

HARWICH INTERNATIONAL PORT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(Registered number 2486146)

31 December 2017

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Harwich International Port Limited

Strategic report for the financial year ended 31 December 2017

The directors present their Strategic report for the financial year ended 31 December 2017.

Fair review of the business

The performance of the core operations of the port remained consistent during the financial year, with a small reduction in the gross profit margin arising due to restructuring costs incurred during the financial year.

Key performance indicators

Revenue

Revenue for 2017 of £19.934 million is in line with the previous financial year (2016: £19.958 million).

Gross profit margin

Gross profit margin has decreased on the previous financial year (2017: 50.25%, 2016: 50.97%) as a result of restructuring costs.

Total equity

As at 31 December 2017, the company had total equity of £28.715 million (2016: £23.362 million).

Business environment

UK ports play a vital role in the UK economy. The Department for Transport confirmed that in 2016 UK ports handled around 484 million tonnes of freight. Unitised traffic handled in the UK during the same period rose by 2%, with 24.1 million units coming in and out of UK major ports. According to a study by the Centre for Economics and Business Research, the UK ports sector employed 101,000 people in 2015. The study also estimated that in 2015 the ports sector made a £7.6 billion value-added contribution to UK GDP.

Principal risks and uncertainties

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

Approved by the Board on 7 August 2018 and signed by its order:



.....
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 2017

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2017.

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.

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 22 to the financial statements.

Results and Dividends

The Income statement is set out on page 7 and shows the profit for the financial year ended 31 December 2017. The directors did not propose an interim dividend for the financial year ended 31 December 2017 (2016: £37,827,000). The directors do not propose a final dividend for the financial year ended 31 December 2017 (2016: £nil).

Charitable donations

No charitable donations were made during the financial year (2016: £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

Principal risks and uncertainties

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

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

Future 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.

Growth in UK container volumes, coupled with the increasing number of ultra large container vessels, highlight the importance of management's ongoing commitment to long-term growth and investment in port infrastructure.

Harwich International Port Limited

Directors' report for the financial year ended 31 December 2017

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Approved by the Board on 7 August 2018 and signed by its order:



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 audit of the financial statements

Opinion

In our opinion, Harwich International Port Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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

Reporting on other information

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

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

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

Harwich International Port Limited

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Harwich International Port Limited

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

Date: 20 August 2018

Harwich International Port Limited

Income statement for the financial year ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue		19,934	19,958
Cost of sales		<u>(9,918)</u>	<u>(9,786)</u>
Gross profit		10,016	10,172
Administrative expenses		(5,134)	(5,014)
Other operating income		<u>990</u>	<u>887</u>
Operating profit	6	5,872	6,045
Finance costs	7	<u>(174)</u>	<u>(197)</u>
Profit before tax		5,698	5,848
Income tax expense	9	<u>(1,162)</u>	<u>(1,042)</u>
Profit for the financial year		<u><u>4,536</u></u>	<u><u>4,806</u></u>

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

The notes on pages 12 to 33 form an integral part of these financial statements.

Harwich International Port Limited

Statement of comprehensive income for the financial year ended 31 December 2017

	2017 £ 000	2016 £ 000
Profit for the financial year	<u>4,536</u>	<u>4,806</u>
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial gains on defined benefit pension schemes before tax	984	256
Movement on deferred tax relating to pension scheme	(189)	(51)
Movement on deferred tax relating to change in UK tax rate	<u>22</u>	<u>40</u>
Total other comprehensive income	<u>817</u>	<u>245</u>
Total comprehensive income for the financial year	<u><u>5,353</u></u>	<u><u>5,051</u></u>

The notes on pages 12 to 33 form an integral part of these financial statements.

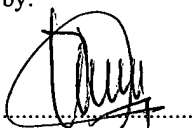
Harwich International Port Limited

Statement of financial position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Assets			
Non-current assets			
Property, plant and equipment	10	51,971	52,653
Investments	12	-	-
Retirement benefit assets	19	3,900	2,831
		<u>55,871</u>	<u>55,484</u>
Current assets			
Inventories	11	178	168
Trade and other receivables	13	1,858	3,082
Cash and cash equivalents		1	51
		<u>2,037</u>	<u>3,301</u>
Total assets		<u>57,908</u>	<u>58,785</u>
Equity and liabilities			
Equity			
Share capital	16	16,812	16,812
Retained earnings	17	11,903	6,550
Total equity		<u>28,715</u>	<u>23,362</u>
Non-current liabilities			
Loans and borrowings	20	9,471	9,471
Deferred tax	15	4,911	4,972
		<u>14,382</u>	<u>14,443</u>
Current liabilities			
Trade and other payables	14	13,421	19,548
Current tax payable		1,390	1,432
		<u>14,811</u>	<u>20,980</u>
Total liabilities		<u>29,193</u>	<u>35,423</u>
Total equity and liabilities		<u>57,908</u>	<u>58,785</u>

The notes on pages 12 to 33 form an integral part of these financial statements.

The financial statements on pages 7 to 33 were approved by the Board on 7 August 2018 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 2017

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2017	16,812	6,550	23,362
Profit for the financial year	-	4,536	4,536
Actuarial gains on defined benefit pension schemes before tax	-	984	984
Movement on deferred tax relating to pension scheme	-	(189)	(189)
Movement on deferred tax relating to change in UK tax rate	-	22	22
At 31 December 2017	<u>16,812</u>	<u>11,903</u>	<u>28,715</u>

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2016	16,812	39,326	56,138
Profit for the financial year	-	4,806	4,806
Dividends	-	(37,827)	(37,827)
Actuarial gains on defined benefit pension schemes before tax	-	256	256
Movement on deferred tax relating to pension scheme	-	(51)	(51)
Movement on deferred tax relating to change in UK tax rate	-	40	40
At 31 December 2016	<u>16,812</u>	<u>6,550</u>	<u>23,362</u>

The directors did not propose an interim dividend for the financial year ended 31 December 2017 (2016: £37,827,000). The directors do not propose a final dividend for the financial year ended 31 December 2017 (2016: £nil).

The notes on pages 12 to 33 form an integral part of these financial statements.

Harwich International Port Limited

Statement of cash flows for the financial year ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Cash generated from continuing operations	18	2,967	39,542
Income taxes paid		(1,432)	(584)
Interest paid	7	(174)	(197)
Net cash flow generated from operating activities		<u>1,361</u>	<u>38,761</u>
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(1,476)	(1,004)
Proceeds from sale of property, plant and equipment		<u>65</u>	<u>11</u>
Net cash flows used in investing activities		<u>(1,411)</u>	<u>(993)</u>
Cash flows from financing activities			
Dividends paid		<u>-</u>	<u>(37,827)</u>
Net cash flow used in financing activities		<u>-</u>	<u>(37,827)</u>
Net movement in cash and cash equivalents		(50)	(59)
Cash and cash equivalents at 1 January		<u>51</u>	<u>110</u>
Cash and cash equivalents at 31 December		<u><u>1</u></u>	<u><u>51</u></u>

The notes on pages 12 to 33 form an integral part of these financial statements.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom.

2 Summary of significant accounting policies

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

Basis of preparation

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

Defined benefit pension plans

The following amendments are applicable from 1 January 2017, but do not have any impact on the financial statements of the company:

amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses,
amendments to IAS 7 – Statement of cash flows on disclosure initiatives, and
annual improvements 2014-2016 – IFRS 12, Disclosure of interests in other entities

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for financial years beginning after 1 January 2017, and have not been early adopted in preparing these financial statements. These are as follows:

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

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 has reviewed its revenue recognition policy and is not expecting any significant impact from the adoption of the new standard on 1 January 2018.

IFRS 16 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. IFRS 16 replaces the previous leases Standard, IAS 17 'Leases', and related Interpretations. The company is currently assessing the impact of adoption of this standard from 1 January 2019, which is expected to be significant.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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

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 net of discounts and rebates exclusive of Value Added Tax. Revenue from the provision of services is recognised on the delivery of those services, which for 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.

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.

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%-20.00%

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.

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.

Trade receivables

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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.

Dividend distribution

A final dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised on payment.

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.

Taxation

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is calculated on an average cost basis.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 financial 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. 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.

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.

Group financial statements

As the company is a wholly owned subsidiary of Harwich International (Holdings) Limited, it has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 which relieves it from preparing consolidated financial statements.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 Hutchsion Ports (UK) Limited 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

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.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 2016, which was finalised in March 2018. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the discount rate applied to liabilities, the rates of increase in salaries and pension and those relation to current and future mortality rates. The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation available at the Statement of financial position date, which was the 31 December 2013 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 2017. The details of the principal actuarial assumptions are given in note 19.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. The assets are depreciated over their estimated useful lives to their estimated residual values. Both the estimated useful life and the residual value are reviewed regularly. The useful lives are determined by management and are based on historical experience with similar assets.

The carrying amount is tested for impairment whenever events or changes in circumstances indicate that the carrying amount will not be recovered.

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.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

6 Operating profit

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
Depreciation of owned assets	2,249	2,151
Hire of equipment	117	113
Operating lease rents payable	120	117
Profit on sale of property, plant and equipment	(1)	(11)
Rental income	<u>(990)</u>	<u>(887)</u>

Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>41</u>	<u>40</u>

7 Finance costs

	2017 £ 000	2016 £ 000
Finance costs		
Interest payable to other group entities	(171)	(193)
Other finance costs	<u>(3)</u>	<u>(4)</u>
Total finance costs	<u>(174)</u>	<u>(197)</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

8 Staff costs and directors' remuneration

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

	2017	2016
	£ 000	£ 000
Wages and salaries	6,213	6,396
Redundancy costs	234	114
Social security costs	610	599
Other pension costs, defined contribution scheme	348	322
Other pension costs, defined benefit scheme	399	392
	<u>7,804</u>	<u>7,823</u>

The monthly average number of employees of the company was 193 (2016: 201).

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.

9 Income tax expense

Tax expense in the Income statement

	2017	2016
	£ 000	£ 000
Current taxation		
UK corporation tax	1,390	1,432
Deferred taxation		
Arising from origination and reversal of temporary differences	(232)	(219)
Arising from changes in tax rates and laws	<u>4</u>	<u>(171)</u>
Total deferred taxation	<u>(228)</u>	<u>(390)</u>
Tax expense in the Income statement	<u>1,162</u>	<u>1,042</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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

	2017	2016
	£ 000	£ 000
Profit before tax	<u>5,698</u>	<u>5,848</u>
Profit on ordinary activities before taxation at 19.25% (2016: 20.00%)	1,097	1,170
Effect of expenses not deductible in determining taxable profit	61	43
Deferred tax expense/(credit) relating to changes in tax rates or laws	<u>4</u>	<u>(171)</u>
Total tax expense	<u>1,162</u>	<u>1,042</u>

The Finance (No. 2) Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% on 1 April 2017 and a further reduction to 18% on 1 April 2020. The Finance Act 2016 included legislation to further reduce the main rate of corporation tax from 18% to 17% on 1 April 2020. The Finance Act 2016 was substantively enacted on 6 September 2016 and the effect of this change has been reflected in these financial statements.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

10 Property, plant and equipment

	Freehold land, Civil works and buildings £ 000	Plant and equipment £ 000	Capital works in progress £ 000	Total £ 000
Cost or valuation				
At 1 January 2016	84,759	11,943	-	96,702
Additions	-	2	1,154	1,156
Disposals	-	(2,325)	-	(2,325)
Transfers	145	371	(516)	-
At 31 December 2016	84,904	9,991	638	95,533
At 1 January 2017	84,904	9,991	638	95,533
Additions	16	796	819	1,631
Disposals	(10)	(343)	-	(353)
Transfers	433	677	(1,110)	-
At 31 December 2017	85,343	11,121	347	96,811
Accumulated depreciation				
At 1 January 2016	33,211	9,843	-	43,054
Charge for financial year	1,834	317	-	2,151
Disposals	-	(2,325)	-	(2,325)
At 31 December 2016	35,045	7,835	-	42,880
At 1 January 2017	35,045	7,835	-	42,880
Charge for the financial year	1,875	374	-	2,249
Disposal	(10)	(279)	-	(289)
At 31 December 2017	36,910	7,930	-	44,840
Carrying amount				
At 31 December 2017	48,433	3,191	347	51,971
At 31 December 2016	49,859	2,156	638	52,653

11 Inventories

	2017 £ 000	2016 £ 000
Materials and consumables	178	168

Inventories recognised as an expense during the year ended 31 December 2017 amounted to £379,000 (2016: £394,000).

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

12 Investments

	2017	2016
	£	£
Investment in a subsidiary	2	2

Details of the subsidiary as at 31 December 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2017	2016
Harwich International Pension Trustee Limited*	Pension trustee	England and Wales	100%	100%

* indicates direct investment of the company

The registered address of the subsidiary is Tomline House, The Dock, Felixstowe, Suffolk, IP11 3SY.

Associate

Details of the associate as at 31 December 2017 are as follows:

Name of associate	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
		2017	2016
Harwich Wharfingers Limited *	England and Wales	33.3%	33.3%

* indicates direct investment of the company

The registered address of the associate is Tomline House, The Dock, Felixstowe, Suffolk, IP11 3SY.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

13 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	1,488	1,406
Provision for impairment of trade receivables	<u>-</u>	<u>(31)</u>
Net trade receivables	1,488	1,375
Amounts owed by group undertakings	2	4
Other receivables	96	1,338
Prepayments and accrued income	<u>272</u>	<u>365</u>
Total current trade and other receivables	<u><u>1,858</u></u>	<u><u>3,082</u></u>

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 2017, trade receivables of £1,444,000 (2016: £1,223,000) were fully performing.

As of 31 December 2017, trade receivables of £nil (2016: £31,000) were impaired. The aging of these receivables is as follows:

	2017 £ 000	2016 £ 000
Over 6 months	-	31
	<u>-</u>	<u>31</u>

As of 31 December 2017, trade receivables of £44,000 (2016: £152,000) 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:

	2017 £ 000	2016 £ 000
1 to 6 months	44	152
	<u>44</u>	<u>152</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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

	2017	2016
	£ 000	£ 000
At 1 January	31	31
Increase in provision recognised in the Income statement	-	-
Amounts written off during the financial year	(31)	-
At 31 December	<u>-</u>	<u>31</u>

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.

14 Trade and other payables

	2017	2016
	£ 000	£ 000
Trade payables	1,237	648
Amounts owed to group undertakings	9,912	17,273
Social security and other taxes	202	203
Other payables	650	119
Capital expenditure	675	520
Accrued expenses	745	785
	<u>13,421</u>	<u>19,548</u>

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

15 Deferred tax

	2017	2016
	£ 000	£ 000
Deferred tax asset - other timing differences		
At 1 January	(13)	(13)
Re-measurement of deferred tax asset	-	-
At 31 December	<u>(13)</u>	<u>(13)</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

	2017 £ 000	2016 £ 000
Deferred tax liability - pension scheme		
At 1 January	394	377
Charged to Income statement	17	60
Re-measurement of deferred tax liability	4	(54)
Charged/(credited) directly to equity in respect of:		
Current financial year actuarial gain	189	51
Re-measurement of deferred tax liability	(22)	(40)
At 31 December	<u>582</u>	<u>394</u>

	2017 £ 000	2016 £ 000
Deferred tax liability - accelerated capital allowances		
At 1 January	4,591	4,987
Credit to Income statement	(249)	(279)
Re-measurement of deferred tax liability	-	(117)
At 31 December	<u>4,342</u>	<u>4,591</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:

	2017 £ 000	2016 £ 000
Deferred tax asset to be recovered:		
Within 12 months	<u>(13)</u>	<u>(13)</u>
Deferred tax liability to be crystallised:		
After more than 12 months	4,866	4,946
Within 12 months	58	39
	<u>4,924</u>	<u>4,985</u>
Net deferred tax liability	<u>4,911</u>	<u>4,972</u>

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.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

16 Share capital

	2017	2016
	£ 000	£ 000
Authorised share capital		
20,000,100 (2016: 20,000,100) ordinary shares of £1 each	20,000	20,000
Allotted, issued, called up and fully paid share capital		
16,812,002 (2016: 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.

17 Retained earnings

	£ 000
At 1 January 2017	6,550
Profit for the financial year	4,536
Actuarial gains on defined benefit pension schemes before tax	984
Movement on deferred tax relating to pension scheme	(189)
Movement on deferred tax relating to change in UK tax rate	22
At 31 December 2017	11,903
	£ 000
At 1 January 2016	39,326
Profit for the financial year	4,806
Dividends	(37,827)
Actuarial gains on defined benefit pension schemes before tax	256
Movement on deferred tax relating to pension scheme	(51)
Movement on deferred tax relating to change in UK tax rate	40
At 31 December 2016	6,550

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

18 Cash generated from continuing operations

	2017	2016
	£ 000	£ 000
Profit for the financial year	4,536	4,806
Adjustments to cash flows from non-cash items		
Income tax expense	1,162	1,042
Finance costs	174	197
Depreciation	2,249	2,151
Profit on disposal of property, plant and equipment	<u>(1)</u>	<u>(11)</u>
	8,120	8,185
Working capital adjustments		
(Increase)/decrease in inventories	(10)	32
Decrease in trade and other receivables	1,222	85
Increase/(decrease) in trade and other payables	1,079	(125)
Decrease in retirement benefit obligations net of actuarial changes	(85)	(315)
Decrease in amounts owed by group undertakings	2	15,660
(Decrease)/increase in amounts owed to group undertakings	<u>(7,361)</u>	<u>16,020</u>
Cash generated from continuing operations	<u><u>2,967</u></u>	<u><u>39,542</u></u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

19 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 scheme

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 2016. The following assumptions were used:

Future price inflation - RPI	3.66% per annum
Future price inflation - CPI	2.66% per annum
Allowances for increases in pensionable salaries	3.91% per annum
Future investment return - pre-retirement	4.40% per annum
Future investment return - post-retirement (actives/deferreds)	2.80% per annum
Future investment return - post-retirement (pensioners)	2.80% per annum
Allowances for increases to pensions in payment - Price inflation	2.66% per annum
Allowances for increases to pensions in payment - CPI capped at 3%	2.25% 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 £38.189 million and an actuarial deficit of £3.979 million existed. In order to eliminate this deficit, company contributions will be paid at the rate of 33.5% of pensionable salary from 1 April 2018. In addition, members pay contributions at a rate of 6% of pensionable salaries.

The Trustee and the company have agreed that the deficit should be targeted to be removed over a period of five years commencing 1 January 2018. This requires five annual payments of £514,000. This Recovery Plan assumes an investment return of 4.25% per annum over the period. This represents an outperformance assumption of 0.7% over the average return expected on the Technical Provisions assumptions.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at the Statement of financial position date, which was the 31 December 2013 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 defined benefit scheme as at 31 December 2017. Defined benefit scheme assets are stated at bid value as at 31 December 2017. The details of the 31 December 2013 actuarial valuation can be found in the Company financial statements for the year ended 31 December 2016.

Contributions payable to the pension scheme at the end of the financial year are £45,000 (2016: £nil).

The expected contributions to the plan for the next financial year are £514,000.

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2017 £ 000	2016 £ 000
Fair value of scheme assets	40,589	38,184
Present value of scheme liabilities	(36,689)	(35,353)
Defined benefit pension scheme surplus	<u>3,900</u>	<u>2,831</u>

Scheme assets

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

	2017 £ 000	2016 £ 000
Fair value at start of financial year	38,184	32,925
Interest income	1,053	1,258
Return on plan assets, excluding amounts included in interest income	2,598	4,792
Employer contributions	484	707
Contributions by scheme participants	88	95
Benefits paid	(1,729)	(1,494)
Administrative expenses paid	(89)	(99)
Fair value at end of financial year	<u>40,589</u>	<u>38,184</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Cash and cash equivalents	814	118
Equity instruments	26,387	27,380
Debt instruments	<u>13,388</u>	<u>10,686</u>
	<u>40,589</u>	<u>38,184</u>

Actual return on scheme's assets

	2017 £ 000	2016 £ 000
Actual return on scheme assets	<u>3,651</u>	<u>6,050</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 2017

Scheme liabilities

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

	2017 £ 000	2016 £ 000
Present value at start of financial year	35,353	30,665
Current service cost	396	393
Actuarial gains arising from changes in demographic assumptions	(3)	(315)
Actuarial losses arising from changes in financial assumptions	1,069	5,482
Actuarial losses/(gains) arising from experience adjustments	548	(631)
Interest cost	967	1,158
Benefits paid	(1,729)	(1,494)
Contributions by scheme participants	88	95
Present value at end of financial year	<u>36,689</u>	<u>35,353</u>

Weighted average duration of the defined benefit obligation is 15 years (2016: 15 years).

Principal actuarial assumptions

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

	2017 %	2016 %
Discount rate	2.55	2.80
Future salary increases	2.65	2.70
Allowance for increases to pensions in payment – pre 6 April 2006	1.95	2.00
Allowance for increases to pensions in payment – post 6 April 2006	1.60	1.65
Inflation - RPI	3.15	3.20
Inflation - CPI	<u>1.95</u>	<u>2.00</u>

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at age 62 - male	21.16	21.56
Current UK pensioners at age 62 - female	<u>24.76</u>	<u>24.33</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

Amounts recognised in the Income statement

	2017 £ 000	2016 £ 000
Amounts recognised in operating profit		
Current service cost	396	393
Administrative expenses paid	89	99
Net interest income	(86)	(100)
Total recognised in the Income statement	<u>399</u>	<u>392</u>

Amounts recognised in the Statement of comprehensive income

	2017 £ 000	2016 £ 000
Actuarial gains arising from changes in demographic assumptions	3	315
Actuarial losses arising from changes in financial assumptions	(1,069)	(5,482)
Actuarial (losses)/gains arising from experience adjustments	(548)	631
Return on plan assets, excluding amounts included in interest income	<u>2,598</u>	<u>4,792</u>
Amounts recognised in the Statement of comprehensive income	<u>984</u>	<u>256</u>

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 3.57%	increase by 3.78%
Inflation - RPI	0.25%	increase by 2.65%	decrease by 2.47%
Salary growth rate	0.25%	increase by 0.84%	decrease by 0.81%
Mortality future long term improvement rate	0.25%	increase by 3.23%	decrease by 1.42%
Expressed as £ 000			
Discount rate	0.25%	decrease by 1,309	increase by 1,388
Inflation - RPI	0.25%	increase by 974	decrease by 907
Salary growth rate	0.25%	increase by 308	decrease by 298
Mortality future long term improvement rate	0.25%	increase by 1,184	decrease by 522

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

	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
2017	8,032	8,803	9,736	8,910	29,727	65,208
2016	<u>8,381</u>	<u>9,171</u>	<u>9,994</u>	<u>9,456</u>	<u>30,379</u>	<u>67,381</u>

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the financial year represents contributions payable by the company to the scheme and amounted to £348,000 (2016: £322,000).

Harwich International Port Limited

Notes to the financial statements for the financial year ended 31 December 2017

20 Loans and borrowings

	2017 £ 000	2016 £ 000
Non-current loans and borrowings		
Loan from group undertaking	9,471	9,471

The loan from group undertaking is denominated in GBP, falls due between two and five years, is unsecured and carries interest of LIBOR + 1.32 %.

21 Obligations under leases and hire purchase contracts

Operating leases

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

	2017 £ 000	2016 £ 000
Within one year	141	141
In two to five years	454	454
In over five years	10,030	10,143
	10,625	10,738

22 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.

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

23 Non adjusting events after the financial year

On 9 March 2018, an intermediate parent company, which prepares consolidated financial statements, changed its name from Hutchison Westports Limited to Hutchison Ports Europe Limited.