

THE WEST OF ENGLAND SHIP OWNERS'
INSURANCE SERVICES LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 20 FEBRUARY 2020

Registered Number 01611499

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THE WEST OF ENGLAND SHIP OWNERS' INSURANCE SERVICES LIMITED
A subsidiary of The West of England Ship Owners Mutual Insurance Association (Luxembourg)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of The West of England Ship Owners' Insurance Services Limited will be held either virtually or at One Creechurch Place, Creechurch Lane, London EC3A 5AF, on Monday 21 September 2020 at 12.30 hours, for the following purposes: -

1. To approve the Report of the Directors and the financial statements for the year ended 20 February 2020.
2. To elect Directors.
2. To transact any other ordinary business of the Company.

By order of the Board



F Corrigan
Company Secretary

3 September 2020

Directors

T J Bowsher (Group Chief Executive Officer)
F Corrigan
M R Stevenson

Registered Office

One Creechurch Place
Creechurch Lane
London
EC3A 5AF
United Kingdom

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Email: mail@westpandi.com

Registered Number 01611499

REPORT OF THE DIRECTORS for the year ended 20 February 2020

The Directors present their report together with the financial statements of The West of England Ship Owners' Insurance Services Limited (the "Company") for the year ended 20 February 2020.

Principal Activity

Until 5 July 2018 the Company acted as landlord to tenant companies who occupied approximately two thirds of its premises at Tower Bridge Court, London. This activity represented the only, and therefore the principal, activity of the Company. Following the sale of the property and settlement of all outstanding balances it is the intention of the Directors to take the necessary steps to declare the Company dormant.

Future developments

It is the intention of the Directors to take the necessary steps to declare the Company dormant.

Strategic Review

Results and dividends

The loss on ordinary activities before taxation for the year amounted to £68,143 (2019 £8,291,230 profit) and, after provision for United Kingdom Corporation Tax and payment of a dividend to the sole shareholder of the Company, a loss for the financial year of £1,552,155 (2019 £24,009,576) has been taken directly to reserves.

At the General Meeting of the Members of the Company held on 19 February 2020 a dividend of £1,600,000 was approved for payment to the sole shareholder (2019 £31,000,000).

Going concern assessment

In September 2017, the Board of the Company's Parent, The West of England Ship Owners Mutual Insurance Association (Luxembourg), advised the Directors of the Company that owning the property, Tower Bridge Court, was no longer commensurate with the Association's risk profile and asked the Directors of the Company to market the property for sale.

Following the successful sale of the property in July 2018 it is the intention of the Directors to declare the Company dormant. The Directors consider that, as transactions are still likely in the year ending 20 February 2021, the dormant declaration is unlikely to be made before this point and as the Company has adequate resources by way of the statement of guarantee issued by its parent undertaking and sole shareholder to meet its ongoing obligations have therefore prepared this Annual Report and Financial Statements under a going concern basis.

Financial risk management

Schedule 7 of the Companies Act 2006 requires disclosure, where material, of the financial risk management objectives and policy of the Company and of its exposure to price, credit, liquidity and cash flow risks. The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising as they fall due. The most important components of this financial risk are investment risk, interest rate risk, credit risk and liquidity risk.

Investment risk

Until the sale of Tower Bridge Court the Company was exposed to fluctuations in the London commercial property market however the Company is no longer exposed to investment risk.

REPORT OF THE DIRECTORS for the year ended 20 February 2020 (continued)

Financial risk management (continued)

Interest rate risk

Following the repayment of its long-term borrowing on 7 July 2018 the Company is no longer exposed to interest rate risk.

Counterparty risk

Counterparty risk is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Company was exposed to counterparty risk was income from tenants of Tower Bridge Court. The Company is no longer exposed to this following the sale of the property. The Company remains exposed to counterparty risk on the cash it holds with financial institutions and amounts payable by fellow subsidiaries.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Board maintains sufficient cash balances and liquidity to manage anticipated liabilities and unexpected demand.

Directors

The Directors at the date of this report are as listed on page 1 and have no interest in the share capital of the Company. All these Directors held office throughout the year under review.

Charitable donations

The Company made no charitable donations during the year (2019 nil).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors 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 company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and Officers insurance

Throughout the year and at the time the Report of the Directors was approved, the Company maintained insurance cover for Directors and Officers against legal liabilities relating to the Company's activities.

REPORT OF THE DIRECTORS for the year ended 20 February 2020 (continued)

Audit exemption statement

For the year ending 20 February 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

By order of the Board



F Corrigan
Company Secretary

21 September 2020

PROFIT AND LOSS ACCOUNT
for the year ended 20 February 2020

	Note	2020 £	2019 £
Turnover	2	-	751,064
Operating charges		(77,140)	(1,235,250)
Operating loss		(77,140)	(484,186)
Interest receivable and similar income		8,997	19,255
Interest payable and similar charges	3	-	(243,839)
Change in unrealised gains on revaluation of property	7	-	(27,484,401)
Realised gains on disposal of property	7	-	36,484,401
(Loss) / Profit on ordinary activities before taxation	4	(68,143)	8,291,230
Tax on (loss) / profit on ordinary activities	6	115,988	(1,300,806)
Dividends paid		(1,600,000)	(31,000,000)
Loss for the financial year		(1,552,155)	(24,009,576)

The loss for the year is in respect of discontinued operations.

The accompanying notes from page 7 to page 12 form an integral part of these financial statements.

BALANCE SHEET
at 20 February 2020

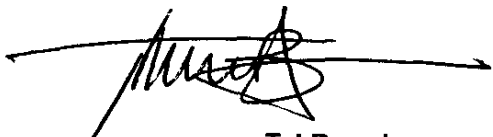
	Note	2020 £	2019 £
Current assets			
Debtors	8	109,716	-
Cash at bank		<u>30,657</u>	<u>3,958,901</u>
		140,373	3,958,901
Creditors: amounts falling due within one year	9	<u>(147,907)</u>	<u>(2,414,280)</u>
Net current (liabilities) / assets		(7,534)	1,544,621
Total assets less current liabilities		(7,534)	1,544,621
		<u>(7,534)</u>	<u>1,544,621</u>
Capital and reserves			
Called up share capital	11, 12	9,000	9,000
Profit and loss account	11	(16,534)	1,535,621
Total shareholder's funds		<u>(7,534)</u>	<u>1,544,621</u>

For the year ending 20 February 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The Financial Statements on pages 5 to 12 were approved by the Board of Directors on 21 September 2020 and signed on its behalf by:


T J Bowsher
Group Chief Executive Officer


F Corrigan
Director

The accompanying notes from page 7 to page 12 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020

1. Accounting policies

General Information

The West of England Ship Owners' Insurance Services Limited is a company incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The West of England Ship Owners' Insurance Services Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Report of Directors on pages 2 to 4.

Basis of preparation

These financial statements are prepared under the going concern basis, under the historical cost convention as modified by the revaluation of its investment property to fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") and the Companies Act. The principal accounting policies, which have been applied consistently throughout the year are set out below.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review which forms part of the Report of the Directors. The Report of the Directors also describes the financial position of the Company; its cash flows and liquidity position; the Association's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The company has a statement of guarantee by its parent undertaking and sole shareholder therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and until such a time as the business is declared dormant. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover relates to rental income received from tenants and to service and management charges and is recognised in the period to which it relates.

Deferred tax accounting

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020

2. Turnover

	2020 £	2019 £
Rental income	-	485,346
Service and management charge	-	265,718
	<u>-</u>	<u>751,064</u>

All turnover was derived from the United Kingdom. No further turnover was reported in the year to 20 February 2020 following the sale of Tower Bridge Court.

3. Interest payable and similar charges

The interest payable was payable to International Shipowners Reinsurance Company S.A. ("ISRe"), a fellow subsidiary undertaking.

4. Profit on ordinary activities before taxation

Profit before taxation is stated after charging:

	2020 £	2019 £
Staff costs	-	106,058

5. Directors and Employees

No emoluments were paid to the Directors for the year ended 20 February 2020 (2019 £ nil) in respect of any services to this Company. No other staff were employed during the year. The Company used an outsourcing party to assist with the management of the Tower Bridge Court property until the property was sold on 5 July 2018 and staff costs for administration are recharged by West of England Insurance Services (Luxembourg) S.A. (Note 4).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020 (continued)

6. Tax on profit on ordinary activities

a) Analysis of charge in period

	2020	2019
	£	£
Current tax		
Corporation tax	(12,947)	1,359,429
Other current tax		
Adjustments in respect of prior period tax charge	(103,041)	1,713
Total current tax	(115,988)	1,361,142
Deferred tax		
Origination and reversal of UK timing differences	-	(60,336)
	(115,988)	1,300,806

The assessed tax for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained in Note 6(b).

b) Factors affecting current tax charge for period

	2019	2018
	£	£
(Loss) / Profit on ordinary activities before taxation	(68,143)	8,291,230
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(12,947)	1,575,334
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	57,937
Income brought in for tax purposes (see below)	-	54,158
Capital allowances	-	(328,000)
Total current tax	(12,947)	1,359,429

Income brought in for tax purposes represents the imputed rental income from the space occupied by the affiliated company until the sale of Tower Bridge Court. The UK corporation tax rate is 19%.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020 (continued)**7. Tangible fixed assets**

At 20 February 2018 37% of the Company's freehold premises at Tower Bridge Court, London, was occupied by an associated company. The remaining 63% of the property was rented to tenants. The property was externally valued on a fair value basis at £42,000,000 by Dron & Wright, qualified property consultants, as at 20 February 2018. This valuation was performed in accordance with the current edition of the RICS (Royal Institution of Chartered Surveyors) – Global Standards (the Red Book) appraisal and valuation standards.

On 5 July 2018 the freehold premises at Tower Bridge Court, London, was sold after which a dividend was remitted to the Company's Parent and sole shareholder. It is the intention of the Directors to, in due course, declare the Company dormant. It is not considered that this will happen until after the year-ending 20 February 2021.

	2020 Investment property Total £	2019 Investment property Total £
Valuation		
At beginning of the year	-	42,000,000
Revaluation	-	9,000,000
Disposals	-	(51,000,000)
At end of the year	<u>-</u>	<u>-</u>

8. Debtors

	2020 £	2019 £
Amount owed from group undertakings	53,015	-
UK Corporation tax	56,701	-
	<u>109,716</u>	<u>-</u>
All debtors fall due within one year.		

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Corporation tax	-	2,067,287
Other creditors	147,907	41,097
Amount owed to group undertakings	-	305,896
	<u>147,907</u>	<u>2,414,280</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020 (continued)

10. Deferred tax liability

	2020 £	2019 £
Timing differences	-	-
Chargeable gain on revaluation of property	-	-
Total deferred tax	-	-

	2020 £	2019 £
At start of year	-	2,817,292
Deferred tax charge on timing differences	-	(60,336)
Transfer deferred tax on unrealised property gain to tax payable	-	(2,756,956)
At end of year	-	-

11. Called up Share Capital

	2020 £	2019 £
Authorised 50,000 (2019: 50,000) Ordinary shares of £1 each	50,000	50,000
Allotted, issued and fully paid 9,000 (2019: 9,000) Ordinary shares of £1 each	9,000	9,000

12. Reconciliation of movements in shareholder's funds

2020	Called up Share Capital £	Profit & Loss account £	Total £
Opening shareholder's funds	9,000	1,535,621	1,544,621
Loss for the financial year	-	(1,552,155)	(1,552,155)
Closing shareholder's funds	9,000	(16,534)	(7,534)
2019	Called up Share Capital £	Profit & Loss account £	Total £
Opening shareholder's funds	9,000	25,545,197	25,554,197
Loss for the financial year	-	(24,009,576)	(24,009,576)
Closing shareholder's funds	9,000	1,535,621	1,544,621

NOTES TO THE FINANCIAL STATEMENTS for the year ended 20 February 2020 (continued)

13. Subsequent events

Since the date of these financial statements and following the unparalleled development of the Covid-19 outbreak and the unprecedented responses by governments worldwide, the Directors have been closely monitoring the impact on the Parent.

The shipowner Members of the Parent are inevitably impacted by the consequent slowdown in global trade so when preparing these financial statements, the Directors have assessed the potential impact on the Parent and the Group as a whole in order to assess the impact on the Company. The Directors have concluded that the Parent has sufficient financial strength at 20 February 2020 so that no adjustment is required to the Amounts owed from group undertakings in the Balance Sheet.

Looking forward, for the year-ending 20 February 2021, it is likely that the slowdown in global trade may lead to a Gross written premium reduction of the Parent but not in excess of 10%. The Directors do not consider that this will lead to a material impact on the prospective operating performance of the Parent because the likelihood, as with prior global economic recessions, is that there will be a corresponding reduction in net incurred claims cost. The Directors have therefore concluded that there is no need to review its budgeted expenditure for the year because the Parent will continue to meet its financial obligations to the Company.

The Parent holds sufficient liquid resources to meet its short-term cash flow requirements and the Parent has maintained a conservative investment strategy for a number of years and this strategy, driven by the objective of mitigating the downside risk of returns and preserving its solvency position as well as overall liquidity, has ensured extreme market movements, such as those experienced in March 2020, can be absorbed without unduly impacting its capital and liquidity positions.

There have been no other significant events after the Balance Sheet date.

The financial statements were authorised for issue by the Board of Directors on 21 September 2020.

14. Ultimate Controlling Party

The Company is a subsidiary of The West of England Ship Owners Mutual Insurance Association (Luxembourg), a mutual insurance association established in Luxembourg. That Association holds 9,000 Ordinary shares of £1 each in the Company, representing 100% of the issued share capital (Note 11) and is both the controlling party and ultimate controlling party. The Association is the parent undertaking of both the largest and smallest group of undertakings to consolidate these financial statements. A copy of the Association's financial statements can be obtained from the Company Secretary at 31 Grand-Rue, L-1661 Luxembourg, G.D. Luxembourg.

15. Related Parties

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under FRS 102 section 33.1A where subsidiary undertakings do not have to disclose transactions with group companies qualifying as related parties provided that consolidated financial statements are publicly available. There are no other transactions requiring disclosure.