

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**

**(Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**



**Registered Number 2550582**

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**

**(Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

**Registered Number 2550582**

**PKF**

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**ANNUAL REPORT**  
**YEAR ENDED 31 DECEMBER 2003**

**CONTENTS**

REPORT OF THE DIRECTORS	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
INDEPENDENT AUDITORS' REPORT	3
INCOME AND EXPENDITURE ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2003.

**PRINCIPAL ACTIVITY**

The principal activity of the company is the provision of secretariat services to the international shipping industry associations.

**INCOME AND EXPENDITURE**

There was a deficit of £111,705 (2002 : £123) after taxation for the year ended 31 December 2003, which has resulted in reserves in deficit of £81,681 (2002 : Reserves of £30,024) at the year end. This is the first year that the company has been able to compute its share of the deficit in the pension plan to which it is a co-sponsoring employer. The deficit of £115,048 has been fully provided and has contributed to the year's deficit and consequently the deficit in reserves. This is explained in note 6 to the financial statements on page 8. The financial statements have been prepared on the going concern basis for the reasons explained in Note 1 on page 6.

**BOARD OF DIRECTORS**

The directors during the year ended 31 December 2003 were:-

Mr Rolf Westfal-Larsen	Chairman
Mr David John Sterrett	Vice Chairman
Mr Marnix van Overklift	(Resigned 12 May 2003)
Mr Spyros Michael Polemis	
Mr Yasuhide Sakinaga	
Mr Samuel Cooperman	(Appointed 12 May 2003)

No director is, or has been, entitled to any fee or salary.

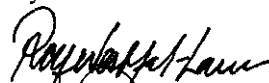
**AUDITORS**

A resolution to reappoint PKF as auditors will be proposed at the forthcoming Annual General Meeting.

**BASIS OF PREPARATION**

The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Rolf Westfal-Larsen



Directors

Spyros Michael Polemis

9 May 2004

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 company and of the excess or deficit of income over expenditure of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED  
(Limited by Guarantee)**

We have audited the financial statements of Maritime International Secretariat Services Limited which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the historical cost convention and accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors'. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

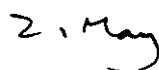
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK

  
**PKF**  
Registered Auditors



2004

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2003**

<u>Notes</u>	<u>2003</u>	<u>2002</u>
	£	£
<b>INCOME</b>		
<b>Services supplied</b>		
ICS	649,790	461,867
ISF	249,263	173,655
IMEC	75,000	60,000
ECSA	-	4,650
IMTT	22,500	18,000
Income from sale of publications	474,840	775,868
Interest received	1,955	1,434
(Loss) on exchange transactions	(1,450)	(1,409)
Other income	-	5,400
	<hr/>	<hr/>
	1,471,898	1,499,465
<b>EXPENDITURE</b>		
Staff costs	1,043,196	995,872
Administration and property costs	240,981	229,212
Cost of printing and distribution of publications	210,189	191,468
Washington costs	24,190	29,444
Printing and stationery	4,080	4,135
Travel	1,465	716
Catering and entertaining	1,884	2,020
Telephone, fax charges and postage	5,812	9,598
Computer costs	21,331	16,505
Legal and professional	21,322	9,055
Audit fee	3,635	3,465
Provision for depreciation	5,160	3,741
Sundries	2,164	3,222
Bank charges	694	1,065
Provision for bad debts	(2,500)	-
	<hr/>	<hr/>
	1,583,603	1,499,518
<b>(Deficit) for the year before taxation</b>	(111,705)	(53)
Taxation payable	3	(70)
	<hr/>	<hr/>
<b>(Deficit) for the year after taxation</b>	(111,705)	(123)
	<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 6 to 9 form part of these financial statements.

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**BALANCE SHEET**  
**31 DECEMBER 2003**

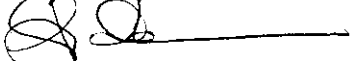
	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	2	7,645	6,878
<b>CURRENT ASSETS</b>			
Stock	4	66,893	92,218
Trade debtors		72,099	45,978
Other debtors		150,565	59,302
Prepayments		7,414	5,079
Cash at bank and in hand		45,939	98,091
		<u>342,910</u>	<u>300,668</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year			
Other creditors		<u>317,188</u>	<u>277,522</u>
<b>NET CURRENT ASSETS</b>		<u>25,722</u>	<u>23,146</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>33,367</u>	<u>30,024</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Pensions scheme provision	6	<u>115,048</u>	-
		<u>(81,681)</u>	<u>30,024</u>
<b>ACCUMULATED FUNDS</b>			
Balance at 1 January	7	30,024	30,147
(Deficit) for the year	7	(111,705)	(123)
Balance at 31 December		<u>(81,681)</u>	<u>30,024</u>

The notes on pages 6 to 9 form part of these financial statements.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board of Directors on 9 May 2004.

  
Rolf Westra-Larsen

  
Spyros Michael Polemis

Directors



**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**1 ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Going Concern**

The company has a deficit of net assets and is dependent on the continued support of The International Chamber of Shipping Limited and The International Shipping Federation Limited, which are related undertakings. At the balance sheet date, the company owed The International Shipping Federation Limited £195,126 and was owed £57,021 by The International Chamber of Shipping Limited. The directors have obtained from those companies confirmation that they intend to continue to support the company and to enable it to pay its debts as they fall due, for the foreseeable future and on that basis, consider it appropriate to prepare these accounts on the going concern basis.

**Depreciation**

Depreciation is provided to write off the costs less residual value of assets over their estimated useful lives at a rate of 25% per annum on a straight line basis.

**Stock**

Stock consists of publications for resale and publications in intermediate stages of completion. Finished goods are valued at the lower of cost and net realisable value. Unfinished goods are valued at cost.

**Foreign exchange**

Transactions arising in the accounting period are translated using the exchange rate ruling at the date on which the transactions occurred. At the balance sheet date assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

**Operating leases**

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

**Turnover**

Turnover represents income for secretarial services supplied (stated net of Value Added Tax) to defray expenditure, as well as income from the sale of publications.

**Pensions**

The company is a participating employer of the Chamber of Shipping Retirement Benefit Plan. The scheme is a multi-employer defined benefit scheme set up to provide benefits for the employees of member companies. Contributions to this scheme are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the company. The investments comprising the funds of the plan are administered by trustees and are independent of the company's assets. The company also participates in a Group Personal Pension Plan which is a defined contribution arrangement. Amounts in respect of this Plan are charged to the Income and Expenditure account as they fall due. Further details are set out in note 6.

**Expenditure**

All expenditure is accounted for on an accruals basis.

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**1 ACCOUNTING POLICIES (Continued)**

**Deferred taxation**

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No. 19 "Deferred Tax". This represents a change in accounting policy but no material change arises to the current or previous year's deferred tax provision under the new policy. Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

**2 TANGIBLE FIXED ASSETS**

	<b><u>Plant and machinery</u> £</b>
<b>Cost</b>	
At 1 January 2003	68,451
Additions	5,926
	<hr/>
At 31 December 2003	74,377
	<hr/>
<b>Depreciation</b>	
At 1 January 2003	61,573
Charge for year	5,159
	<hr/>
At 31 December 2003	66,732
	<hr/>
<b>Net book value</b>	
At 31 December 2003	7,645
	<hr/>
At 31 December 2002	6,878
	<hr/>

**3 TAXATION**

The corporation tax credit is made up as follows:

	<b><u>2003</u> £</b>	<b><u>2002</u> £</b>
Corporation tax underprovided in prior years	-	70
	<hr/>	<hr/>
	-	70
	<hr/>	<hr/>

There are tax losses of approximately £14,142 to carry forward.

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>4 STOCK</b>	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b>£</b>	<b>£</b>
Finished goods	47,831	73,156
Products in intermediate stages of completion	19,062	19,062
	<hr/>	<hr/>
	<b>66,893</b>	<b>92,218</b>
	<hr/>	<hr/>

**5 DIRECTOR'S INFORMATION**

The directors did not receive any remuneration during the year.

**6 EMPLOYEE PENSIONS**

The Company participates in a defined benefit pension scheme (The Chamber of Shipping Retirement Benefits Plan (the Plan) which provides benefits based on pensionable earnings at retirement or leaving. The Plan is funded with the assets being held by the trustees separately from the assets of the Company.

Contributions to the Plan are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives. The required contributions are assessed by independent qualified actuaries, on the basis of triennial actuarial valuations using the projected unit method.

Previously it was not possible to identify the Company's share of the underlying assets and liabilities, however as part of a separate exercise the share of the Plan's assets and liabilities has been allocated on a reasonable and consistent basis between the two participating employers (the Chamber of Shipping Limited and Maritime International Secretariat Services Limited). This allocation has resulted in Maritime International Secretariat Services Limited taking responsibility for 7.7% of the Plan's assets and liabilities.

An actuarial review was undertaken as at 1 January 2003. This showed that a shortfall of £577,500 was attributable to Maritime International Secretariat Services Limited. This deficit is being amortised as a level percentage of payroll over the expected average remaining service lives of the active members of the Plan (10 years).

The most significant assumptions that were used to determine the pension cost for these accounts are:

- An investment return of 7% pa before retirement and 5% pa after retirement;
- Price inflation of 2.7%;
- General salary increases of 4.7% pa;
- Pension increases of 2.7% pa (or at the rate of guaranteed increases where relevant); and
- Assets were taken at market value.

The normal pension charge for the year was £174,103 (2002: £62,641). The actual contributions paid were £59,055 (2002: £62,461) resulting in the build up of a provision of £115,048.

The Company also operates a Group Personal Pension Plan the assets of which are held separately from the Company. The amount charged to the profit and loss account £11,721 (2002: £4,844) represents the contributions payable in respect of the accounting period.

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**6 EMPLOYEE PENSIONS (Continued)**

**FRS 17**

This is the first year in which the Company is required to disclose pension scheme details in line with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Whilst the Company continues to account for pension costs in accordance with the Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under the FRS 17 'Retirement Benefits' sections included in the Financial Reporting Standard for Smaller Entities (effective June 2002) the following transitional disclosures are required:

The last actuarial valuation of the Chamber of Shipping Retirements Benefits Plan was carried out as at 1 January 2002. This has been updated to 31 December 2003 by an independent qualified actuary.

*The main assumptions used in assessing the liabilities for FRS17 purposes were:*

<b>Assumptions</b>	<b>31 December 2003</b>
Discount rate	5.3%
Rate of increase in salaries	4.8%
Rate of increase in pensions in payment (Pre 1997)	3.0%
Rate of increase in pensions in payment (Post 1997)	2.8%
Inflation assumption	2.8%

The rates used have been chosen from a range of possible amounts determined using actuarial assumptions that due to the timescale covered may not necessarily be borne out in practice.

**Plan assets**

The fair value of the Plan's assets which are not intended to be realised in the short term and may be subject to significant change, and the present value of the schemes' liabilities, which are derived from the cash flow projections over long periods and are thus inherently uncertain, were:

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**6 EMPLOYEE PENSIONS (Continued)**

	<b>31 December 2003</b>
	<b>Value £000's</b>
	<b>Rate of Return</b>
Equities	7.25% 988
Bonds	5.25% 937
Cash	3.00% 5
Total value of scheme assets	1,930
Present value of scheme liabilities	(2,465)
Deficit in scheme	(535)
Related deferred tax asset	102
Net pension liability	(433)

**7 ACCUMULATED FUNDS**

	<b>£</b>
At 31 December 2002	30,024
(Deficit) for the year	(111,705)
At 31 December 2003	(81,681)

**8 OPERATING LEASES**

At 31 December 2003, the company had annual commitments under non-cancellable operating leases in respect of motor vehicles which expire as follows:

	<b><u>2003</u> £</b>	<b><u>2002</u> £</b>
Between two and five years	5,236	5,236

The operating lease charge for the year was £5,236 (2002: £5,164).

**9 CONTINGENT LIABILITIES**

The company has a joint and several liability for VAT under a group registration scheme. At the balance sheet date the group did not have a VAT liability.

**MARITIME INTERNATIONAL SECRETARIAT SERVICES LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**10 RELATED PARTY TRANSACTIONS**

- (a) The company is jointly controlled by The International Shipping Federation Limited ("ISF") and International Chamber of Shipping Limited ("ICS"), companies which are both limited by guarantee.
- (b) The company provides secretarial and administrative services to ISF and ICS. During the year the amounts charged to ISF and ICS were as follows:

	<u>2003</u> £	<u>2002</u> £
ICS	649,790	461,867
ISF	249,263	173,655
	<hr/>	<hr/>

- (c) At 31 December 2003 the company owed £195,126 (2002: £106,642) to ISF, and was owed £57,021 by ICS (2002: owed ICS £80,173).