

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
FOR
THE GREAT EASTERN SHIPPING CO LONDON LTD**

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THE GREAT EASTERN SHIPPING CO LONDON LTD

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FOR THE YEAR ENDED 31 MARCH 2008**

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THE GREAT EASTERN SHIPPING CO LONDON LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2008**

DIRECTORS:

B K Sheth
M J Brace
P B Kerr-Dineen

SECRETARY:

M J Brace

REGISTERED OFFICE:

The Galleries
Charters Road
Sunningdale
Ascot
Berkshire
SL5 9QJ

REGISTERED NUMBER:

1877474 (England and Wales)

AUDITORS:

Davis Burton Sellek
Chartered Accountants
Registered Auditors
The Galleries
Charters Road
Sunningdale
Berkshire
SL5 9QJ

BANKERS:

Bank of Baroda
32 City Road
London
EC1Y 2BD

BANKERS:

Royal Bank of Scotland plc
Shipping Business Centre
5-10 Great Tower Street
London
EC3P 3HX

THE GREAT EASTERN SHIPPING CO LONDON LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report with the financial statements of the company for the year ended 31 March 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of shipping
The company did not actively trade in the period

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2008

FUTURE DEVELOPMENTS

The directors have initiated a programme for investment in a new container shipping enterprise

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2007 to the date of this report

B K Sheth
M J Brace
P B Kerr-Dineen

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 to 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.

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 234ZA of the Companies Act 1985) of which the company'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 company's auditors are aware of that information.

THE GREAT EASTERN SHIPPING CO LONDON LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2008**

AUDITORS

The auditors, Davis Burton Sellek, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD.



M J Brace - Secretary

Date 27/4/2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE GREAT EASTERN SHIPPING CO LONDON LTD

We have audited the financial statements of The Great Eastern Shipping Co London Ltd for the year ended 31 March 2008 on pages six to twelve. These financial statements have been prepared under the 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 auditors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it

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 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

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
THE GREAT EASTERN SHIPPING CO LONDON LTD**

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Davis Burton Sellek
Chartered Accountants
Registered Auditors
The Galleries
Charters Road
Sunningdale
Berkshire
SL5 9QJ

Date . 30/4/2008 . . .

THE GREAT EASTERN SHIPPING CO LONDON LTD**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 \$	2007 \$
TURNOVER		-	-
Cost of sales		<u>(32,736)</u>	<u>(26,924)</u>
GROSS PROFIT		32,736	26,924
Administrative expenses		<u>55,748</u>	<u>437,110</u>
		(23,012)	(410,186)
Other operating income		<u>-</u>	<u>132</u>
OPERATING LOSS	3	(23,012)	(410,054)
Interest receivable and similar income		<u>411,176</u>	<u>464,393</u>
		388,164	54,339
Interest payable and similar charges	4	<u>-</u>	<u>13,719</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		388,164	40,620
Tax on profit on ordinary activities	5	<u>116,450</u>	<u>6,692</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>271,714</u>	<u>33,928</u>
PROFIT FOR THE YEAR		271,714	33,928
Retained profit brought forward		<u>8,656,040</u>	<u>8,622,112</u>
RETAINED PROFIT CARRIED FORWARD		<u>8,927,754</u>	<u>8,656,040</u>

CONTINUING OPERATIONS

All of the company's trading activities were discontinued during the previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

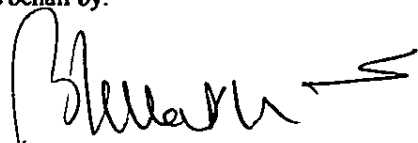
THE GREAT EASTERN SHIPPING CO LONDON LTD

**BALANCE SHEET
31 MARCH 2008**

	Notes	2008 \$	2007 \$
FIXED ASSETS			
Investments	6	1,606,440	-
CURRENT ASSETS			
Debtors	7	10,919	17,109
Cash at bank		<u>7,764,011</u>	<u>9,035,074</u>
		7,774,930	9,052,183
CREDITORS			
Amounts falling due within one year	8	<u>152,016</u>	<u>94,543</u>
NET CURRENT ASSETS		<u>7,622,914</u>	<u>8,957,640</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,229,354</u>	<u>8,957,640</u>
CAPITAL AND RESERVES			
Called up share capital	9	301,600	301,600
Profit and loss account		<u>8,927,754</u>	<u>8,656,040</u>
SHAREHOLDERS' FUNDS	14	<u>9,229,354</u>	<u>8,957,640</u>

The financial statements were approved by the Board of Directors on its behalf by.

17/4/2008 and were signed on


B K Sheth - Director

The notes form part of these financial statements

THE GREAT EASTERN SHIPPING CO LONDON LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 \$	2007 \$
Net cash outflow from operating activities	1	(69,107)	(502,559)
Returns on investments and servicing of finance	2	411,176	450,674
Taxation		(6,692)	(621,396)
Capital expenditure and financial investment	2	<u>(1,606,440)</u>	<u>185</u>
		(1,271,063)	(673,096)
Management of liquid resources	2	<u>-</u>	<u>(5,024)</u>
Decrease in cash in the period		<u>(1,271,063)</u>	<u>(678,120)</u>
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(1,271,063)</u>	<u>(678,120)</u>
Change in net funds resulting from cash flows		<u>(1,271,063)</u>	<u>(678,120)</u>
Movement in net funds in the period		(1,271,063)	(678,120)
Net funds at 1 April		<u>9,035,074</u>	<u>9,713,194</u>
Net funds at 31 March		<u>7,764,011</u>	<u>9,035,074</u>

The notes form part of these financial statements

THE GREAT EASTERN SHIPPING CO LONDON LTD

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	\$	\$
Operating loss	(23,012)	(410,054)
Loss on disposal of fixed assets	-	12,524
Decrease/(Increase) in debtors	6,190	(14,755)
Decrease in creditors	(52,285)	(90,274)
Net cash outflow from operating activities	(69,107)	(502,559)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008	2007
	\$	\$
Returns on investments and servicing of finance		
Interest received	410,000	474,560
Interest paid	-	(13,719)
Foreign exchange gains/(losses)	1,176	(10,167)
Net cash inflow for returns on investments and servicing of finance	411,176	450,674

Capital expenditure and financial investment

Purchase of fixed asset investments	(1,606,440)	-
Sale of tangible fixed assets	-	185
Net cash (outflow)/inflow for capital expenditure and financial investment	(1,606,440)	185

Management of liquid resources

	-	(5,024)
Net cash outflow from management of liquid resources	-	(5,024)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 07	Cash flow	At
	\$	\$	31 3 08
			\$
Net cash			
Cash at bank and in hand	9,035,074	(1,271,063)	7,764,011
	9,035,074	(1,271,063)	7,764,011
Total	9,035,074	(1,271,063)	7,764,011

The notes form part of these financial statements

THE GREAT EASTERN SHIPPING CO LONDON LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

The financial statements are stated in U S dollars

Assets and liabilities denominated in other currencies are translated into dollars at the rates of exchange ruling at the balance sheet date. Income and expenditure transactions in other currencies are translated into dollars at the average rate for the year. Exchange differences are taken to the profit and loss account for the year

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

2. STAFF COSTS

	2008	2007
	\$	\$
Wages and salaries	-	202,266
Social security costs	1,085	1,252
Other pension costs	-	129,929
	<u>1,085</u>	<u>333,447</u>

The average monthly number of employees during the year was as follows

	2008	2007
Directors	<u>3</u>	<u>4</u>

3 OPERATING LOSS

The operating loss is stated after charging

	2008	2007
	\$	\$
Other operating leases	3,250	10,773
Loss on disposal of fixed assets	-	12,524
Auditors' remuneration	5,000	6,000
Non-audit tax and consultancy fees	<u>9,363</u>	<u>32,408</u>
Directors' emoluments	<u>-</u>	<u>-</u>

THE GREAT EASTERN SHIPPING CO LONDON LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2008**

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	\$	\$
Interest on tax instalments	<u>-</u>	<u>13,719</u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2008	2007
	\$	\$
Current tax		
UK corporation tax	<u>116,450</u>	<u>6,692</u>
Tax on profit on ordinary activities	<u>116,450</u>	<u>6,692</u>

UK corporation tax has been charged at 30% (2007 - 19%)

6 FIXED ASSET INVESTMENTS

	Unlisted investments \$
COST	
Additions	<u>1,606,440</u>
At 31 March 2008	<u>1,606,440</u>
NET BOOK VALUE	
At 31 March 2008	<u>1,606,440</u>

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	\$	\$
Other debtors	10,906	15,130
VAT	<u>13</u>	<u>1,979</u>
	<u>10,919</u>	<u>17,109</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	\$	\$
Corporation tax	116,450	6,692
Accrued expenses	<u>35,566</u>	<u>87,851</u>
	<u>152,016</u>	<u>94,543</u>

THE GREAT EASTERN SHIPPING CO LONDON LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2008**

9 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value	2008 \$	2007 \$
16,000	Ordinary	£10	<u>301,600</u>	<u>301,600</u>

10 ULTIMATE PARENT COMPANY

The ultimate parent company is The Great Eastern Shipping Company Ltd, a company incorporated in India

11 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2008 other than in respect of the assignment of the London office lease, which expires on 31 August 2008

12 CAPITAL COMMITMENTS

	2008 \$	2007 \$
Contracted but not provided for in the financial statements	<u>6,393,585</u>	<u>-</u>

The company has undertaken to invest up to \$8 million in total in a container shipping enterprise as a long term equity investment.

13. RELATED PARTY DISCLOSURES

There were no financial transactions with related parties during the year other than transactions with entities forming part of the Great Eastern Shipping Group. Group financial statements in which those entities are included are publicly available

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 \$	2007 \$
Profit for the financial year	<u>271,714</u>	<u>33,928</u>
Net addition to shareholders' funds	271,714	33,928
Opening shareholders' funds	<u>8,957,640</u>	<u>8,923,712</u>
Closing shareholders' funds	<u>9,229,354</u>	<u>8,957,640</u>