

**Registered number: 02781256**

**Finnlines UK Limited**

**Directors' report and financial statements**

**For the Year Ended 31 December 2015**

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## **Finnlines UK Limited**

### **Company Information**

#### **Directors**

B E Rolfe  
E T Voionmaa  
K S Herlin

#### **Company secretary**

B E Rolfe

#### **Registered number**

02781256

#### **Registered office**

Finhumber House  
Queen Elizabeth Dock  
Hedon Road  
Hull  
HU9 5PB

#### **Independent auditors**

Kreston Reeves LLP  
Statutory Auditor & Chartered Accountants  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

#### **Bankers**

Nordea Bank AB  
8th Floor, City Place House  
55 Basinghall Street  
London  
EC2V 5NB

#### **Solicitors**

Andrew Jackson  
Marina Court  
Castle Street  
Hull  
HU1 1TJ

## **Finnlines UK Limited**

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## **Finnlines UK Limited**

### **Directors' report For the Year Ended 31 December 2015**

The directors present their report and the financial statements for the year ended 31 December 2015.

#### **Principal activity**

The company carries on the business of shipping and forwarding agents. Ancillary activities include the provision of haulage, terminal, warehousing and general forwarding services at ports on the East Coast of the United Kingdom.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £57,980 (2014 - profit £66,011).

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served during the year were:

B E Rolfe  
E T Voionmaa  
K S Herlin

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

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

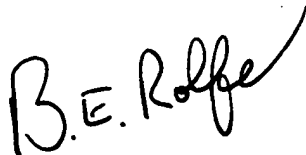
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

#### **Auditors**

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 9 February 2016 and signed on its behalf.

**B E Rolfe**  
Director



**Directors' responsibilities statement  
For the Year Ended 31 December 2015**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

**Independent auditors' report to the shareholders of Finnlines UK Limited**

We have audited the financial statements of Finnlines UK Limited for the year ended 31 December 2015, set out on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statement**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Finnlines UK Limited**

**Independent auditors' report to the shareholders of Finnlines UK Limited**

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

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

*Kreston Reeves LLP*

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury

10 February 2016

# **Finnlines UK Limited**

## **Statement of comprehensive income For the Year Ended 31 December 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Turnover		<b>1,821,014</b>	2,373,415
Cost of sales		<b>(1,039,963)</b>	(1,342,027)
<b>Gross profit</b>		<b>781,051</b>	1,031,388
Administrative expenses		<b>(860,413)</b>	(936,830)
<b>Operating (loss)/profit</b>	5	<b>(79,362)</b>	94,558
Interest payable and similar charges	9	<b>(2,579)</b>	(5,389)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(81,941)</b>	89,169
Taxation on profit/(loss) on ordinary activities	10	<b>23,961</b>	(23,158)
<b>(Loss)/profit for the financial year</b>		<b>(57,980)</b>	66,011
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(57,980)</b>	66,011

The notes on pages 8 to 22 form part of these financial statements.

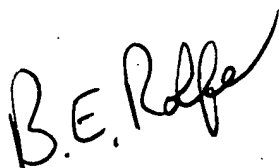


Statement of financial position  
As at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	31,803	34,207
<b>Current assets</b>			
Debtors: Amounts falling due within one year	12	413,550	816,020
Cash at bank and in hand	13	26,955	106,568
		<u>440,505</u>	<u>922,588</u>
Creditors: Amounts falling due within one year	14	(129,177)	(553,914)
<b>Net current assets</b>		<u>311,328</u>	<u>368,674</u>
<b>Total assets less current liabilities</b>		<u>343,131</u>	<u>402,881</u>
<b>Provisions for liabilities</b>			
Deferred taxation	17	(1,269)	(3,039)
		<u>(1,269)</u>	<u>(3,039)</u>
<b>Net assets</b>		<u><u>341,862</u></u>	<u><u>399,842</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	350,000	350,000
Profit and loss account		(8,138)	49,842
		<u><u>341,862</u></u>	<u><u>399,842</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 February 2016.

B E Rolfe  
Director



The notes on pages 8 to 22 form part of these financial statements.

# **Finnlines UK Limited**

## **Statement of changes in equity As at 31 December 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	350,000	49,842	399,842
Loss for the year	-	(57,980)	(57,980)
<b>Total comprehensive income for the year</b>	-	(57,980)	(57,980)
<b>At 31 December 2015</b>	<b>350,000</b>	<b>(8,138)</b>	<b>341,862</b>

## **Statement of changes in equity As at 31 December 2014**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	350,000	(16,169)	333,831
Profit for the year	-	66,011	66,011
<b>Total comprehensive income for the year</b>	-	66,011	66,011
<b>At 31 December 2014</b>	<b>350,000</b>	<b>49,842</b>	<b>399,842</b>

The notes on pages 8 to 22 form part of these financial statements.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**1. Authorisation of financial statements**

The financial statements of Finnlines UK Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 9 February 2016 and the balance sheet was signed on the board's behalf by B E Rolfe. Finnlines UK Limited is incorporated and domiciled in England and Wales.

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£).

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

**First time application of FRS 101**

In the current year the group has adopted FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the group to take advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**2. Accounting policies (continued)**

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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.

**2.3 Going concern**

The company's principal activities as shipping and forwarding agents are undertaken primarily to support the wider activities of the Finnlines plc group. The margins generated by these activities are not substantial and the nature of the company's business is such that there can be considerable variation in the timing of cash inflows. Rather than relying on bank or other external sources of finance, the company is supported by its parent undertaking Finnlines plc, which has provided loans to the company to meet its financing needs.

Finnlines plc have confirmed that they will continue to provide sufficient financial support to the company in order that the company can continue its operations as a going concern for the foreseeable future. The group has considerable financial resources and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**2. Accounting policies (continued)**

**2.4 Revenue**

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 as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Motor vehicles	-	5 years
Office equipment	-	3 - 10 years
Portable office building	-	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**2. Accounting policies (continued)**

**2.6 Operating leases: Lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**2.7 Financial instruments**

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Financial liabilities**

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities such as trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**2. Accounting policies (continued)**

**2.8 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP (£).

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are borne at group level. All other foreign exchange gains and losses are presented in the Income statement within 'administrative expenses'.

**2.9 Finance costs**

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**2. Accounting policies (continued)**

**2.10 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**Multi-employer pension plan**

The company is also a participating employer of the Merchant Navy Officer Pension Fund ("MNOF"), an industry-wide defined benefit pension scheme that provides retirement benefits for Merchant Navy Officers and their dependants.

The company is unable to ascertain its share of any surplus or deficit of the MNOF and of the underlying assets and liabilities of the Fund on a consistent and reasonable basis. Thus the company accounts for any contributions to the scheme as if it were a defined contribution scheme.

The amounts of the contributions are set according to a defined percentage of the pensionable salaries of the employees within these plans. Normal contributions to the scheme are recognised as they fall due for payment. Deficit funding contributions payable to the MNOF, which at present are only paid every three years, are recognised on an accruals basis.

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.



**Notes to the financial statements  
For the Year Ended 31 December 2015**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

**Pension commitments**

The company is a participating employer of the Merchant Navy Officer Pension Fund ("MNOFF"). The directors have used their judgement as to whether a statutory debt obligation to the MNOFF has been triggered pursuant to section 75 of the Pension Act 1995. See note 21 for further details.

**Lease commitments**

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these lease as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

The company has no key sources of estimation uncertainty.

**4. Turnover**

The whole of the turnover relates to the rendering of services is attributable to the business of shipping and forwarding agents.

All turnover arose within the United Kingdom.

**5. Operating (loss)/profit**

The operating (loss)/profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets	5,140	8,132
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10,250	10,000
Exchange differences	2,211	(6,174)
Pension costs	39,617	90,264
Operating lease payments - minimum lease payments	28,803	32,259

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**6. Auditors' remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2015 £	2014 £
Fees for the audit of the company	10,250	10,000
Fees for tax compliance services	1,400	1,350
Other fees payable	3,950	3,245
	<u>15,600</u>	<u>14,595</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	462,637	467,439
Social security costs	51,964	57,986
Pension costs	39,617	90,264
	<u>554,218</u>	<u>615,689</u>

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

	2015 No.	2014 No.
Staff	12	14
	<u>12</u>	<u>14</u>

**8. Directors' remuneration**

	2015 £	2014 £
Directors' emoluments	109,940	125,441
Company contributions to defined contribution pension schemes	13,408	20,857
	<u>123,348</u>	<u>146,298</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

Notes to the financial statements  
For the Year Ended 31 December 2015

9. Interest payable and similar charges

	2015 £	2014 £
Loans from group undertakings	2,579	5,389
	<u>2,579</u>	<u>5,389</u>

10. Taxation

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	(21,933)	22,678
Adjustments in respect of previous periods	(258)	(2)
<b>Total current tax</b>	<u>(22,191)</u>	<u>22,676</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,770)	482
<b>Total deferred tax</b>	<u>(1,770)</u>	<u>482</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(23,961)</u>	<u>23,158</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(81,941)	89,169
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(16,593)	19,171
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,040	1,601
Accelerated capital allowances	(215)	(192)
Adjustments to tax charge in respect of prior periods	(258)	(2)
Other timing differences leading to an increase (decrease) in taxation	(7,935)	2,580
<b>Total tax charge for the year</b>	<u>(23,961)</u>	<u>23,158</u>

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**10. Taxation (continued)**

**Change in Corporation Tax rate**

The UK corporation tax rate was reduced from 21% to 20% effective 1 April 2015. Any deferred tax expected to reverse in the year to 31 December 2016 has been remeasured using the rates substantively enacted at 31 December 2015.

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Tangible fixed assets**

	<b>Motor vehicles £</b>	<b>Office equipment £</b>	<b>Portable office building £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2015	8,485	270,192	137,309	415,986
Additions	-	2,736	-	2,736
<b>At 31 December 2015</b>	<b>8,485</b>	<b>272,928</b>	<b>137,309</b>	<b>418,722</b>
<b>Depreciation</b>				
At 1 January 2015	8,086	257,302	116,391	381,779
Charge owned for the period	-	3,477	1,663	5,140
<b>At 31 December 2015</b>	<b>8,086</b>	<b>260,779</b>	<b>118,054</b>	<b>386,919</b>
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>399</b>	<b>12,149</b>	<b>19,255</b>	<b>31,803</b>
At 31 December 2014	399	12,890	20,918	34,207

**12. Debtors**

	<b>2015 £</b>	<b>2014 £</b>
<b>Due within one year</b>		
Trade debtors	148,599	682,162
Amounts owed by group undertakings	199,449	82,476
Other debtors	28,587	5,360
Prepayments and accrued income	36,915	46,022
	<b>413,550</b>	<b>816,020</b>

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**13. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	26,955	106,568
	<u>26,955</u>	<u>106,568</u>

**14. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	54,685	37,205
Amounts owed to group undertakings	-	308,559
Corporation tax	-	7,678
Taxation and social security	18,375	112,689
Accruals and deferred income	56,117	87,783
	<u>129,177</u>	<u>553,914</u>

**15. Financial risk management**

The company has exposure to two main areas of risk – liquidity risk and customer credit exposure. The company has established a risk and financial management framework whose primary objective is to mitigate the company's exposure to risk in order to protect the company from events that may hinder its performance.

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's objective in managing liquidity risk is to ensure that this does not arise. Having assessed future cash flow requirements the company expects to be able to meet its financial obligations through the cash flows that are generated from its operating activities. In the event that these cash flows would not be sufficient to enable the company to meet all of its obligations the company has available credit facilities provided by its parent company, Finnlines plc. The interest rate risk arising from these facilities is considered by the directors to be minimal, and the company has not entered into any derivative instruments designed to mitigate exposure to such risk. With these facilities in place the company is in a position to meet its commitments and obligations as they fall due.

**Customer credit exposure**

The company regularly offers credit terms to its customers which allow for payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt within those terms. This risk is mitigated by the strong on-going customer relationships and by only granting credit to customers who are able to demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's trade debtors are shown in note 12.

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**16. Financial instruments**

	2015 £	2014 £
<b>Financial assets - debt instruments measured at amortised cost</b>		
Debtors	348,048	764,638
Cash at bank and in hand	26,955	106,568
	<u>375,003</u>	<u>871,206</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	54,685	345,764
	<u>54,685</u>	<u>345,764</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed from group undertakings and cash at bank.

Financial liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings.

**17. Deferred taxation**

	Deferred tax £
At 1 January 2015	(3,039)
Charged to the profit or loss	1,770
<b>At 31 December 2015</b>	<u><u>(1,269)</u></u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	3,069	3,039
Pension costs accrued	(1,800)	-
	<u>1,269</u>	<u>3,039</u>

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**18. Reserves**

**Profit & loss account**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

**19. Share capital**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary "A" shares of £1 each	50,000	50,000
50,000 Ordinary "B" shares of £1 each	50,000	50,000
250,000 Preference shares of £1 each	250,000	250,000
	<hr/> 350,000	<hr/> 350,000
	<hr/> <hr/>	<hr/> <hr/>

This represents the nominal value of shares that have been issued by the company.

The "A" and "B" ordinary shares rank pari passu, with holders of both classes of share having the right to vote at all general meetings of the company.

The preference shares do not carry any voting rights or rights to dividends and are not-interest bearing. They are redeemable at the option of the company at no fixed or determinable amount or within a specified time period. As a consequence preference shares are considered to be equity instruments in accordance with the requirements of International Accounting Standard 32 "Financial Instruments: Presentation".

**20. Pension commitments**

The company is a participating employer of the Merchant Navy Officer Pension Fund ("MNOF"), an industry-wide defined benefit pension scheme that provides retirement benefits for Merchant Navy Officers and their dependants. The directors expect the company to continue to be a participating employer of the MNOF for the foreseeable future.

Actuarial valuations of the MNOF are undertaken every three years, with the most recently completed valuation being as at 31 March 2012. At that time the scheme was in deficit by £152m. The 2015 actuarial valuation is currently underway, and the preliminary valuation result indicates that the net deficit will have reduced to £5m as a result of the recovery plans in place together with good investment returns.

The company is unable to ascertain its share of the overall deficit of the MNOF and of the underlying assets and liabilities of the Fund on a consistent and reasonable basis. Thus the company accounts for any contributions to the scheme as if it were a defined contribution scheme, recognising normal contributions as they fall due for payment and deficit funding contributions on an accruals basis.

The company is required to make deficit funding contributions to the MNOF following the completion of each triennial actuarial valuation. The next contribution due from the company, that in relation to the actuarial valuation of the fund at 31 March 2015, was expected to be payable in June 2016. However, due to the expected improvement in the fund, the MNOF Trustees have indicated that they will propose not to collect any additional deficit contributions. The company had previously made a provision of £36,000 in respect of future contributions relating to the period of 1 April 2012 to 31 March 2015 which has subsequently been released to the Statement of comprehensive income.

**Notes to the financial statements  
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The company has made a provision of £9,000 in respect of future contributions relating to 1 April 2015 to 31 December 2015.

See note 21 in respect of a contingent liability for the MNOPF.

**21. Contingent liabilities**

On 30 June 2014, the company ceased to employ its last eligible member of the Merchant Navy Officer Pension Fund ("MNOPF"). This would usually result in a statutory debt obligation to the MNOPF being triggered pursuant to section 75 of the Pension Act 1995.

The company applied for a "Period of Grace" to the MNOPF as it intended to employ one or more active members within a year of ceasing to employ its last eligible member on 30 June 2014 to delay any statutory debt obligation to the MNOPF that would be triggered pursuant to section 75 of the Pension Act 1995.

In the prior year, the MNOPF made representations to the Department for Work and Pensions ("DWP") due to a technical issue on the application of the "Period of Grace" conditions in that an application for a period of grace must be submitted by an employer within 2 months of the cessation date. Under the provisions of the Occupational Pension Schemes (Employer Debt) Regulations 2005 (Regulation 6A), cessation date is defined as "the date on which the employer ceases to employ at least one person who is an active member of the scheme". The definition does not currently extend to the cessation of employment of an eligible member.

On 29 June 2015, the company employed an eligible member of the MNOPF, however the MNOPF are yet to receive a response from the DWP.

On 1 August 2015, the MNOPF made an amendment to its Trust Deed and Rules to set up The Ensign Retirement Plan, a defined contribution pension scheme which sits within the legal structure of the MNOPF. The MNOPF have received confirmation from counsel that admitting new members into the MNOPF defined contribution scheme would enable employers to defer a statutory debt obligation being triggered pursuant to section 75 of the Pension Act 1995. The Directors have confirmed that the company intend to enrol the employed eligible member of the MNOPF into the defined contribution scheme.

The MNOPF have confirmed to the company that it does not currently intend to serve a demand for payment in respect of any section 75 statutory debt.

**22. Commitments under operating leases**

At 31 December 2015 the company had future minimum lease obligations payable as follows:

	2015 £	2014 £
Not later than 1 year	18,201	22,494
Later than 1 year and not later than 5 years	5,137	18,402
<b>Total</b>	<b>23,338</b>	<b>40,896</b>



**Notes to the financial statements  
For the Year Ended 31 December 2015**

**23. Related party transactions**

During the year, the company has been provided with agency services from Grimaldi Agencies UK Limited in the sum of £36,000 (2014: £16,000). Grimaldi Agencies UK Limited is a fellow subsidiary company of Grimaldi Compagnia di Navigazione Spa, the ultimate parent undertaking of the company. At the year end, an amount of £2,880 (2013: £960) was due from the company.

**24. Controlling party**

The company continues to be a wholly owned subsidiary undertaking of Finnlines Plc, a company incorporated in Finland. Copies of the group financial statements are available to download from the group website 'www.finnlines.com' or by post on request from the following address:

Finnlines Plc  
Corporate Communication  
PO Box 197  
FI - 00181  
Helsinki  
Finland

The ultimate parent undertaking of the company is Grimaldi Compagnia di Navigazione Spa, a privately owned Italian company, by virtue of its 93.38% (2014: 79.96%) interest in the share capital of Finnlines plc. The directors do not know the identity of the controlling party, if any, of this company.