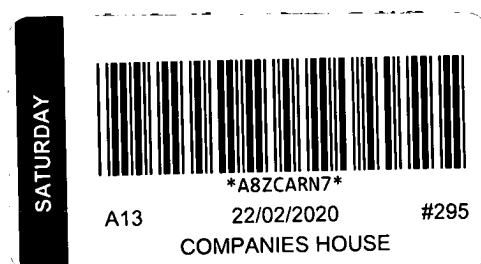


Registered number: 02781256

Finnlines UK Limited

Directors' report and financial statements

For the year ended 31 December 2019



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 auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Barclays Bank Plc Pall Mall 2 Leicester Leicestershire LE87 2BB
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 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 profit for the year, after taxation, amounted to £87,530 (2018 - £106,678).

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

Financial instruments

See note 18 for details of the company's approach to managing financial risk.

Corporate responsibility and sustainability

Finnlines UK Limited, as a subsidiary of Finnlines Plc, follow the principles and practices defined in the Code of Conduct and the Anti-Bribery Statement documents of the Finnlines group.

In these statements, the principles have been separately defined and approved by the Board of Directors of Finnlines plc for the following aspects of corporate responsibility and sustainability:

- equality
- meritocracy
- transparency
- anti-corruption and anti-bribery
- protection of company's tangible and intangible assets
- data security and use of social media
- environmental responsibility

In other aspects of corporate responsibility, the Finnlines companies follow the locally and commonly accepted national legislation and binding international rules and regulations, where applicable.

In its Annual Report, published on the company's website, the Finnlines group includes its Safety and Environment report and its report on Human Resources. These reports cover the activities of the parent company as well as the subsidiaries.

In the Finnlines Annual Report, reference is made to the Grimaldi Group's Sustainability report, which is published annually on the group's web pages.

Directors' report (continued)
For the year ended 31 December 2019

Disclosure of information to auditor

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

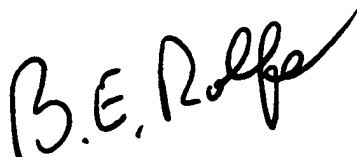
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

Auditor

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 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 and signed on its behalf.

B E Rolfe
Director

A handwritten signature in black ink, appearing to read 'B.E. Rolfe', with a stylized flourish at the end.

Date: 3 February 2020

**Directors' responsibilities statement
For the year ended 31 December 2019**

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 judgements 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 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.

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 auditor's report to the members of Finnlines UK Limited

Opinion

We have audited the financial statements of Finnlines UK Limited (the 'company') for the year ended 31 December 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Finnlines UK Limited (continued)

Opinion 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, 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.

Independent auditor's report to the members of Finnlines UK Limited (continued)

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

4 February 2020

Finnlines UK Limited

Statement of comprehensive income **For the year ended 31 December 2019**

	Note	2019 £	2018 £
Turnover	4	1,788,429	1,892,636
Cost of sales		(902,181)	(992,397)
Gross profit		886,248	900,239
Administrative expenses		(780,148)	(766,014)
Operating profit	5	106,100	134,225
Interest receivable and similar income		-	4
Interest payable and expenses	9	(1,727)	(894)
Profit before tax		104,373	133,335
Tax on profit	10	(16,843)	(26,657)
Profit for the financial year		87,530	106,678

There was no other comprehensive income for 2019 (2018:£NIL).

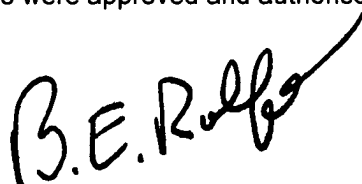
The notes on pages 10 to 26 form part of these financial statements.

Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	22,967	-
Tangible assets	12	49,530	48,462
		<u>72,497</u>	<u>48,462</u>
Current assets			
Debtors: amounts falling due within one year	13	592,184	540,981
Cash at bank and in hand	14	81,274	89,970
		<u>673,458</u>	<u>630,951</u>
Creditors: amounts falling due within one year	15	(108,203)	(124,302)
Net current assets		<u>565,255</u>	<u>506,649</u>
Total assets less current liabilities		<u>637,752</u>	<u>555,111</u>
Creditors: amounts falling due after more than one year	16	(14,533)	(20,675)
Provisions for liabilities			
Deferred taxation	19	(8,056)	(6,803)
Net assets		<u>615,163</u>	<u>527,633</u>
Capital and reserves			
Called up share capital	20	350,000	350,000
Profit and loss account	21	265,163	177,633
		<u>615,163</u>	<u>527,633</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B E Rolfe
Director



Date: 3 February 2020

The notes on pages 10 to 26 form part of these financial statements.

Finnlines UK Limited

Statement of changes in equity For the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	350,000	70,955	420,955
Profit for the year	-	106,678	106,678
At 1 January 2019	350,000	177,633	527,633
Profit for the year	-	87,530	87,530
At 31 December 2019	350,000	265,163	615,163

The notes on pages 10 to 26 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2019**

1. Authorisation of financial statements

The financial statements of Finnlines UK Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 3 February 2020 and the statement of financial position was signed on the board's behalf by B E Rolfe. Finnlines UK Limited is incorporated and domiciled in England and Wales. The address of its registered office is Finhumber House, Queen Elizabeth Dock, Hedon Road, Hull, HU9 5PB.

The company's principal activity is 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The company's financial statements are presented in pounds sterling and all values are rounded to the nearest pound.

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

The company has applied IFRS16 Leases for the first time in the current reporting period. There has been no impact to equity or profit or loss as a result.

The following principal accounting policies have been applied:

2.2 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 as and when needed 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 2019**

2. Accounting policies (continued)

2.3 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- 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 and 18A 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**Notes to the financial statements
For the year ended 31 December 2019**

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the services have been provided to the customer. 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.

Commission income

Commission receivable in respect of services provided to fellow group companies is recognised on an accruals basis as the services are performed.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pounds sterling.

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 statement of comprehensive income.

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 statement of comprehensive income within 'administrative expenses'.

**Notes to the financial statements
For the year ended 31 December 2019**

2. Accounting policies (continued)

2.6 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 payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income 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 ("MNOPF"), 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 MNOPF 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 MNOPF are recognised on an accruals basis. The requirement to pay such contributions is assessed every three years, with the last such assessment undertaken in March 2018.

2.7 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the statement of comprehensive income 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 2019**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge 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 tax 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 is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Computer software	-	5 years
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**Notes to the financial statements
For the year ended 31 December 2019**

2. Accounting policies (continued)

2.11 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Motor vehicles	- 3 - 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 in the statement of comprehensive income.

2.12 Leases

The company applies IFRS 16 Leases and accordingly, all leases are accounted for in the same manner.

A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments. The initial measurement of the right of use asset and lease liability takes into account the value of lease incentives such as rent free periods. Right-of-use assets are depreciated over their useful lives. Interest on lease liabilities is recognised in the statement of comprehensive income.

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the financial statements
For the year ended 31 December 2019**

2. Accounting policies (continued)

2.14 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 at amortised cost.

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business, but also incorporate other types of contractual monetary asset. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially 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 expect to 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 2019

3. Judgements 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 ("MNOF"). The directors have used their judgement as to whether a provision in respect of future deficit funding contributions which may become payable is deemed necessary. See note 23 for further details.

The company has no key sources of estimation uncertainty.

4. Turnover

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

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	6,811	5,066
Amortisation of intangible assets	3,533	-
Exchange differences	24,841	1,093
Pension costs	64,690	43,820
	=====	=====

6. Auditor's 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:

	2019	2018
	£	£
Fees for the audit of the company	9,675	9,500
Fees payable to the company's auditor in respect of:		
Fees for tax compliance services	1,650	1,500
Other fees payable	1,370	3,610
	=====	=====

Finnlines UK Limited

Notes to the financial statements For the year ended 31 December 2019

7. Employees

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

	2019	2018
	£	£
Wages and salaries	454,469	440,129
Social security costs	50,471	49,467
Cost of defined contribution scheme	64,690	43,820
	569,630	533,416

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

	2019	2018
	No.	No.
Staff	11	11

8. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	124,575	122,141
Company contributions to defined contribution pension schemes	13,408	13,408
	137,983	135,549

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2019	2018
	£	£
Loans from group undertakings	9	38
Lease interest payable	1,629	815
Other interest payable	89	41
	1,727	894

Notes to the financial statements
For the year ended 31 December 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	16,054	22,542
Adjustments in respect of previous periods	(464)	(99)
	<u>15,590</u>	<u>22,443</u>
Deferred tax		
Origination and reversal of timing differences	1,253	4,214
Total deferred tax	<u>1,253</u>	<u>4,214</u>
Taxation on profit on ordinary activities	<u><u>16,843</u></u>	<u><u>26,657</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>104,373</u>	<u>133,335</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	19,831	25,334
Effects of:		
Expenses not deductible for tax purposes	1,811	1,486
Capital allowances for year in excess of depreciation	(4,335)	(64)
Adjustments to tax charge in respect of prior periods	(464)	(99)
Total tax charge for the year	<u><u>16,843</u></u>	<u><u>26,657</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the year end have been measured using these enacted rates and reflected in these financial statements.

**Notes to the financial statements
For the year ended 31 December 2019**

11. Intangible assets

	Computer software £
Cost	
At 1 January 2019	-
Additions	<u>26,500</u>
At 31 December 2019	<u>26,500</u>
Amortisation	
At 1 January 2019	-
Charge for the year	<u>3,533</u>
At 31 December 2019	<u>3,533</u>
Net book value	
At 31 December 2019	<u><u>22,967</u></u>
At 31 December 2018	<u><u>-</u></u>

**Notes to the financial statements
For the year ended 31 December 2019**

12. Tangible fixed assets

	Motor vehicles £	Office equipment £	Portable office building £	Total £
Cost				
At 1 January 2019	26,500	276,232	137,309	440,041
Additions	-	10,058	-	10,058
Disposals	-	(201,572)	(25,442)	(227,014)
At 31 December 2019	26,500	84,718	111,867	223,085
Depreciation				
At 1 January 2019	2,506	271,019	118,054	391,579
Charge for the year on owned assets	-	1,798	-	1,798
Charge for the year on right-of-use assets	5,013	-	-	5,013
Disposals	-	(199,893)	(24,942)	(224,835)
At 31 December 2019	7,519	72,924	93,112	173,555
Net book value				
At 31 December 2019	18,981	11,794	18,755	49,530
At 31 December 2018	23,994	5,213	19,255	48,462

Right-of-use assets

The company holds some motor vehicles under hire purchase contracts. The net book value of right-of-use assets included above is £18,981 (2018: £23,994).

13. Debtors

	2019 £	2018 £
Trade debtors	28,484	22,019
Amounts owed by group undertakings	465,011	379,100
Other debtors	54,401	81,661
Prepayments and accrued income	44,288	58,201
	592,184	540,981

**Notes to the financial statements
For the year ended 31 December 2019**

14. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	81,274	89,970

15. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	44,118	50,627
Corporation tax	6,690	22,609
Other taxation and social security	13,468	18,666
Obligations under leases and hire purchase contracts	6,142	6,142
Other creditors	-	5,178
Accruals and deferred income	37,785	21,080
	108,203	124,302

16. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Net obligations under leases and hire purchase contracts	14,533	20,675

All amounts are repayable within five years of the year end.

Notes to the financial statements
For the year ended 31 December 2019

17. Leases

At 31 December 2019 the company had future minimum lease payments relating to leases of right-of-use assets as follows:

	2019 £	2018 £
Within one year	6,142	6,142
Between 1-5 years	14,533	20,675
	<u>20,675</u>	<u>26,817</u>

In addition to those lease commitments shown above, the company had future minimum lease payments relating to leases of low-value assets as follows:

	2019 £	2018 £
Within one year	8,196	12,873
Between 1-5 years	574	5,995
	<u>8,770</u>	<u>18,868</u>

The expense charged to the statement of comprehensive income relating to leases of low-value assets during the year was £9,612 (2018: £19,918).

The expense charged to the statement of comprehensive income relating to short-term leases during the year was £7,307 (2018: £8,190).

The total cash outflow relating to all leases in the year amounted to £22,269 (2018: £27,579).

Notes to the financial statements
For the year ended 31 December 2019

18. 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 13.

19. Deferred taxation

	2019 £	2018 £
At beginning of year	(6,803)	(2,589)
Charged to the profit or loss	(1,253)	(4,214)
At end of year	(8,056)	(6,803)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(8,056)	(6,803)

Notes to the financial statements
For the year ended 31 December 2019

20. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
50,000 (2018 - 50,000) Ordinary "A" shares of £1.00 each	50,000	50,000
50,000 (2018 - 50,000) Ordinary "B" shares of £1.00 each	50,000	50,000
250,000 (2018 - 250,000) Preference shares of £1.00 each	250,000	250,000
	<hr/> 350,000 <hr/>	<hr/> 350,000 <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".

21. 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.

22. Capital commitments

At 31 December 2019 the company had no capital commitments contracted for but not provided in these financial statements (2018: £26,500).

**Notes to the financial statements
For the year ended 31 December 2019**

23. Pension commitments

The company is a participating employer of the Merchant Navy Officer Pension Fund ("MNOFP"), 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 the overall deficit of the MNOFP 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.

Actuarial valuations of the MNOFP are undertaken every three years, with the most recently completed valuation being as at 31 March 2018. The 2018 valuation showed that the fund had a deficit of assets relative to technical provisions of £73m, equivalent to a funding level of 98%. This represented an improvement in the funding level, which was 90% at the date of the previous triennial valuation in 2015. The company can be required to make deficit funding contributions to the MNOFP following the completion of each triennial actuarial valuation, and it was expected that any additional contribution in respect of the most recent valuation would be payable in June 2019. However, due to the improvement in its funding position, the MNOFP Trustees proposed not to collect any additional deficit contributions.

The directors expect the company to continue to be a participating employer of the MNOFP for the foreseeable future. The MNOFP have confirmed that as the company has an employee enrolled in the scheme, it does not currently intend to serve a demand for payment in respect of any section 75 statutory debt.

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 Group SpA, a privately owned Italian company, by virtue of its 100% (2018: 100%) interest in the share capital of Finnlines plc. Grimaldi Group SpA is controlled by members of the Grimaldi family.