

Stena Line Manning Services Limited

**Directors' report and financial statements
For the year ended 31 December 2010**

Registration Number: 3242135



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Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2010

Principal activity and business review

The principal activity of the Company is the provision of marine personnel administration services

The turnover and the profit for the year are as stated in the profit and loss account which is presented on page 7.

The profitability of the Company is similar to previous years.

Future prospects

On 1 January 2011 various employees of Stena Line Limited transferred their employment to the Company and the Company will provide personnel administration services for the shore based personnel employed by Stena Line Limited. On this date the Company became a participating employer in both the Stena Line (UK) Defined Benefit and Defined Contribution Pension Schemes

Directors

The directors on the Board of Stena Line Manning Services Limited who held office during the year or subsequently were:

V Goodwin (resigned on 5 November 2010)
J A C Olsson (resigned on 1 June 2011)
P G Blomdahl
L D Stracey
K MacLeod
M A McGrath (appointed on 5 November 2010)
O Helgesson (appointed on 1 June 2011)

Dividend and transfers to reserves

The directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009: £nil). An amount of £2,000 (2009: £2,000) representing the profit retained for the financial year has been transferred to reserves

Employees

The Company does not employ any personnel directly, but draws on the resources of other group undertakings for its business requirements

Directors' Report *(continued)*

Political and charitable contributions

The Company made no political or UK charitable contributions during the year (2009. £nil)

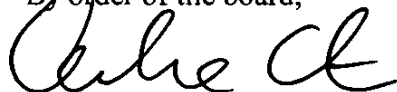
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board,



L D Stracey
Director
1 Suffolk Way
Sevenoaks
Kent
TN13 1YL

27 September 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH

Independent auditor's report to the members of Stena Line Manning Services Limited

We have audited the financial statements of Stena Line Manning Services Limited for the year ended 31 December 2010 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Stena Line Manning Services Limited (*continued*)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



E W Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Date 29 September 2011

Profit and Loss Account
for the year ended 31 December 2010

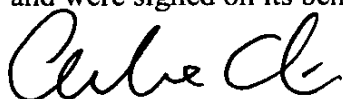
	Notes	2010 £000	2009 £000
Turnover		65	72
Administrative expenses		(62)	(69)
Operating profit and profit on ordinary activities before taxation			
	2-3	3	3
Taxation on profit on ordinary activities	4	(1)	(1)
Profit for the financial year		2	2

There are no recognised gains or losses for the current and prior year other than those presented in the profit and loss account. Accordingly no statement of total recognised gains and losses has been prepared. The results for the current and prior years are derived from continuing operations.

Balance sheet
at 31 December 2010

	Notes	2010 £000	2009 £000
Current assets			
Debtors	5	65	72
Creditors:			
Amounts falling due within one year	6	(30)	(39)
Net assets and total assets less current liabilities		35	33
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	7	35	33
Shareholders' funds		35	33

These financial statements were approved by the board of directors on 27 September 2011 and were signed on its behalf by



L D Stracey
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

(b) Going concern

The financial statements have been prepared on a going concern basis because, after making due enquiries, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future

(c) Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

(d) Related party transactions

As the Company is a wholly owned subsidiary of Stena AB, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Stena AB, within which this Company is included, can be obtained from the address given in note 9.

(e) Turnover

Revenue is included in a period where the service is performed and represents income arising from the provision of marine personnel administration services

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Notes (continued)

1 Accounting policies (continued)

(f) Taxation (continued)

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Profit on ordinary activities before taxation

Auditors' remuneration

	2010 £000	2009 £000
Audit of these financial statements	2	2

Auditors' remuneration is borne by Stena Line Limited and hence no charge is included in these financial statements

3 Directors and employees

The directors received no emoluments for services provided to the company during the year (2009: £nil)

The company does not employ any personnel directly but draws on the resources of Stena Line Limited for its business requirements. Administrative expenses include employee costs recharged by Stena Line Limited amounting to £46,000 (2009 £45,000)

4 Taxation

Analysis of charge in period

	2010 £000	2009 £000
UK corporation tax		
Group relief payable	1	1
Tax on profit on ordinary activities	1	1

Notes (continued)

4 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is the same (2009 the same) as the standard rate of corporation tax in the UK during the year of 28% (2009 28%) The differences are explained below

Reconciliation of the Company's current tax to the United Kingdom statutory rate of 28% (2009 28%).

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3	3
Current tax at 28% (2009: 28%)	1	1

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

5 Debtors

	2010 £000	2009 £000
Amount owed by other group undertakings	65	72
	65	72

6 Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to immediate parent undertaking	28	38
Amounts owed to other group undertakings	2	1
	30	39

Notes *(continued)*

7 Capital and reserves

(a) Called up share capital

	2010 £	2009 £
Authorised:		
100 ordinary shares at £1 each	100	100
Allotted, called up and full paid:		
1 ordinary share at £1 each	1	1

(b) Movements on capital and reserves

	Called up share capital £000	Profit and loss account £000
At 1 January 2010	-	33
Retained profit for the financial year	-	2
At 31 December 2010	-	35

(c) Reconciliation of movement in equity shareholders' funds

	2010 £000	2009 £000
Retained profit for the financial year	2	2
Opening shareholders' funds	33	31
Closing shareholders' funds	35	33

8 Pension arrangements

With effect from 1 January 2011 the Company participates in the Stena Line (UK) Pension Scheme (the "Scheme") The Scheme has defined benefit and defined contribution sections The assets of the Scheme are managed on behalf of the trustees by independent fund managers

The latest formal valuation of the Scheme was carried out at 31 March 2009 and has been updated to 31 December 2010 by a qualified independent actuary who was appointed by the Company

Notes (continued)

8 Pension arrangements (continued)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice are set out below

	2010 %	2009 %	2008 %
Rate of increase in salaries	3.70	3.90	3.75
Pension increases - payment	3.20	3.40	2.75
Pension increases - deferment	3.20	3.40	2.75
Discount rate	5.50	5.75	6.50
Inflation assumption	3.20	3.40	2.75
<i>Return on assets</i>			
Equities	7.50	7.50	7.50
Bonds	5.50	5.75	6.00
Property	7.50	7.50	7.50
Cash/other	1.25	4.40	2.50

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, are set out below

	2010 £m	2009 £m	2008 £m
Equities	79.7	68.9	67.7
Bonds	70.4	68.0	67.6
Property	5.9	5.2	5.6
Other	6.8	2.7	2.1
Total fair value of scheme assets	162.8	144.8	143.0
Present value of scheme liabilities	(218.9)	(211.5)	(158.0)
Net pension deficit	(56.1)	(66.7)	(15.0)

For the defined benefit section of the Scheme the contributions were determined following the last formal actuarial valuation. The valuation was carried out by independent qualified actuaries as at 31 March 2009 using the Attained Age Method. The value of assets was £121.3m, which was sufficient to cover 55% of the accrued benefits, after allowing for expected future increases in earnings.

Notes *(continued)*

8 Pension arrangements *(continued)*

On 8 September 2010 Stena Line Limited, on behalf of all participating employers (including the Company), agreed a new Recovery Plan with the Trustees of the UK Scheme in respect of the deficit disclosed by the 31 March 2009 valuation. This Recovery Plan requires Stena Line Limited to pay a contribution of £9.4m on 30 June 2010, increasing by 3% per annum in each subsequent year with the final payment in 2021. On 8 September 2010 Stena Line Ports Limited agreed to guarantee the obligations of Stena Line Limited under the new Recovery Plan.

The Company has not recognised any liability within its balance sheet at 31 December 2010 for the pension deficits of the Scheme because an allocation of the deficit and the related assets or liabilities has not been made to the Company.

9 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's ultimate parent undertaking and controlling party is Stena AB, a company incorporated in Sweden. The Company's immediate parent undertaking is Stena Line Limited, incorporated in Great Britain and registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Stena AB. The consolidated financial statements of this group are available from Stena AB, S-405 19 Gothenburg, Sweden.