

Registered No: 00126931

# **Hutchinson (UK) Limited**

## **Report and Financial Statements**

**31 December 2020**



**Directors**

M Marquaire  
Roderick Scotto

**Auditors**

Ernst & Young LLP  
4th Floor,  
2 Marischal Square,  
Broad Street,  
Aberdeen,  
AB10 1BL

**Bankers**

HSBC Bank Plc  
62-76 Park Street  
2nd Floor  
Southwark  
London  
SE1 9DZ

**Registered office**

Unit 10  
Hortonwood 32  
Telford  
Shropshire  
TF1 7EU

## Directors' Report

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

### Results and dividends

The loss for the year amounted to £133,000 (2019: Profit £50,000).

The company did not pay any dividend in 2020 (paid in 2019: Nil).

The directors do not propose payment of dividends relating to the year ended 31 December 2020.

### Principal activities review of the business and future development

The company is a wholly owned subsidiary of the TotalEnergies SE Group. The principal activity of the company continues to be acting as a UK sales agent, charging commissions to other group subsidiaries for sales work performed on their behalf. The company expects to continue in this activity for the foreseeable future.

### Principal risks and uncertainties

The company monitors all aspects of risk including pension risk, market risk. The company also reviews supplier financial performance on a regular basis to monitor supplier dependency.

#### Market risk:

The company depends, to a large extent, on the strength of the global automotive market and, in particular, the vehicle production volumes of key customers.

#### Pension risk:

The company faces the continuing burden of pension liabilities. The obligations and expense recognized in our financial statements for these plans is actuarially determined based on certain assumptions which are driven by market conditions, including interest rates. Additionally, market conditions impact the underlying value of the assets held by the plans for settlement of these obligations. Further declines in interest rates or the market values of the securities held by the plans, or certain other changes, could negatively affect the funded status of these plans and the level and timing of future contributions.

### Policy and practice on payment of creditors

The company follows a strategy of having mutually beneficial long-term relationship with suppliers. The policy is to agree terms of trading (including payment) and to abide by them.

### Going concern statement

The company has net current assets of £1,674,000 and a deferred tax asset of £2,267,000. The company is expected to operate at an approximate break-even level throughout 2022, with the intention of returning to long-term profitability. The company has net liabilities of £7,076,000 due to the defined benefit pension liability of £10,943,000. The pension liability is long term and does not require full settlement within the foreseeable future. As disclosed in note 2 to the accounts, the sponsoring employer of the group scheme has agreed a recovery plan with the scheme trustees, as a result of which the company is expected to make annual deficit contributions of £1,488,000 per annum from 2020 until 2023. Excluding the long-term pension liability, the company has net assets of £3,867,000 as at 31st December 2020.

Whilst cash has decreased as a result of the pension deficit payments, the company generates enough cash to fund its operational activities. In addition to this, the directors have received a letter of support from the parent, confirming that it will provide financial support to the Company if needed for a period to October 2023, in order to allow the Company to continue to operate as a going concern. The directors have considered the capability of the parent company to provide support and following a review of the financial position and enquiries made, they are satisfied that the parent has the capability to provide support and therefore satisfied that financial statements should be prepared on a going concern basis.

Having considered all the above, the directors remain confident in the long-term future of the company.

### **Directors**

The directors who served the company during the year were as follows:

M Marquaire  
R Scotto

### **Secretaries**

There were no company secretaries serving the company during the year.

The group holds insurance to protect the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Preparation of directors' report**

The Directors' report has been prepared in accordance with the special provisions in S415A of Companies Act 2006 relating to small companies.

### **Auditors**

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



R Scotto  
Director

29<sup>th</sup> April 2022

## Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate

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

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, that complies with that law and those regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUTCHINSON (UK) LIMITED

### Opinion

We have audited the financial statements of Hutchinson (UK) Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of other comprehensive income and the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

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 to 31 October 2023.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's 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.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management, including that of the general counsel of the Company, and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations.
- Our procedures on journal entries testing included a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management. Where instances of higher risk journals were identified, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information. We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition.
- Our procedures on significant judgements and estimates made in the financial statements included challenging the assumptions made and models used in determining estimates and sought to obtain both contradictory and corroborative evidence to challenge and/or support estimate inputs.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Gemma Noble, Senior statutory auditor

For and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

Date: 29 April 2022

## Profit and loss account for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	3	970	1,427
Staff Costs	5	(419)	(519)
Depreciation and Amortisation	11	(15)	(9)
Other Operating Expenses		<u>(563)</u>	<u>(614)</u>
<b>Operating (loss) / profit</b>	4	(27)	285
Interest receivable	6	2	14
Other finance expense	7	<u>(191)</u>	<u>(213)</u>
<b>(Loss) / Profit on ordinary activities before taxation</b>		(216)	86
Taxation credit / (charge)	8	83	(36)
<b>(Loss) / Profit for the financial year</b>		<u>(133)</u>	<u>50</u>

The profit and loss account relates to continuing operations.

## Statement of other comprehensive income for the year ended 31 December 2020

	2020 £000	2019 £000
(Loss)/ Profit for the financial year	(133)	50
Actuarial (losses) recognised on the pension plan	(2,128)	(2,402)
Tax on actuarial (losses)	<u>404</u>	<u>408</u>
<b>Total comprehensive Loss relating to the year</b>	<u>(1,857)</u>	<u>(1,944)</u>

## Balance sheet

at 31 December 2020

	Notes	2020 £000	2019 £000
<b>Non current assets</b>			
Deferred tax asset	8c	2,267	1,780
Right of Use of Asset	11	57	59
		<u>2,324</u>	<u>1,839</u>
<b>Current assets</b>			
Debtors	9	1,783	3,107
<b>Current Liabilities</b>			
Creditors	10	(62)	(71)
Lease Commitments	11	(47)	(33)
		<u>1,674</u>	<u>3,003</u>
<b>Net current assets</b>		<u>3,998</u>	<u>4,842</u>
<b>Total assets less current liabilities</b>			
Lease Commitments	11	(131)	(167)
Defined Benefit pension liability	13	(10,943)	(9,894)
		<u>(7,076)</u>	<u>(5,219)</u>
<b>Net liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	12	87	87
Retained earnings		(7,163)	(5,306)
		<u>(7,076)</u>	<u>(5,219)</u>
<b>Shareholders' deficit</b>			

The financial statements have been prepared in accordance with the special provisions in S415A of Companies Act 2006 relating to small companies.

The financial statements were approved by the board of Directors and signed on its behalf:



R Scotto  
Director

29<sup>th</sup> April 2022

## Statement of changes in equity

for the year ended 31 December 2020

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total shareholders deficit</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2019	87	(3,362)	(3,275)
Profit for the year	-	50	50
Other Comprehensive Loss	-	(1,994)	(1,994)
At 31 December 2019	87	(5,306)	(5,219)
Loss for the year	-	(133)	(133)
Other Comprehensive Loss	-	(1,724)	(1,724)
At 31 December 2020	87	(7,163)	(7,076)

## Notes to the financial statements

at 31 December 2020

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Hutchinson UK Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the board of directors and the balance sheet was signed on the board's behalf by R Scotto. Hutchinson UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the company are included in the consolidated financial statements of TotalEnergies S.E. which are available from 2 Place Jean Millier, La Defense 6, 92078 Paris, La Defense Cedex, France.

The Company's principal place of business is Hutchinson UK Ltd, Unit 10 Hortonwood 32, Telford, TF1 7EU.

The principal accounting policies adopted by the company are set out in note 2.

### 2. Accounting policies

#### Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has taken advantage of the following disclosure exemptions available under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows; and
- (b) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (c) the requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective; and
- (d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - a. paragraph 79(a)(iv) of IAS 1;
  - b. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - c. paragraph 118(e) of IAS 38 Intangible Assets;
- (f) The requirements of IFRS 7 Financial Instruments: Disclosures; and
- (g) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement; and
- (h) The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where applicable, equivalent disclosures have been included in the consolidated financial statements of the group (TotalEnergies S.E.) in which the entity is consolidated and these may be obtained from 2 Place Jean Millier, La Defense 6, 92078 Paris, La Defense Cedex, France.

## Notes to the financial statements

at 31 December 2020

### Accounting policies (*Continued*)

#### Going concern

The company has net current assets of £1,674,000 and a deferred tax asset of £2,267,000. The company is expected to operate at an approximate break-even level throughout 2022, with the intention of returning to long-term profitability. The company has net liabilities of £7,076,000 due to the defined benefit pension liability of £10,943,000. The pension liability is long term and does not require full settlement within the foreseeable future. As disclosed in note 2 to the accounts, the sponsoring employer of the group scheme has agreed a recovery plan with the scheme trustees, as a result of which the company is expected to make annual deficit contributions of £1,488,000 per annum from 2020 until 2023. Excluding the long-term pension liability, the company has net assets of £3,867,000 as at 31st December 2020.

Whilst cash has decreased as a result of the pension deficit payments, the company generates enough cash to fund its operational activities. In addition to this, the directors have received a letter of support from the parent, confirming that it will provide financial support to the Company if needed for a period to October 2023, in order to allow the Company to continue to operate as a going concern. The directors have considered the capability of the parent company to provide support and following a review of the financial position and enquiries made, they are satisfied that the parent has the capability to provide support and therefore satisfied that financial statements should be prepared on a going concern basis.

Having considered all the above, the directors remain confident in the long-term future of the company.

#### Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### *Pension and other post-employment benefits*

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

#### Pensions and other post-employment benefits

The company participates in the TotalEnergies UK Pension Plan, a defined benefit pension plan in the UK. The assets and liabilities of the TotalEnergies UK Pension Plan form a general pool of assets from which benefits of all qualifying members may be settled. For accounts purposes these assets are allocated to Business Units and are tracked separately. The assets of the Plan are held separately from those of the participating employers.

## Notes to the financial statements

at 31 December 2020

### Accounting policies (*Continued*)

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

The TotalEnergies Pension Company UK Limited, the principal employer, has agreed a Recovery Plan with the Trustees between 2015 and 2021. Lump sum deficit contributions of £849,000 were made during 2018 and 2019, £1,488,000 will be paid each year between 2020 and 2023.

The company also operates a defined contribution pension plan. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the plan.

### Financial instruments

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement in other operating expenses.

##### *Trade and other debtors*

Trade and intercompany debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

## Notes to the financial statements

at 31 December 2020

### Accounting policies (*Continued*)

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

#### Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

#### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



## Notes to the financial statements

### at 31 December 2020

#### Accounting policies (*Continued*)

##### *Right of use asset*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### *Right of use liability*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **Future Accounting Standards**

There are no new accounting standards to be considered for the next financial year.

### **3. Turnover**

The turnover comprises the value of sales excluding VAT, of goods and services in the normal course of business. All turnover relates to one class of business.

An analysis of turnover by geographical market is given below:

	2020	2019
	£000	£000
Europe	970	1,427
	<u>970</u>	<u>1,427</u>

## Notes to the financial statements

at 31 December 2020

### 4. Operating profit

This is stated after charging:

	2020	2019
	£000	£000
Auditors' remuneration	13	15
Depreciation Expense	15	9
Short Term Lease Expenses	31	66
Operating lease rentals		
- motor vehicles and office equipment	19	39
- land and buildings	11	40

### 5. Staff costs

	2020	2019
	£000	£000
Wages and salaries	344	434
Social security costs	44	60
Other pension costs (Note 13)	31	25
	<u>419</u>	<u>519</u>

The monthly average number of employees during the year was as follows:

	2020	2019
No. of Employees	8	11

#### *Directors' emoluments*

Emoluments for the directors have been borne by another group company as they are also directors of a number of companies within the TotalEnergies S.E. group. No apportionment of directors' emoluments has been provided as it is impractical to do so.

### 6. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group undertakings	<u>2</u>	<u>14</u>

### 7. Other finance expense

	2020	2019
	£000	£000
Interest on pension plan assets	471	593
Interest on pension plan liabilities	(660)	(805)
Financial interest on lease debt	(2)	(1)
	<u>(191)</u>	<u>(213)</u>

## Notes to the financial statements

at 31 December 2020

### 8. Taxation

#### (a) Total tax expense recognised in the profit and loss account

The tax charge is made up as follows:

	2020 £000	2019 £000
<i>Current tax:</i>		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	(30)
Total current tax	-	(30)
<i>Deferred tax:</i>		
Adjustments in respect of prior periods	-	(120)
Pension scheme deferred tax movement	7	81
Origination and reversal of timing differences	(90)	105
	(83)	66
Total tax (credit) / charge	(83)	36

#### (b) Reconciliation of the total tax charge

	2020 £000	2019 £000
Profit / (loss) before taxation	(216)	86
Current tax at 19.00% (2019: 19.00%)	(41)	16
Non-deductible expenses	-	162
Group relief surrendered	168	30
Tax rate changes	(210)	(22)
Adjustments in respect of prior periods	-	(150)
Total tax (credit) / charge	(83)	36

#### (c) Deferred tax

	2020 £000	2019 £000
Capital allowances timing differences	2	2
Pension timing difference	186	96
Other timing differences	-	-
Deferred tax asset	188	98
Pension plan deferred tax asset	2,079	1,682
Total deferred tax asset	2,267	1,780

### 8. Taxation (Continued)

## Notes to the financial statements

at 31 December 2020

	£000
At 1 January 2020 – Asset	1,780
Credit to the profit and loss account for the year	83
Credit included in Other Comprehensive Income for the year	404
At 31 December 2020 – Asset	2,267

All deferred tax assets have been recognised. The deferred tax asset will be recoverable against future trading profits or against trading profits from other entities generating outside ring fence profits in the group.

The amount included in Other Comprehensive Income for the year is in respect of pension costs accounted for under IAS19(R) - *Retirement Benefits*.

### (d) Factors affecting future tax charges

A change to the UK corporation tax rate was substantively enacted in June 2021. The corporation tax main rate with effect from 1 April 2023 will increase from 19% to 25%. As the change was not substantively enacted at the balance sheet date the effect is not included in these financial statements

The company's current taxation charge will be affected by the level of non-deductible pension costs (including net finance expenses) recorded under IAS 19. To the extent that this expense exceeds the amounts of employer's pension contributions payable (which are tax deductible) the current taxation charge will be greater than that derived by applying the standard taxation rate to pre-tax profits.

## 9. Debtors

	2020	2019
	£000	£000
Amounts owed by group undertakings	1,639	2,938
Other debtors	12	15
Net investment in sublease	120	140
Prepayments and accrued income	12	14
	1,783	3,107

Included within the net investment in sublease is an amount of £93K which is due over 1 year (£118K 2019). Amounts owed by group undertakings are non-interest bearing and are repayable on intercompany terms of 60 days.

## 10. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	-	13
Amounts owed to group undertakings	6	13
Other taxation and social security	5	4
Other Creditors	27	27
Accruals and deferred income	24	14
	62	71

Amounts owed to group undertakings are non-interest bearing and are repayable on intercompany terms, usually 60 days. Trade creditors are non-interest bearing and usually repayable between 30 and 90 days.

## Notes to the financial statements

at 31 December 2020

### 11. Right of Use Asset and Liability

The company has certain leases of pool vehicles with lease terms of 12 months or less and leases of office equipment with low value for which the Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases in terms of IFRS 16 'Leases'.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2020
	£000
As at 1 January 2020	59
Additions	13
Terminations	-
Depreciation expense	(15)
As at 31 December 2020	57

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020
	£000
As at 1 January 2020	200
Additions	12
Terminations	-
Accretion of interest	5
Payments made	(39)
As at 31 December 2020	178
Current	47
Non-Current	131

The following are the amounts recognised in profit or loss:

	2020
	£000
Depreciation expense of right of use asset	15
Expenses relating to short term lease	31
Interest expense on lease liability	2
	48

Set out below are the discounted future rental payments for the remaining lease term:

	2020
	£000
Amounts due within 1 year	47
Amounts due between 2 to 3 years	121
Amounts due after 3 years	10
	178

## Notes to the financial statements

at 31 December 2020

### 12. Share capital

	<i>Authorised</i>	
	<i>2020</i>	<i>2019</i>
	£000	£000
Ordinary shares of £1 each	100	100

  

<i>Allotted, called up and fully paid</i>			
<i>2020</i>		<i>2019</i>	
No.	£000	No.	£000
Ordinary shares of £1 each	86,723	87	86,723

### 13. Pension commitments

The company participates in the TotalEnergies UK Pension Plan ('the Plan'), a defined benefit pension plan in the UK. For the purposes of providing the accounting information required by IAS 19 - the employers participating in the Plan are grouped into Business Units. The assets and liabilities allocated to each Business Unit are tracked separately. The Plan is notionally sectionalised and is not a sectionalised plan for the purposes of the Pensions Act 1995 and the Pensions Act 2004.

The TotalEnergies UK Pension Plan is not formally segregated but broadly operates similarly in that pension assets and liabilities are recorded at the member level so that group companies are responsible for funding the liabilities accrued by their employees over time. The pension costs disclosed for Hutchinson therefore reflect the liabilities relating to its current and former employees

The company accounts for the assets and liabilities allocated to the Business Unit as a defined benefit pension plan. The Plan is funded by the payment of contributions to a separate trustee administered fund.

During the year the total employers contributions paid into the plan were £1,539,000 (2019 - £916,000). An amount of £1,538,000 has been paid in the year ending 31 December 2021, this includes a lump sum deficit payment of £1,488,000.

AON Hewitt Limited took into account the requirements of IAS 19 in order to assess the liabilities of the plan at 31 December 2020. Plan assets are stated at their market value at the respective balance sheet dates.

The Guaranteed Minimum Pension (GMP) equalisation impact is assumed to be 0.5% of Defined Benefit Obligation for the 2020 disclosures. This is not based on formal calculations in respect of the TotalEnergies UK Pension Plan but has been adopted by TotalEnergies to reflect a liability impact broadly consistent with that seen for the bulk of AON's clients.

The mortality assumptions are based on standard monthly tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.5 years if they are male, and for a further 24.2 years if they are female. For a member who retires in 20 years at age 65 the assumptions are that they will live on average for a further 24.3 years after retirement if they are male, and for a further 26.1 years after retirement if they are female.

As the defined benefit section is closed to new entrants, it is expected that the service cost (as a percentage of pensionable payroll) will increase as the members of the defined benefit section approach retirement.

## Notes to the financial statements

at 31 December 2020

### 13. Pension commitments (*Continued*)

The main actuarial assumptions used in evaluating the defined benefit obligation are:

	2020 %	2019 %
Rate of general long-term increase in salaries	3.65	3.65
Full RPI Pension increases	3.00	3.25
CPI max 3.75% Pension increases	1.50	2.25
Discount rate for scheme liabilities	1.50	2.25
RPI Inflation	3.00	3.25
CPI Inflation	2.25	2.25

The discount rates are based broadly on the annualised yield on the AON Hewitt GBP Select AA Curve. A Single equivalent discount rate is then calculated which produces the same value of the Defined Benefit Obligation as applying each spot yield to that future year's projects benefit cashflow (rounded to the nearest 25 basis points).

The assumed rates of (RPI) inflation are based broadly on the AON Hewitt UK Government RPI Curve. A deduction was made for an inflation risk premium.

There is considerable uncertainty around the best estimate for the CPI inflation but a difference between CPI and RPI of 0.75% is consistent with the actuary's best estimate of the long-term difference between the two.

The salary increase assumption is consistent with that used for the latest complete funding valuation at 30 June 2017 (i.e., 2.5% per annum above inflation, 4% p.a. salary cap under the rules of the plan).

All members are assumed to exchange 24% of their pension at retirement for a cash lump sum assuming the commutation factors increase over time broadly in line with increases in life expectancy.

The Guaranteed Minimum Pension (GMP) equalisation impact is assumed to be 0.5% of the Defined Benefit Obligation for the 2020 disclosures. This is not based on formal calculations in respect of the TotalEnergies UK Pension Plan but has been adopted by TotalEnergies to reflect a liability impact broadly consistent with that seen for the bulk of AON's clients.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<i>Assumption</i>	<i>Change in Assumption</i>	<i>Impact of scheme Liabilities</i>
Discount Rate	Decrease by 0.5%	Increase by 10%
	Increase by 0.5%	Decrease by 9%
Inflation Rate	Decrease by 0.5%	Increase by 6%
	Increase by 0.5%	Decrease by 6%

## Notes to the financial statements

at 31 December 2020

### 13. Pension commitments (*Continued*)

The amounts recognised in the balance sheet are as follows:

	2020	2019
	£000	£000
Assets at fair value:		
Equities	5,450	4,899
Buy-in Contract	10,475	10,187
Bonds	3,666	2,499
Properties	846	869
Derivatives / Investment Funds	2,092	1,552
Others	147	270
Total market value of assets	22,675	20,276
Present value of plan liabilities	(33,618)	(30,170)
Pension liability	(10,943)	(9,894)

During 2014 the pension scheme entered into a pension insurance buy-in arrangement with the Pension Insurance Corporation (PIC). PIC has taken over the financial responsibility for meeting the cost of a portion of the pension promise made by the pension fund to its members. However legally, the responsibility remains with the pension scheme.

The fair value of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant change before they are realised.

The present value of the Plan's liabilities, which is derived from cash flow projections over long periods, is inherently uncertain. An analysis of the defined benefit cost for the year ended 31 December 2020 is as follows:

Analysis of amounts recognised in the Income Statement

	2020	2019
	£000	£000
Current service cost	271	227
Net interest on defined benefit liabilities	189	212
Net charge for the year	460	439

Service costs are recorded within the Income Statement in Net operating expenses and Net interest is recorded in Other financial expenses.

Analysis of amounts recognised in the Statement of Comprehensive Income:

	2020	2019
	£000	£000
Return on plan assets (excluding interest income)	1,283	549
Actuarial changes in demographic assumptions	-	794
Actuarial changes in experience on Defined Benefit Obligation	982	(932)
Actuarial changes in financial assumptions	(4,393)	(2,813)
Actuarial (losses) recognised in the Statement of Comprehensive Income	(2,128)	(2,402)



## Notes to the financial statements

at 31 December 2020

### 13. Pension commitments (*Continued*)

Changes to present value of defined benefit obligation during the year:

	2020	2019
	£000	£000
At 1 January	30,170	27,321
Current service cost	230	227
Past Service Cost / Curtailment	41	-
Interest cost	660	805
Contributions by plan participants	10	13
Actuarial losses on plan liabilities	3,411	2,951
Net benefits paid out	(904)	(1,147)
At 31 December	33,618	30,170

Changes to the fair value of plan assets during the year:

	2020	2019
	£000	£000
At 1 January	20,276	19,352
Interest income on assets	471	593
Actuarial gains on plan assets	1,138	549
Contributions by the employer	1,539	916
Contributions by plan participants	10	13
Net benefits paid out	(904)	(1,147)
At 31 December	22,530	20,276

Net defined benefit liability reconciliation:

	2020	2019
	£000	£000
Net defined benefit liability at 1 January	9,894	7,969
Defined benefit cost included in Profit & Loss	460	439
Total remeasurements included in the Statement of Comprehensive Income	2,273	2,402
Employer contributions	(1,539)	(916)
At 31 December	11,088	9,894

The company also operates a defined contribution plan for which the employers pension cost for the year amounted to £31,425 (2019 - £25,089).

### 14. Related Party Transactions

The company has no related party transactions that require disclosure.

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## Notes to the financial statements

at 31 December 2020

### 15. Ultimate parent company

At 31 December 2020, the company was a subsidiary undertaking of Hutchinson Holdings UK Limited, incorporated in the UK. This is itself a subsidiary of Hutchinson SA, incorporated in France.

The only group into which the results of the company are consolidated is that headed by TotalEnergies S.E. the ultimate parent, which is incorporated in France.

Copies of the TotalEnergies SE group accounts can be obtained from:

TotalEnergies SE  
2 Place Jean Miller  
La Defense 6  
92078 Paris  
La Defense Cedex  
France

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