

Registered number: 02781256

Finnlines UK Limited

Financial statements

For the year ended 31 December 2020

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Balance sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	17,667	22,967
Tangible assets	5	41,053	49,530
		<u>58,720</u>	<u>72,497</u>
Current assets			
Debtors: amounts falling due within one year	6	784,726	592,184
Bank & cash balances		80,539	81,274
		<u>865,265</u>	<u>673,458</u>
Creditors: amounts falling due within one year	7	(148,746)	(108,203)
Net current assets		<u>716,519</u>	<u>565,255</u>
Total assets less current liabilities		<u>775,239</u>	<u>637,752</u>
Creditors: amounts falling due after more than one year	8	-	(14,533)
Provisions for liabilities			
Deferred tax		(5,944)	(8,056)
Net assets		<u><u>769,295</u></u>	<u><u>615,163</u></u>
Capital and reserves			
Called up share capital	10	350,000	350,000
Profit and loss account		419,295	265,163
		<u><u>769,295</u></u>	<u><u>615,163</u></u>

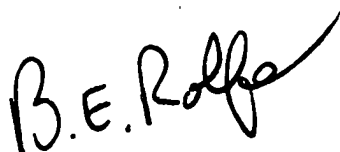
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

B E Rolfe
Director



Date: 1 February 2021

The notes on pages 2 to 12 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2020**

1. General information

Finnlines UK Limited is a limited liability company incorporated and domiciled in England and Wales. The company's registered number is 02781256. 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The company's financial statements are rounded to the nearest pound.

First time adoption of FRS102

During the year, the company has transitioned from FRS101 'Reduced disclosure framework' to FRS102. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The following principal accounting policies have been applied:

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

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.

While the impact of the COVID-19 pandemic has been assessed by the directors so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate the potential outcomes on the company's future operational activities with certainty. However, the directors have taken every possible step to mitigate related losses, to secure future income streams, and have taken into consideration the latest UK Government restrictions and available support.

The transition period for the United Kingdom's exit from the European Union ended on 31 December 2020. The directors have considered the possible effects on the company's operations and have concluded that they expect there to be no material impact on the company.

Notwithstanding these factors, after making enquiries and considering the uncertainties, the directors have formed a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 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.

Commission income

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

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. 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.

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

2.6 Operating leases: the company as lessee

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

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

2.9 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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 2020**

2. Accounting policies (continued)

2.10 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.

Depreciation is provided on the following basis:

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 profit or loss.

2.11 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 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 2020**

2. Accounting policies (continued)

2.13 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.

3. Employees

The average monthly number of employees, including directors, during the year was 10 (2019 - 11).

**Notes to the financial statements
For the year ended 31 December 2020**

4. Intangible assets

	Computer software £
Cost	
At 1 January 2020	26,500
At 31 December 2020	<u>26,500</u>
Amortisation	
At 1 January 2020	3,533
Charge for the year on owned assets	5,300
At 31 December 2020	<u>8,833</u>
Net book value	
At 31 December 2020	<u>17,667</u>
At 31 December 2019	<u>22,967</u>

Notes to the financial statements
For the year ended 31 December 2020

5. Tangible fixed assets

	Motor vehicles £	Office equipment £	Portable office building £	Total £
Cost				
At 1 January 2020	26,500	84,718	111,867	223,085
At 31 December 2020	26,500	84,718	111,867	223,085
Depreciation				
At 1 January 2020	7,519	72,924	93,112	173,555
Charge for the year on owned assets	-	3,465	-	3,465
Charge for the year on financed assets	5,012	-	-	5,012
At 31 December 2020	12,531	76,389	93,112	182,032
Net book value				
At 31 December 2020	13,969	8,329	18,755	41,053
At 31 December 2019	18,981	11,794	18,755	49,530

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	13,969	18,981
	13,969	18,981

6. Debtors

	2020 £	2019 £
Trade debtors	48,374	28,484
Amounts owed by group undertakings	640,705	465,011
Other debtors	57,881	54,401
Prepayments and accrued income	37,766	44,288
	784,726	592,184

**Notes to the financial statements
For the year ended 31 December 2020**

7. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	52,615	44,118
Amounts owed to group undertakings	4,826	-
Corporation tax	24,198	6,690
Other taxation and social security	13,509	13,468
Obligations under finance lease and hire purchase contracts	14,533	6,142
Accruals and deferred income	39,065	37,785
	148,746	108,203

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

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts	-	14,533

9. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Within one year	14,533	6,142
Between 1-5 years	-	14,533
	14,533	20,675

Notes to the financial statements
For the year ended 31 December 2020

10. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
50,000 (2019 - 50,000) Ordinary "A" shares of £1.00 each	50,000	50,000
50,000 (2019 - 50,000) Ordinary "B" shares of £1.00 each	50,000	50,000
250,000 (2019 - 250,000) Preference shares of £1.00 each	250,000	250,000
	350,000	350,000

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 FRS 102.

11. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	6,464	8,196
Later than 1 year and not later than 5 years	-	574
	6,464	8,770

12. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

All other related party transactions during the current and prior periods, including key management personnel compensation, were made under normal market conditions.

Notes to the financial statements
For the year ended 31 December 2020

13. Pension commitments

The company is 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 the overall 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, recognising normal contributions as they fall due for payment and deficit funding contributions on an accruals basis.

Actuarial valuations of the MNOPF 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 MNOPF 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 MNOPF Trustees have proposed not to collect any additional deficit contributions.

The directors expect the company to continue to be a participating employer of the MNOPF for the foreseeable future. The MNOPF 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.

14. 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% (2019: 100%) interest in the share capital of Finnlines plc. Grimaldi Group SpA is controlled by members of the Grimaldi family.

15. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 2 February 2021 by Peter Manser FCA DChA (senior statutory auditor) on behalf of Kreston Reeves LLP.