

**HUTCHISON LOGISTICS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**(Registered number 696222)**

**31 December 2021**



## **Hutchison Logistics (UK) Limited**

### **Directors' report for the financial year ended 31 December 2021**

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2021.

#### **Principal activities**

The principal activity of the company is the provision of supply chain and logistics services and human resources.

#### **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 16 to the financial statements.

#### **Results and Dividends**

The Statement of comprehensive income is set out on page 6 and shows the results for the financial year ended 31 December 2021. The directors do not propose a final dividend for the financial year ended 31 December 2021 (2020 : £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

#### **Directors' liabilities**

The company maintains directors' and officers' liability insurance which provides insurance cover against liabilities directors and other officers of the company may incur personally in their capacity as directors and officers. The qualifying third party indemnity provision was in force during the financial period and also at the date of approval of the financial statements.

#### **Coronavirus (COVID-19)**

The directors acknowledge the unprecedented continued impact of COVID-19 in the UK and across the world. This pandemic has continued to create significant risks and challenges and the trading environment has remained challenging. However, during 2021, there was no significant operational or financial impact and it is anticipated this will continue through 2022. This is in part due to the significant effort to implement contingency plans which have been continually reviewed and updated and the support of these plans by employees. The company will continue to focus on its key strengths of resilience and financial prudence to minimise the risks and safeguard its assets and business. As throughout the pandemic the company continues to seek to minimise risks and impacts on employees, customers and port users.

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

The directors are responsible for preparing the Directors' report and 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 UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

## Hutchison Logistics (UK) Limited

### Directors' report for the financial year ended 31 December 2021

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

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

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

#### **Directors' confirmations**

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

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

#### **Small companies exemption**

This report has been prepared in accordance with section 415(A) of the Companies Act 2006.

Approved by the Board on 12 September 2022 and signed by its order:



.....  
Mr Simon Richard Mullett  
Company secretary

**Registered number**  
696222

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

# Independent auditors' report to the members of Hutchison Logistics (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Hutchison Logistics (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2021; the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

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

# Independent auditors' report to the members of Hutchison Logistics (UK) Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 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 Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

# Independent auditors' report to the members of Hutchison Logistics (UK) Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals or management bias in judgemental areas. Audit procedures performed by the engagement team included:

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



David Beer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
13 September 2022

## Hutchison Logistics (UK) Limited

### Statement of comprehensive income for the financial year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue		9,773	6,206
Cost of sales		<u>(9,066)</u>	<u>(5,905)</u>
Gross profit		707	301
Administrative expenses		(45)	(51)
Other operating income		<u>-</u>	<u>78</u>
Profit before taxation		662	328
Income tax charge	7	<u>(126)</u>	<u>(62)</u>
Profit and total comprehensive income for the financial year		<u><u>536</u></u>	<u><u>266</u></u>

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

The notes on pages 10 to 21 form an integral part of these financial statements.

## Hutchison Logistics (UK) Limited

### Statement of financial position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	8	1,400	1,095
Cash and cash equivalents	9	<u>931</u>	<u>1,053</u>
		<u>2,331</u>	<u>2,148</u>
<b>Equity</b>			
Called up share capital	11	260	260
Share premium	11	100	100
Retained earnings		<u>567</u>	<u>31</u>
Total equity		<u>927</u>	<u>391</u>
<b>Current liabilities</b>			
Trade and other payables	10	1,378	1,716
Current tax payable		<u>26</u>	<u>41</u>
		<u>1,404</u>	<u>1,757</u>
Total equity and liabilities		<u>2,331</u>	<u>2,148</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

The financial statements on pages 6 to 21 were approved by the Board on 12 September 2022 and signed on its behalf by:



.....  
Mr Clemence Chun Fun Cheng  
Director

## Hutchison Logistics (UK) Limited

### Statement of changes in equity for the financial year ended 31 December 2021

	Called up share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	260	100	31	391
Profit and total comprehensive income for the financial year	-	-	536	536
At 31 December 2021	<u>260</u>	<u>100</u>	<u>567</u>	<u>927</u>

	Called up share capital £ 000	Share premium £ 000	(Accumulated losses)/Retained earnings £ 000	Total equity £ 000
At 1 January 2020	260	100	(235)	125
Profit and total comprehensive expense for the financial year	-	-	266	266
At 31 December 2020	<u>260</u>	<u>100</u>	<u>31</u>	<u>391</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

## Hutchison Logistics (UK) Limited

### Statement of cash flows for the financial year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
<b>Cash flows from operating activities</b>			
Cash generated from continuing operations	12	19	656
Income taxes (paid)/received		<u>(141)</u>	<u>23</u>
Net cash flow (used in)/generated from operating activities		<u>(122)</u>	<u>679</u>
Net (decrease)/increase in cash and cash equivalents		(122)	679
Cash and cash equivalents at 1 January		<u>1,053</u>	<u>374</u>
Cash and cash equivalents at 31 December		<u>931</u>	<u>1,053</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

## **Hutchison Logistics (UK) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2021**

#### **1 General information**

The principal activity of the company is the provision of supply chain and logistics services and human resources.

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 UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and International Financial Reporting Standards interpretations Committee interpretations. The statements have been prepared on a going concern basis and on a historical cost basis.

##### **New and amended standards adopted by the company**

The following have been applied for the first time from 1 January 2021 and have not had a significant effect on the financial statements:

Definition of Material - Amendments to IAS 1 and IAS 8; and  
Revised Conceptual Framework for Financial Reporting.

##### **New standards, interpretations and amendments not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

##### **Going concern**

The company meets its day-to-day working capital requirements through the Hutchison Ports (UK) Limited group banking facilities. The current economic conditions continue to create uncertainty, however, the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of the current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### Taxation

The tax expense for the financial year comprises current 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 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.

#### Pension costs

The company operates a defined contribution plan, the assets of which are held in trustee administered funds.

Costs relating to the defined contribution group personal pension plan 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.

#### Financial instruments

##### *Initial recognition*

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities, inventories, accruals and employee benefits plan.

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

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

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

##### *Classification and measurement*

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

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

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

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

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

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

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### *Financial assets at amortised cost*

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

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

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

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

#### *Financial assets at FVTOCI*

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

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

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

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

#### *Financial assets at FVTPL*

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

#### *Financial liabilities at amortised cost*

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

#### *Financial liabilities at FVTPL*

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

#### *Impairment of financial assets*

##### *Measurement of Expected Credit Losses ("ECL")*

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

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

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### *Derivative financial instruments*

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

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

#### *Accounting estimates and assumptions*

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

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

#### *Provisions for impairment*

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

#### *Fair value of financial assets and liabilities*

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

### **Revenue recognition**

#### *Recognition*

The company earns revenue from the provision of supply chain and logistics services and human resources, and arises wholly within the United Kingdom. Revenue is the total amount receivable by the company in the ordinary course of business for services provided to both third parties and related parties, net of discounts and rebates, exclusive of Value Added Tax. The company earns revenue from the handling and storage of goods imported to, and exported from, the UK. The company's third party customer base is primarily made up of companies dealing in imports and exports.

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

1. identify the contracts with the customer
2. identify the performance obligations in the contract
3. determine the transaction price
4. allocate the transaction price to the performance obligations in the contract
5. recognise revenue when or as the entity satisfies its performance obligations

## **Hutchison Logistics (UK) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2021**

#### *Performance obligations*

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

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

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

Other income generated from the rental of land and buildings to third parties is outside the scope of IFRS 15, and therefore continues to be reflected in accordance with the previous IFRS.

#### *Transaction price*

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

#### *Contract assets and receivables*

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

#### *Contract liabilities*

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

#### **Share capital**

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

#### **Cash and cash equivalents**

For the purpose of the Statement of cash flows, the cash and cash equivalent note includes cash in hand, short term deposits and bank overdrafts. If applicable, bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position.

## **Hutchison Logistics (UK) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2021**

#### **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 under the impairment loss methodology 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 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.

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

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

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken either to the Income statement or the Statement of comprehensive income depending on the nature of the asset or liability being revalued.

#### **Trade payables**

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

#### **Fair value**

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. 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.

The fair values of debtors, bank balances and other liquid funds, creditors and accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities.

### **3 Financial and capital risk management**

Financial and capital risk is managed at a Hutchison Ports Europe Limited group level. The group's primary objectives when managing capital are to safeguard the group's ability to continue to provide returns for shareholders and to support the group's stability and growth. The group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### 4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The estimates and assumptions used in the company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the company financial statements. Actual amounts and results could differ from such estimates and assumptions.

There are no critical estimates or judgements applied by the directors in preparing these financial statements.

#### 5 Staff costs

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	531	521
Social security costs	57	56
Other pension costs, defined contribution scheme	54	55
	<u>642</u>	<u>632</u>

The monthly average number of employees during the financial year was 8 (2020: 9), all of whom were engaged in the provision of supply chain and logistics services and human resources.

#### Key management compensation

The emoluments of key management are paid by group companies which make 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.

#### 6 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>9</u>	<u>8</u>

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### 7 Income tax charge

Tax charged to the Statement of comprehensive income

	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>126</u>	<u>62</u>

The tax assessed on the profit before taxation for the financial year is based on the average standard rate of corporation tax in the United Kingdom of 19% (2020: 19%), which is reconciled below:

	2021 £ 000	2020 £ 000
Profit before taxation	<u>662</u>	<u>328</u>
Profit before taxation at 19% (2020: 19%)	<u>126</u>	<u>62</u>
Total tax charge	<u>126</u>	<u>62</u>

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. The effects of the rate change are not material for the company.

#### 8 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	903	362
Provision for impairment of trade receivables	<u>-</u>	<u>-</u>
Net trade receivables	903	362
Amounts owed by group undertakings	254	455
Other receivables	148	235
Prepayments	<u>95</u>	<u>43</u>
Total current trade and other receivables	<u>1,400</u>	<u>1,095</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 2021, trade receivables of £565,000 (2020: £265,000) were fully performing.

As of 31 December 2021, trade receivables of £nil (2020: £nil) were impaired. The amount of the provision was £nil as of 31 December 2021 (2020: £nil).

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

As of 31 December 2021, trade receivables of £338,000 (2020: £97,000) were past due but no expected credit loss provision is created against it. 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:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
1 to 6 months	338	97
	<u>338</u>	<u>97</u>

As of 31 December 2021, trade receivables of £5,000 (2020: £9,000) were past due but no expected credit loss provision is created against it. These relate to group undertakings for whom there is no history of default. The ageing of these trade receivables is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
1 to 6 months	5	9
	<u>5</u>	<u>9</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
At 1 January	-	48
Amounts written off during the year	-	(48)
At 31 December	<u>-</u>	<u>-</u>

The creation and release of provision for impaired receivables have 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. All movements in the provision above relate to expected lifetime credit losses.

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.

#### 9 Cash and cash equivalents

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank	<u>931</u>	<u>1,053</u>

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### 10 Trade and other payables

	2021	2020
	£ 000	£ 000
Trade payables	682	1,062
Social security and other taxes	17	18
Other payables	76	85
Accrued expenses	603	551
	<u>1,378</u>	<u>1,716</u>

#### 11 Called up share capital and share premium

	2021	2020
	£ 000	£ 000
<b>Authorised, allotted, called up and fully paid</b>		
1,000,000 (2020: 1,000,000) Deferred Shares of £0.25 each	250	250
1,000,000 (2020: 1,000,000) Preferred Shares of £0.01 each	10	10
	<u>260</u>	<u>260</u>
<b>Share premium</b>	<u>100</u>	<u>100</u>

The holders of the Preferred Shares are exclusively entitled to participate in the profits of the company and the holders of the Deferred Shares are not entitled to participate therein.

On a return of capital on winding up, the surplus assets of the company remaining after payment of its liabilities shall be applied: first, in repayment of the paid up capital of the Preferred Shares plus a premium of £10,000 per share in priority to all other shares; second, in repayment of the paid up capital of the Deferred Shares; and third, in distributing the balance, if any, among the holders of the Preferred Shares in proportion to the amount paid up thereon.

## Hutchison Logistics (UK) Limited

### Notes to the financial statements for the financial year ended 31 December 2021

#### 12 Cash generated from continuing operations

	2021 £ 000	2020 £ 000
Profit for the financial year	536	266
Adjustments to cash flows from non-cash items		
Income tax charge	126	62
	<u>662</u>	<u>328</u>
Working capital adjustments		
Increase in trade and other receivables	(506)	(193)
(Decrease)/increase in trade and other payables	(338)	884
Decrease in amounts owed to group undertakings	-	(22)
Decrease/(increase) in amounts owed by group undertakings	201	(341)
	<u>19</u>	<u>656</u>

#### 13 Pension and other schemes

##### 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 £54,000 (2020: £55,000). Contributions totalling £5,000 (2020: £6,000) were payable to the scheme at the end of the financial year and are included in trade and other payables.

#### 14 Contingent liabilities

At 31 December 2021, the company had provided guarantees of £1,050,000 (2020: £1,050,000) in respect of duty and bonding to HM Customs and Excise.

#### 15 Related party transactions

During the financial year, the company provided subcontracted labour worth £5,350,000 (2020: £3,176,000) and logistics services worth £18,000 (2020: £4,000) to The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports Europe Limited, of which £319,000 was outstanding as at 31 December 2021 (2020: £466,000).

During the financial year, the company received stevedoring services worth £68,000 (2020: £39,000) and warehousing space worth £454,000 (2020: £nil) from The Felixstowe Dock and Railway Company, of which £55,000 was outstanding as at 31 December 2021 (2020: £4,000).

During the financial year, the company received stevedoring services worth £nil (2020: £162,000) from Maritime Transport Services Limited, of which £nil was outstanding as at 31 December 2021 (2020: £nil).

## **Hutchison Logistics (UK) Limited**

### **Notes to the financial statements for the financial year ended 31 December 2021**

#### **16 Parent and ultimate parent undertaking**

Hutchison Ports (UK) Holding Limited, a company registered in England and Wales, whose principal activity is to act as a holding company, owns 100% of the shares and voting rights and is the immediate parent of Hutchison Logistics (UK) Limited.

Hutchison Ports Europe Limited, a company registered in England and Wales, whose principal activity is to act as an investment holding company, is the smallest group to consolidate the financial statements of the company. Copies of the Hutchison Ports Europe Limited financial statements may be obtained from the Company Secretary, Tomline House, The Dock, Felixstowe, Suffolk, IP11 3SY.

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

Copies of the financial statements of CKHH may be obtained from the Company Secretary, 48th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong.