

FINNISH SEAMEN'S SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

2014

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REPORT BY THE BOARD OF DIRECTORS OF THE FINNISH SEAMEN'S SERVICE FOR 2014

In 2014, people reminisced the beginning of the First World War 100 years earlier as the crisis in Ukraine and the situation in the Middle East are clouding the view. The decline in the price of oil in the second half of the year and the financial sanctions imposed by the West on Russia, in particular, intensified Finland's economic challenges, and the growth of the Finnish gross domestic product (GDP) remained near zero, behind the growth of approximately 0.5% in the Eurozone. On the other hand, the reduced price of energy slightly boosted the economy. Industrial production continued to contract, by -2.6% compared with 2013, although the chemical industry and mining showed growth of almost 10%. The metal industry managed to fill its order books especially in the autumn, with an almost 15% increase over the preceding year; helped by this trend, orders in all of industry ended up at a level 7.7% higher than the year before.

The total tonnage of freight transported in international sea transport remained almost unchanged (-0.3%) in comparison with the previous year. In 2014, a total of 96,097,404 tonnes of freight were transported in sea traffic, of which Finnish ships accounted for 43.5% in imports and 22.5% in exports. Transit traffic through Finnish ports increased by 6.2%, to a total of 8,012,579 tonnes. The number of passengers remained nearly the same (-0.2%) as the 2013 figure, at 18,181,844 passengers.

The tonnage of international traffic under the Finnish flag increased by 6,272 gross tonnes over the preceding year even though the total number of ships was eight fewer than before; three new ships flew the Finnish flag and 11 ships left. The increased consisted of bulk, dry freight and passenger ships, whereas those that left were mostly small dry cargo ships, one ro-ro ship and one cement ship.

The sulphur directive, which entered into force at the beginning of 2015, moved Finnish ships to some new traffic areas and contributed to both the selling and purchasing of ships.

There were some changes to the personnel of the Finnish Seamen's Service (FSS) in 2014. In February Milja Nitovuori, the long-serving librarian, retired on a well-deserved pension. In July Managing Director Niklas Rönberg transferred to the service of another employer, and Martti Karlsson returned as the Managing Director.

The actual revenues of the Finnish Seamen's Service were very close to those budgeted. Slightly more FSS fees than estimated were received, and an additional instalment of the seamen's welfare and rescue levy was obtained in 2014. The services of the Finnish Seamen's Service were managed at the same high level as before.

The construction project of the building at Linnankatu 3 was started in the spring. In the summer, the office of the Finnish Seamen's Service moved to temporary premises in the Olympia Terminal where the library and the gym were also relocated. The "Mepala" building in Ruissalo in Turku was sold, and the proceeds from it were used to provide capital for the construction of a new building.

INFORMATION

VAPAAVAHTI

Four issues of the printed magazine called Vapaavahti were published. The magazine is published in Finnish and Swedish and in four colours. The magazine provided information about services, events and courses organised by FSS as well as seafarers' own leisure activities.

The 2014 issues of the magazine contained articles about FSS's own operation, seamen's culture, and the health and well-being of seafarers. Interviews were conducted with seafarers and other people employed in the industry. The magazine regularly published texts written by seafarers.

In addition to ships and stakeholders in the seafaring sector, the magazine was delivered to media outlets writing about seafaring and to subscribers. Vapaavahti's the total page count was 312 (280), varying between 72 and 84 per issue. The magazine's total circulation was 2,100; about 60 magazines were posted abroad.

OTHER COMMUNICATION

An electronic newsletter was delivered to approximately 130 ships every week. Its content consisted of key seafaring, Finnish, foreign and sports news items as well as FSS's own bulletins.

Online communication was further enhanced by developing the Service's Website and Facebook service. Photographs of FSS's sports and cultural events and crafts were published on the Web. Information about FSS's operation was also disseminated during the Service's own courses and events, in trade magazines and on its own stand at the Sjöfartens Dag event in Mariehamn.

NEWSPAPER SERVICE

At the end of 2014, FSS had 4 (4) newspaper service desks in foreign ports that subscribed to Finnish and Swedish daily newspapers. Newspapers and magazines were subscribed for seafarers to Helsinki, Turku, Kotka, Hanko, Rauma, Mäntyluoto, Kaskinen, Raahe, Oulu and Kemi. Newspaper packages were delivered to ships via the postal service, brokers and a service desk at the airport.

For foreign seafarers visiting Finnish ports, magazines were subscribed from Germany, Sweden, Poland, England, the Netherlands, Russia, Estonia and the Philippines. The magazine selection was complemented by purchasing newsstand copies. Foreign seafarers were also provided with e-mail news in collaboration with other seamen's service organisations.

NB: (2013 figures in brackets)

FILM SERVICE

Films on DVD and Blu-Ray disks as well as PlayStation 3 games were delivered to ships. Upon request, different hobby programmes were also supplied.

A total of 21,118 (22,599) films were exchanged. There were 1,133(1,208) instances of exchange, the majority of these 687 (836) from the Helsinki office. Films were delivered to ships by field officers, contact persons, exchange crews as well as through seamen's missions and the postal service.

In the year under review, 124 (136) ships took part in the film service.

STUDY ACTIVITIES

The Finnish Seamen's Service arranged 55 (53) courses that were attended by 473 (509) seafarers. The most popular courses were handicraft and golf courses and a hiking trip to Ylläs. In the Åland Islands courses were organised by Medborgarinstitutet i Mariehamn (Medis). Language courses, computer literature and other self-study materials were lent to seafarers.

COURSES

Year	Total number of courses		Participants	
	2014	2013	2014	2013
Computer courses	4	1	24	6
Hobby courses	21	26	166	245
Language courses	5	1	43	9
Sports and well-being	25	25	240	249
Total	55	53	473	509

LIBRARY SERVICE

In the year under review, 97 (136) used the library service and there were 210 (308) exchanges of libraries.

Ships covered by the FSS agreement had libraries containing 35-350 books that were changed when necessary. Books in Estonian, Russian and English were purchased to the library in addition to ones in Finnish.

Books were circulated on foreign ships visiting Finnish ports.

At the ship library in Helsinki, seafarers selected books for themselves or to take on board.

Vapaavahti magazine published introductions of books and authors.

During 2014, FSS did not manage to acquire E-books to libraries except for material not covered by copyright.

In the latter part of the year the library started the adoption of the Axiell Aurora library system.

SPORTS AND OCCUPATIONAL WELL-BEING

During the year in review, visits to passenger and cargo ships were continued with the purpose of providing information about FSS services. A project for the pilot year of ForMare, the occupational well-being project, was implemented in collaboration with the Seafarer's Pension Fund. Of all seafarers on board m/s Silja Serenade, 20 individuals were chosen from about 100 applicants. They all stayed with the project throughout its duration. The results of this project, which promotes changes in lifestyle and improvement of the quality of life, exceeded all expectations and provide a boost to next year's project planned for many times the current number of participants. ForMare had a total of 232 events and meeting instances.

A total of 444 (458) seafarers took part in the Minute Competition, an exercise competition. The individual race was won by Pekka Juntunen from m/s Gabriella, and the winner in the vessel category was m/s Miranda.

Ice hockey was played by eight teams and 140 (110) players and football by 19 (15) teams and 230 (200) players. In all, 14 teams and 180 (140) players took part in the Nordic Open tournament in floorball. In the summer, 30 cruiser games were arranged, with a total of 443 seafarers taking part. The two golf tournaments had a total of 82 (84) players.

Gym services in Helsinki, Turku and Mariehamn were used 6,156 (7,422) times. Gyms had 911 (1,294) and indoor ice-skating rinks 1,545 (1,150) visitors.

FSS arranged 12 pre-ordered occupational well-being events that had a total of 220 participants.

Minna Kesäläinen, a waitress on-board m/s Amorella, was chosen as the Seaman Athlete of the Year. Kekkonen's Cup was also won by Viking Line's m/s Amorella.

HOBBIES AND RECREATIONAL ACTIVITIES

An exhibition was organised during the Kotka Maritime Festival on 24-29 July 2014. The exhibition was a success, and the number of visitors was delightfully high. The exhibition consisted of scale models, paintings, rope work and seaman dolls, as well as the best pictures of a photography competition.

Together with the Finnish Seamen's Mission and the Ship Historical Society of Finland, three seamen's evenings were held at the Seamen's Centre in Vuosaari. The subjects of these evenings included m/s Ariel's trips, machine-operated vessels of the Gustaf Erikson shipping company, and chapters in the history of m/s Finnpolaris. The evenings were attended by a total of 91 former and current seafarers.

The Nordic seafarers' photography competition received a total of 944 (1,030) photographs. The competition was won by able seaman Elin Johansson from Sweden. Art and visitation trips were organised for crew members of ships that visited the Port of Helsinki.

INTERNATIONAL COOPERATION

FSS participated in the Preparatory Tripartite MLC, 2006, Committee conference in Geneva on 7-10 April.

A joint Nordic director and sports meeting was held in Copenhagen on 18 -19 November, which discussed the development and cooperation of Nordic seamen's services.

DOMESTIC COOPERATION

In the spring, FSS took part in the Sjöfartens Dag event in Mariehamn and was a member of the steering group of the Stay Onboard project, which was run by the Kymenlaakso University of Applied Sciences and completed at the end of the year.

FSS operations were introduced at a recruitment seminar of seafaring organisations where student counsellors were provided information about the industry. The occupational well-being manager of FSS gave a speech at a seminar arranged by the Seafarer's Pension Fund in Helsinki on 23 October and attended the Bra arbetsliv på sjön event in Mariehamn on 25 March.

Together with the Finnish Seamen's Mission, FSS established a service desk for crew members of cruise ships visiting Finland in Hernesaari and continued the development of the Seamen's Centre in Vuosaari.

FIELD OFFICER AND CLUB ACTIVITIES

HELSINKI

Field officers from Helsinki made 1,694 (1,815) ship visits in their area of operation from Porvoo to Hanko. Libraries were exchanged 106 (151) and films 687 (833) times. The transportation service was used by 861 (913) seafarers, and 505 magazine packages were delivered.

The Seamen's Centre in Vuosaari has maintained seamen's club activities in cooperation with the Finnish Seamen's Mission. Three seamen's evenings were held on the premises, attended by 91 former and current seafarers. A total of 27 people from shipping companies and vessels participated in an intermediate seminar of the Stay Onboard project. The publication event of the Sounds from the Sea book was attended by 40 guests from the seafaring sector.

Three access passes were purchased for the gym in Vuosaari and lent to seamen from the Seamen's Centre. During the year, 86 seafarers used those access passes.

A service desk for seafarers on cruise ships was opened in Hernesaari in collaboration with the Finnish Seamen's Mission. The Anchor Cruise Crew Lounge received a subsidy from the ITF Seafarer's Trust. The Lounge was open from June until September and was visited by 5,525 seafarers. Sporting events were attended by 379 seafarers, and 312 seamen used transportation services.

KOTKA

During the year under review, the field officer in Kotka made 1,337 (1,481) visits on ships at the ports in Kotka, Hamina, Loviisa and Lappeenranta. Library units were exchanged 29 (32) times, and DVD film packages 149 (137) times. Transportation services with the FSS vehicle were provided to 24 (15) seafarers. One (1) FSS information event was held for students of the seafaring sector.

During the Maritime Festival, a crafts exhibition was arranged that also displayed the best photographs of the Nordic 2013 photography competition. The theme of the Maritime Festival exhibition was the 100-year history of the GE shipping company as a slide show, enlarged photographs, and several scale models of vessels. Almost 200 guests visited the exhibition.

Fifteen people attended the rope work and jewellery courses during the autumn. A traditional Christmas jumble sale of the seafarer pensioners in Kymenlaakso was held on FSS premises.

TURKU

A total of 1,053 (889) ship visits were conducted in the Turku operating area (Parainen-Turku-Naantali-Uusikaupunki-Rauma-Pori). DVD films were exchanged 231 (178) times, and libraries 56 (60) times. Transportation services were provided to 260 (285) persons. Thirteen courses were arranged, attended by 106 seafarers. Magazine packages in Finland and to Finnish ships abroad were sent 568 times.

The ice hockey tournament for ship teams was arranged on 8 April at the Kupittaa indoor ice-skating rink in Turku.

Mepala, the seamen's summer house in Ruissalo, was sold on 24 April.

Crew members (23 people) of two Finnish ships that visited the dry dock, were taken to the sauna at Saunaparoni in Masku.

CONTACT PERSONS

The contact persons made a total of 1,632 (1,619) ship visits. Libraries were exchanged 19 (65) and films 66 (57) times. Transportation services were provided to 63 (35) seafarers. The Internet service desk in Kaskinen was used 646 (507) times.

SERVICE STATISTICS

Year	Ship visits		Library service		Film service		Sports		Transportation	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Helsinki	1694	1815	106	151	687	836	1934	1181	861	913
Kotka	1337	1481	29	32	149	137	0	9	24	36
Turku	1053	889	56	60	231	178	2499	1526	260	285
Contact persons, others	1632	1619	19	65	66	57	710	847	63	35
Total	5716	5804	210	308	1133	1208	5143	3563	1208	1269

OFFICIALS**Helsinki**

Managing Director Niklas Rönnerberg (until 11 July), Martti Karlsson (as of 12 July) AV Secretary Heli Myllykangas, Editor Pekka Karppanen, Financial Secretary Gerd Grabber, General Secretary Sirpa Kittilä, Library Secretary Milja Nitovuori (until 30 April), Field Officer Jaakko Aarninsalo, Field Officer Niklas Peltola, Secretary Paula Suhonen, Occupational Well-being Manager Johan Treuthardt.

Kotka

Field Officer Risto Nikula

Turku

Field Officer Juha Toivanen

CONTACT PERSONS

Hanko: Jani Hedback, Inkoo: Tom Björklöf, Kaskinen: Jarmo Nordback, Kemi: Tommi Lehtola, Mariehamn: Inga-Britt Wirta, Raahel: Petri Leskelä, Rauma: Sirpa Tolppanen, Oulu: Antti Härö, Sanni Sirviö

ADMINISTRATION

Representatives

During the year under review, the following persons were representatives of the Finnish Seamen's Service (representatives' deputy members in brackets):

Representative of the Ministry of Employment and the Economy

Chairperson

Senior Government Adviser Tarja Kröger (Senior Officer Sari Alho)

Representative of the Ministry of Transport and Communications

Deputy Chairman

Senior Adviser Tero Jokilehto (Senior Government Adviser Pekka Kouhia)

Representative of the Ministry of Finance

Ministerial Adviser Riitta Bäck (Ministerial Adviser Joanna Autiovuori)

Shipowners' representatives

Personnel Manager Mikaela Björkholm (Personnel Manager Ulla Häkkinen)

Personnel Manager Outi Byckling (Managing Director Olof Widén)

Personnel Manager Hanne Hinders (Deputy Managing Director Hans Ahlström)

Human Resources Manager David Lindström (Crewing Manager Heikki Leikkonen)

Seafarers' representatives

Ratings

Cooksteward Mikko Ervast (Chief Cook Tarja Rännäli)

Waitress Arja Ahonen (Cook Mika Ojala)

Deck officers

Captain Dan Stenbäck (Captain Niclas Seligson)

Engine officers

Chief Engineer Jari Simpura (Field Officer Sami Uolamo)

The ordinary meeting of the representatives was held on 15 April. The participants discussed matters falling within the scope of the representatives according to Section 15 of the Act on Seamen's Service (447/2007) and the draft version of the 2014 budget.

The Board

During the year under review, the following persons were members of the Board of the Finnish Seamen's Service (representatives' deputy members in brackets):

Representative of the Ministry of Employment and the Economy

National Conciliator Esa Lonka (Government Councillor Susanna Siitonen)

Shipowners' representatives

Executive Adviser Kimo Kostiainen (Adviser Christina Palmén)

Executive Adviser Bernt Bergman (Adviser Laura Raikunen)

Seafarers' representatives

Ratings' representatives

Union Secretary Kenneth Bondas, Finnish Seamen's Union (Industrial Relations Officer Satu Silta)

Officers' representatives

Captain Kai Terimaa, Finnish Ship Officers Association (Captain Petri Suominen)

Ship Engineer Harri Piispanen, Finnish Engineers' Association (Association Secretary Reima Angerman until 9 March, Field Officer Joachim Alatalo as of 10 March)

Representative of the Finnish Seamen's Mission

Secretary General Sakari Lehmuskallio

The chairman of the Board was National Conciliator Esa Lonka and the deputy chairperson Government Councillor Susanna Siitonen. The Board convened 11 times during the year under review.

Persons entitled to sign the name of the Finnish Seamen's Service were Esa Lonka and Niklas Rönberg (until 11 July) and Martti Karlsson (as of 12 July), together, or each of them alone with Board member Kimo Kostiainen or Kenneth Bondas or AV Secretary Heli Myllykangas.

In 2014, the auditor of was KPMG Oy Ab, a firm of authorised public accountants, with APA Heidi Vierros as the principal auditor.

The financial standing of the Finnish Seamen's Service is indicated in the appended balance sheet and profit and loss account.

Helsinki, 4 March 2015

FINNISH SEAMEN'S SERVICE

	PROFIT AND LOSS ACCOUNT 1/1-31/12/2014	PROFIT AND LOSS ACCOUNT 1/1-31/12/2013
ACTUAL OPERATIONS		
Revenues		
FSS fees/seafarers and shipowners	575,506.11	606,567.83
FSS fees/Government	575,506.11	606,567.83
Seamen's welfare and rescue levy	585,000.00	583,000.00
Revenue from club activities	527.20	885.20
Subsidies from port cities	15,650.00	15,950.00
Revenues, total	1,752,189.42	1,812,970.86
Expenditure		
Clubs and offices:	-149,562.16	-76,746.69
Sports activities	-98,738.34	-91,877.95
Film service	-83,645.33	-95,666.79
Information and publishing	-169,211.40	-201,301.93
Foreign functions	-25,370.97	-23,792.44
Hobbies	-13,944.85	-19,224.27
Study activities	-79,500.22	-88,368.60
Library service	-60,560.83	-38,239.42
International cooperation	-8,417.37	-14,413.99
Domestic cooperation	-10,733.69	-14,825.22
Personnel expenses	-676,278.55	-743,119.45
Administrative expenses	-157,856.19	-129,671.62
Depreciation	-47,699.61	-24,948.68
Expenditure, total	-1,581,519.51	-1,562,197.05
Surplus/deficit on actual operations	170,669.91	250,773.81
INVESTMENT/FINANCIAL OPERATIONS		
Revenues		
Rental fees for Ylläs	32,700.00	30,710.00
Rental fees for Linnank. 3	40,240.00	88,744.71
Interest income	2,925.00	3,183.49
Other income	441,874.06	2,000.00
Revenues, total	517,739.06	124,638.20
Expenditure		
Expenses for Ylläs	-44,873.91	-38,791.01
Expenses for Linnank. 3	-99,459.04	-136,553.57
Expenditure, total	-144,332.95	-175,344.58
Surplus/deficit on investment/financial oper.	373,406.11	-50,706.38
Surplus before tax	544,076.02	200,067.43
Advance taxes on Linnank. 3	-1,341.28	0
Tax refunds	0	0
Surplus/deficit for the financial year	542,734.74	200,067.43

FINNISH SEAMEN'S SERVICE	BALANCE SHEET	BALANCE SHEET
	31/12/2014	31/12/2013
ASSETS		
NON-CURRENT ASSETS		
Tangible assets		
Land areas	35,937.49	35,937.49
Buildings and structures	0	27,718.76
Machinery and equipment	65,892.59	69,342.88
Shares and participations	2,391,493.97	1,693,893.97
NON-CURRENT ASSETS, TOTAL	2,493,324.05	1,826,893.10
CURRENT ASSETS		
Receivables		
Accounts receivable	45,220.63	52,901.11
Accrued income	26,323.43	12,529.60
TOTAL	71,544.06	65,430.71
Financial assets		
Cash and cash equivalents	392,377.97	535,371.42
Fixed-term deposits	0	0
TOTAL	392,377.97	535,371.42
CURRENT ASSETS, TOTAL	463,922.03	600,802.13
ASSETS, TOTAL	2,957,246.08	2,427,695.23
EQUITY AND LIABILITIES		
Equity		
Other funds		
Contingency fund	0	252,665.78
Fund for building repairs	0	246,516.10
Retained surplus	2,256,449.95	1,557,200.64
Surplus/deficit for the financial year	542,734.74	200,067.43
TOTAL	2,799,184.69	2,256,449.95
Current liabilities		
Advances received	1,105.00	2,290.00
Floating debt	36,844.05	41,584.04
Accrued expenses	120,112.34	127,371.24
TOTAL	158,061.39	171,245.28
EQUITY AND LIABILITIES, TOTAL	2,957,246.08	2,427,695.23

FINNISH SEAMEN'S SERVICENOTES TO THE FINANCIAL
STATEMENTS

Accounting policies

Pension expenses

Pension security for office staff has been managed by an external insurance company.

Pension expenses have been entered in the financial statements on a performance basis. There are no uncovered pension liabilities.

Valuation of fixed assets

Fixed assets have been directly activated at the acquisition cost.

Notes on the profit and loss account

During the financial year, the average number of employees was 11 persons (13 persons in 2013)

	2014	2013
Personnel expenses		
Salaries and fees	535,198.41	586,037.57
Pension expenses	91,351.47	104,051.09
Other statutory personnel expenses	20,861.98	21,099.41
Other social security expenses	28,866.69	31,931.38
Total	676,278.55	743,119.45
Administrative expenses		
Office expenses	74,554.78	36,781.13
Data communication expenses	51,245.33	59,808.84
Vehicle expenses	27,206.43	27,204.97
Other expenses	4,849.65	5,876.68
Total	157,856.19	129,671.62
Depreciation periods are as follows		
Buildings and structures		3%
Activated renovation work		10 yrs
Machinery and equipment		25%
Vehicles		25%
Planned depreciation		
Buildings and structures	24,727.13	826.10
Activated renovation work	1,008.29	1,008.29
Machinery and equipment	14,680.74	13,403.02
Vehicles	7,283.45	9,711.27
Total	47,699.61	24,948.68

FINNISH SEAMEN'S SERVICE

Notes on assets and equity and liabilities on
the balance sheet

The difference between the activated acquisition costs and market value of shares and participations that are part of the investment and financial assets has been quoted or is otherwise known:

	2014	2013
Investments:		
Shares and participations		
Shares of Elisa - 2,250		
Total market value on 31/12	50,972.50	43,335.00
Matching book value on 31/12	5,623.18	5,623.18
Difference	45,349.32	37,711.82
Buildings and structures on 1/1	27,718.76	29,553.15
Depreciation during the financial year	27,718.76	1,834.39
Buildings and structures on 31/12	0.00	27,718.76
Specification of equity:		
Other funds		
Contingency fund	0.00	252,665.78
Fund for building repairs	0.00	246,516.10
Total		499,181.88
Retained earnings on 1/1	2,256,449.95	1,557,200.64
Surplus/deficit for the financial year	542,734.74	200,067.43
Retained earnings on 31/12	2,799,184.69	1,757,268.07
Material items that are part of accrued expenses		
Holiday pay reservation incl. social security expenses	107,719.72	113,740.04
Other accrued expenses	12,392.62	13,631.20
Accrued expenses, total	120,112.34	127,371.24

Helsinki, 4 March 2015

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Esa Lonka
Chairman of the Board

Members of the Board:

.....
Sampsa Sihvola
Managing Director

.....
name in block letters

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name in block letters

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name in block letters

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name in block letters

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name in block letters

Auditor's note:
An auditor's report has been issued today.

Helsinki / 2015

KPMG Oy Ab

.....
Heidi Vierros
APA

List of accounting books used and their storage methods:

Actual accounting books:

Balance sheet book (bound)

Journal (paper printout)

General ledger (paper printout)

Auxiliary books:

Payroll accounting (paper printout)