

Middle East Navigation Aids Service

Company No: 477145

Registered Charity No: 210066

Annual Report and Accounts 2009

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MIDDLE EAST NAVIGATION AIDS SERVICE

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MIDDLE EAST NAVIGATION AIDS SERVICE

COMPANY INFORMATION**DIRECTORS**

J L Gyles – Chairman †
J M Crossman RD – Vice Chairman ‡
S A Almusallam
C C Blakey ‡ OBE RD
H M Sultan ‡
T Smith
M H H Ali
J W Hughes
R Brummer
K Suzuki
M Abdullah
R Day

COMPANY SECRETARY

A L Howard †

‡ Member of Audit Committee
† Member of Investment Committee

REGISTERED OFFICE

4th Floor
8-9 Lovat Lane
London
EC3R 8DW

CHARITY STATUS

Company Limited by Guarantee not having a share capital
Registered in England and Wales No 477145
Registered Charity No 210066
The word Limited is omitted by licence of the Board of Trade, London

BANKERS

HSBC, London and Bahrain

AUDITORS

Wilkins Kennedy Chartered Accountants
Bridge House, London Bridge, London

SOLICITORS:

Norton Rose, London
Farrer & Co, London

INVESTMENT ADVISERS

Watson Wyatt Partners, London (Watson Wyatt)

INVESTMENT MANAGERS

Barclays Global Investors Limited, London (BGI)

MIDDLE EAST NAVIGATION AIDS SERVICE

CHAIRMAN'S STATEMENT

We continue to provide a Navigational Aids service to the Gulf region including a widely used DGPS broadcast and are now upgrading our physical aids to make them more 'visible' to seafarers and enable their status to be monitored much more closely from our Bahrain Operations base. We also in the year made a contribution of \$1.0m to the Malacca Straits Aids to Navigation Fund under arrangements with the littoral States supported by The International Maritime Organisation.

Operations in Bahrain have again produced a very positive contribution. Dues income has held up well, albeit helped by currency movements. Hence our core charitable activity remains sound, with dues income and operations costs being broadly in balance. This healthy situation is further enhanced by the level of professionalism now evident among the technical staff at the Base. Indeed I venture to suggest we now have a service with a technical competence unsurpassed in the Region.

This augurs well for the future, in that a reputation for excellence has generated interest in our services from the Region's littoral states. Indeed, the survey and report on the condition of navigation aids compiled for the Abu Dhabi authorities is an outstanding piece of work and will, no doubt, enhance our standing with those authorities.

Elsewhere in the region Oman's AMNAS provided another positive contribution to our standing and financial situation.

Unsurprisingly investment income has failed to sustain previous levels. This owes much to exceptionally low interest rates persisting as a consequence of fiscal stimulus and the fact that we held large amounts of cash on deposit, pending the outcome of a review of investment policy. I am never the less confident this is a temporary setback. We are now re-balancing our investment portfolio, in the light of the investment review, and will be less exposed to low interest returns. Income from investments should then generate a modest but sustained recovery.

I am, therefore, greatly encouraged that our core activities and traditional sources of income remain sound and are now well positioned for growth in the future – i.e. expansion of third party contractual work in the Gulf and a recovering income stream from investments.

Yet "Relume" now deployed in support work for wind farm installation out of Harwich carries potential risks, despite its record of continuing handsomely to our income and reserves. This year we have experienced the highs and lows of ship ownership. Early in the year we were hit with periods off hire for want of employment and at the end of the year there was a further period off hire due to a required dry-docking. These unemployed periods, were enough to produce an operating deficit for the year.

Disappointing though this result is, we also experienced the "high" of securing a lengthy and profitable charter towards the end of the second quarter. From 2nd May 2009 "Relume" is chartered to the main contractor for a very large off-shore wind farm in the U.K. – a charter that could secure a healthy revenue stream through to the last day of 2010.

I am therefore hopeful of "Relume" chalking up significant contributions in the year ahead as she has in years past. The past year however, has highlighted the risks entailed in ship ownership, the technical quality of the ship notwithstanding.

Overall I believe MENAS is well positioned going into 2010. Our charitable activities in assisting navigation and environmental protection in the Gulf is widely used by maritime and also land based users and through the current efforts to upgrade the infrastructure utilises modern technology to achieve more reliable services efficiently. We most certainly now have a first class operation in Bahrain, one that commends itself to wider use in the Gulf.

We shall, of course, continue efforts to reduce the cost structure of our operation in the Gulf. In particular we have begun an examination of our insurance position. As a consequence of costs generally being cut, our (unchanged) insurance cover now accounts for an unacceptably high proportion (16%) of the remaining cost burden. These efforts will continue into the year ahead.

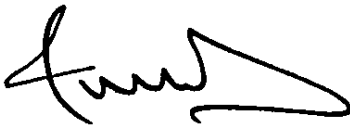
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I believe our efforts in the Gulf will be rewarded by an acknowledgement from within the region of our continued success in providing a reliable and efficient service with a growth in demand for our services as well as continued reduction in operating costs. Taken together with the seemingly assured income from MMSL this creates an encouraging outlook for the year ahead.

This optimism owes much to the efforts of our staff in Bahrain and the officers and crew of "Relume". Together they have created a promising platform for our future activities and I extend my thanks to them all.

I would also thank our staff in the London office, who have willingly adjusted to changes in our financial administration.

Finally I would extend thanks to my fellow Directors who, as always, have contributed greatly to sound guidance for the Service and given invaluable support to me.



CHAIRMAN
23 August 2010

MIDDLE EAST NAVIGATION AIDS SERVICE

DIRECTORS

John Gyles (Chairman)

Aged 68 was appointed a Director of the Company in January 1995. Formerly the General Manager of Shell's international oil and gas tanker fleet, he was subsequently General Manager of the Society of International Gas Tanker and Terminal Operators until his appointment as Chairman of MENAS in January 2004.

John Crossman (Vice Chairman)

Aged 69 was appointed a Director in June 1993 and Deputy chairman in May 2004. Admitted as a Solicitor in 1967, he was an Executive Director and Company Secretary of The Peninsular and Oriental Steam Navigation Company until his retirement in 1996. He was Chairman of the P&O Pension Scheme from 1993 to 2008.

Saleh Abdulla Almusallam

Aged 64 was appointed a Director in October 2003. He is a Bahrain Citizen and serves as Director General of Ports, Director of UASC and Director of AMPTC.

Conrad Blakey

Aged 68 was appointed a Director in March 2002. Spending nearly 30 years in the textile industry and concluding that aspect of his business career as Deputy Chairman of Martello Textile Company Ltd. Subsequently combined careers in property investment and public service, he was Chairman of two hospital trusts in the South East of England.

Trevor Smith

Aged 55 was appointed a Director in May 2005. He is a Master Mariner having served at sea with both BP Tanker Company Limited and World Wide Shipping (HK) and is currently Vice President, Fleet Management with BW Fleet Management (Pte) Singapore. In addition to other industry bodies Captain Smith is Chairman of the Marine Committee of the International Chamber of Shipping (ICS) and sits on the ICS Executive Committee.

Hussain Sultan

Aged 72 he was appointed a Director in May 1996. Formerly Group Chief Executive of Emirates National Oil Company (ENOC) and Executive Chairman/CEO of Dragon Oil Plc. Mr Sultan is now Chairman of Riverside Investments LLC and of Neptune Energy Trading LLC. He is also a Board Member of Dubai Investments. He is a Chartered Civil Engineer and a Member of the British Institution of Civil Engineers and a Fellow of the Institute of Directors.

John Hughes

Aged 66 was appointed a Director in 2008. Formerly Operations Vice President and Director of Exxon's international oil and gas tanker fleet, from 1999 to 2004 Director of the Oil Companies International Maritime Forum. He is Vice Chairman of The Mission to Seafarers and is a Warden of the Honourable Company of Master Mariners.

Robertus Brummer

Aged 52 he was appointed as a director in February 2009. Currently he is Director Operations with Maersk Line West Central Asia. He started his seagoing career in 1977 as deck officer and has since 1986 held various management positions in operational roles.

Katsuro Suzuki

Aged 49 he was appointed as director in February 2009. He is presently General Manager of the Safety and Environmental Group, NYK Line. Having graduated from Kobe Merchant Marine University in September 1983 he began his seagoing career with NYK rising to Master Mariner in December 2000. He has held several senior management roles and is also presently Visiting Professor at Kobe University.

Mahmoud Abdullah

Aged 54 he was appointed as director in November 2009. A Marine Engineer by profession, he is presently General Manager Fleet Marine Operations with Kuwait Oil Tanker Company with whom he is associated since 1983. A specialist in several disciplines, he was instrumental in the recent major fleet renewal project of the company. He began his sea career in 1975 as an apprentice with Kuwait Shipping Company, later renamed as United Arab Shipping Company.

Robert Day

Aged 51 he was appointed as director in March 2010. He is presently Chief Financial Officer of BP Shipping Limited accountable for Finance, Planning, Strategy, Risk, Compliance, IT and Communications. He has worked in a variety of commercial and corporate roles of increasing levels of seniority throughout his 30 years with BP, having graduated from Nottingham University in 1980 with a First Class degree in Industrial Economics.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and financial statements for the year ended 31 December 2009

CHARITABLE OBJECTIVES AND PRINCIPAL ACTIVITY

The charity is constituted as a company limited by guarantee with two wholly owned operating subsidiary undertakings, Menas Marine Services Limited and Oman Marine Services Limited. The charitable objective of MENAS, as stated in the Memorandum of Association, is the promotion of safety at sea and the protection of the marine environment. The objective is achieved through the provision of shore and sea based visible aids as well as radio based aids and the maintenance thereof, utilising its equipment and facilities in Bahrain.

The Directors are appointed in accordance with the Articles of Association by the Board and are mostly drawn from the shipping and oil industries. The Board of Directors meets at least three times a year. Day to day administration has been carried out by the Executive Chairman and Company Secretary (the "Executive"). The operation of the Bahrain facility is undertaken by a senior manager reporting to the Executive in London. The Audit Committee monitor the effectiveness of financial reporting and internal controls and the Executive controls investment policies.

REVIEW OF THE SERVICE

The Service continues to review technological advances in marine navigation and environmental protection and to rationalise and modernise its facilities and systems to enable it to provide the service to navigators and the marine industry in the Gulf region efficiently and effectively.

Apart from operating the network of aids to navigation and the Navtex warning system the company also continues to operate its differential global positioning system (DGPS) throughout the Gulf and envisage the service continuing operating until 2012 when the present satellite system it uses is likely to be replaced. The company continues to investigate the various possible applications of AIS (Automatic Information System) to augment DGPS and is deploying equipment to both enhance the service to mariners and improve performance monitoring of AtoN's to help improve safety at sea and the protection of the environment.

MENAS provides technical and other services to the Government of the Sultanate of Oman who are responsible for providing a navigational aids service in its territorial waters and its extended economic zone. In addition the charitable company has agreed to contribute to the costs of providing and monitoring navigational aids in the Straits of Malacca.

INVESTMENT POLICY AND REVIEW

Messrs Watson Wyatt have continued as Investment Advisers, and Barclays Global Investors (BGI) have continued as Investment Managers to MENAS. BGI has a formal agreement to manage the investments.

The investment policy has been one of maximising income from investments consistent with the operational need of the service. Risk is managed by spreading invested funds across a number of investments reflecting the underlying currency of replacement equipment needs, restricting the maximum invested in specific investments and limiting investment to securities that are readily marketable whilst maintaining a balance between reward seeking and risk averse instruments within the portfolio. The application of policy is monitored through regular meetings of the Investment Committee which also meets periodically with advisors.

The US dollar bond and securities portfolio has performed in line with expectations having regard to the policy expectations set by the Board albeit that the general market conditions which had a significant adverse effect on portfolio short term valuations reflected in last years financial statements have recovered to an extent in this current year with gains amounting to £2.5m against losses last year of £7.6m. The holding has benefited by the weakening of the US Dollar relative to Sterling.

As at 31 December 2009 the market value of invested funds including uncommitted deposits was the equivalent of £27.5m (2008: £22.0m) against an historic cost of £24.2m (2008: £19.4m).

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FINANCIAL PERFORMANCE

The financial position is considered satisfactory by the Directors with net assets of the charitable group amounting to £46.6m albeit decreased from £49.4m in 2008

Shipping volumes, which dictate the extent of Navdues income, have again held up with no worsening of the payment record. Gross revenues from navigational dues have increased over the year from £1.2m to £1.4m although this increase is primarily exchange rate related as US Dollar receipts were roughly equivalent year on year. There has also been a continued shift towards direct contractual billing of ship operators. However, charter income for the OSV Relume operated through Menas Marine Services Limited (MMSL) reduced from £7.1m in 2008 to £3.7m due to a lack of employment for a period in the early part of the year and off-hire period at the year end due to a dry dock as well as reduced charter rates relative to very favourable rates achieved in 2008. Investment income has also reduced substantially to £0.8m (2008 £1.8m) due to particularly low interest rates and suspension of dividends in poor investment markets, as well as significant funds being maintained in secure but low yielding deposits pending a review of investment policy.

The majority of operational costs are incurred in US Dollars and in the operational currency overall costs are reduced on 2008. However, in terms of Sterling, the reporting currency, costs have increased over 2008. Overall contracted out ship labour costs have reduced against 2008 following a switch to British pay rates from Norwegian, sterling weakness offset by additional appointments for a current charter, lower pension provision and the timing of bonus payments in respect of officers pay. Costs of victualling the ship are substantially lower given the employment situation of Relume during the year and the release of an overprovision for expected costs included in last years financial statements. However, vessel operations because of the lack of employment and the costs of the dry docking resulted in an operating deficit for the year amounting to £2.5m (2008 surplus £1.9m) before interest.

Costs of charitable activities which includes all direct costs in relation to buoy maintenance projects and administration costs other than relating to ship charter income, have increased over 2008 to £4.6m (2008 £4.2m) but this includes the \$1m (£0.67m) contribution to the Malacca Aids to Navigation Fund during the year which will continue at an amount to be determined and subject to certain criteria. The Charity seeks to match its income from Navdues revenues to related costs and has this year shown a small surplus of £0.2m (2008 deficit £0.16m) from this source.

A further internal appraisal of the MNOPF pension scheme has been undertaken and a further provision has been made of £150,000 bringing the total both provided and accrued to £1.2m after amounts paid on account. The Menas Pension and Life Assurance Scheme valuation was last year undertaken on a buy-out basis rather than an on-going basis and on that basis the deficit fully provided for upon the Trustees decision to wind up of the Scheme. No further provision has therefore been necessary this year in this regard.

Oman Marine Services Limited (OMSL) has returned a favourable year end result including its share of the results of its joint venture with AMNAS and buoy maintenance work undertaken in the Gulf.

RESERVE POLICY

The policy continues to be one of matching income with expenditure allowing for uncertainties and modest capital requirements with the eventual objective of building sufficient reserves to allow free to users navigation services. Provision is made for the progressive shortening of operating lives in respect of the vessel and navigational aids as environmental demands increase and technological developments accelerate. The reserves held as at 31 December 2009 amounted to £46.6m (2008 £49.4m) of which free reserves amounted to £25.4m (2008 £27.5m). The trustees consider that the level of reserves needs to be maintained at these levels at least to allow for the replacement of current navigational and seagoing assets and the longer term possibility of expansion of navigational aids services into other geographical areas worldwide which may entail significant levels of capital expenditure and working capital, particularly should this be provided free to users as is the plan in the Gulf.

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HEALTH, SAFETY and ENVIRONMENT

The Directors are satisfied that during 2009 all activities have been conducted in compliance with the Company's HSE policy. Adherence and improvements to the HSE policy has ensured that all operations are conducted in a manner which safeguards the health and safety of employees and avoids damage to the environment.

FIXED ASSETS

The movements in fixed assets are shown in note 7 to the financial statements.

AUDIT COMMITTEE

The Audit Committee has been established for some years and is constituted with three non-executive Directors, as shown on page 2. The committee meet as required and is responsible for ensuring that the financial performance of the Company is properly reported, that adequate internal control systems are maintained and managing the relationship with the external auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and financial statements and have chosen to prepare accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group for that period and to comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then to apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

The Directors confirm that the accounts comply with statutory requirements, the requirements of its constitution, the requirements of the Statement of Recommended Practice (Accounting and Reporting by Charities) as revised in March 2005, and applicable UK Accounting Standards.

DIRECTORS

The Directors currently serving are listed on page 2. Messrs Mahmoud Abdullah and Mr Robert Day were appointed on 19 November 2009 and 25 March 2010 respectively. Mr Masoud H. H. Al-Ali resigned on 19 November 2009 and Mr Robert Fleming resigned on 25 March 2010.

RISK AND INTERNAL CONTROL

The Directors have undertaken reviews and investigations including commissioning external consultants to be reasonably certain that the charity is operating efficiently and effectively, its assets are properly safeguarded against unauthorised use or disposal, proper records are maintained and that financial information used within the charity, or for publication, is reliable and that the charity complies with relevant laws and regulations. The system of internal controls includes a strategic plan and annual budgets with regular financial and performance reports as appropriate with clear delegation of authority and segregation of duties.

Risk associated with the activities undertaken and objectives laid down by the Board are regularly reviewed, prioritised as to likely impact and likelihood of occurrence and management are satisfied that the applied strategies are appropriate to mitigate those risks.

FINANCIAL INSTRUMENTS

The charity's financial instruments at the balance sheet date comprised finance leases, cash, investments and liquid resources. The main purpose of these financial instruments is to generate income to finance the charity's operations. The charity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the policy that no trading in financial instruments shall be undertaken.

The main risks arising from the charity's financial instruments are interest rates, exchange movements and liquidity risk.

Interest rate risk

The charity has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained surpluses.

Currency Risk

The charity has adopted a policy of spreading its investments over a range of instruments in different currencies reflecting its financial exposures in order to mitigate the effect of currency movements, although now mostly maintained in US dollars being the charity's predominant operating currency.

Liquidity risk

The charity's objective is to maintain a balance between continuity of funding and the flexible use of funding by way of maintaining substantial investment assets.

Financial assets

The charity has no financial assets other than investments, short-term debtors and cash at bank.

Borrowing facilities

The charity has no un-drawn committed borrowing facilities.

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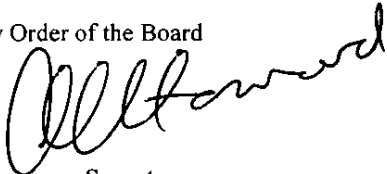
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 charity'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 charity's auditors are aware of that information

AUDITORS

A resolution for the reappointment of Wilkins Kennedy as auditors will be put at the Annual General Meeting

By Order of the Board



Company Secretary

23 August 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDDLE EAST NAVIGATION AIDS SERVICE

We have audited the financial statements of Middle East Navigation Aids Service for the year ended 31 December 2009, which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and the Chairman's statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

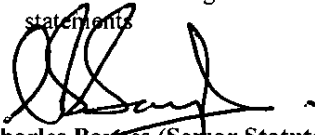
MIDDLE EAST NAVIGATION AIDS SERVICE

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MIDDLE EAST NAVIGATION AIDS SERVICE (continued)**

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent charitable company's affairs at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report and Chairman's statement is consistent with the financial statements



Charles Baynes (Senior Statutory Auditor)

For and on behalf of

Wilkins Kennedy, Statutory Auditor and Chartered Accountants

London

Date 23 August 2010

MIDDLE EAST NAVIGATION AIDS SERVICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Incoming resources			
Incoming resources from generated funds			
<i>Activities for generating funds</i>			
- Ship charter and management income		3,727,482	7,133,629
- Rental income		135,963	89,865
<i>Investment income</i>	3	826,906	1,778,087
Incoming resources from charitable activities			
- Non contractual navigation dues		1,432,487	1,209,069
- Contractual navigation dues		1,703,142	1,139,161
- Buoy maintenance and project income	4	456,097	136,497
Other income		171,514	281,531
Total incoming resources		8,453,591	11,767,839
Less share of gross incoming resources from joint venture	9	(1,312,323)	(1,125,851)
		<u>7,141,268</u>	<u>10,641,988</u>
Resources expended			
Costs of generating funds	5	6,050,040	5,214,830
Costs of charitable activities	5	4,489,426	4,224,974
Governance costs	5	76,148	31,498
Total resources expended		<u>10,615,614</u>	<u>9,471,302</u>
Net (outgoing)/ incoming resources before other recognised gains and losses		<u>(3,474,346)</u>	<u>1,170,686</u>
Net interest in result of joint venture	9	542,639	358,115
		(2,931,707)	1,528,801
Other recognised gains and losses			
Gains/(losses) on investments realised and unrealised		2,469,730	(6,805,320)
Currency translation reserve movement	18	(2,317,028)	7,594,093
Net movement in funds		(2,779,005)	2,317,574
Total funds brought forward		<u>49,415,595</u>	<u>47,098,021</u>
Total funds carried forward		<u>£46,636,590</u>	<u>£49,415,595</u>

All of the Group's activities are continuing and all income is unrestricted

There are no recognised gains or losses other than those in the statement of financial activities therefore no statement of total recognised gains or losses has been prepared

The notes on pages 18 to 31 form part of these financial statements

MIDDLE EAST NAVIGATION AIDS SERVICE

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
Gross income	8,453,591	11,767,839
Less share of gross incoming resources from joint venture	(1,312,323)	(1,125,851)
Total Income	<u>7,141,268</u>	<u>10,641,988</u>
Total Expenditure	(10,615,614)	(9,471,302)
Interest in results of joint venture	542,639	358,115
Net (expenditure)/ income for the year	<u>£(2,931,707)</u>	<u>£1,528,801</u>

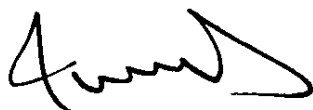
MIDDLE EAST NAVIGATION AIDS SERVICE

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2009

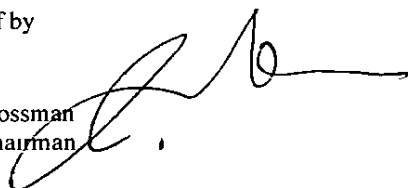
	Note	2009	2008
		£	£
Fixed assets			
Tangible assets	7(a)	19,215,980	20,488,081
Investments		27,563,599	22,011,100
Investments in joint ventures			
- share of gross assets		852,597	795,285
- share of gross liabilities		(229,794)	(150,316)
	9	28,186,402	22,656,069
		47,402,382	43,144,150
Current assets			
Stocks	10	683,297	709,905
Debtors	11	1,736,909	2,748,013
Cash at bank and in hand	12	2,412,364	8,533,977
Lease security deposit	14	659,518	629,641
		5,492,088	12,621,536
Creditors: Amounts falling due within one year	13	(3,104,888)	(3,177,423)
Net current assets		2,387,200	9,444,113
Lease security deposit	14	18,969,678	19,515,596
Total assets less current liabilities		68,759,260	72,103,859
Creditors: Amounts falling due after more than one year	15	(21,329,670)	(22,045,264)
Provisions for liabilities and charges	17	(793,000)	(643,000)
Net assets		£46,636,590	£49,415,595
Capital and reserves			
Unrestricted funds	18	45,906,956	48,428,829
Revaluation reserve	18	729,634	986,766
		£46,636,590	£49,415,595

Approved by the Board on 23 August 2010 and signed on their behalf by

J L Gyles
Chairman



J M Crossman
Vice Chairman



The notes on pages 18 to 31 form part of these financial statements

MIDDLE EAST NAVIGATION AIDS SERVICE

CHARITABLE COMPANY BALANCE SHEET
AT 31 DECEMBER 2009

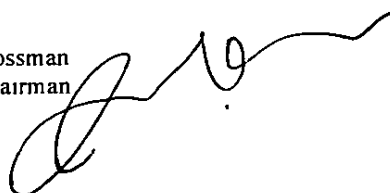
	Note	2009	2008
		£	£
Fixed assets			
Tangible assets	7(b)	1,071,227	1,448,548
Investments	9	27,563,601	22,011,102
		<u>28,634,828</u>	<u>23,459,650</u>
Current assets			
Stocks	10	-	1,523
Debtors	11	26,536,569	26,505,356
Cash at bank and in hand	12	1,601,914	7,994,328
		<u>28,138,483</u>	<u>34,501,207</u>
Creditors' Amounts falling due within one year	13	<u>(1,171,522)</u>	<u>(1,253,241)</u>
Net current assets		<u>26,966,961</u>	<u>33,247,966</u>
Total assets less current liabilities		<u>55,601,789</u>	<u>56,707,616</u>
Creditors' Amounts falling due after more than one year	15	(775,718)	(831,794)
Net assets		<u><u>£54,826,071</u></u>	<u><u>£55,875,822</u></u>
Capital and reserves			
Unrestricted funds	18	54,096,437	54,889,056
Revaluation reserve	18	729,634	986,766
		<u><u>£54,826,071</u></u>	<u><u>£55,875,822</u></u>

Approved by the Board on 23 August 2010 and signed on their behalf by

J L Gyles
Chairman



J M Crossman
Vice Chairman



The notes on pages 18 to 31 form part of these financial statements

MIDDLE EAST NAVIGATION AIDS SERVICE

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note		2009 £	2008 £
Net (outgoing)/incoming resources before other recognised gains and losses	22	A	<u>(1,423,451)</u>	<u>2,657,280</u>
Returns on investment and servicing of finance				
Investment income receivable	3		517,077	629,768
Interest receivable	3		309,456	1,138,272
Interest element of finance lease rental payments	5		<u>(522,957)</u>	<u>(1,044,098)</u>
Net cash flow from investment and servicing of finance		B	<u>303,576</u>	<u>723,942</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets			(82,966)	(68,247)
Payments to acquire fixed asset investments			<u>(4,805,172)</u>	<u>(325,895)</u>
Net cash outflow for capital expenditure and financial investment		C	<u>(4,888,138)</u>	<u>(394,142)</u>
Financing				
Capital element of finance lease rental payments	24	D	<u>(629,641)</u>	<u>1,875,948</u>
(Decrease)/ Increase in cash in the year	A+B+C+D		<u>£(6,637,654)</u>	<u>£4,863,028</u>

The notes on pages 18 to 31 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY STATUS

The company is limited by guarantee and governed by its Memorandum and Articles of Association. It has no share capital. In the event of the company being wound up the liability of the members is limited to a maximum of £1 each.

The company is a registered charity, No 210066.

2. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified to permit the revaluation of certain assets.

These financial statements are in accordance with the requirements of the Companies Act 2006, applicable United Kingdom accounting standards and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005).

The balance sheet treatment of security lease deposits which have been shown after net current assets is not in accordance with the requirements of the Companies Act 2006. The directors consider that this departure from the statutory format is necessary for the financial statements to show a true and fair view. The nature of the lease security deposits is set out in note 14.

Consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Menas Marine Services Limited and Oman Marine Services Limited, on a line by line basis. A separate statement of financial activities for the charitable company has not been presented as permitted by section 408 of the Companies Act 2006 and paragraph 304 of the SORP. The group share of joint venture income is accounted for in accordance with FRS 9.

Voluntary income

Voluntary income represents the value of Navigation Aids dues receivable which are not contractual.

Activities for generating funds

Activities for generating funds represents third party charter income from the OSV Relume and buoy maintenance income.

Charitable income

Charitable income represents incoming resources received for the maintenance of buoys and other navigational aids in the Persian Gulf.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. ACCOUNTING POLICIES (continued)

Depreciation

The land, which is held in perpetuity in Bahrain, is not depreciated

Fixed assets are subject to an annual impairment review Any permanent diminutions in value are recorded

Depreciation of tangible assets, excluding land, is provided on a straight-line basis at appropriate rates to amortise the cost or valuation, less estimated residual value, and over the expected useful lives of the assets as follows

Buildings	20 years
OSV Relume	20 years
Navigation aids, plant and equipment	
DGPS	5 years
Computers and equipment	2 years
Vehicles, plant and machinery and office equipment	4 years
Other navigation aids and equipment	up to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value

Foreign currency

Assets and liabilities in foreign currency are expressed in sterling at the rate of exchange ruling at 31st December 2009 Income and expenditure in foreign currency are expressed in sterling at the exchange rate applying at the time of the transaction Balance sheet and income and expenditure translation differences are taken to reserves and income and expenditure account respectively

Investment income

Income on investments is accounted for on an accruals basis

Pension costs

The company has a defined benefit scheme closed to new members Lump sum payments have been made into the pension scheme from time to time to reduce a deficit of assets which are charged to revenue account as paid No regular contributions are now made except for augmentation costs for pensions in payment which are charged to the revenue account as paid

Investments

Investments are stated at market value based on mid-price at the balance sheet date The difference between market value and the original cost of the investments is included in the Statement of Financial Activities on either an unrealised gain or loss on investments

Basis of accounting for liabilities

All liabilities are recognised in the accounts as they arise in accordance with the accrual concept

Allocation of costs

All expenditure has been listed under headings that aggregate all the costs related to that activity Where other costs cannot be directly attributed they have been allocated to activities on a proportional basis Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity Overheads and other salaries are also allocated between expense headings on a proportional basis Governance costs are those incurred in connection with compliance with constitutional and statutory requirements

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 ACCOUNTING POLICIES (continued)

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals under operating leases have been charged to the Statement of Financial Activities on a straight-line basis over the lease term.

3. INVESTMENT INCOME

	2009 £	2008 £
Income on listed investments	517,077	629,768
Security deposit interest	309,456	1,138,272
	<hr/>	<hr/>
Allocated to General Fund	826,533	1,768,040
Investment income in joint venture	745	10,047
	<hr/>	<hr/>
	£827,278	£1,778,087

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Charitable income is attributable to the principal activities of the company and arose wholly in the Middle East. Charitable activities of the company comprised the provision of maintenance of buoys and navigational aids.

5. RESOURCES EXPENDED

5 (a)	Staff Costs £	Support Costs £	Grant Making £	Depreciation £	Total 2009 £	Total 2008 £
Costs of generating funds.						
- Ship charter income costs	-	5,005,176	-	926,905	5,932,081	5,175,262
- Rental property costs	-	13,474	-	-	13,474	16,906
- Investment management	-	104,485	-	-	104,485	22,662
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,123,135	-	926,905	6,050,040	5,214,830
Charitable activities:						
Costs of charitable activities including costs of own Nav aids service (note 5 (e))	859,508	2,510,865	705,592	413,461	4,489,426	4,224,974
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£859,508	£7,634,000	£705,592	£1,340,366	£10,539,466	£9,439,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
5 (b)					2009	2008
Governance costs					£	£
Legal and professional fees					29,189	2,498
Audit					30,000	29,000
Staff costs (including Directors)					16,959	-
					<hr/>	<hr/>
					£76,148	£31,498

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 RESOURCES EXPENDED - continued

5 (b) Governance costs – continued

Governance costs noted above and investment management costs as per note 5(a) have been reviewed during the year and certain costs have been re-designated as such. No restatement of prior year reported figures has been undertaken.

5 (c) Grant Making

During the year, the company made a donation of £679,532 (2008: £nil) (\$1million) to the Malacca Straits Aids to Navigation Fund. The Aids to Navigation Fund was set up by the three littoral states in April 2008 to maintain and replace the buoys and other navigational aids lining the Malacca Straits, one of the world's busiest waterways.

5 (d) Net (outgoing)/ incoming resources before other recognised gains and losses

The following amounts have been charged within resources expended:

	2009 £	2008 £
Directors emoluments	159,122	150,962
Auditors remuneration		
- for audit services	30,000	29,000
- for other non audit services	31,941	10,458
Rental paid under operating leases	33,558	34,618
Finance lease interest payable	522,957	1,044,098

5 (e) Net income/(deficit) from Navigation dues (own service)

	2009 £	2008 £
Total navigation dues receivable excluding share of joint venture income	1,907,570	1,450,019
Total costs of navigation dues	(1,700,391)	(1,618,129)
	<u>£207,179</u>	<u>£(168,110)</u>

6 STAFF COSTS

	2009 £	2008 £
Wages and salaries (including directors remuneration)	707,800	668,125
Social security costs	18,636	15,587
Pension costs – Company scheme (note 19)	(9,960)	264,645
Pension costs – MNOFF (note 19)	150,000	661,510
	<u>£866,476</u>	<u>£1,609,867</u>

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 STAFF COSTS (Continued)

All directors' emoluments are paid in accordance with the company's Articles of Association as approved by the Charity Commissioners

The highest paid Director's emoluments totalled £65,000 (2008 £65,000) with no accrued pension as at 31 December 2009

During the year the following Directors received remuneration for their services as trustees -

J Gyles
J Crossman
C Blakey
J Hughes
H M Sultan

During the year payment to the following employing organisations were made for the services of Directors as indicated below

BW Shipping Managers Pte Limited	£10,000	Trevor Smith
United Arab Shipping Company SAG	£10,000	S Al-Musallam
BP Shipping	£10,000	Captain R Fleming
Kuwait Oil Tanker Company	£10,000	M Abdullah
Maersk Line	£10,000	R Brummer

During the year 9 Directors were reimbursed travelling expenses totalling £41,074 , (2008 7 Directors £28,680)

One Director received emoluments exceeding £60,000 for the year (2008 £60,000)

During the year, £26,863 (2008 £22,896) was paid for directors and officers liability insurance

The average number of employees (excluding Directors) by category during the year was as follows

	2009 Number	2008 Number
Engineering and maintenance	8	8
Finance and administration-Bahrain	-	2
London	1	1
Management-Bahrain	2	2
	<u>11</u>	<u>13</u>

Seagoing officers and crew are contracted in and their numbers are therefore not included above

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	OSV Relume	Navigation Aids, Plant And Equipment	Total
	£	£	£	£
7 (a) GROUP				
Cost or valuation				
1 January 2009	1,056,804	22,412,330	2,962,981	26,432,115
Additions during the year	-	-	82,968	82,968
Disposals during the year	(15,015)	-	-	(15,015)
Reclassification	-	34,903	(34,903)	-
31 December 2009	<u>1,041,789</u>	<u>22,447,233</u>	<u>3,011,046</u>	<u>26,500,068</u>
Depreciation				
1 January 2009	152,721	3,425,850	2,365,463	5,944,034
Charge for the year	52,089	898,432	389,846	1,340,367
Disposals for the year	(313)	-	-	(313)
Reclassification	-	2,909	(2,909)	-
31 December 2009	<u>204,497</u>	<u>4,327,191</u>	<u>2,752,400</u>	<u>7,284,088</u>
Net book value				
At 31 December 2009	<u>£837,292</u>	<u>£18,120,042</u>	<u>£258,646</u>	<u>£19,215,980</u>
At 31 December 2008	<u>£904,083</u>	<u>£18,986,480</u>	<u>£597,518</u>	<u>£20,488,081</u>

The land in Bahrain is held under tenure appropriate for the Company's activities

The OSV Relume is held under a finance lease (note 16) Capitalised cost is stated at the discounted net present value of the lease cash flows using interest and taxation assumptions inherent in the HBOS finance lease

The navigation aids and plant and equipment, excepting major land based aids and office equipment used in the management office, were re-valued at the end of 2001 on the basis of depreciated replacement cost having regard to the remaining operating lives of the assets re-valued. As of 31 December 2005 the regional office and compound assets at Mina Salman, Bahrain were valued on a current use basis by Cluttons, Chartered Surveyors and reflected in these financial statements. In addition, the major land based navigation aids (excluding land) were also re-valued as at 31 December 2005 on a replacement cost basis by Al Bawardi Alan Dick LLC of Dubai and reflected in these financial statements

The Directors are not aware of any material change since the last valuation

The net book value of tangible fixed assets under the historical cost convention at 31st December 2009 is £17,714,950 (2008 £18,987,051)

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 TANGIBLE FIXED ASSETS (continued)

7 (b) COMPANY	Freehold Land and Buildings	Navigation Aids, Plant And Equipment	Total
	£	£	£
Cost or valuation			
Balance at 1 January 2009	1,056,804	2,811,380	3,868,184
Additions during year	-	50,842	50,342
Disposals	(15,015)	-	(15,015)
Balance at 31 December 2009	<u>1,041,789</u>	<u>2,862,222</u>	<u>3,904,011</u>
Depreciation			
Balance at 1 January 2009	152,721	2,266,915	2,419,636
Charge for the year	52,089	361,372	513,461
Disposals	(313)	-	(313)
Balance at 31 December 2009	<u>204,497</u>	<u>2,628,287</u>	<u>2,832,784</u>
Net book value			
At 31 December 2009	<u>£837,292</u>	<u>£233,935</u>	<u>£1,071,227</u>
At 31 December 2008	<u>£904,083</u>	<u>£544,465</u>	<u>£1,448,548</u>

Substantially all fixed assets are used for charitable purposes. The land in Bahrain is held under tenure appropriate for the Company's activities.

The navigation aids and plant and equipment, excepting major land based aids and office equipment used in the management office, were re-valued at the end of 2001 on the basis of depreciated replacement cost having regard to the remaining operating lives of the assets re-valued. As of 31 December 2005 the regional office and compound assets at Mina Salman, Bahrain were valued on a current use basis by Cluttons, Chartered Surveyors and reflected in these financial statements. In addition, most of the major land based navigation aids (excluding land) were also re-valued as at 31 December 2005 on a replacement cost basis by Al Bawardi Alan Dick LLC of Dubai and those not re-valued then have now been reflected in these financial statements on the same basis.

The Directors are not aware of any material charge since the last valuation.

The net book value of tangible fixed assets under the historical cost convention at 31st December 2009 is £Nil (2008: £Nil).

8 FUTURE CAPITAL EXPENDITURE

There were no capital commitments authorised or contracted as at the year end (2008: £Nil).

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 FIXED ASSET INVESTMENTS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Balance as at 1 January	22,011,100	22,011,100	21,206,882	21,206,882
Movements in market value	747,327	747,327	478,323	478,323
Additions	4,805,172	4,805,172	325,895	325,895
	<u>27,563,599</u>	<u>27,563,599</u>	<u>22,011,100</u>	<u>22,011,100</u>
Shares in subsidiary undertakings	-	2	-	2
Interest in joint venture	622,803	-	644,969	-
	<u>£28,186,402</u>	<u>£27,563,601</u>	<u>£22,656,069</u>	<u>£22,011,102</u>
Balance at 31 December				
	<u>£28,186,402</u>	<u>£27,563,601</u>	<u>£22,656,069</u>	<u>£22,011,102</u>
Original cost of investments	<u>£24,209,313</u>	<u>£24,209,315</u>	<u>£19,543,738</u>	<u>£19,403,400</u>

The fixed asset investments noted above are denominated in the following currencies -

	2009 %	2008 %
Sterling	6.0	5.7
United States Dollars	82.9	82.5
Euro	11.1	11.8

Details of the spread of investments as at 31 December 2009 are as follows -

	2009 £	2008 £
Charitrak UK Equity Index Fund, income units	1,640,197	1,263,796
BGI Index Selection Europe Pool	3,074,441	2,591,748
BGI North America Index Sub Fund	4,798,166	4,190,806
BGI Index Selection Pacific Rim	589,433	382,879
BGI Index Selection Japan	740,581	782,438
BGI US Corporate Bond Fund	5,114,714	5,245,404
UK based portfolio managed by Barclays Global Investors Limited	15,957,532	14,457,071
3% US TIIN 2012	7,455,461	7,554,029
2% US TIPS 2014	979,690	-
1.875% US TIPS 2015	1,006,852	-
2.5% US TIPS 2016	1,046,443	-
2.025% US TIPS 2017	1,117,621	-
	<u>£27,563,599</u>	<u>£22,011,100</u>

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 FIXED ASSET INVESTMENTS (continued)

The company owns the whole of the issued share capital of Menas Marine Services Limited (£1 paid) and Oman Marine Services Limited (£1 paid) both of which are registered in England and Wales. Both subsidiary undertakings are included within the consolidated accounts.

Oman Marine Services Limited holds a 50% interest in Arabian Maritime and Navigation Aids Services LLC, a company incorporated in Oman, the principal activity of which is the provision of marine services in the territorial waters of Oman. An analysis of the Group's share of results and net assets of this undertaking has not been disclosed as the Directors consider that this information may be seriously prejudicial to the interests of the group.

10. STOCKS

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Consumables	683,297	-	709,905	1,523
	£683,297	£ -	£709,905	£1,523

11 DEBTORS

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Income due from charitable activities	541,876	541,876	632,373	632,373
Trade debtors	515,875	-	583,354	-
Other debtors	264,965	36,323	404,853	15,225
Due from subsidiary undertakings	-	25,620,951	-	25,582,144
Prepayments and accrued income	414,193	337,419	1,127,433	275,614
	£1,736,909	£26,536,569	£2,748,013	£26,505,356

12 CASH AT BANK AND IN HAND

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Fortis Bank deposits	1,044,417	990,361	773,892	719,832
BGI deposits	4,407	4,407	4,691	4,691
HSBC short term deposits and working balances	1,336,277	605,549	7,710,806	7,267,356
Cash in hand	27,263	1,597	44,588	2,449
	£2,412,364	£1,601,914	£8,533,977	£7,994,328

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Finance lease (note 16)	659,518	-	629,641	-
Social security and other taxes	24,977	24,977	18,276	18,276
Other creditors	127,388	127,388	137,223	137,223
Trade creditors	604,502	107,242	349,140	154,460
Accruals and deferred income	1,688,503	911,915	2,043,143	943,282
	<u>£3,104,888</u>	<u>£1,171,522</u>	<u>£3,177,423</u>	<u>£1,253,241</u>

14. LEASE SECURITY DEPOSIT

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Bank deposits	19,629,196	-	20,145,237	-
Due within one year	(659,518)	-	(629,641)	-
	<u>£18,969,678</u>	<u>£ -</u>	<u>£19,515,596</u>	<u>£ -</u>

The Fortis Bank security deposits support the Halifax Bank of Scotland (HBOS) lease and is maintained at the overall commitment of MENAS to HBOS under the lease (notes 15 & 16). It is therefore effectively prepaid lease rentals and predominantly due after more than one year and has therefore been disclosed after net current assets in the balance sheet.

15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Finance lease (note 16)	20,553,952	-	21,213,470	-
Accrual and deferred income	775,718	775,718	831,794	831,794
	<u>£21,329,670</u>	<u>£775,718</u>	<u>£22,045,264</u>	<u>£831,794</u>

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. FINANCE LEASE AND HIRE PURCHASE AGREEMENTS

At 31st December 2009 the future minimum payments to which the group was committed under non-cancellable finance lease and hire purchase agreements were -

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Within one year or on demand	1,637,243	-	1,637,243	-
Between one and two years	1,637,243	-	1,637,243	-
Between two and five years	4,911,728	-	4,911,728	-
In more than five years	24,558,642	-	26,195,885	-
	32,744,856	-	34,382,099	-
Amounts representing interest	(11,531,386)	-	(12,538,988)	-
	£21,213,470	£ -	£21,843,111	£ -
Analysis of maturity of net debt:	£	£	£	£
Within one year or on demand	659,518	-	629,641	-
Between one and two years	685,589	-	659,518	-
Between two and five years	2,277,401	-	2,169,244	-
In more than five years	17,590,962	-	18,384,708	-
	£21,213,470	£ -	£21,843,111	£ -

The total debt relates to a finance lease entered into in relation to the OSV Relume with Halifax Bank of Scotland payable by instalments over 25 years. The lease is secured by way of a first charge over the bank deposits (note 14)

17. PROVISION FOR LIABILITIES AND CHARGES

Provisions have been made during the year for contributions to be made to pension schemes in deficit -

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Provision at 1 January	643,000	-	-	-
MNOPF	150,000	-	643,000	-
Provision at 31 December	£793,000	£ -	£643,000	£ -

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 RESERVES MOVEMENTS

	General Reserve	Currency Translation Reserve	Revaluation Reserve	Total 2009	Total 2008
	£	£	£	£	£
Group					
Balance brought forward at beginning of the year	41,554,236	6,874,593	986,766	49,415,595	47,098,021
Net (outgoing)/incoming resources	(2,931,707)	-	-	(2,931,707)	1,528,804
Transfer to/(from) revaluation reserve	257,132	-	(257,132)	-	-
Movement in market value of investment assets	2,469,730	-	-	2,469,730	(6,805,320)
Currency translation movement	-	(2,317,028)	-	(2,317,028)	7,594,093
Balance carried forward at end of the year	£41,349,391	£4,557,565	£729,634	£46,636,590	£49,415,595
Company					
Balance brought forward at beginning of the year	43,312,306	11,576,750	956,766	55,875,822	49,633,131
Net (outgoing)/incoming resources	(334,701)	-	-	(334,701)	401,646
Transfer to/(from) revaluation reserve	257,132	-	(257,132)	-	-
Movement in market value of investment assets	2,469,730	-	-	2,469,730	(6,805,320)
Currency translation movement	-	(3,184,780)	-	(3,184,780)	12,646,365
Balance carried forward at end of the year	£45,704,467	£8,391,970	£729,634	£54,826,071	£55,875,822

The currency translation movement represents the foreign exchange movements on the values of balance sheet items whose functional currency is not Sterling. The movements arise predominantly on fixed assets and the capital and reserves of the Bahraini branch of Menas and its subsidiary undertakings.

The revaluation reserve transfer is to reduce the value of the reserve over the expected life of the revalued asset.

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. PENSION FUNDS

Pensions are funded through the MENAS Pension and Life Assurance Scheme, which is closed to new members, and managed by Norwich Union, for the benefit of UK shore staff. Contributions to the defined benefit schemes have been made in accordance with actuarial advice given by the scheme administrator. The assets of the scheme are held separately from those of the company.

The pension costs (note 6) represent contributions by the company and its subsidiaries, including accruals and provisions in respect of scheme deficits, as follows:

	2009 £	2008 £
MENAS Pension and Life Assurance Scheme-annual premiums	(9,960)	264,645
MNOPF	150,000	661,510
Pension costs charged in the year	<u>£140,040</u>	<u>£926,155</u>

Contributions to the MENAS Pension and Life Assurance Scheme are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The most recent triennial valuation was at 1st January 2008. The actuarial assumptions are a valuation rate of interest before retirement of 5.5% and after retirement of 4.5%. On a continuing basis the funding level is 113% and the actuary recommends no further contributions. On a solvency valuation (immediate purchase of annuities) the funding level is 100%. In addition, an interim valuation was prepared at 1 January 2009. On a solvency valuation the funding level was 83% and showed a further deficit of £264,000 and accordingly an accrual was included last year for that amount. No further provision has been necessary this year on a fully funded buy-out basis.

MENAS is a former employer of MNOPF members and as such, following a Court hearing in 2006, is liable to contribute towards a deficit on an on-going basis of the New Section of that pension scheme. The financial effect of this has not finally been fully quantified at the present time but the Group has made an accrual in years previous to 2008 which is now carried forward in the amount of £420,655 (2008: £494,925) after payments made in the year in respect of funding demands by MNOPF towards the deficit. However, pending further revaluations of the MNOPF pension scheme following recent uncertainties in investment markets a further provision was made in 2008 of £643,000 which again has been augmented in these financial statements by an additional £150,000 bringing to £793,000 the directors' estimate of the Group's share of the MNOPF pension assets shortfall. The Charity's total provision for its share of the MNOPF deficit estimated by the directors is therefore carried in these financial statements at £1.21m.

20. FINANCIAL COMMITMENTS

The annual commitments under operating leases are as follows:

Expiring	Within 1 year 2009 £	Within 2-5 years 2009 £	Within 1 year 2008 £	Within 2-5 years 2008 £
Land and buildings	-	24,143	-	24,143
Other	6,437	-	5,145	-
	<u>£6,437</u>	<u>24,143</u>	<u>5,145</u>	<u>24,143</u>

21. DEFICIT ATTRIBUTABLE TO THE CHARITABLE COMPANY

The surplus dealt with in the financial statements of the charitable company is £2,135,052 (2008: deficit of £5,889,410).

MIDDLE EAST NAVIGATION AIDS SERVICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM ACTIVITIES

	2009 £	2008 £
Net (outgoing)/incoming resources	(2,931,707)	1,528,801
Depreciation	1,340,367	1,427,252
Amortisation of currency gains	(55,420)	(55,176)
Interest element of finance lease rental payments	522,957	1,044,098
Investment income receivable	(517,077)	(629,768)
Interest receivable	(309,456)	(1,138,272)
(Increase)/decrease in stock	26,608	(191,467)
(Increase)/decrease in debtors	1,011,104	(319,594)
Increase/(decrease) in creditors	(101,481)	186,826
Share of net profit arising from joint venture	(542,639)	(358,115)
Pension provision	150,000	643,000
Foreign exchange movement	(16,707)	519,695
Net cash (outflow)/inflow from activities	<u>£(1,423,451)</u>	<u>£2,657,280</u>

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £	2008 £
(Decrease)/increase in cash in the year	(6,637,654)	4,863,028
Cash inflow/(outflow) from lease financing	629,641	(1,875,948)
Movement in net funds in the year	(6,008,013)	2,987,080
Net funds at 1 January	6,836,103	3,849,023
Net funds at 31 December	<u>£828,090</u>	<u>£6,836,103</u>

24 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2009 £	Cash flows £	At 31 December 2009 £
Lease security deposit	20,145,237	(5,160,041)	19,629,196
Cash at bank	8,533,977	(6,121,613)	2,412,364
Finance leases	28,679,214 (21,843,111)	(6,637,654) 629,641	22,041,560 (21,213,470)
	<u>£6,836,103</u>	<u>£(6,008,013)</u>	<u>£828,090</u>