

**MARITIME TRANSPORT SERVICES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**(Registered number 2398922)**

**31 December 2017**



## **Maritime Transport Services 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 company continued to expand their general cargo business in 2017, further enhancing their business portfolio in the steel, aggregates and construction sectors. Throughput increased on general cargo tonnage along with container volumes seeing an organic growth of 2%. New and enhanced lease agreements were concluded with a number of customers. Such a range of flexible facilities continues to generate significant interest from potential customers and tenants and management anticipate that revenue will continue to grow in the coming years.

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

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

#### **Key Performance Indicators**

The company uses a wide range of performance measures to monitor progress and ensure targets are met. The following is a summary of the key performance indicators for 2017, with historical comparisons:

##### **Revenue**

Revenue for 2017 (£4.061 million) has increased on the previous financial year (2016: £4.031 million), reflecting an increase in rental income.


##### **Total equity**

As at 31 December 2017 the company had negative equity of £1.695 million (2016: positive equity £1.658 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.

Approved by the Board on 31 August 2018 and signed by its order:



Mr Simon Richard Mullett  
Company secretary

#### **Registered number**

2398922

#### **Registered Office**

Tomline House  
The Dock  
Felixstowe  
Suffolk  
IP11 3SY

## **Maritime Transport Services 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 activity**

The principal activities of the company are the management and operation of London Thamesport and associated services.

#### **Company information**

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

#### **Results and Dividends**

The Statement of comprehensive income is set out on page 7 and shows the results for the financial year ended 31 December 2017. 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 regularly. 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 continue to seek suitable opportunities for the business both in container handling and in other business sectors.

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

The directors are responsible for preparing the 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:

## **Maritime Transport Services Limited**

### **Directors' report for the financial year ended 31 December 2017**

- 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.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is based on the receipt of a letter of financial support from an intermediate parent company.

Approved by the Board on 31 August 2018 and signed by its order:



Mr Simon Richard Mullett  
Company secretary

**Registered number**  
2398922

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

## **Maritime Transport Services Limited**

### **Independent Auditors' report to the members of Maritime Transport Services Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Maritime Transport Services 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 loss 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 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.

## **Maritime Transport Services Limited**

### **Independent Auditors' report to the members of Maritime Transport Services 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 pages 2 and 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](http://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.

## **Maritime Transport Services Limited**

### **Independent Auditors' report to the members of Maritime Transport Services 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:

15 September 2018

# Maritime Transport Services Limited

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

	Note	2017 £ 000	2016 £ 000
Revenue		4,061	4,031
Cost of sales		<u>(8,032)</u>	<u>(7,727)</u>
Gross loss		(3,971)	(3,696)
Administrative expenses		(1,493)	(1,701)
Other operating income		<u>1,320</u>	<u>789</u>
Operating loss	6	(4,144)	(4,608)
Finance costs		<u>(1)</u>	<u>(1)</u>
Loss before tax		(4,145)	(4,609)
Current tax credit	8	<u>792</u>	<u>800</u>
Loss and total comprehensive expense for the financial year		<u><u>(3,353)</u></u>	<u><u>(3,809)</u></u>

The Statement of comprehensive income has been prepared on the basis that all operations are continuing.

The notes on pages 11 to 23 form an integral part of these financial statements.



# Maritime Transport Services Limited

## Statement of financial position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	39,442	40,847
Investments in subsidiaries	10	1,359	1,359
Deferred tax assets	14	803	1,090
		<u>41,604</u>	<u>43,296</u>
<b>Current assets</b>			
Trade and other receivables	11	878	509
Current tax asset		<u>1,079</u>	<u>1,303</u>
		<u>1,957</u>	<u>1,812</u>
Total assets		<u>43,561</u>	<u>45,108</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	15	13,921	13,921
Capital redemption reserve		523	523
Accumulated losses	16	<u>(16,139)</u>	<u>(12,786)</u>
Total equity		<u>(1,695)</u>	<u>1,658</u>
<b>Non-current liabilities</b>			
Financial liabilities - preference shares	13	35,000	35,000
<b>Current liabilities</b>			
Other payables	12	<u>10,256</u>	<u>8,450</u>
Total liabilities		<u>45,256</u>	<u>43,450</u>
Total equity and liabilities		<u>43,561</u>	<u>45,108</u>

The notes on pages 11 to 23 form an integral part of these financial statements.

The financial statements on pages 7 to 23 were approved by the Board on 31 August 2018 and signed on its behalf by:



Mr Clemence Chun Fun Cheng  
Director

# Maritime Transport Services Limited

## Statement of changes in equity for the financial year ended 31 December 2017

	<b>Called up share capital £ 000</b>	<b>Capital redemption reserve £ 000</b>	<b>Accumulated losses £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2017	13,921	523	(12,786)	1,658
Loss and total comprehensive expense for the financial year	-	-	(3,353)	(3,353)
At 31 December 2017	<u>13,921</u>	<u>523</u>	<u>(16,139)</u>	<u>(1,695)</u>

	<b>Called up share capital £ 000</b>	<b>Capital redemption reserve £ 000</b>	<b>Accumulated losses £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2016	13,921	523	(8,977)	5,467
Loss and total comprehensive expense for the financial year	-	-	(3,809)	(3,809)
At 31 December 2016	<u>13,921</u>	<u>523</u>	<u>(12,786)</u>	<u>1,658</u>

The notes on pages 11 to 23 form an integral part of these financial statements.

## Maritime Transport Services Limited

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

	Note	2017 £ 000	2016 £ 000
<b>Cash flows from operating activities</b>			
Cash used in continuing operations	17	(1,240)	(1,638)
Current taxes received		1,303	1,610
Interest paid		<u>(1)</u>	<u>(1)</u>
Net cash flow generated from/(used in) operating activities		<u>62</u>	<u>(29)</u>
<b>Cash flows from investing activities</b>			
Acquisitions of property, plant and equipment		(62)	(2)
Proceeds from sale of property, plant and equipment		<u>-</u>	<u>31</u>
Net cash flows (used in)/generated from investing activities		<u>(62)</u>	<u>29</u>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 11 to 23 form an integral part of these financial statements.

# **Maritime Transport Services Limited**

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

### **1 General information**

The principal activities of the company are the management and operation of London Thamesport and associated services.

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

### **2 Summary of significant accounting Policies**

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

#### **Basis of preparation**

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

- Available-for-sale financial assets

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 holds no leases and therefore there is no expected impact from the adoption of this standard.

## **Maritime Transport Services 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.

#### **Going concern**

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

#### **Revenue recognition**

The revenue and loss before taxation are attributable to the management and operation of London Thamesport and associated services 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 on completion of the shipping or transport operation. Rental income is accounted for on an accruals basis.

#### **Property, plant and equipment**

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

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. The gain or loss on disposal of an asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Statement of comprehensive income.

#### **Depreciation**

Land is not depreciated. Depreciation is calculated to write off the cost of fixed assets in equal instalments over their estimated useful lives.

<b>Asset class</b>	<b>Depreciation rate</b>
Buildings	2.00%-5.00%
Plant and equipment	3.33%-20.00%
Jetty	2.00%

#### **Trade receivables**

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

## **Maritime Transport Services Limited**

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

#### **Tax**

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

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

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

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

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

#### **Operating leases**

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

#### **Share capital**

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

#### **Trade and other payables**

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

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

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

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

#### **Preference shares**

In accordance with IAS 32, preference shares are shown as financial liabilities if their substance is that of a debt instrument.

#### **Investments in subsidiaries**

Investments in subsidiaries are carried at cost less provision for any diminution in value.

## **Maritime Transport Services Limited**

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

#### **Group financial statements**

As the company is a wholly owned subsidiary of MTS (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. The consolidated financial statements of MTS (Holdings) Limited are publicly available as per note 19.

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

The company's activities expose it to a variety of financial risks: liquidity risk, market risks (including foreign exchange risk, price risk and cash flow interest rate risk), 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 Hutchison Ports (UK) Limited group. The group approves written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk. Hedge accounting is applied where appropriate.

##### **Liquidity risk**

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

##### **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.

##### **Price risk**

The company is not exposed to significant price risks.

##### **Cash flow and fair value 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 is managed at a Hutchison Ports (UK) Limited group level. The group objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce cost of capital.

The group monitors capital by regularly assessing gearing and debt service ratios and interest cover. Gearing ratios are calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables) less cash and cash equivalents. Total capital is calculated as equity plus net debt.

## **Maritime Transport Services Limited**

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

#### **4 Fair value**

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

#### **5 Critical accounting estimates and judgements**

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

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

##### **Taxation**

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

##### **Impairment of tangible fixed assets**

Estimating the recoverable amount of tangible fixed assets requires significant management judgement, particularly in assessing the amount of future cash flows that assets are expected to generate and the appropriate discount rate to apply. Changes to assumptions in respect of these variables will have a significant impact on the estimated recoverable amount and hence on the carrying value of assets recorded.

##### **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.



## Maritime Transport Services Limited

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

#### 6 Operating loss

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
Depreciation of owned assets	1,467	1,659
Profit on disposal of property, plant and equipment	-	(4)
Rental income	<u>(1,320)</u>	<u>(789)</u>

#### Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>26</u>	<u>25</u>

#### 7 Staff costs and directors' remuneration

The company does not employ its own staff (2016: none).

##### 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, no emoluments are included in respect of key management. Their total emoluments are included in the aggregate of key management compensation disclosed in the consolidated 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.

# Maritime Transport Services Limited

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

### 8 Current tax credit

Tax credited in the Statement of comprehensive income

	2017 £ 000	2016 £ 000
<b>Current taxation</b>		
UK corporation tax	(1,079)	(1,303)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	287	351
Arising from changes in tax rates and laws	-	152
Total deferred taxation	287	503
Tax credited in the Statement of comprehensive income	(792)	(800)

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Loss before tax	(4,145)	(4,609)
Loss before tax at 19.25% (2016: 20%)	(798)	(922)
Effect of expenses not deductible in determining tax loss	6	5
Deferred tax expense relating to changes in tax rates or laws	-	152
Adjustment in respect of prior financial years	-	(35)
Total tax credit	(792)	(800)

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.

## Maritime Transport Services Limited

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

#### 9 Property, plant and equipment

Civil works and buildings comprise expenditure on freehold and long leasehold improvements. It is not practicable to apportion the expenditure between freehold and long leasehold properties.

	Freehold land and buildings £ 000	Jetty £ 000	Plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2016	46,714	36,743	29,439	112,896
Additions	-	-	2	2
Disposals	(73)	-	(1,662)	(1,735)
At 31 December 2016	46,641	36,743	27,779	111,163
At 1 January 2017	46,641	36,743	27,779	111,163
Additions	-	-	62	62
Disposals	-	-	(92)	(92)
At 31 December 2017	46,641	36,743	27,749	111,133
<b>Accumulated depreciation and impairment</b>				
At 1 January 2016	20,809	31,225	18,331	70,365
Charge for the financial year	484	241	934	1,659
Disposals	(73)	-	(1,635)	(1,708)
At 31 December 2016	21,220	31,466	17,630	70,316
At 1 January 2017	21,220	31,466	17,630	70,316
Charge for the financial year	463	241	763	1,467
Disposals	-	-	(92)	(92)
At 31 December 2017	21,683	31,707	18,301	71,691
<b>Carrying amount</b>				
At 31 December 2017	24,958	5,036	9,448	39,442
At 31 December 2016	25,421	5,277	10,149	40,847

#### Impairment

The directors believe that the value of the land, buildings and port infrastructure will primarily be recoverable through rentals to suitable tenants. As such during the comparative financial year an independent third party valuation of the land, buildings and jetty at London Thamesport was carried out. Under a fair value less costs to sell approach, which represents the directors' best estimate of the recoverable amount, supported by the third party valuation performed, the assets are deemed to be recoverable. No impairment has therefore been recorded in the current or prior financial year.

## Maritime Transport Services Limited

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

#### 10 Investments in subsidiaries

	2017 £ 000	2016 £ 000
Investments in subsidiaries	<u>1,359</u>	<u>1,359</u>

Details of the subsidiaries 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
Thamesport (London) Limited	Port operation	England and Wales	100%	100%
MTS Trustees Limited	Non-trading, dormant	England and Wales	100%	100%
London Thamesport Limited	Name protection	England and Wales	100%	100%
Maritime Transport Services Pension Trustee Limited	Pension trustee	England and Wales	100%	100%

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

In the opinion of the directors, the value of the investment is not less than the aggregate amount at which it is stated in the Statement of financial position.

#### 11 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	880	533
Provision for impairment of trade receivables	<u>(4)</u>	<u>(24)</u>
Net trade receivables	876	509
Other receivables	<u>2</u>	<u>-</u>
Total current trade and other receivables	<u>878</u>	<u>509</u>

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 £469,000 (2016: £317,000) were fully performing.

As of 31 December 2017, trade receivables of £4,000 (2016: £24,000) were impaired. The aging of these receivables is as follows:

## Maritime Transport Services Limited

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

	2017	2016
	£ 000	£ 000
1 to 6 months	-	20
Over 6 months	4	4
	<u>4</u>	<u>24</u>

As of 31 December 2017, trade receivables of £407,000 (2016: £192,000) 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	2016
	£ 000	£ 000
1 to 6 months	407	179
Over 6 months	-	13
	<u>407</u>	<u>192</u>

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

	2017	2016
	£ 000	£ 000
At 1 January	24	4
Increase in provision recognised in the Statement of comprehensive income	-	20
Amounts written off during the financial year	(20)	-
At 31 December	<u>4</u>	<u>24</u>

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

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.

## 12 Other payables

	2017	2016
	£ 000	£ 000
Amounts owed to group undertakings	9,845	8,140
Accrued expenses	336	252
Other payables	<u>75</u>	<u>58</u>
	<u>10,256</u>	<u>8,450</u>

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

# Maritime Transport Services Limited

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

### 13 Financial liabilities - preference shares

	2017 £ 000	2016 £ 000
<b>Preference share capital</b>		
35,000,000 (2016: 35,000,000) preference shares of £1 each	<u>35,000</u>	<u>35,000</u>

The redeemable preference shares can be redeemed at par upon the giving of fourteen days notice in writing from the company or from the holders of a majority of the shares in issue from time to time. On a winding up the holders have priority before all other classes of shares to receive repayment of capital. The holders, who are the immediate parent undertaking, have no voting rights unless income is due and payable by the company to a holder of preference shares.

### 14 Deferred tax asset

	2017 £ 000	2016 £ 000
<b>Deferred tax asset - tax losses</b>		
At 1 January	1,362	1,525
Re-measurement of deferred tax asset	-	(163)
At 31 December	<u>1,362</u>	<u>1,362</u>

#### Deferred tax liability - capital allowances

At 1 January	(272)	68
Charge to Statement of comprehensive income	(287)	(351)
Re-measurement of deferred tax liability	-	11
At 31 December	<u>(559)</u>	<u>(272)</u>

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

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
<b>Deferred tax liability to be crystallised:</b>		
After more than 12 months	(559)	(272)
<b>Deferred tax asset to be recovered:</b>		
After more than 12 months	<u>1,362</u>	<u>1,362</u>
Net deferred tax asset	<u>803</u>	<u>1,090</u>

# Maritime Transport Services Limited

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

### 15 Called up share capital

	2017	2016
	£ 000	£ 000
<b>Authorised ordinary shares</b>		
14,535,000 (2016: 14,535,000) ordinary shares of £1 each	14,535	14,535
<b>Allotted, called up and fully paid shares</b>		
13,921,323 (2016: 13,921,323) ordinary shares of £1 each	13,921	13,921

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

### 16 Accumulated losses

	£ 000
At 1 January 2017	(12,786)
Loss for the financial year	(3,353)
At 31 December 2017	(16,139)
At 1 January 2016	(8,977)
Loss for the financial year	(3,809)
At 31 December 2016	(12,786)

## Maritime Transport Services Limited

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

#### 17 Cash used in continuing operations

	2017 £ 000	2016 £ 000
Loss for the financial year	(3,353)	(3,809)
Adjustments to cash flows from non-cash items		
Depreciation	1,467	1,659
Profit on disposal of property, plant and equipment	-	(4)
Finance costs	1	1
Current tax credit	(792)	(800)
	(2,677)	(2,953)
Working capital adjustments		
(Increase)/decrease in trade and other receivables	(369)	386
Increase in other payables	101	73
Increase in amounts owed to group undertakings	1,705	856
Cash used in continuing operations	(1,240)	(1,638)

#### 18 Related party transactions

##### Subsidiary company

During the financial year the company incurred £8,032,000 (2016: £7,727,000) in respect of port usage services received from Thamesport (London) Limited.

#### 19 Parent and ultimate parent undertaking

MTS (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, and is the smallest group to consolidate the financial statements of the company.

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

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

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

#### 20 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.