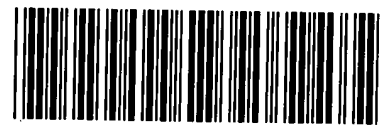


**Strategic Report, Report of the Directors and  
Audited Financial Statements for the Year Ended 31 December 2018**  
for  
**Wilhelmsen Ships Service Limited**

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**Wilhelmsen Ships Service Limited**

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for the Year Ended 31 December 2018**

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**Wilhelmsen Ships Service Limited**

**Company Information  
for the Year Ended 31 December 2018**

**DIRECTORS:** Mr JT Bjørnvold  
Mr F Fontarosa

**REGISTERED OFFICE:** Unit 3A  
Newtons Court  
Crossways  
Dartford  
Kent  
DA2 6QL

**REGISTERED NUMBER:** 00874720 (England and Wales)

**INDEPENDENT AUDITORS:** PricewaterhouseCoopers LLP  
10 Bricket Road  
St Albans  
Herts  
AL1 3JX

**Wilhelmsen Ships Service Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2018**

The directors present their Strategic Report on Wilhelmsen Ships Service Limited for the year ended 31 December 2018.

**REVIEW OF BUSINESS**

The principal activity of the company is a provider of standardised product brands and service solutions in the maritime industry. Wilhelmsen Ships Service Limited focuses on marine products, marine chemicals and ships agency. The company is reporting a pre-tax profit of £192 thousands (2017: £344 thousands) with retained reserves of £174 thousands (2017: £324 thousands).

In 2018, we have seen an increase in new build orders for bulk carriers. However, the trend over the next few years is not so promising. It will mostly consist of replacement builds. The charter rates are expected to increase and China's investment of \$8 trillion on infrastructure will influence rates for the future. Sales trend centres primarily around cruise and offshore industry. Sales exhibited slow start to the year with high peaks during summer months and then trailing off towards the end of the year.

Focus throughout the year was on compliance to standard operating procedure, costs and cost lowering initiatives, service level, and compliance to quality, health and safety standards. Focus on filling factory and service provider performance was high and is ongoing. Staff levels were an issue in 2018 due to staff leaving on personal or performance issues. Remaining staff performed high levels of overtime to maintain the business.

There were no significant changes to our customer base but there was a change in how customers performance is measured, ending up with Transactional (occasional customers), Target (customers with growth potential), Explore and Anchor (solid and long term customers) categories in a bid to target growth.

In total, sales in the port sales category witnessed a growth rate of 6% during the year.

**PRINCIPAL RISKS, UNCERTAINTIES AND KPI's**

The company's principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties and KPIs of Wilh. Wilhelmsen ASA., which include those of the company, are disclosed in the group's annual report. Management do not consider the use of financial KPIs to be necessary in assessing the performance of the company.

**Financial risk factors**

The company's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk.

**Foreign exchange risk**

The company is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk) and balance sheet items denominated in currencies other than non-functional currencies (translation risk). The functional currency for the company is GBP.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and originates primarily from the company's customer receivables. The Company's exposure to credit risk is considered to be very limited as the company maintains a factoring arrangement with its parent company. The Wilhelmsen Group itself maintains banking relationships with a selection of well known and financially solid banks (as determined by their official credit ratings).

**Liquidity risk**

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity at all times meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The company's liquidity risk is considered to be low in that the Group holds significant liquid assets in addition to credit facilities and provides factoring to the Company to allow the Company to manage its operations.

**Interest rate risk**

The company's interest rate risk is low as it does not hold any interest bearing debt.

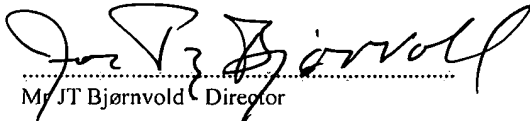
**FUTURE DEVELOPMENTS**

Oil prices continued to rise in 2018 but dropped of significantly towards the end of the year only to make steady growth since. The expected growth at certain UK ports has not materialised due to new emission laws, however there has been increased demand in fuel conditioner chemicals. IMO 2020 preparations will be high on the agenda in 2019 and ship owners will face tough decisions regarding change, scrapping, boiler-water management programs, scrubbers and dry-docking costs. New builds will tend to be built bigger and more efficient, especially in the container industry, which may cause trade price wars.

The cruise industry continues to grow globally. 2018 added 13 new ships with aggregate passenger carrying capacity of around 33 thousand. From 2018 to 2020 there will be 37 new cruise ships adding around 100 thousand to the global passenger carrying capacity and bring \$11.7 billion to the industry by the end of 2020. Forth Ports have invested heavily in Tilbury Docks and have started work on Tilbury 2 which should bring opportunities for local port sales on the extra vessels this development will bring.

In early 2019 we prepared for Brexit by overstocking on products due to uncertainty over import routines and media coverage on expected transit delays. If there is still some uncertainty around transit times for imports as we approach the next exit date then we will review our stock holding again to try and minimise any potential negative impact Brexit has.

**ON BEHALF OF THE BOARD:**



Mr JT Bjørnvold Director

Date: 28.06.2019

## **Wilhelmsen Ships Service Limited**

### **Report of the Directors for the Year Ended 31 December 2018**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2018. The company has presented its results under FRS 102. The directors' view of future developments and financial risk factors are disclosed in the strategic report on page 2-3.

#### **DIVIDENDS**

No interim dividend was paid during the year.

The directors have not proposed a final dividend in respect of the year ended 31 December 2018. During the year a dividend of £2.07 per share totalling £310,528 was paid relating to the year ended 31 December 2017.

#### **DIRECTORS**

The directors who have held office during the year from 1 January 2018 to the date of this report are as follows:

Mr JT Bjørnvold  
Mr F Fontarosa

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

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

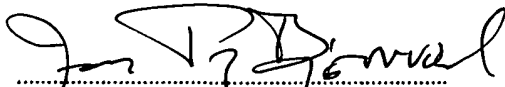
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Wilhelmsen Ships Service Limited**  
**Report of the Directors**  
**for the Year Ended 31 December 2018**

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr T Bjørnvold - Director

Date: 28.06.2019

**Wilhelmsen Ships Service Limited**

**Independent Auditors' report to the members of  
Wilhelmsen Ships Service Limited**

**Report on the audit of the financial statements**

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**Opinion**

In our opinion, Wilhelmsen Ships Service Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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**Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



**Wilhelmsen Ships Service Limited**  
**Independent Auditors' report to the members of**  
**Wilhelmsen Ships Service Limited - continued**

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**Reporting on other information (continued)**

*Strategic Report and Report of the Directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

*Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
1 July 2019

**Wilhelmsen Ships Service Limited**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>TURNOVER</b>	6	9,604	9,048
Cost of sales		<u>(3,432)</u>	<u>(2,457)</u>
<b>GROSS PROFIT</b>		6,172	6,591
Administrative expenses		<u>(5,981)</u>	<u>(6,248)</u>
<b>OPERATING PROFIT</b>	7	191	343
Interest receivable and similar income	8	<u>1</u>	<u>1</u>
<b>PROFIT BEFORE TAXATION</b>		192	344
Tax on profit	9	<u>(31)</u>	<u>(94)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>161</u>	<u>250</u>
<b>PROFIT FOR THE YEAR</b>		<u>161</u>	<u>250</u>

All activities are continuing in the year. There is no other comprehensive income or expense.

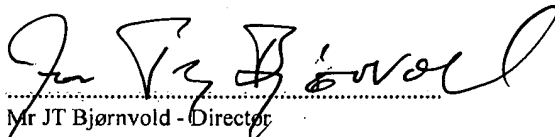
The notes on pages 11 to 19 form part of these financial statements

Wilhelmsen Ships Service Limited (Registered number: 00874720)

Statement of Financial Position  
as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	324	227
<b>CURRENT ASSETS</b>			
Inventories	11	1,022	1,044
Debtors	12	223	297
Cash at bank and in hand		<u>1</u>	<u>1</u>
		1,246	1,342
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(1,057)</u>	<u>(1,068)</u>
<b>NET CURRENT ASSETS</b>		<u>189</u>	<u>274</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		513	501
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(189)</u>	<u>(27)</u>
<b>NET ASSETS</b>		<u><u>324</u></u>	<u><u>474</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	150	150
Retained earnings		<u>174</u>	<u>324</u>
<b>TOTAL EQUITY</b>		<u><u>324</u></u>	<u><u>474</u></u>

The financial statements on pages 8 to 19 were approved by the Board of Directors on 28.06.2019 and were signed on its behalf by:

  
Mr JT Bjørnvold - Director

The notes on pages 11 to 19 form part of these financial statements

**Wilhelmsen Ships Service Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2017</b>	<b>150</b>	<b>633</b>	<b>783</b>
<b>Changes in equity</b>			
Dividend	-	(559)	(559)
Profit for the financial year and total comprehensive income for the year	-	250	250
<b>Balance at 31 December 2017 and 1 January 2018</b>	<b>150</b>	<b>324</b>	<b>474</b>
<b>Changes in equity</b>			
Dividend	-	(311)	(311)
Profit for the financial year and total comprehensive income for the year	-	161	161
<b>Balance at 31 December 2018</b>	<b>150</b>	<b>174</b>	<b>324</b>

The notes on pages 11 to 19 form part of these financial statements

## **Wilhelmsen Ships Service Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018**

#### **1. STATUTORY INFORMATION**

Wilhelmsen Ships Service Limited is a private company, limited by shares, incorporated and registered in England and Wales, United Kingdom. The company's registered number and registered office address can be found on the Company Information page. The principal activity of the company is a provider of standardised product brands and service solutions in the maritime industry. Wilhelmsen Ships Service Limited focuses on marine products, marine chemicals and ships agency.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. These financial statements have been presented in round thousands.

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements are prepared on the going concern basis, under the historical cost convention.

The company's principal accounting policies have been applied consistently during the year and are set out below.

##### **Exemptions for qualifying entities under FRS 102**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 to prepare a Statement of cash flows.
- the non-disclosure of key management personnel compensation in total.
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41 to 11.48 as the information is provided in the consolidated financial statement disclosures of Wilh. Wilhelmsen ASA.

##### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with wholly owned subsidiaries within the group.

##### **Functional Currency**

The company's functional and presentation currency is the pound sterling.

##### **Revenue recognition**

Turnover represents amounts receivable for goods and services provided in the normal course of business and is derived entirely in the United Kingdom, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised on goods when significant risks and rewards of ownership have transferred to the buyer, the company retains no continuing control over the inventory, revenue can be measured reliably and it's probable that future economic benefit will flow to the company.

Turnover for services is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably. Turnover also includes Management Fee Invoice's to Group Companies.

Wilhelmsen Ships Service Limited accounts for revenue as a principal in the transaction. This is because the company retains a certain level of exposure to credit risk, exposure to any financial costs which may apply and the ability to set external sales prices.

##### **Interest income**

Interest income is recognised using the effective interest rate method.

**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**3. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	-	25% on cost
Fixtures and fittings	-	25% on cost
EDP investments	-	33 1/3 on cost
Office/leasehold improvements	-	14% on cost

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on purchase cost on a weighted average cost basis, including transport.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate and these costs are recharged back to group through inter-company.

**Taxation**

Current tax is the amount of income tax payable in respect of the taxable profit for the current year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the statement of comprehensive income.

**Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full term, in which case the shorter period is used.

**Employee benefits**

The amount charged to the statement of comprehensive income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. All pension contributions are to the employees' personal plans and not to a group scheme. The cost of all short term employee benefits is recognised as an expense during the period in which the employee renders the related service.

## Wilhelmsen Ships Service Limited

### Notes to the Financial Statements - continued for the Year Ended 31 December 2018

#### 3. ACCOUNTING POLICIES - continued

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### Going Concern

The directors believe that it is appropriate to prepare the financial statements on a going concern basis as the ultimate parent undertaking, Wilh. Wilhelmsen ASA, has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as and when they fall due, to the extent that money is not otherwise available to meet such liabilities, for a period of at least twelve months from the date of signing these financial statements. Should this ongoing support not be available, the going concern basis may not be appropriate.

The company has obtained confirmation from its parent company of this support.

#### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

#### Financial instruments (basic assets and liabilities)

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### (ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, loans and balances with fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**3. ACCOUNTING POLICIES - continued**

**Provisions and contingencies**

**(i) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

**(ii) Contingencies**

Contingent liabilities, arising as a result of past events, are not recognised when;

- (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or;
- (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amount are recognised in the statement of changes in equity.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities

**4. SIGNIFICANT JUDGEMENTS AND ESTIMATES**

**Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting judgements**

The directors consider that the company acts as a principal in recognising revenue transactions. This is because, whilst the Company transfers certain elements of credit and inventory risk to the parent, it retains the latitude to set selling prices and holds the customer relationships.

**Critical accounting estimates**

The company makes estimates and related assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and related assumptions have been considered by the directors to not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**5. EMPLOYEES AND DIRECTORS**

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

	2018	2017
Administration	4	2
Production, warehousing & engineering	9	9
Sales	<u>28</u>	<u>28</u>
	<u>41</u>	<u>39</u>

	2018 £'000	2017 £'000
Directors' remuneration	<u>-</u>	<u>-</u>

The directors are remunerated by other group companies.

**6. TURNOVER**

Gross revenue has been derived from the following, all from the UK:

	2018 £'000	2017 £'000
Port sales	6,480	6,094
Marketing fee	3,032	2,648
Business services	58	262
Commission income	<u>34</u>	<u>44</u>
	<u>9,604</u>	<u>9,048</u>

**7. OPERATING PROFIT**

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

	2018 £'000	2017 £'000
Wages and salaries	2,082	1,767
Social security costs	247	205
Other pension costs	<u>84</u>	<u>133</u>
	<u>2,413</u>	<u>2,105</u>
Operating lease charges	509	387
Depreciation - owned assets	98	69
Foreign exchange losses/(gains)	6	(10)
Cost of inventory charged to Cost of Sales	3,356	2,477
Audit fees	35	55

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2018 £'000	2017 £'000
Other interest receivable	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**9. TAX ON PROFIT**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK Corporation tax	44	86
Deferred tax	<u>(13)</u>	<u>8</u>
Tax on profit	<u>31</u>	<u>94</u>

**Factors affecting current and future tax charges**

The tax assessed on the profit on for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 £000	2017 £000
Profit before taxation	192	344
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017:19.25%)		
Incomes not eligible to tax	36	66
Expenses not deductible for tax purposes	(13)	17
	8	11
Total tax for the year	<u>31</u>	<u>94</u>

The Finance (No 2) Act 2015 (the Act) was substantially enacted on 26 October 2015. The Act further reduced the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has now been subsequently enacted. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Wilhelmsen Ships Service Limited**  
**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**10. TANGIBLE ASSETS**

Plant and machinery

		£'000
<b>At 31 December 2017</b>		
Cost		656
Accumulated depreciation		(429)
Net book value		<u>227</u>
<b>Year ended 31 December 2018</b>		
Opening net book value		227
Additions		20
Revaluation		175
Depreciation charge		(98)
Closing net book value		<u>324</u>
<b>At 31 December 2018</b>		
Cost		566
Accumulated depreciation		(242)
Net book value		<u>324</u>

**11. INVENTORIES**

	2018	2017
	£'000	£'000
Inventories – finished goods	<u>1,022</u>	<u>1,044</u>

**12. DEBTORS**

	2018	2017
	£'000	£'000
Trade debtors	28	49
Other debtors	30	45
Prepayments and accrued income	<u>165</u>	<u>203</u>
	<u>223</u>	<u>297</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£'000	£'000
Trade creditors	79	58
Amounts owed to group undertakings	544	417
Corporation tax	44	86
Other taxation and social security	90	156
Accruals and deferred income	<u>300</u>	<u>351</u>
	<u>1,057</u>	<u>1,068</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**14. CAPITAL AND OTHER COMMITMENTS**

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£'000	£'000
Payments due		
No later than one year	443	349
Later than one year and not later than five years	<u>758</u>	<u>678</u>
	<u>1,201</u>	<u>1,027</u>

**15. FINANCIAL INSTRUMENTS**

Basic financial assets, including trade and other receivables, cash and bank and intercompany balances, are initially recognised at transaction price. Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies that are classified as debt, are initially recognised at transaction price.

The company also has a factoring arrangement with the parent company which helps to mitigate credit risk and currency risk. A respective fee charge is in place to cover financial and administrative costs with a profit element built in.

**16. PROVISIONS FOR LIABILITIES**

The company had the following provisions during the year:

	2018	2017
	£'000	£'000
Provision for deferred tax	14	27
Provision for dilapidations	<u>175</u>	<u>-</u>
	<u>189</u>	<u>27</u>

The provision for deferred tax consists of the following deferred tax liabilities / (assets):

	2018	2017
	£'000	£'000
Accelerated capital allowances	48	27
Timing difference on provision for dilapidations	<u>(33)</u>	<u>-</u>
	<u>14</u>	<u>27</u>
		Deferred tax
		£'000
Balance at 1 January 2018		27
Credit to Statement of Comprehensive Income during year		<u>(13)</u>
Balance at 31 December 2018		<u>14</u>

During the year, a provision for dilapidations was recognised for the property occupied by the company at Dartford, Kent. This is expected to be utilised upon the termination of the lease within 5 to 10 years.

**Wilhelmsen Ships Service Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£'000	£'000
150,000	Ordinary shares	£1	<u>150</u>	<u>150</u>
Dividends paid during the year				
			2018	2017
			£'000	£'000
Ordinary shares of £2.07 (2017: £3.73) each - Final			<u>311</u>	<u>559</u>

**18. PENSION COMMITMENTS**

The amount charged to the statement of comprehensive income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. All pension contributions are to the employees' personal plans and not to a group scheme. Contributions made by the company amounted to £151,416 (2017:£133,241).

**19. CONTINGENCIES**

There are no contingent liabilities in existence.

**20. CONTROLLING PARTY**

The company's immediate parent is Wilhelmsen Ships Service AS. The ultimate parent undertaking and controlling party is Wilh. Wilhelmsen ASA, which is incorporated in Norway. Wilh. Wilhelmsen ASA is the smallest and largest group of which Wilhelmsen Ships Service Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements, which include the company, are available from Lysaker, PO Box 33, N-1324, Norway.