

HARWICH INTERNATIONAL PORT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(Registered number 2486146)

31 December 2014

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Harwich International Port Limited

Strategic report for the financial year ended 31 December 2014

Fair review of business

The performance of the core operations of the port continued to grow which has resulted in an increase in turnover for the financial year. This growth is expected to continue utilising the existing facilities available.

Key performance indicators

Turnover and gross profit margin

Turnover for 2014 of £20.792 million has increased on the previous financial year (2013: £20.109 million) reflecting a growth in demand in general port operations.

Gross profit margin has increased on the previous financial year (2014: 46.83%, 2013: 45.62%).

Net assets

As at 31 December 2014, the company had net assets of £58.329 million (2013: £55.790 million).

Business environment

UK ports play a vital role in the UK economy. According to the British Ports Association, in 2012 UK ports handled almost 500 million tonnes of freight, representing 95% of the UK's import and export tonnage and directly employed approximately 73,500 people. In 2010 the value of trade through British ports was around £340 billion.

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.

Approved by the Board on 18 May 2015 and signed on its behalf by:



Mr Simon Richard Mullett
Company secretary

Registered number

2486146

Registered Office

Tomline House
The Dock
Felixstowe
Suffolk
IP11 3SY

Harwich International Port Limited

Directors' report for the financial year ended 31 December 2014

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2014.

Principal activities

The principal activity of the company is the operation of Harwich International Port at Parkeston, Harwich. This includes the provision of port services for passenger ferries, vehicle ferries, cruise vessels and general port operations.

Results and Dividends

The Income statement is set out on page 6 and shows the results for the financial year ended 31 December 2014. The directors do not propose a final dividend for the financial year ended 31 December 2014 (2013 : £nil).

Development

The directors of the company are aware of the global economic challenges facing the industry but remain committed to continually looking at ways to offer additional services and improved facilities for existing and new port users. This commitment to further growth and investment is expected to lead to expansion in the coming years, including the development of port container handling operations.

Charitable donations

No charitable donations were made during the financial year (2013: £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:

Mr Sing Chi Ip (appointed 1 January 2014)

Ms Edith Shih

Mr James S. Tsien (resigned 1 January 2014)

Mr Clemence Chun Fun Cheng

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Harwich International Port Limited

Directors' report for the financial year ended 31 December 2014

Disclosure of information to auditors

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

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

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

Approved by the Board on 18 May 2015 and signed on its behalf by:



Mr Simon Richard Mullett
Company secretary

Registered number
2486146

Registered Office
Tomline House
The Dock
Felixstowe
Suffolk
IP11 3SY

Harwich International Port Limited

Independent auditors' report to the members of Harwich International Port Limited

Report on the financial statements

Our opinion

In our opinion, Harwich International Port Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the financial year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Harwich International Port Limited's financial statements comprise:

- the Statement of financial position as at 31 December 2014;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Harwich International Port Limited

Independent auditors' report to the members of Harwich International Port Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

Date: 26/5/15

Harwich International Port Limited

Income statement for the financial year ended 31 December 2014

	Note	2014 £ 000	2013 £ 000
Revenue		20,792	20,109
Cost of sales		<u>(11,056)</u>	<u>(10,935)</u>
Gross profit		9,736	9,174
Administrative expenses		<u>(4,780)</u>	<u>(473)</u>
Operating profit	6	4,956	8,701
Finance costs	7	<u>(669)</u>	<u>(669)</u>
Profit before tax		4,287	8,032
Income tax expense	9	<u>(977)</u>	<u>(1,403)</u>
Profit for the year		<u><u>3,310</u></u>	<u><u>6,629</u></u>

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

The notes on pages 11 to 29 form an integral part of these financial statements.

Harwich International Port Limited

Statement of comprehensive income for the year ended 31 December 2014

	2014 £ 000	2013 £ 000
Profit for the year	<u>3,310</u>	<u>6,629</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain on defined benefit pension schemes	(966)	510
Movement on current tax relating to pension scheme	26	-
Movement on deferred tax relating to pension scheme	169	(224)
Movement on deferred tax relating to change in UK tax rate	<u>-</u>	<u>122</u>
	<u>(771)</u>	<u>408</u>
Total comprehensive income for the year	<u><u>2,539</u></u>	<u><u>7,037</u></u>

The notes on pages 11 to 29 form an integral part of these financial statements.


Harwich International Port Limited

Statement of financial position as at 31 December 2014

	Note	2014 £ 000	2013 £ 000
Assets			
Non-current assets			
Property, plant and equipment	10	54,861	54,816
Retirement benefit asset	18	1,479	2,326
		<u>56,340</u>	<u>57,142</u>
Current assets			
Inventories	11	273	273
Trade and other receivables	12	12,241	9,637
Cash and cash equivalents		14	-
		<u>12,528</u>	<u>9,910</u>
Total assets		<u>68,868</u>	<u>67,052</u>
Equity and liabilities			
Equity			
Share capital	15	16,812	16,812
Capital contribution		9,471	9,471
Retained earnings	16	32,046	29,507
Total equity		<u>58,329</u>	<u>55,790</u>
Non-current liabilities			
Deferred tax	14	5,978	6,376
Current liabilities			
Trade and other payables	13	3,381	3,290
Current tax payable		1,180	1,596
		<u>4,561</u>	<u>4,886</u>
Total liabilities		<u>10,539</u>	<u>11,262</u>
Total equity and liabilities		<u>68,868</u>	<u>67,052</u>

The notes on pages 11 to 29 form an integral part of these financial statements.

The financial statements on pages 6 to 29 were approved by the Board on 18 May 2015 and signed on its behalf by:



 Mr Clemence Chun Fun Cheng
 Director

Harwich International Port Limited

Statement of changes in equity for the financial year ended 31 December 2014

	Share capital £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2014	16,812	9,471	29,507	55,790
Profit for the year	-	-	3,310	3,310
Actuarial loss on defined benefit pension schemes before tax	-	-	(966)	(966)
Movement on current tax relating to pension scheme	-	-	26	26
Movement on deferred tax relating to pension scheme	-	-	169	169
At 31 December 2014	<u>16,812</u>	<u>9,471</u>	<u>32,046</u>	<u>58,329</u>

	Share capital £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2013	16,812	9,471	22,470	48,753
Profit for the year	-	-	6,629	6,629
Actuarial gain on defined benefit pension schemes before tax	-	-	510	510
Movement on deferred tax relating to pension scheme	-	-	(224)	(224)
Movement on deferred tax relating to change in UK tax rate	-	-	122	122
At 31 December 2013	<u>16,812</u>	<u>9,471</u>	<u>29,507</u>	<u>55,790</u>

The notes on pages 11 to 29 form an integral part of these financial statements.

Harwich International Port Limited

Statement of cash flows for the financial year ended 31 December 2014

	Note	2014 £ 000	2013 £ 000
Cash flows from operating activities			
Cash generated from/(used in) continuing operations	17	4,333	(2,257)
Income taxes paid		(1,596)	(1,052)
Interest paid	7	<u>(669)</u>	<u>(669)</u>
Net cash flow generated from/(used in) operating activities		<u>2,068</u>	<u>(3,978)</u>
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(2,088)	(791)
Proceeds from sale of property, plant and equipment		<u>34</u>	<u>4,769</u>
Net cash flows (used in)/generated from investing activities		<u>(2,054)</u>	<u>3,978</u>
Net movement in cash and cash equivalents		14	-
Cash and cash equivalents at 1 January		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u><u>14</u></u>	<u><u>-</u></u>

The notes on pages 11 to 29 form an integral part of these financial statements.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

1 General information

The principal activity of the company is the operation of Harwich International Port at Parkeston, Harwich. This includes the provision of port services for passenger ferries, vehicle ferries, cruise vessels and general port operations.

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

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The statements have been prepared under the historical cost convention and on a going concern basis.

None of the standards, interpretations and amendments effective for the first time from 1 January 2014 have had a material effect on the financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements, except the following set out below:

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

There are no other IFRSs or IFRIC interpretations that are not effective that would be expected to have a material impact on the group.

Revenue recognition

The revenue and profit before taxation are attributable to the operation of Harwich International Port 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 third parties exclusive of Value Added Tax. Revenue from the provision of services is recognised on the delivery of those services, which for ports is once the relevant throughput has taken place, for ferries is on provision of carriage and for container shipping is on completion of the shipping or transport operation.

Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

Depreciation

Land is not depreciated. Depreciation on other assets is calculated to write off the cost of fixed assets less accumulated depreciation on a straight line basis over their estimated useful lives.

Asset class	Depreciation rate
Civil works and buildings	2.00%-5.00%
Plant and equipment	4.00%-33 1/3%

The assets' useful lives and residual values are reviewed and adjusted if appropriate, at each Statement of financial position date.

The gain or loss on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the Income statement.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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 Income statement on a straight-line basis over the period of the lease.

Trade receivables

Trade and other receivables are recognised initially 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 assets 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 costs. 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 costs in the Income statement.

Trade payables

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

Share capital

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

Cash and cash equivalents

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

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

Taxation

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Foreign currency transactions and balances

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in GBP, which is the company's functional and presentation currency.

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

Pension costs

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

Pension accounting 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 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 comprehensive income. The defined benefit pension scheme was closed to new entrants on 30 June 2003.

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.

Borrowing costs

The company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs incurred during the financial year have been expensed through the Income statement.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

3 Financial risk management

Financial risk factors

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), credit risk and capital risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the group. The group approves written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk. Hedge accounting is applied where appropriate. There are currently no derivative financial instruments in place to hedge risk exposure.

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. There were no significant effects of exposure to foreign exchange movements in the financial year for the company.

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.

Credit risk

The company has no significant concentrations of risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The utilisation of credit limits is regularly monitored and used as a guide to control exposure to credit risk. The company has policies that limit the amount of credit exposure to any financial institution.

Capital risk management

Capital risk is managed at a group level. The group's 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 the cost of capital. Accordingly, the details of capital risk management are disclosed in the consolidated financial statements.

4 Fair value

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term maturities of these assets and liabilities.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

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.

Pension assumptions

Contributions to the Harwich International Port Pension Scheme are determined by a qualified actuary on the basis of an actuarial valuation using the projected unit credit method. Valuations are carried out every three years and the most recent was issued as at 31 December 2013. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rate of return on the investments and the rates of increase in salaries and pension and mortality rates. 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 2014. The details of the principal actuarial assumptions are given in note 18.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

6 Operating profit

Arrived at after charging/(crediting)

	2014	2013
	£ 000	£ 000
Depreciation of owned assets	2,053	2,155
Hire of equipment	183	175
Operating lease rents payable	179	92
Profit on sale of property, plant and equipment	(34)	(4,361)
Rental income	<u>(723)</u>	<u>(753)</u>

The gains on disposal of property, plant and equipment during the comparative year is principally due to insurance income on assets damaged beyond economic repair by a third party.

Auditors' remuneration

	2014	2013
	£ 000	£ 000
Audit of the financial statements	<u>36</u>	<u>33</u>

7 Finance costs

	2014	2013
	£ 000	£ 000
Finance costs		
Interest payable to other group entities	(659)	(659)
Other finance costs	<u>(10)</u>	<u>(10)</u>
Total finance costs	<u>(669)</u>	<u>(669)</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

8 Staff costs and directors' remuneration

The aggregate payroll costs (including directors' remuneration) were as follows:

	2014	2013
	£ 000	£ 000
Wages and salaries	6,655	6,880
Redundancy costs	326	31
Social security costs	559	559
Other pension costs, defined contribution scheme	266	217
Other pension costs, defined benefit scheme	613	532
	<u>8,419</u>	<u>8,219</u>

The monthly average number of employees of the company was 223 (2013: 232).

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.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

9 Income tax expense

Tax charged in the Income statement

	2014 £ 000	2013 £ 000
Current taxation		
UK corporation tax	1,206	2,095
UK corporation tax adjustment to prior years	-	(499)
	<u>1,206</u>	<u>1,596</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(229)	(157)
Arising from changes in tax rates and laws	-	(843)
Arising from adjustment in prior year	-	807
Total deferred taxation	<u>(229)</u>	<u>(193)</u>
Tax expense in the Income statement	<u>977</u>	<u>1,403</u>

The tax assessed on the profit on ordinary activities for the financial year can be reconciled as follows:

	2014 £ 000	2013 £ 000
Profit before tax	<u>4,287</u>	<u>8,032</u>
Profit on ordinary activities before taxation at 21.5% (2013: 23.25%)	921	1,867
Effect of revenues exempt from taxation	(7)	-
Effect of expense not deductible in determining taxable profit	46	45
Increase from effect of different UK tax rates on some earnings	17	26
UK deferred tax credit relating to changes in tax rates or laws	-	(843)
Deferred tax expense from unrecognised temporary difference from a prior period	-	807
Decrease in current tax from adjustment for prior periods	-	(499)
Total tax charge	<u>977</u>	<u>1,403</u>

The Finance Act 2013 included legislation which reduced the main rate of corporation tax from 23% to 21% on 1 April 2014 and a further reduction to 20% on 1 April 2015. The Finance Act 2013 was substantively enacted on 17 July 2013 and the effect of this change was reflected in the financial statements of the company for the financial year ended 31 December 2013.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

10 Property, plant and equipment

	Freehold land, Civil works and buildings £ 000	Plant and equipment £ 000	Capital works in progress £ 000	Total £ 000
Cost				
At 1 January 2013	83,839	11,495	223	95,557
Additions	-	5	786	791
Disposals	(1,722)	(202)	-	(1,924)
Transfers	173	352	(525)	-
At 31 December 2013	82,290	11,650	484	94,424
At 1 January 2014	82,290	11,650	484	94,424
Additions	-	-	2,098	2,098
Disposals	(29)	(432)	-	(461)
Transfers	348	136	(484)	-
At 31 December 2014	82,609	11,354	2,098	96,061
Depreciation				
At 1 January 2013	29,302	9,667	-	38,969
Charge for year	1,792	363	-	2,155
Disposals	(1,314)	(202)	-	(1,516)
At 31 December 2013	29,780	9,828	-	39,608
At 1 January 2014	29,780	9,828	-	39,608
Charge for the year	1,708	345	-	2,053
Disposals	(29)	(432)	-	(461)
At 31 December 2014	31,459	9,741	-	41,200
Carrying amount				
At 31 December 2014	51,150	1,613	2,098	54,861
At 31 December 2013	52,510	1,822	484	54,816

11 Inventories

	2014 £ 000	2013 £ 000
Materials and consumables	273	273

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

12 Trade and other receivables

	2014 £ 000	2013 £ 000
Trade receivables	1,750	1,556
Provision for impairment of trade receivables	(31)	-
Net trade receivables	1,719	1,556
Amounts owed by group undertakings	7,562	6,549
Other receivables	2,788	1,367
Prepayments and accrued income	172	165
Total current trade and other receivables	12,241	9,637

Amounts owed by group undertakings are denominated in GBP, unsecured, interest free and have no fixed date of repayment.

The carrying values of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

As of 31 December 2014, trade receivables of £1,655,000 (2013: £1,513,000) were fully performing.

As of 31 December 2014, trade receivables of £31,000 (2013: £nil) were impaired. The amount of the provision was £31,000 as of 31 December 2014 (2013: £nil). The aging of these receivables is as follows:

	2014 £'000	2013 £'000
1 to 6 months	-	-
Over 6 months	31	-
	31	-

As of 31 December 2014, trade receivables of £64,000 (2013: £43,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014 £'000	2013 £'000
1 to 6 months	64	43
Over 6 months	-	-
	64	43

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

Movements on the company provision for impairment of trade receivables are as follows:

	2014	2013
	£'000	£'000
At 1 January	-	-
Increase in provision recognised in the Income statement	31	-
At 31 December	31	-

The creation and release of provision for impaired receivables have been included in administrative expenses in the Income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

13 Trade and other payables

	2014	2013
	£ 000	£ 000
Trade payables	291	737
Amounts owed to group undertakings	1,743	1,106
Social security and other taxes	191	199
Other payables	246	220
Capital expenditure	10	-
Accrued expenses	900	1,028
	<u>3,381</u>	<u>3,290</u>

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

14 Deferred tax

	2014	2013
	£'000	£'000
Deferred tax asset - other timing differences		
At 1 January	(14)	(16)
Re-measurement of deferred tax asset/liability	-	2
At 31 December	<u>(14)</u>	<u>(14)</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

	2014 £'000	2013 £'000
Deferred tax liability - pension provision		
At 1 January	443	358
Charged to Income statement	-	48
Re-measurement of deferred tax liability	-	(48)
Adjustment in respect to prior year	-	(17)
(Credited)/charged directly to equity in respect of:		
Current financial year actuarial (loss)/gain	(169)	224
Re-measurement of deferred tax liability	-	(122)
At 31 December	<u>274</u>	<u>443</u>

	2014 £'000	2013 £'000
Deferred tax liability - accelerated capital allowances		
At 1 January	5,947	6,125
Prior year adjustment	-	824
Credit to Income statement	(229)	(205)
Re-measurement of deferred tax liability	-	(797)
At 31 December	<u>5,718</u>	<u>5,947</u>

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income relates to the same fiscal authority. The offset amounts are as follows:

	2014 £'000	2013 £'000
Deferred tax asset to be crystallised:		
After more than 12 months	<u>(14)</u>	<u>(14)</u>
Deferred tax liability to be recovered:		
After more than 12 months	5,965	6,346
Within 12 months	27	44
	<u>5,992</u>	<u>6,390</u>
Net deferred tax liability	<u>5,978</u>	<u>6,376</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

A deferred tax asset is recognised on timing differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

15 Share capital

	2014 £'000	2013 £'000
Authorised share capital		
20,000,100 (2013: 20,000,100) ordinary shares of £1 each	20,000	20,000
Allotted, issued, called up and fully paid share capital		
16,812,002 (2013: 16,812,002) ordinary shares of £1 each	16,812	16,812

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

16 Retained earnings

	Retained earnings £ 000
At 1 January 2014	29,507
Profit for the year	3,310
Actuarial loss on defined benefit pension schemes before tax	(966)
Movement on current tax relating to pension scheme	26
Movement on deferred tax relating to pension scheme	169
At 31 December 2014	32,046
	Retained earnings £ 000
At 1 January 2013	22,470
Profit for the year	6,629
Actuarial gain on defined benefit pension schemes before tax	510
Movement on deferred tax relating to pension scheme	(224)
Movement on deferred tax relating to change in UK tax rate	122
At 31 December 2013	29,507

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

17 Cash generated from/(used in) continuing operations

	2014 £ 000	2013 £ 000
Profit for the year	3,310	6,629
Adjustments to cash flows from non-cash items		
Income tax expense	977	1,403
Finance costs	669	669
Depreciation	2,053	2,155
Profit on disposal of property, plant and equipment	(34)	(4,361)
	<u>6,975</u>	<u>6,495</u>
Working capital adjustments		
Decrease in inventories	-	13
Increase in trade and other receivables	(1,591)	(1,344)
(Decrease)/increase in trade and other payables	(556)	79
Decrease in retirement benefit obligation net of actuarial changes	(119)	(244)
Increase in amounts owed by group undertakings	(1,013)	(6,542)
Increase/(decrease) in amounts owed to group undertakings	<u>637</u>	<u>(714)</u>
Cash generated from/(used in) continuing operations	<u>4,333</u>	<u>(2,257)</u>

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Notes to the financial statements for the financial year ended 31 December 2014

18 Pension and other schemes

Pension benefits are provided to employees through a defined benefit pension scheme, which was closed to new members on 30 June 2003, 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 schemes

Harwich International Port Pension Scheme

The Harwich International Port Pension Scheme was established with effect from 1 February 1998 in succession to the Stena Line (UK) Pension Scheme for employees of Harwich International Port Limited. It is a defined benefit scheme.

Contributions to the defined benefit scheme are determined by a qualified actuary on the basis of an actuarial valuation. The most recent valuation was carried out as at 31 December 2013. The following assumptions were used:

Future price inflation - RPI	3.67% per annum
Future price inflation - CPI	2.97% per annum
Allowances for increases in pensionable salaries	3.92% per annum
Future investment return - pre-retirement	6.00% per annum
Future investment return - post-retirement (actives/deferreds)	4.50% per annum
Future investment return - post-retirement (pensioners)	4.50% per annum
Allowances for increases to pensions in payment - Price inflation	2.97% per annum
Allowances for increases to pensions in payment - CPI capped at 3%	2.37% per annum
Allowances for increases to pensions in payment - RPI capped at 2.5%	2.20% per annum

The valuation showed the market value of the defined benefit scheme assets was £31.767 million and an actuarial deficit of £0.922 million existed. In order to eliminate this deficit, company contributions are being paid at the rate of 31.7% of pensionable salary, with an additional three payments of £0.162 million per annum commencing 30 June 2014. In addition, members pay contributions at a rate of 6% of pensionable salaries.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at 31 December 2013 and updated by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the defined benefit scheme as at 31 December 2014. Defined benefit scheme assets are stated at bid value at 31 December 2014.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2014 £ 000	2013 £ 000
Fair value of scheme assets	32,594	31,721
Present value of scheme liabilities	(31,115)	(29,395)
Defined benefit pension scheme surplus	<u>1,479</u>	<u>2,326</u>

Scheme assets

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

	2014 £ 000	2013 £ 000
Fair value at start of year	31,721	28,326
Interest income	1,476	1,236
Return on plan assets, excluding amounts included in interest income	280	2,814
Employer contributions	732	776
Contributions by scheme participants	113	122
Benefits paid	(1,582)	(1,553)
Administrative expenses paid	(146)	-
Fair value at end of year	<u>32,594</u>	<u>31,721</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2014 £ 000	2013 £ 000
Cash and cash equivalents	-	96
Equity instruments	23,246	22,756
Debt instruments	9,348	8,869
	<u>32,594</u>	<u>31,721</u>

Actual return on scheme's assets

	2014 £ 000	2013 £ 000
Actual return on scheme assets	<u>1,756</u>	<u>4,050</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.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2014

Scheme liabilities

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

	2014 £ 000	2013 £ 000
Present value at start of year	29,395	26,754
Current service cost	599	614
Actuarial (gains) and losses arising from changes in demographic assumptions	(87)	457
Actuarial loss arising from changes in financial assumptions	2,298	1,847
Actuarial gain arising from experience adjustments	(965)	-
Interest cost	1,344	1,154
Benefits paid	(1,582)	(1,553)
Contributions by scheme participants	113	122
Present value at end of year	<u>31,115</u>	<u>29,395</u>

Principal actuarial assumptions

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

	2014 %	2013 %
Discount rate	3.65	4.70
Future salary increases	2.45	3.30
Allowance for increases to pensions in payment – pre 5 April 2006	1.90	2.30
Allowance for increases to pensions in payment – post 5 April 2006	1.55	1.80
Inflation - RPI	2.95	3.40
Inflation - CPI	<u>1.85</u>	<u>2.30</u>

Post retirement mortality assumptions

	2014 Years	2013 Years
Current UK pensioners at age 62 - male	21.30	21.30
Current UK pensioners at age 62 - female	<u>24.10</u>	<u>24.00</u>

Amounts recognised in the Income statement

	2014 £ 000	2013 £ 000
Amounts recognised in operating profit		
Current service cost	599	614
Administrative expenses paid	146	-
Net interest income	<u>(132)</u>	<u>(82)</u>
Total recognised in the Income statement	<u>613</u>	<u>532</u>

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Notes to the financial statements for the financial year ended 31 December 2014

Amounts recognised in the Statement of comprehensive income

	2014 £ 000	2013 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	87	(457)
Actuarial losses arising from changes in financial assumptions	(2,298)	(1,847)
Actuarial gain arising from experience adjustments	965	-
Return on plan assets, excluding amounts included in interest income	280	2,814
Amounts recognised in the Statement of comprehensive income	<u>(966)</u>	<u>510</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 3.38%	increase by 3.38%
Inflation - RPI	0.25%	increase by 2.07%	decrease by 2.07%
Salary growth rate	0.25%	increase by .93%	decrease by .93%
Life expectancy	1 Year	increase by 3.7%	-
Expressed as £'000			
Discount rate	0.25%	decrease by 1,052	increase by 1,052
Inflation - RPI	0.25%	increase by 644	decrease by 644
Salary growth rate	0.25%	increase by 289	decrease by 289
Life expectancy	1 Year	increase by 1,151	-

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.

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Notes to the financial statements for the financial year ended 31 December 2014

Maturity analysis of benefit payments

	Between 1-5 years £ 000	Between 6-10 years £ 000	Between 11-15 years £ 000	Between 16-20 years £ 000	Over 20 years £ 000	Total £ 000
2014	7,420	9,124	9,455	9,896	34,900	70,795
2013	<u>7,621</u>	<u>8,833</u>	<u>9,219</u>	<u>8,990</u>	<u>28,427</u>	<u>63,090</u>

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £266,000 (2013: £217,000).

19 Obligations under leases and hire purchase contracts

Operating leases

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

	2014 £ 000	2013 £ 000
Within one year	104	97
In two to five years	419	366
In over five years	<u>9,461</u>	<u>2,934</u>
	<u>9,984</u>	<u>3,397</u>

20 Contingent liabilities

At 31 December 2014 the company had provided guarantees in respect of Customs duties of £350,000 (2013: £350,000).

21 Parent and ultimate parent undertaking

Harwich International (Holdings) Limited, a company registered in England and Wales, whose principal activity is to act as a holding company, is the immediate parent of the company and owns 100% of the shares and voting rights.

Hutchison Ports (UK) Limited, a company registered in England and Wales, is the smallest group to consolidate the financial statements of the company. Copies of the financial statements may be obtained from the Company Secretary, Tomline House, The Dock, Felixstowe, Suffolk IP11 3SY.

Hutchison Whampoa Limited, incorporated in Hong Kong, is the company's ultimate parent and is the largest group to consolidate these financial statements. Copies of the Hutchison Whampoa Limited financial statements may be obtained from the Company Secretary, 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong.