

THAMESPORT (LONDON) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(Registered number 2191687)

31 December 2020



Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2020

The directors present their Strategic report for the financial year ended 31 December 2020.

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.

The directors recognise that the evolving business environment in 2021 is challenging. The risk presented by coronavirus is outlined in the Directors' report.

The company is a subsidiary of Hutchison Ports (UK) Limited ("HPUK"). Much of the management of the company is carried out by HPUK on behalf of the wider HPUK group.

Principal risks and uncertainties

The principal risks and uncertainties of the company have been addressed 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 2020, with historical comparisons:

Core financial measures include revenue (decrease in 2020 over 2019), gross profit margin (decrease in 2020 over 2019) and operating profit margin (increase in 2020 over 2019).

Business environment

UK ports play a vital role in the UK economy. The Department for Transport confirmed that in 2019 UK ports handled over 486 million tonnes of freight, an increase of 1% since 2018. According to a study by the Centre for Economics and Business Research, in 2017 the UK ports sector employed 115,000 people and made a £9.7 billion value-added contribution to UK GDP. In 2019 unitised traffic continued its short term trend, declining by 3%. This decline was mainly driven by Ro-Ro cargo, Lo-Lo unitised traffic continued to increase in 2019, driven by a rise in containers of at least 40ft being handled mainly on deep sea routes.

On 31 January 2020 the UK officially left the EU, with a transition period in place until 31 December 2020 during which the existing rules for trade, travel, and business for the UK and EU continued to apply. Although Brexit continues to create uncertainty in the market, and the wider UK economy, the company is well placed to provide the additional facilities and services that may be required.

Coronavirus has had a wide impact on UK society and economic activity since March 2020, with the lockdowns and self-isolation measures impacting unitised traffic. When comparing the rolling year to September 2020 with September 2019 through UK major ports, total volume of unitised traffic decreased by 22%. The impact of coronavirus on the company has been addressed in more detail in the Directors' report.

The Government's Maritime 2050 strategy of January 2019 sets out the government's vision and ambitions for the future of the British maritime sector and shares the company's ambition to recognise the UK's strengths and capitalise on them. The company will continue to work with the UK government to ensure it leads in delivering the vision through the promotion of coastal clusters and the creation of a strong business environment for ports to thrive, boosting trade and driving the national economy.

Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2020

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to:

Section 172(1)(a) - the likely consequences of any decision in the long term

In reaching their principal decisions the directors consider the long term impact, for example the need to consider future changes in shipping when redeveloping berths, introducing remote control yard equipment, switching to electric power from diesel, and other port development projects;

Section 172(1)(b) - the interests of the company's employees

The directors aim for all operations to be conducted safely, the health and safety of employees being paramount. Throughout the year a Coronavirus Steering Group has met regularly to ensure that operations were conducted in as safe an environment as possible. The interests of employees are also considered when making long term decisions, for example the impact of the introduction of remote control yard equipment. During the financial year an employee assistance programme was introduced to support health and wellbeing by providing 24/7 access to counsellors, nurses, pharmacists, midwives and life management advisers;

Section 172(1)(c) - the need to foster the company's business relationships with suppliers, customers and others

The company's management is in constant contact with its customers. Significant decisions, such as those relating to berth redevelopment and yard equipment take into consideration customer requirements. The company engages widely with suppliers both when tendering for services and during the life cycle of contracts. Additionally, the company engages with other port users and its local community. During the year the company held ongoing discussions with customers, the Government and government agencies to ensure it was prepared for the end of the Brexit transition period;

Section 172(1)(d) - the impact of the company's operations on the community and the environment

The company engages with its local and the wider community, the HPUK Environment Committee leads the company's review of its environmental policy, for example discussing and agreeing an air quality strategy to reduce the impact of port operations on its employees and the local community along with other environmental targets;

Section 172(1)(e) - the desirability of the company maintaining a reputation for high standards of business conduct

To maintain its high standard of business conduct the company has established committees to consider relevant areas in the necessary detail. The committees include the HPUK Environment Committee, Executive Health and Safety Committee and Anti-Bribery and Anti-Corruption Steering Committee. The directors benefit from and encourage participation by relevant employees in training across these areas; and

Section 172(1)(f) - the need to act fairly as between members of the company

Whilst most companies within the group are wholly-owned subsidiaries the directors are conscious of the need to consider the interests of minority and joint venture partners.

In discharging their section 172 duties the directors have regard to the factors set out above. The directors also have regard to other factors which are considered relevant to the decision being made. Those factors, for example, will include the interests and views of relevant government departments and agencies. The directors acknowledge that every decision will not necessarily result in a positive outcome for all stakeholders. By considering the company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the directors do, however, aim to make sure that decisions are consistent and predictable.

As is normal for a company within a large multinational group, authority is delegated for the day-to-day management of the company to executives, who in turn engage management in setting, approving and overseeing execution of the business strategy and related policies.

Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2020

Approved by the Board on 21 June 2021 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 2020

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2020.

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 21 to the financial statements.

Results and Dividends

The Income statement is set out on page 10 and shows the profit for the financial year ended 31 December 2020. The directors do not propose a final dividend for the financial year ended 31 December 2020 (2019 : £nil).

Charitable donations

No charitable donations were made during the financial year (2019: £nil).

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

Mr Andrew Steven Lawrence

Mr Francis Christopher Lewis (appointed on 7 December 2020)

Mr Simon Richard Mullett

Mr Christian Nicolas Roger Salbaing

Directors' liabilities

As permitted by s234(2) of the Companies Act 2006, the company maintains directors' and officers' liability insurance which provides insurance cover against liabilities directors and other officers of the company may incur personally in their capacity as directors and officers. The qualifying third party indemnity provision was in force during the financial period and also at the date of approval of the financial statements.

Principal risks and uncertainties

Business risks are considered regularly. Any changes in the business, economy or regulatory environment are monitored and reviewed by management. The key financial risks are set out in note 3 to the financial statements.

Risks identified by the management of the HPUK group include the reliance on a small number of customers for a substantial proportion of business, the impact of technology, cyber-security risks and the impact on the environment of operations. The HPUK group seeks to mitigate these risks by maintaining a broad customer base as a common-user operator, upgrading and developing equipment and systems, and seeking and implementing suitable technology and behaviours.

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2020

Coronavirus (COVID-19)

The directors acknowledge the unprecedented continued impact of COVID-19 in the UK and across the world. This pandemic has created significant risks and challenges and the trading environment has been and will continue to be challenging. However, over 2020 there was no significant operational or financial impact and it is anticipated this will continue through 2021. This is in part due to the significant effort to implement contingency plans which have been continually reviewed and updated and the support of these plans by employees. The company will continue to focus on its key strengths of resilience and financial prudence to minimise the risks and safeguard its assets and business. As throughout the pandemic the company continues to seek to minimise risks and impacts on employees, customers and port users.

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.

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2020

Directors' confirmations

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.

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 21 June 2021 and signed by its order:



.....
Mr Simon Richard Mullett
Company secretary

Registered number
2191687

Registered Office
Tomline House
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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 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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

Reporting on other information (continued)

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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to fraud, government grants, health and safety, and environmental protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals or management bias in judgemental areas. Audit procedures performed by the engagement team included:

- Discussions with management which have included consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing of manual journal entries based on risk criteria such as unusual account combinations
- Review of key judgements and provisions
- Review of the latest internal audit reports available
- Incorporating elements of unpredictability into our audit approach

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.



David Beer (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

22 June 2021

Thamesport (London) Limited

Income statement for the financial year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue		6,985	8,144
Cost of sales		<u>(5,688)</u>	<u>(6,709)</u>
Gross profit		1,297	1,435
Administrative expenses		(804)	(955)
Other operating income		<u>13</u>	<u>-</u>
Operating profit	6	506	480
Finance costs	7	<u>(6)</u>	<u>(2)</u>
Profit before tax		500	478
Income tax expense	9	<u>(209)</u>	<u>(121)</u>
Profit for the financial year		<u><u>291</u></u>	<u><u>357</u></u>

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

The notes on pages 15 to 37 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of comprehensive income for the financial year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Profit for the financial year		<u>291</u>	<u>357</u>
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Actuarial losses on defined benefit pension schemes	20	(3,254)	(4,036)
Movement on current tax relating to pension scheme		93	96
Movement on deferred tax relating to pension scheme	16	525	671
Movement on deferred tax relating to change in UK tax rate	16	<u>203</u>	<u>(81)</u>
Total other comprehensive expense for the financial year		<u>(2,433)</u>	<u>(3,350)</u>
Total comprehensive expense for the financial year		<u>(2,142)</u>	<u>(2,993)</u>

The notes on pages 15 to 37 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of financial position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Assets			
Non-current assets			
Right of use assets	10	-	-
Deferred tax assets	16	1,505	881
		<u>1,505</u>	<u>881</u>
Current assets			
Inventories	11	148	279
Other receivables	12	5,462	5,887
		<u>5,610</u>	<u>6,166</u>
Total assets		<u>7,115</u>	<u>7,047</u>
Equity and liabilities			
Equity			
Share capital	17	-	-
Accumulated losses	18	(3,329)	(1,187)
Total equity		<u>(3,329)</u>	<u>(1,187)</u>
Non-current liabilities			
Long term lease liabilities	14	-	-
Retirement benefit obligations	20	7,875	5,110
		<u>7,875</u>	<u>5,110</u>
Current liabilities			
Trade and other payables	15	2,433	2,617
Loans and borrowings	13	124	499
Current tax payable		12	8
		<u>2,569</u>	<u>3,124</u>
Total liabilities		<u>10,444</u>	<u>8,234</u>
Total equity and liabilities		<u>7,115</u>	<u>7,047</u>

The notes on pages 15 to 37 form an integral part of these financial statements.

The financial statements on pages 10 to 37 were approved by the Board of Directors on 21 June 2021 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 2020

	(Accumulated losses)/Retained earnings and total equity £ 000
At 1 January 2020	(1,187)
Profit for the financial year	291
Actuarial losses on defined benefit pension schemes before tax	(3,254)
Movement on current tax relating to pension scheme	93
Movement on deferred tax relating to pension scheme	525
Movement on deferred tax relating to change in UK tax rate	203
At 31 December 2020	<u>(3,329)</u>
	£ 000
At 1 January 2019	1,810
Effect on adoption of IFRS 16	<u>(4)</u>
At 1 January 2019, as adjusted	<u>1,806</u>
Profit for the financial year	357
Actuarial losses on defined benefit pension schemes before tax	(4,036)
Movement on current tax relating to pension scheme	96
Movement on deferred tax relating to pension scheme	671
Movement on deferred tax relating to change in UK tax rate	<u>(81)</u>
At 31 December 2019	<u>(1,187)</u>

The notes on pages 15 to 37 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of cash flows for the financial year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Cash generated from/(used in) continuing operations	19	389	(366)
Interest paid		(6)	(2)
Income taxes paid		(8)	(10)
Net cash flow generated from/(used in) operating activities		<u>375</u>	<u>(378)</u>
Cash flows from financing activities			
Lease payments	14	<u>-</u>	<u>(6)</u>
Net cash flows used in financing activities		<u>-</u>	<u>(6)</u>
Net increase/(decrease) in cash and cash equivalents		375	(384)
Cash and cash equivalents at 1 January		<u>(499)</u>	<u>(115)</u>
Cash and cash equivalents at 31 December		<u><u>(124)</u></u>	<u><u>(499)</u></u>

The notes on pages 15 to 37 form an integral part of these financial statements.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

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 international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards Interpretations Committee interpretations. 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 2020 and have not had a significant effect on the financial statements:

Definition of Material - Amendments to IAS 1 and IAS 8;
Definition of a Business - Amendments to IFRS 3;
Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7; and
Revised Conceptual Framework for Financial Reporting.

New standards, interpretations and amendments not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

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 intermediate parent, Hutchison Ports Europe Limited, providing 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 2020

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 2020

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.

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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

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.

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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

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:

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.

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Notes to the financial statements for the financial year ended 31 December 2020

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.

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.

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:

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

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.

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 HPUK 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.

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

Capital risk management

Capital is managed at a HPUK group level. The group's objectives when managing capital is 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 HPUK.

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.

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 2019. 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 2020. The details of the principal actuarial assumptions are given in note 20.

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 2020

6 Operating profit

Operating profit for the financial year is arrived at after charging

	2020 £ 000	2019 £ 000
Depreciation of right of use assets	<u>-</u>	<u>8</u>

Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of these financial statements	<u>7</u>	<u>6</u>

7 Finance income and costs

	2020 £ 000	2019 £ 000
Finance costs		
Interest on bank overdrafts and borrowings	(6)	(1)
Interest expense on leases	<u>-</u>	<u>(1)</u>
Total finance costs	<u>(6)</u>	<u>(2)</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

8 Staff costs and directors' remuneration

The aggregate payroll costs were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	2,408	3,040
Redundancy costs	-	293
Social security costs	225	303
Other pension costs, defined contribution scheme	245	282
Other pension costs, defined benefit scheme	187	111
	<u>3,065</u>	<u>4,029</u>

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

	2020 No.	2019 No.
Port operations	60	76
Administration	2	4
	<u>62</u>	<u>80</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 2020

9 Income tax expense

Tax charged in the Income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	105	100
Deferred taxation		
Arising from origination and reversal of temporary differences	-	1
Arising from changes in tax rates and laws	104	20
Total deferred taxation	104	21
Tax expense in the Income statement	209	121

The tax assessed on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019: higher than the standard rate of corporation tax in the UK) of 19% (2019: 19%). The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	500	478
Profit before tax at 19% (2019: 19%)	95	91
Effect of expense not deductible in determining taxable profit	10	10
Deferred tax charge relating to changes in tax rates or laws	104	20
Total tax charge	209	121

The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% on 1 April 2020. The Finance Act 2016 was substantively enacted on 6 September 2016 and the effect of this change was reflected in the comparative financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and the effect of this change has been reflected in these financial statements.

The Finance Act 2021, which was substantively enacted on 24 May 2021, included legislation to increase the main rate of corporation tax to 25% from 1 April 2023. As this rate increase was not substantively enacted at the Statement of financial position date, its effects are not included within the financial statements. However, the overall effect of this change within financial year 2021 will be a tax expense to the Income statement of £376,000, an increase to the deferred tax asset of £398,000 and a credit to pension reserves of £774,000.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

10 Right of use assets

	Machinery £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	38	38
Disposals and revaluations	(38)	(38)
At 31 December 2019	-	-
At 1 January 2020	-	-
At 31 December 2020	-	-
Accumulated depreciation		
At 1 January 2019	-	-
Charge for the financial year	8	8
Disposals and revaluations	(8)	(8)
At 31 December 2019	-	-
At 1 January 2020	-	-
At 31 December 2020	-	-
Carrying amount		
At 31 December 2020	-	-
At 31 December 2019	-	-

11 Inventories

	2020 £ 000	2019 £ 000
Spare parts and consumables	148	279

Inventories recognised as an expense during the year ended 31 December 2020 amounted to £292,000 (2019: £294,000).

12 Other receivables

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings	5,246	5,591
Prepayments	139	171
Other receivables	77	125
Total other receivables	5,462	5,887

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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

13 Loans and borrowings

	2020 £ 000	2019 £ 000
Bank overdrafts	<u>(124)</u>	<u>(499)</u>

14 Leases

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2020 £ 000	2019 £ 000
Payment		
Principal lease payments	-	6
Interest	<u>-</u>	<u>1</u>
Total cash outflow	<u>-</u>	<u>7</u>

15 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	287	278
Amounts owed to group undertakings	1,206	1,633
Social security and other taxes	75	74
Accrued expenses	571	561
Other payables	<u>294</u>	<u>71</u>
	<u>2,433</u>	<u>2,617</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 2020

16 Deferred tax assets

	2020 £ 000	2019 £ 000
Deferred tax asset - pension scheme		
At 1 January	868	298
Charged to Income statement	-	-
Re-measurement of deferred tax asset	(106)	(20)
Credited/(charged) directly to equity in respect of:		
Movement on deferred tax relating to pension scheme	525	671
Re-measurement of deferred tax asset	203	(81)
At 31 December	<u>1,490</u>	<u>868</u>

	2020 £ 000	2019 £ 000
Deferred tax asset - IFRS 16		
At 1 January	-	-
Charged to Income statement	-	(1)
Credited directly to equity in respect of:		
IFRS 16 transition adjustment	-	1
At 31 December	<u>-</u>	<u>-</u>

	2020 £ 000	2019 £ 000
Deferred tax asset - other timing differences		
At 1 January	13	13
Re-measurement of deferred tax asset	2	-
At 31 December	<u>15</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.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

	2020	2019
	£ 000	£ 000
Deferred tax assets to be recovered:		
After more than 12 months	1,341	781
Within 12 months	164	100
	<u>1,505</u>	<u>881</u>

17 Share capital

	2020	2019
	£	£
Allotted, issued, called up and fully paid share capital		
2 (2019: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

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

18 (Accumulated losses)/Retained earnings

	£ 000
At 1 January 2020	<u>(1,187)</u>
Profit for the financial year	291
Actuarial losses on defined benefit pension schemes before tax	(3,254)
Movement on current tax relating to pension scheme	93
Movement on deferred tax relating to pension scheme	525
Movement on deferred tax relating to change in UK tax rate	<u>203</u>
At 31 December 2020	<u>(3,329)</u>
	£ 000
At 1 January 2019	1,810
Effect on adoption of IFRS 16	<u>(4)</u>
At 1 January 2019, as adjusted	<u>1,806</u>
Profit for the financial year	357
Actuarial losses on defined benefit pension schemes before tax	(4,036)
Movement on current tax relating to pension scheme	96
Movement on deferred tax relating to pension scheme	671
Movement on deferred tax relating to change in UK tax rate	<u>(81)</u>
At 31 December 2019	<u>(1,187)</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

19 Cash generated from/(used in) continuing operations

	Note	2020 £ 000	2019 £ 000
Profit for the financial year		291	357
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	-	8
Finance costs	7	6	2
Current tax expense	9	209	121
Gain on termination & remeasurement of leases		-	(7)
		<u>506</u>	<u>481</u>
Working capital adjustments			
Decrease in inventories	11	131	46
Decrease/(increase) in trade and other receivables	12	80	(45)
Increase/(decrease) in trade and other payables	15	243	(347)
Decrease in retirement benefit obligation net of actuarial changes		(489)	(507)
Decrease in amounts owed by group undertakings		345	856
Decrease in amounts owed to group undertakings		<u>(427)</u>	<u>(850)</u>
Cash generated from/(used in) continuing operations		<u>389</u>	<u>(366)</u>

20 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 2020

An actuarial valuation of the scheme was carried out as at 31 December 2019 the conclusion of which was that the market value of the scheme's assets was £28,411,000 and an actuarial deficit of £5,817,000 existed. The following assumptions were used:

	Non Pensioner / Pensioner
Pre-retirement discount rate	3.80%
Post-retirement discount rate	1.90%
Inflation (RPI): Pre Retirement	3.20%
Inflation (RPI): Post Retirement	3.20%
Inflation (CPI): Pre Retirement	2.20%
Inflation (CPI): Post Retirement	2.20%
Pension increases:	
- CPI capped at 3%	2.00%
- RPI capped at 2.5%	2.20%
- RPI capped at 5%	3.10%
- RPI capped at 5% with minimum 3%	3.60%
Deferred revaluation	2.20%

In order to eliminate the deficit, the company has agreed to pay the following contributions from the date of the recovery plan until 31 December 2026:

Year ending 31 December	£ 000
2021	556
2022	585
2023	614
2024	643
2025	672
2026	701

A contribution of £536,000 was paid by the company during the financial year for the period from 1 January 2020 to 31 December 2020 in accordance with the Recovery Plan in force during that period.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at 31 December 2019 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 2020. Scheme assets are stated at their bid value at 31 December 2020.

Contributions payable to the pension scheme at the end of the year are £nil (2019: £nil).

The expected contributions to the plan for the next financial year are £556,000.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2020 £ 000	2019 £ 000
Fair value of scheme assets	30,543	28,374
Present value of scheme liabilities	(38,418)	(33,484)
Defined benefit pension scheme deficit	<u>(7,875)</u>	<u>(5,110)</u>

Scheme assets

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

	2020 £ 000	2019 £ 000
Fair value at start of financial year	28,374	25,091
Interest income	580	752
Return on plan assets, excluding amounts included in interest income	1,664	2,514
Employer contributions	676	618
Benefits paid	(567)	(531)
Net transfer out liability	(97)	-
Administrative expenses paid	(87)	(70)
Fair value at end of financial year	<u>30,543</u>	<u>28,374</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Cash and cash equivalents	2,656	528
Equity instruments	16,273	15,437
Debt instruments	11,614	10,313
Real estate	-	2,096
	<u>30,543</u>	<u>28,374</u>

All cash and cash equivalents, equity instruments and debt instruments are quoted assets, totalling £30,543,000 (2019: £26,278,000). Real estate assets are unquoted, totalling £nil (2019: £2,096,000).

Actual return on scheme's assets

	2020 £ 000	2019 £ 000
Actual return on scheme assets	<u>2,244</u>	<u>3,266</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.

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Notes to the financial statements for the financial year ended 31 December 2020

Scheme liabilities

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

	2020 £ 000	2019 £ 000
Present value at start of financial year	33,484	26,672
Actuarial (gains)/losses arising from changes in demographic assumptions	(553)	682
Actuarial losses arising from changes in financial assumptions	5,963	5,795
Actuarial (gains)/losses arising from experience adjustments	(492)	73
Interest cost	680	793
Benefits paid	(567)	(531)
Net transfer out liability	(97)	-
Present value at end of financial year	<u>38,418</u>	<u>33,484</u>

Weighted average duration of the defined benefit obligation is 20 years (2019: 20 years).

Principal actuarial assumptions

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

	2020 %	2019 %
Allowance for increases to pensions in payment - pre 6 April 2006	2.35	1.90
Allowance for increases to pensions in payment - post 6 April 2006	1.85	1.60
Discount rate	1.40	2.05
Inflation CPI	2.35	1.90
Inflation RPI	<u>2.90</u>	<u>2.70</u>

Post retirement mortality assumptions

	2020 Years	2019 Years
Current UK pensioners at age 65 - male	18.60	18.80
Current UK pensioners at age 65 - female	<u>21.90</u>	<u>22.00</u>

Amounts recognised in the Income statement

	2020 £ 000	2019 £ 000
Amounts recognised in operating profit		
Administrative expenses paid	87	70
Net interest	<u>100</u>	<u>41</u>
Total recognised in the Income statement	<u>187</u>	<u>111</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

Amounts recognised in the Statement of comprehensive income

	2020 £ 000	2019 £ 000
Actuarial gains/(losses) arising from changes in demographic assumptions	553	(682)
Actuarial losses arising from changes in financial assumptions	(5,963)	(5,795)
Actuarial gains/(losses) arising from experience adjustments	492	(73)
Return on plan assets, excluding amounts included in interest income	1,664	2,514
Amounts recognised in the Statement of comprehensive income	<u>(3,254)</u>	<u>(4,036)</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 4.77%	increase by 5.09%
Inflation - RPI	0.25%	increase by 2.49%	decrease by 2.80%
Life expectancy	1 Year	increase by 5.80%	-
Expressed as £ 000			
Discount rate	0.25%	decrease by 1,834	increase by 1,957
Inflation - RPI	0.25%	increase by 956	decrease by 1,076
Life expectancy	1 Year	increase by 2,228	-

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
2020	3,943	5,238	6,276	6,892	26,344	48,693
2019	<u>3,680</u>	<u>5,028</u>	<u>6,143</u>	<u>6,915</u>	<u>27,890</u>	<u>49,656</u>

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2020

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 £245,000 (2019: £282,000).

Contributions totalling £19,000 (2019: £20,000) were payable to the scheme at the end of the financial year and are included in trade and other payables.

21 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.

22 Related party transactions

Parent company

During the financial year, the company received £6,985,000 (2019: £8,144,000) in respect of port usage services provided to Maritime Transport Services Limited.

Fellow subsidiary

The company incurred fees based on usage of equipment from The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports (UK) Limited, of £129,000 (2019: £69,000). There was an outstanding balance of £nil as at 31 December 2020 (2019: £9,000).

During the financial year, the company received services worth £10,000 (2019: £6,000) from Maritime Cargo Processing plc. Hutchison Ports (UK) Limited has an investment in Maritime Cargo Processing plc. An outstanding balance of £1,000 (2019: £1,000) is included as a trade creditor as at 31 December 2020.