company adopted new articles of association reflecting the Companies Act 2006 and chose not to expressly provide for a limit on the number of shares that may be allotted. Therefore, whilst during 2017 the company had authorised share capital of £100, as at 31 December 2018 the concept of authorised share capital no longer applied.

	2018	2017
	£	£
Allotted, issued, called up and fully paid share capital		
2 (2017: 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 Retained earnings

	£ 000
At 1 January 2018	989
Profit for the financial year	439
Actuarial gains on defined benefit pension schemes before tax	460
Movement on deferred tax relating to pension scheme	(87)
Movement on deferred tax relating to change in UK tax rate	9
At 31 December 2018	1,810
	£ 000
At 1 January 2017	(177)
Profit for the financial year	383
Actuarial gains on defined benefit pension schemes before tax	944
Movement on deferred tax relating to pension scheme	(182)
Movement on deferred tax relating to change in UK tax rate	21
At 31 December 2017	989

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Notes to the financial statements for the financial year ended 31 December 2018

16 Cash generated from/(used in) continuing operations

	2018 £ 000	2017 £ 000
Profit for the financial year	439	383
Adjustments to cash flows from non-cash items		
Finance income	(1)	-
Finance costs	22	18
Current tax expense	81	116
	<u>541</u>	<u>517</u>
Working capital adjustments		
Decrease in inventories	19	18
Decrease in trade and other receivables	45	101
Increase in trade and other payables	311	221
Decrease in retirement benefit obligation net of actuarial changes	(474)	(408)
Decrease/(increase) in amounts owed by group undertakings	240	(1,260)
Increase in amounts owed to group undertakings	43	578
	<u>725</u>	<u>(233)</u>
Cash generated from/(used in) continuing operations		

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

An actuarial valuation of the scheme was carried out as at 31 December 2016 the conclusion of which was that the market value of the scheme's assets was £23,344,000 and an actuarial deficit of £3,283,000 existed. The following assumptions were used:

	Non-pensioner	Pensioner
Pre-retirement discount rate	5.35%	n/a
Post-retirement discount rate	3.25%	2.50%
Inflation (RPI): Pre Retirement	3.50%	n/a
Inflation (RPI): Post Retirement	3.75%	3.50%
Inflation (CPI): Pre Retirement	2.80%	n/a
Inflation (CPI): Post Retirement	3.05%	2.80%
Pension increases:		
- CPI capped at 3%	2.40%	2.30%
- RPI capped at 2.5%	2.30%	2.25%
- RPI capped at 5%	3.55%	3.35%
- RPI capped at 5% with minimum 3%	3.90%	3.75%
Return on assets	4.51%	4.51%

In order to eliminate the deficit, the company has agreed to pay the following contributions from the date of the recovery plan until 29 February 2024:

Year ending 31 December	£ 000
2019	517
2020	536
2021	556
2022	577
2023	599
2024	207

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at 31 December 2016 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 2018. Scheme assets are stated at their bid value at 31 December 2018.

Contributions payable to the pension scheme at the end of the year are £nil (2017: £nil).

The expected contributions to the plan for the next financial year are £517,000.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2018 £ 000	2017 £ 000
Fair value of scheme assets	25,091	26,124
Present value of scheme liabilities	(26,672)	(28,639)
Defined benefit pension scheme deficit	(1,581)	(2,515)

Scheme assets

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

	2018 £ 000	2017 £ 000
Fair value at start of financial year	26,124	23,409
Interest income	657	652
Return on plan assets, excluding amounts included in interest income	(1,797)	2,060
Employer contributions	611	640
Benefits paid	(434)	(509)
Administrative expenses paid	(70)	(128)
Fair value at end of financial year	25,091	26,124

Analysis of assets

The major categories of scheme assets are as follows:

	2018 £ 000	2017 £ 000
Cash and cash equivalents	459	442
Equity instruments	13,207	16,507
Debt instruments	9,165	6,881
Real estate	2,260	2,294
	25,091	26,124

Actual return on scheme's assets

	2018 £ 000	2017 £ 000
Actual return on scheme assets	(1,140)	2,712

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

Scheme liabilities

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

	2018	2017
	£ 000	£ 000
Present value at start of financial year	28,639	27,276
Actuarial gains arising from changes in demographic assumptions	(212)	(209)
Actuarial (gains) / losses arising from changes in financial assumptions	(2,418)	1,185
Actuarial losses arising from experience adjustments	373	140
Interest cost	724	756
Benefits paid	(434)	(509)
Present value at end of financial year	<u>26,672</u>	<u>28,639</u>

Weighted average duration of the defined benefit obligation is 21 years (2017: 21 years).

Principal actuarial assumptions

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

	2018	2017
	%	%
Allowance for increases to pensions in payment - pre 6 April 2006	2.05	1.95
Allowance for increases to pensions in payment - post 6 April 2006	1.60	1.60
Discount rate	3.00	2.55
Inflation CPI	1.95	1.95
Inflation RPI	<u>3.15</u>	<u>3.15</u>

Post retirement mortality assumptions

	2018	2017
	Years	Years
Current UK pensioners at retirement age - male	18.60	18.70
Current UK pensioners at retirement age - female	<u>21.90</u>	<u>21.90</u>

Amounts recognised in the Income statement

	2018	2017
	£ 000	£ 000
Amounts recognised in operating profit		
Administrative expenses paid	70	128
Net interest	<u>67</u>	<u>104</u>
Total recognised in the Income statement	<u>137</u>	<u>232</u>

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Notes to the financial statements for the financial year ended 31 December 2018

Amounts recognised in the Statement of comprehensive income

	2018 £ 000	2017 £ 000
Actuarial gains arising from changes in demographic assumptions	212	209
Actuarial gains/(losses) arising from changes in financial assumptions	2,418	(1,185)
Actuarial losses arising from experience adjustments	(373)	(140)
Return on plan assets, excluding amounts included in interest income	(1,797)	2,060
Amounts recognised in the Statement of comprehensive income	<u>460</u>	<u>944</u>

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
Expressed as %			
Discount rate	0.25%	decrease by 4.87%	increase by 5.21%
Inflation - RPI	0.25%	increase by 2.96%	decrease by 2.59%
Life expectancy	1 Year	increase by 4.80%	-
Expressed as £ 000			
Discount rate	0.25%	decrease by 1,300	increase by 1,390
Inflation - RPI	0.25%	increase by 790	decrease by 690
Life expectancy	1 Year	increase by 1,280	-

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
2018	3,409	4,800	5,987	6,822	29,411	50,429
2017	<u>3,106</u>	<u>4,490</u>	<u>5,393</u>	<u>6,836</u>	<u>30,891</u>	<u>50,716</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

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 £282,000 (2017: £280,000).

Contributions totalling £25,000 (2017: £23,000) were payable to the scheme at the end of the financial year and are included in trade and other payables.

18 Operating lease commitments

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

	2018 £ 000	2017 £ 000
Within one year	80	97
In two to five years	4	14
	<u>84</u>	<u>111</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, 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2018

20 Related party transactions

Parent company

During the financial year, the company received £7,299,000 (2017: £8,032,000) in respect of port usage services provided to Maritime Transport Services Limited.

Fellow subsidiary

The company incurred operating lease payments to The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports (UK) Limited, of £76,000 (2017: £145,000). There were no outstanding balances as at 31 December 2018 (2017: £nil).

During the financial year, the company received services worth £7,000 (2017: £8,000) from Maritime Cargo Processing plc. Hutchison Ports (UK) Limited has an investment in Maritime Cargo Processing plc. An outstanding balance of £1,000 (2017: £3,000) is included as a trade creditor as at 31 December 2018.