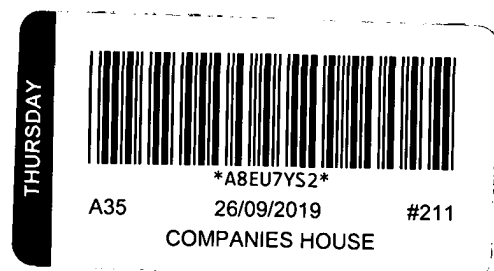


**The Union-Castle Mail Steamship Company Limited**

**Annual report and financial statements**

Year ended 31 March 2019



## **The Union-Castle Mail Steamship Company Limited**

<b>CONTENTS</b>	<b>Page</b>
Report of the directors	1
Directors' responsibilities	2
Independent auditor's report to the members of The Union-Castle Mail Steamship Company Limited	3 – 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of cash flows	7
Statement of changes in equity	8
Notes to financial statements	9 - 14

# **The Union-Castle Mail Steamship Company Limited**

## **Directors**

G P Denison  
P M Whiteley

## **Secretary and registered office**

G P Denison  
Cayzer House  
30 Buckingham Gate  
London SW1E 6NN

## **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 March 2019. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### **Directors**

The directors of The Union-Castle Mail Steamship Company Limited (the 'company') who served during the year and up to the date of this report are listed above.

### **Principal activities**

The company is non-trading. Previously, the principal activity was that of investing in options and spreads on FTSE indices to hedge the UK market price risk relating to its ultimate parent company's investment portfolio. All options were closed out in the year ended 31 March 2010.

### **Directors' indemnity**

Each of the directors has the benefit, under the company's articles of association, of an indemnity to the extent permitted by the Companies Act 2006, against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future having received confirmation from Caledonia Investments plc that it will provide financial support as is necessary to meet any outstanding obligations as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Auditor**

The company elected to dispense with the requirement to appoint auditors annually in accordance with section 386 of the Companies Act 1985 prior to 1 October 2007. In the absence of a notice proposing that the appointment be terminated, KPMG LLP will be deemed to be re-appointed for the next financial year, in accordance with section 487(2) of the Companies Act 2006.

### **Provision of information to the Auditor**

Each of the persons who is a director at the date of approval of this annual report confirms that, so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.



Signed on behalf of the board  
**G P Denison**

*Secretary*

19 September 2019

## **The Union-Castle Mail Steamship Company Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' report and 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNION-CASTLE MAIL STEAMSHIP COMPANY LIMITED**

## **Opinion**

We have audited the financial statements of The Union-Castle Mail Steamship Company Limited ("the company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of change in equity, statement of cash flow, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNION-CASTLE MAIL STEAMSHIP COMPANY LIMITED (CONTINUED)**

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

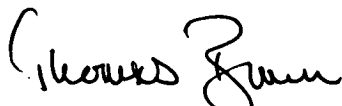
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Thomas Brown (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

**20** September 2019

# The Union-Castle Mail Steamship Company Limited

## Statement of comprehensive income

for the year ended 31 March 2019

	Note	2019 £	2018 £
Administrative expenses		(99,104)	(9,443)
<b>Loss before tax</b>		<b>(99,104)</b>	<b>(9,443)</b>
Taxation	4	18,830	(313,567)
<b>Loss for the year</b>		<b>(80,274)</b>	<b>(323,010)</b>

Loss for the year is attributable to equity holders and comprised continuing operations.

There was no other comprehensive income for the years ended 31 March 2019 and 2018.

The notes on pages 9 to 13 form part of these financial statements.

# The Union-Castle Mail Steamship Company Limited

## Statement of financial position

at 31 March 2019

	Note	2019 £	2018 £
<b>Current assets</b>			
Current tax assets		18,830	35,550
Cash and cash equivalents		53,249	16,701
<b>Total assets</b>		<b>72,079</b>	<b>52,251</b>
<b>Current liabilities</b>			
Trade and other payables	6	(13,957)	(13,855)
Current tax liabilities		(731)	(731)
		<b>(14,688)</b>	<b>(14,586)</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	5	(9,200,000)	(9,100,000)
<b>Total liabilities</b>		<b>(9,214,688)</b>	<b>(9,114,586)</b>
<b>Net liabilities</b>		<b>(9,142,609)</b>	<b>(9,062,335)</b>
<b>Equity</b>			
Share capital	7	5,522	5,522
Share premium		144,480	144,480
Retained earnings		(9,292,611)	(9,212,337)
<b>Total equity</b>		<b>(9,142,609)</b>	<b>(9,062,335)</b>

The financial statements of The Union-Castle Mail Steamship Company Limited, registered number 02444991, were approved by the board of directors and authorised for issue on 19 September 2019, signed on their behalf by;



Approved by the board  
**P M Whiteley**  
*Director*

The notes on pages 9 to 13 form part of these financial statements.



# The Union-Castle Mail Steamship Company Limited

## Statement of cash flows

For the year ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from: Operating activities</b>		
Cash paid to suppliers	(99,003)	(48,965)
<b>Net cash used in operating activities</b>	<b>(99,003)</b>	<b>(48,965)</b>
<b>Investing activities</b>		
Income tax group relief received	35,551	–
Income tax paid	–	(16,878)
<b>Net cash from/(used in) investing activities</b>	<b>35,551</b>	<b>(16,878)</b>
<b>Financing activities</b>		
Proceeds from group borrowings	100,000	–
<b>Net cash from financing activities</b>	<b>100,000</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>36,548</b>	<b>(49,142)</b>
Cash and cash equivalents at year start	16,701	82,544
<b>Cash and cash equivalents at year end</b>	<b>53,249</b>	<b>33,402</b>

The notes on pages 9 to 13 form part of these financial statements.

# The Union-Castle Mail Steamship Company Limited

## Statement of changes in equity

for the year ended 31 March 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 April 2017	5,522	144,480	(8,889,327)	(8,739,325)
Loss for the year	–	–	(323,010)	(323,010)
Balance at 31 March 2018	5,522	144,480	(9,212,337)	(9,062,335)
Loss for the year	–	–	(80,274)	(80,274)
Balance at 31 March 2019	5,522	144,480	(9,292,611)	(9,142,609)

The notes on pages 9 to 13 form part of these financial statements.

# The Union-Castle Mail Steamship Company Limited

## Notes to the financial statements

### 1 General Information

The Union-Castle Mail Steamship Company Limited (the 'company') is a company incorporated in England.

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU.

#### *Adopted IFRSs and IFRSs not yet applied*

In the current year, the company has not adopted any new standards or interpretations.

- IFRS 9 Financial instruments revises the approach to financial instruments framework replacing IAS 39 Financial Instruments: Recognition and Measurement. The classification and measurement of the company's financial instruments are not anticipated to be impacted upon adoption of IFRS 9. The company will continue to apply fair value to investment assets as either the cash flows are not 'solely payments of principal and interest' or the business model is to manage them on a fair value basis. The new standard will be applied in the financial statements for the year ended 31 March 2019.
- IFRS 15 Revenue from Contracts with Customers revises the approach to revenue recognition from contracts with customers and replaces IAS 11 Accounting for construction contracts. The majority of the company's income is received from financial instruments which are excluded from the scope of IFRS 15. The new standard will be applied in the financial statements for the year ended 31 March 2019.
- IFRS 16 Leases provides a new approach to lease accounting replacing IAS 17 Leases. The company is required to recognise lease contracts as a lessee on the balance sheet as a right of use asset with a corresponding lease liability with the exception of short-term or low value leases. Due to immaterial lease obligations, the standard is not expected to impact on the financial position of the company. The standard is not being early adopted and will be applied in the financial statements for the year ended 31 March 2020.

The directors anticipate that the adoption of these standards in future periods in their issued form will have no material impact on the financial statements.

### 2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Going concern*

Notwithstanding net liabilities of £9,142,609 as at 31 March 2019 and a loss for the year then ended of £80,274 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have reviewed funding requirements for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, from Caledonia Investments plc, to meet its liabilities as they fall due for that period. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Those forecasts are dependent on Caledonia Investments plc providing additional financial support during that period. Caledonia Investments plc has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

# The Union-Castle Mail Steamship Company Limited

## Notes to the financial statements (*continued*)

### 2 Accounting policies (*continued*)

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### *Trade and other receivables*

Trade and other receivables are stated at amortised cost less impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at proceeds received less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate basis.

#### *Expenses*

##### *Net financing costs*

Net financing costs comprise interest payable and interest receivable on funds invested, that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

### 3 Expenses and auditor's remuneration

#### *Auditor's remuneration:*

	2019	2018
	£	£
Fees for the audit of the company's accounts	4,207	4,105

# The Union-Castle Mail Steamship Company Limited

## Notes to the financial statements (continued)

### 4 Taxation

	2019 £	2018 £
<b>Recognised in the statement of comprehensive income</b>		
<i>Current tax expense/(income):</i>		
Current year	(18,830)	(1,794)
Adjustment for prior years	–	315,361
	<u>(18,830)</u>	<u>313,567</u>

	2019 £	2018 £
<b>Reconciliation of effective tax expense</b>		
Loss before tax	<u>(99,104)</u>	<u>(9,443)</u>
Implied tax credit at 19%	(18,830)	(1,794)
Adjustment for prior years	–	315,361
Total tax in statement of comprehensive income	<u>(18,830)</u>	<u>313,567</u>

### 5 Interest bearing loans and borrowings

	2019 £	2018 £
<i>Non-current</i>		
Loan facilities from group companies	<u>9,200,000</u>	<u>9,100,000</u>

Group loans are interest free.

### 6 Trade and other payables

	2019 £	2018 £
Accruals	<u>13,957</u>	<u>13,855</u>

### 7 Share capital

	2019 £	2018 £
In issue at 31 March - fully paid ordinary shares of £1 each	502	502
In issue at 31 March - fully paid A shares of £1 each	<u>5,020</u>	<u>5,020</u>
	<u>5,522</u>	<u>5,522</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The holders of the A shares were entitled to receive a dividend equal to 95% of the cash proceeds arising on the close-out of any FTSE 250 put options, put spreads, and the FTSE 100 put option held on the date of the A shares bonus issue.

# The Union-Castle Mail Steamship Company Limited

## Notes to the financial statements (*continued*)

### 8 Financial instruments

The company's financial instruments comprise cash balances, borrowings and receivables and payables that arise from its operations.

The company's activities expose it to credit risk.

#### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The company has credit policies in place and exposure to credit risk is monitored on an ongoing basis. At 31 March, the financial assets exposed to credit risk were as follows:

	2019	2018
	£	£
Cash and cash equivalents	53,249	16,701

Credit risk arising on trade and other receivables is mitigated by management involvement in the group companies. Credit risk on financial instruments and cash and cash equivalents is mitigated by transacting or depositing funds with banks with a credit rating of 'AA3' or 'AA-' or better as determined by rating agencies, Moody's and Fitch respectively.

#### *Fair value*

Most of the company's financial instruments are carried at amortised cost and the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

#### *Capital management policies and procedures*

The company's capital management objectives are:

- to ensure that it will be able to continue as a going concern, and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The company's total capital at 31 March 2019 was £57,391 (2019: £37,665) comprising equity share capital and reserves of -£9,142,609 (2018: -£9,062,335) and group borrowings of £9,200,000 (2018: £9,100,000).

The directors monitor and review the broad structure of the company's capital on an ongoing basis. This review includes:

- The utilisation of surplus cash to repay group borrowings, and
- The utilisation of surplus cash to pay dividends.

The company is not subject to externally imposed capital requirements.

# The Union-Castle Mail Steamship Company Limited

## Notes to the financial statements (*continued*)

### 10 Contingencies

In the year ended 31 March 2009 the company entered into transactions which gave rise to a tax treatment which has been disclosed to the UK tax authorities. HMRC have received a ruling in July 2016 in relation to the tax treatment, following which, the company settled the tax liability. The directors are appealing the decision.

The company has entered into cross guarantees with other group undertakings in respect of the group treasury management facilities. It is not anticipated that any material liabilities will arise from these group contingent liabilities.

### 11 Related parties

#### *Identity of related parties*

The company has a related party relationship with its parent, fellow subsidiaries and with its key management personnel, being its directors. The directors have no entitlement to fees, therefore no emoluments were receivable by the directors from the company during the year (2018: £nil).

The following transactions, were carried out with related parties:

	Transaction amount 2019 £	Balance at period end 2019 £	Transaction amount 2018 £	Balance at period end 2018 £
<b>Transactions with parent</b>				
<i>Statement of financial position items:</i>				
Income taxes group relief received	344	–	16,878	–
Borrowing received	–	(9,100,000)	–	(9,100,000)
<b>Transactions with fellow subsidiaries</b>				
<i>Statement of financial position items:</i>				
Income taxes group relief received	35,207	–	–	–
Borrowing received	(100,000)	(100,000)	–	–

### 12 Ultimate parent company

The ultimate parent undertaking and controlling party as defined by IAS24 is Caledonia Investments plc, a company incorporated in England.

### 13 Critical accounting judgements and key sources of estimation uncertainty

There were no critical accounting judgements or sources of estimation uncertainty affecting the financial statements.