

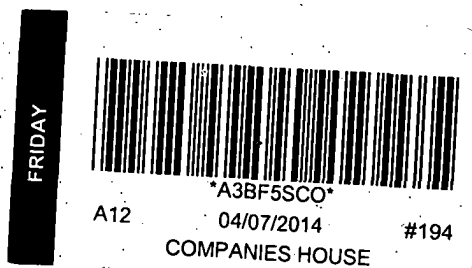


# CARISBROOKE SHIPPING HOLDINGS LIMITED

Company registered in England and Wales Number 3783705

REPORT AND FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2013

*This company has provided a parental  
guarantee for Vectis Crew Management Limited (06206999)*



Registered Office : Bridge House, 38 Medina Road, Cowes, Isle of Wight PO31 7DA

## **Carisbrooke Shipping Holdings Limited**

### **DIRECTORS**

R W Wester	P C Over
H Tveitan	P I Jones (Resigned 1.9.13)
W Wester (Appointed 6.6.13)	

### **REGISTERED OFFICE**

Bridge House, 38 Medina Road  
Cowes  
Isle of Wight  
PO31 7DA

### **BANKERS**

National Westminster Bank  
3 Hampshire Business Park  
PO Box 462 Templars Way  
Chandlers Ford SO53 3RY

### **AUDITOR**

Grant Thornton UK LLP  
Chartered Accountants  
Registered Auditor  
No 1 Dorset Street  
Southampton  
Hampshire  
SO15 2DP

### **SOLICITORS**

Eversheds LLP  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3XX

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# **CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2013

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The directors submit their report, the strategic report and the financial statements of Carisbrooke Shipping Holdings Limited for the year ended 31 December 2013.

### **Principal activities**

The company is a holding company of motor vessel operating subsidiaries and also operates motor vessels in its own right. The group's activities are the ownership and operation of motor vessels. The group also provides ancillary services related to this trade including the commercial and technical management of ships owned by other entities.

### **Directors**

The directors who served the company throughout the year were H Tveitan, R W Wester and P C Over. W Wester was appointed on 6th June 2013 and P I Jones resigned 1st September 2013.

### **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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 and profit or loss of the company and group 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Political and charitable gifts**

Contributions for charitable purposes amounting to €17,000 (31 December 2012: €21,000) were made in the year.

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

**REPORT OF THE DIRECTORS**

For the year ended 31 December 2013

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**Auditors**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

R W Wester  
Director

Date

13.6.14

**Registered Office**  
Bridge House, 38 Medina Road, Cowes  
Isle of Wight, PO31 7DA

**Company Registration Number**  
3783705 in England and Wales

**STRATEGIC REPORT**

For the year ended 31 December 2013

**Review of the business**

The audited financial statements for the year ended 31 December 2013 are set out on pages 13 to 34. The loss for the year after taxation was €26,754,000 (year to 31 December 2012 was a loss of : €24,493,000).

At the end of the year the directors had not recommended a final dividend (2012 final dividend: € nil, interim dividend in 2011 €2,109,996, half of which had remained unpaid and was cancelled during 2013).

Due to the current trading conditions within the shipping industry the company has undertaken a full review of its assets, contracts and investments, and the profit and loss account does include some impairments and provisions for onerous contracts. In 2013, as in 2012, the group has made no exceptional profits from disposal of assets.

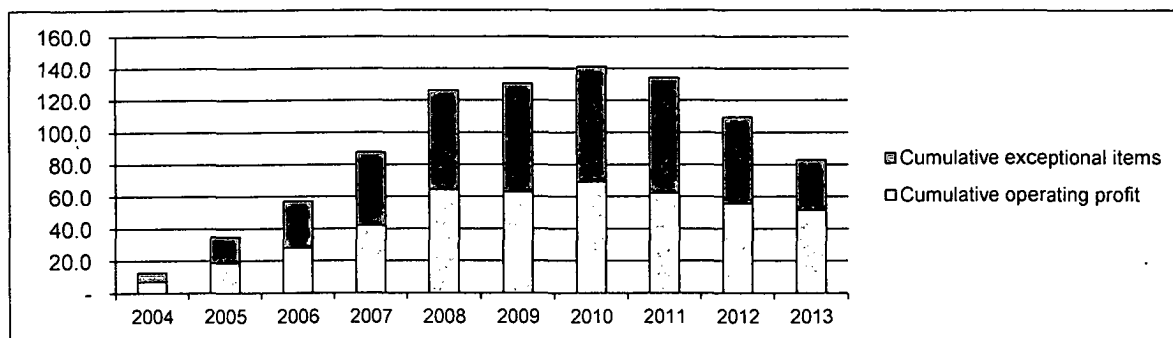
**Historical performance**

The group's financial performance over the past two years has been significantly impacted by exceptional losses. These have been primarily caused by impairment of assets at the end of each financial year which have followed a full review of the group's asset values, taking into account the depressed state of the global shipping market at those points.

However, viewed over a ten year period it is clear that through the current shipping cycle the group has generated net cumulative profits. Whilst there have undoubtedly been reverses in 2012 and 2013 the group's overall position is that over a ten year period cumulative profits in excess of €80m have been recognised.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Group Turnover	32.3	28.7	38.4	57.8	69.5	33.4	45.8	44.2	52.4	59.1
Cost of sales*	(18.4)	(9.3)	(20.3)	(27.9)	(35.0)	(21.1)	(22.6)	(32.3)	(33.0)	(36.4)
Gross profit	13.9	19.4	18.1	29.9	34.5	12.3	23.2	11.9	19.4	22.7
Administrative and Operating expenses	(6.0)	(7.1)	(10.2)	(15.0)	(13.8)	(12.9)	(15.1)	(15.8)	(19.5)	(22.3)
Includes - depreciation	(2.9)	(1.1)	(0.9)	(1.1)	(2.1)	(2.0)	(2.6)	(2.5)	(3.3)	(3.5)
- bareboat lease costs*			(2.5)	(5.9)	(4.2)	(4.7)	(6.3)	(5.9)	(6.4)	(7.9)
- overheads	(3.1)	(6.0)	(6.8)	(8.0)	(7.5)	(6.2)	(6.2)	(7.4)	(9.8)	(10.9)
Operating profit / (loss) before exceptional items	7.9	12.3	7.9	14.9	20.7	(0.6)	8.1	(3.9)	(0.1)	0.4
Exceptional items, including gain or loss on disposal of assets	5.6	10.4	13.0	16.7	16.2	5.9	4.1	-	(18.0)	(22.8)
Operating gain / (loss)	13.5	22.7	20.9	31.6	36.9	5.3	12.2	(3.9)	(18.1)	(22.4)
Other items	(0.6)	(0.5)	1.2	(1.0)	1.6	(1.0)	(1.6)	(3.1)	(6.4)	(4.4)
Retained gain / (loss) for the financial year	12.9	22.2	22.1	30.6	38.5	4.3	10.6	(7.0)	(24.5)	(26.8)

\* Between 2006 and 2010 bareboat lease costs were originally reported as part of cost of sales. Results from those years are amended in the table above to be in line with accounting treatment after 2010, which is to show bareboat lease costs as part of operating expenses



STRATEGIC REPORT (Continued)

For the year ended 31 December 2013

**Summary of key performance indicators**

Ratio	2013	2012	Method of calculation
Net Operating loss %	-31.1%	-26.3%	The ratio of net profit excluding gains or losses on disposal of motor vessels to sales expressed as a percentage
Change in sales %	14.3%	25.0%	Year-on-year sales change expressed as a percentage
Capital expenditure (€'000)	2,328	6,391	Cash investment made in respect of capital items during the year.
Return on invested capital	-40.0%	-22.1%	Operating loss / profit expressed as a percentage of net assets.
Average head count	139	139	Average of total monthly headcounts derived from the payroll records.
Gearing	73.3%	50.6%	Long term liabilities divided by equity shareholders funds
Current ratio	1.39	1.55	Current assets divided by current liabilities

The increase in sales growth reflects the expanding fleet operated by the company, with one new delivery into the group made during 2013 but set against market freight rates that continue to be challenging.

**Future Developments**

The group's business activities, performance and position are set out in the Review of the Business above. The financial position of the group, liquidity position and borrowing facilities are set out in the notes to the financial statements. In addition, the strategic report below includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Additionally the group has secured additional working capital facilities, new debt finance for vessels delivered in 2012 and 2013 and with an average age of the fleet under management of around 5 years and industry wide freight rates improving during the latter half of 2013 the directors remain confident that the company and group are well placed to manage its business risks successfully.

Looking to the future, the directors will seek to grow shareholder value in an improving market after what have been a challenging few years for the industry as a whole.

STRATEGIC REPORT (Continued)

For the year ended 31 December 2013

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**Employee involvement**

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

This is achieved through regular briefings to all departments in the group.

**Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the group may continue. It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

**Health, safety and the environment**

The group takes health and safety extremely seriously. The group works to ensure that the best health and safety practices are carried out throughout the business and that employees work in a safe environment.

The group continuously monitors its impact on the environment, attempting to minimise where possible its activities affecting the environment.

In addition the group recognises it has an important role to play in the communities it operates in and has created a Corporate & Social Responsibility Plan to ensure that this is achieved.

**Employment and employment practice**

The group pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, religious or political beliefs.

STRATEGIC REPORT (Continued)

For the year ended 31 December 2013

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**Policy on the payment of creditors**

It is the group's policy to set the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and abide by them.

**Financial risk management objectives and policies**

The board has an established, structured approach to risk management. The group's policy is to preserve the resources upon which its continuing reputation, viability and profitability are built, in order to enable the corporate objectives to be achieved.

Financial risk - the group uses various financial instruments in order to manage the exposures that arise from its business operations as a result of movements in financial markets. All treasury activities are focused on the management and hedging of risk. It is the group's policy not to trade financial instruments or to engage in speculative financial transactions. There have been no significant changes in the group's policies in the last year.

Funding and liquidity - the group finances its operations through a mixture of shareholders' funds and bank borrowings. It employs derivatives where appropriate to generate the desired currency and interest rate profile.

The group holds cash and maintains undrawn committed facilities at a level sufficient to ensure the group has available funds to meet its medium-term capital and funding obligations, to meet any unforeseen obligations and opportunities and to enable the group to manage its liquidity risk.

Currency risk - the group is exposed to movements in exchange rates for foreign currency transactions. The most significant transactional currency exposure is the US dollar, though the group also has an overhead base significantly in Sterling. Appropriate risk mitigation is undertaken where material mismatches arise.

Interest rate risk - the group's policy is to limit interest rate risk on delivery of motor vessels. Prior to delivery, loans may be at floating rates.

Insurance risk - the motor vessels are fully insured by third party providers.

In the current economic climate, the directors placed increased focus on monitoring the level of debt due to the group, including working with customers to ensure that debts to the group remain manageable while allowing customers to continue to operate in a commercially satisfactory manner.

For long standing overdue balances, where appropriate, the group have sought to obtain charges over the vessels of customer to mitigate their exposure, being risk of default. Interest is charged on overdue balances.

ON BEHALF OF THE BOARD

R W Wester  
Director

**Registered Office**  
Bridge House, 38 Medina Road, Cowes  
Isle of Wight, PO31 7DA

Date

13.6.14

**Company Registration Number**  
3783705 in England and Wales



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARISBROOKE SHIPPING HOLDINGS LIMITED**

We have audited the financial statements of Carisbrooke Shipping Holdings Limited for the year ended 31 December 2013 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 1, 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](http://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 group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



NORMAN ARMSTRONG  
SENIOR STATUTORY AUDITOR  
FOR AND ON BEHALF OF GRANT THORNTON UK LLP  
STATUTORY AUDITOR  
CHARTERED ACCOUNTANTS  
SOUTHAMPTON

Date 24.6.14

PRINCIPAL ACCOUNTING POLICIES

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**ACCOUNTING CONVENTION**

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain freehold property, and in accordance with applicable accounting standards.

Since the Company's and Group's earnings streams are primarily Euro, the Euro has been adopted as the reporting currency. The British Pound / Euro exchange rate applicable on 31st December 2013 was £1 / €1.1988 (31 December 2012 £1 / €1.2258).

**TURNOVER**

Turnover is the revenue arising from the sales of services and includes gross freight, management fees, shipbroking and agency fees. It is stated at the fair value of the consideration receivable by the Group in the ordinary course of business with outside customers, net of value added tax, rebates and discounts.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration.

Gross freight

Gross freight and related expenditure for trading and time charter motor vessel operations are accounted for on a daily basis as earned or incurred. Revenue is accrued or deferred according to the point of invoice.

Management fees

Management fees relate to where the group has responsibility for the day to day operations of the vessels or where the group books the freight for the vessel on behalf of a third party. These fees are recognised as earned and are based on either set fees or a percentage as determined within the individual contract.

**OTHER OPERATING INCOME**

Other operating income is income not related to the operation or management of specific motor vessels, but which arises from the function of managing a fleet of vessels.

PRINCIPAL ACCOUNTING POLICIES

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**BASIS OF PREPARATION**

In view of the current economic climate and the slower than expected rate of recovery evidenced within the commercial shipping sector, the Directors are conscious of the fact that the currently reduced day rates being achieved continue to be an indicator of impairment and have therefore revisited and updated their impairment reviews.

Recoverable amounts have been determined based on value in use calculations on a vessel by vessel basis, using cash flow projections based on forecasts that have been extended to cover four years and which are considerate of current trading conditions and the cyclical nature of the industry.

Cash flows are assumed to increase at an inflation rate of 2% per annum with growth of 3.5% per annum from 1 January 2018 reflecting long term expectations in those markets in which the group operates. Each vessel is assumed to have a useful economic life of 25 years and the average age of the fleet is 5 years. Whilst impairment models might not normally extend beyond a five year horizon, cash flow projections have been extended to the assumed 25 year life unless a shorter period is expected based on specific investment conditions.

The discount rate used is 10% reflecting the weighted average cost of capital and the risk factors specific to the group. The most significant assumptions used in calculating the value in use are the discount rate, the inflation rate, growth rate and the expectation of future earnings. In addition to reviewing the value in use calculations, external valuations have been obtained from an independent valuer. Where there is an expectation that a vessel is to be sold, the recoverable amount has been determined as the net realisable value of the vessel at the point of sale.

As a consequence of the review, impairment charges of €17,732,000 have been recognised against the group's tangible assets and investments.

**BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. Immaterial subsidiaries have been excluded from the consolidation.

## PRINCIPAL ACCOUNTING POLICIES

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### JOINT VENTURES

Undertakings, other than subsidiary undertakings, in which the group has an investment representing between 45% and 55% of the voting rights are assessed annually to determine the appropriate accounting treatment. If it is demonstrated that Carisbrooke and a very limited range of partners exert joint control over the major decisions of the undertaking, that undertaking is accounted for as a joint venture. The range of factors that would lead to the conclusion that joint control is being shared between partners includes (but is not limited to) ownership percentage, the composition of the board of directors, the board minutes, the roles of the parties in the ownership and management of the undertaking and evidence of shared decision making on major issues. Factors that would suggest that the correct accounting treatment would be as an associate include (but are not limited to) those as described in the accounting policy for associates.

The group's share of the results of its joint ventures are included in the group profit and loss account. The group balance sheet includes the investment in its joint ventures at the group's share of net assets.

The company balance sheet shows the investment in the joint venture at cost.

### ASSOCIATED UNDERTAKINGS

Undertakings, other than subsidiary undertakings and joint ventures, in which the group has an investment representing between 15% and 50% of the voting rights are assessed annually to determine the appropriate accounting treatment. If it is demonstrated that Carisbrooke exerts significant influence over the major operating and / or financial strategic decisions of the undertaking, that undertaking is accounted for as an associate. The range of factors that would lead to the conclusion that significant influence is being exerted includes (but is not limited to) ownership percentage, the role of an equity house in the investment project, the shareholder makeup, the role of a supervisory board, the articles of association of the undertaking and the share and certificate structure of the undertaking.

The group's share of the results of the associated undertakings is included in the group profit and loss account. The group's balance sheet includes the investment in the associated undertakings at the group's share of net assets. Where a share of net liabilities is to be recognised, this is included within other provisions.

### TANGIBLE FIXED ASSETS

Depreciation is calculated to write down the cost of tangible fixed assets by equal instalments over their expected economic useful lives.

The annual rates generally applicable are:

Freehold property	2%
Office equipment	20% - 33%
Motor vehicles	20%

No depreciation is charged on assets under construction.

Depreciation of trading motor vessels is calculated to write off the cost of each vessel to nil on a straight-line basis over the expected useful life of each vessel. Each vessel is assumed to have a 25 year economic life from delivery and the cost of the vessel is amortised over the remainder of that year from purchase. Each year, the directors review the remaining economic life of all vessels to ensure depreciation is provided on the most appropriate basis.

### CAPITALISATION OF INTEREST

Interest on borrowings to finance assets under construction is capitalised from the date work commences until completion.

### INVESTMENTS

Investments are initially included at cost and are reviewed annually for impairment.

### STOCK

Marine fuel is stated at cost and comprises majority of stock reported on balance sheet. Spare parts and other stock is stated at the lower of cost and net realisable value.

**PRINCIPAL ACCOUNTING POLICIES**

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**ONEROUS LEASES**

The group holds a number of vessels under a bareboat lease agreement. When the present value of the future cash flows receivable from the operation of the leases assets is less than the present value of the payments to which the Group is committed, the Group applies the shortfall firstly against the carrying value of the assets and then provide for any further element of the contract. Determining the amount of such a provision requires estimation of the net present value of the cash flows receivable in respect of these assets arising from the operation of these vessels. To the extent that actual cash flows received differ from those estimate, the amount of the provision could differ materially.

**DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

The financial statements of foreign subsidiaries have been translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the re-translation of the opening net investment in subsidiaries are taken directly to reserves.

**ASSETS HELD UNDER HIRE PURCHASE AND LEASING AGREEMENTS**

Where assets are financed by hire purchase or leasing agreements that give risks and rewards approximating to ownership they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge.

The total payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

**CONTRIBUTION TO PENSION FUNDS**

The group operates individual defined contribution schemes for the executive directors and certain employees. The pension costs are charged against profits to represent the amount of the contributions payable to the schemes in respect of the accounting year.

**FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

PRINCIPAL ACCOUNTING POLICIES

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**PARENTAL GUARANTEE**

For the year ended 31st December 2013, the company has provided a parental guarantee enabling Vectis Crew Management Limited to be exempt from the audit requirement under the provisions of Section 479A of the Companies Act 2006 ("the act") relating to subsidiary companies.

A parental guarantee has also been provided to Ship Safety Services Limited, Carisbrooke Shipping 637 Limited and Carisbrooke Shipping 638 Limited. However the directors expectation is that these companies will be struck off as part of a group restructuring exercise post year end.

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

**GROUP PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2013

	Note	2013 €'000	2012 (restated) €'000
Turnover	1	78,879	68,998
less share of joint ventures' turnover		(19,768)	(16,522)
<b>Group Turnover</b>		<b>59,111</b>	<b>52,476</b>
Cost of sales		(36,439)	(33,035)
<b>Gross profit</b>		<b>22,672</b>	<b>19,441</b>
Administrative expenses	1	(9,868)	(10,202)
Other operating charges		(12,901)	(10,886)
Other operating income		550	1,567
Exceptional items	2	(22,786)	(18,046)
<b>Operating costs</b>		<b>(45,005)</b>	<b>(37,567)</b>
<b>Operating loss</b>		<b>(22,333)</b>	<b>(18,126)</b>
Share of operating loss of joint ventures		(747)	(2,796)
Share of operating loss of associated undertakings		(1,466)	(701)
Dividends received		-	67
<b>Loss on ordinary activities before interest and taxation</b>		<b>(24,546)</b>	<b>(21,556)</b>
Net interest and similar charges	3	(1,301)	(1,630)
Share of net interest of joint ventures		(1,523)	(1,224)
<b>Loss on ordinary activities before taxation</b>		<b>(27,370)</b>	<b>(24,410)</b>
Taxation on profit on ordinary activities	5	345	(261)
Share of taxation of joint ventures		(10)	(8)
<b>Loss on ordinary activities after taxation</b>		<b>(27,035)</b>	<b>(24,679)</b>
Minority interest		281	186
<b>Retained loss for the financial year</b>		<b>(26,754)</b>	<b>(24,493)</b>

All operations are classed as continuing.

There were no recognised gains and losses for 2013 and 2012 other than those included in the profit and loss account.

The accompanying accounting policies and notes form an integral part of these financial statements.

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

GROUP BALANCE SHEET AS AT 31 DECEMBER 2013

		31 December 2013	31 December 2012
	Note	€'000	€'000
<b>Fixed assets</b>			
Tangible assets	8	49,912	62,324
Investments	10	12,821	18,850
Investment in Joint Ventures			
Share of joint venture gross assets		77,055	73,355
Share of joint venture gross liabilities		(50,209)	(49,464)
		<u>26,846</u>	<u>23,891</u>
		89,579	105,065
<b>Current assets</b>			
Stock	11	5,652	7,805
Debtors - due within one year	12	17,931	27,101
Debtors - due after more than one year	12	1,116	2,739
Cash at bank and in hand		12,928	11,474
		<u>37,627</u>	<u>49,119</u>
<b>Creditors: amounts falling due within one year</b>	13	(27,103)	(31,604)
<b>Net current assets</b>		<u>10,524</u>	<u>17,515</u>
<b>Total assets less current liabilities</b>		100,103	122,580
<b>Creditors: amounts falling due after more than one year</b>	14	(39,651)	(37,840)
<b>Provision for liabilities and charges</b>	15	(4,632)	(2,879)
<b>Net assets</b>		<u>55,820</u>	<u>81,861</u>
<b>Capital and reserves</b>			
Called up share capital	17	725	725
Capital redemption reserve	18	1,062	1,062
Share premium	18	5,584	5,584
Revaluation reserve	18	(2,146)	(2,101)
Profit and loss account	18	48,697	74,351
<b>Equity shareholders' funds</b>	19	<u>53,922</u>	<u>79,621</u>
<b>Minority interests</b>		<u>1,898</u>	<u>2,240</u>
		<u>55,820</u>	<u>81,861</u>

The financial statements were approved by the board, and authorised for issue on **13.6.** 2014, and signed on its behalf by

R W Wester

Director

The accompanying accounting policies and notes form an integral part of these financial statements.



**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2013

		31 December 2013 €'000	31 December 2012 €'000
<b>Fixed assets</b>			
Tangible assets	9	123	198
Investments	10	15,966	28,868
		<hr/>	<hr/>
		16,089	29,066
<b>Current assets</b>			
Debtors - due within one year	12	13,959	10,976
Debtors - due after more than one year	12	25,000	26,270
Cash at bank and in hand		5	5
		<hr/>	<hr/>
		38,964	37,251
<b>Creditors: amounts falling due within one year</b>	13	(8,969)	(1,340)
		<hr/>	<hr/>
<b>Net current assets</b>		29,995	35,911
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		46,084	64,977
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	14	(98)	(140)
<b>Provision for liabilities and charges</b>	15	-	(1,597)
		<hr/>	<hr/>
<b>Net assets</b>		45,986	63,240
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	725	725
Share premium	18	5,584	5,584
Capital redemption reserve	18	1,062	1,062
Profit and loss account	18	38,615	55,869
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	19	45,986	63,240
		<hr/>	<hr/>

The financial statements were approved by the board, and authorised for issue on **13.6.** 2014, and signed on its behalf by

R W Wester

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

**GROUP CASH FLOW STATEMENT**

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Net cash inflow from operating activities	21	12,572	3,611
<b>Net cash inflow from operating activities</b>		<b>12,572</b>	<b>3,611</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		281	406
Interest paid		(1,953)	(1,774)
Dividends received		-	67
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(1,672)</b>	<b>(1,301)</b>
<b>Taxation</b>		<b>538</b>	<b>(610)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,328)	(6,391)
Sale of tangible fixed assets		2,514	-
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>186</b>	<b>(6,391)</b>
<b>Acquisitions and disposals</b>			
Investment in associated undertakings and other fixed asset investments		(6,410)	(1,074)
<b>Net cash outflow from acquisitions and disposals</b>		<b>(6,410)</b>	<b>(1,074)</b>
<b>Financing</b>			
Receipt from borrowing		-	6,150
Issuing of ordinary share capital		-	137
Repayment of borrowing		(4,107)	(7,946)
Capital element of finance lease		(24)	(9)
<b>Net cash outflow from financing</b>		<b>(4,131)</b>	<b>(1,668)</b>
<b>Increase / (decrease) in cash</b>	22	<b>1,083</b>	<b>(7,433)</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The directors consider that the group is involved in one activity being the operation of trading motor vessels. The directors consider that disclosure of the geographical market analysis would be seriously prejudicial to the interests of the group therefore this information is not provided.

	2013 €'000	2012 €'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year		
- owned assets	3,451	3,289
- assets held under finance lease and hire purchase agreements	-	7
Auditors' remuneration		
-audit of the company's financial statements	51	53
-audit of the company's subsidiaries, joint ventures and associates	74	82
- Other services pursuant to legislation	19	25
Charges relating to operating leases	87	76
Charges relating to bareboat leases	7,862	6,453

**2 EXCEPTIONAL ITEMS**

Impairment of group investment and motor vessels	17,732	10,280
Provision for bad and doubtful debts	5,053	7,766

The directors have revisited the presentation of the bad debts and impairments recognised in the prior year of 2012. Whilst these amounts were disclosed within the notes to the financial statements, the directors have concluded that in view of the material nature of these sums and to assist the understanding of users of the financial statements, that these are now included on the face of the profit and loss account. The treatment is consistent with that applied in the current year. The effect is presentational and there is no impact on the operating profit of the company.

**3 NET INTEREST**

	2013 €'000	2012 €'000
On bank loans and overdrafts	(1,837)	(1,667)
On loan notes	(112)	(33)
Hire purchase interest payable	(4)	(5)
Finance lease interest	-	(69)
Interest receivable	281	406
Exchange gains / (losses)	371	(262)
	<u>(1,301)</u>	<u>(1,630)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**4 DIRECTORS AND EMPLOYEES**

The average monthly number of persons (including directors) employed by the group during the year was:

	2013	2012
Non-executive directors	2	2
Executive directors	3	2
Employees	134	135
	<u>139</u>	<u>139</u>

The company had no employees during 2013 or 2012. The company chairman's emoluments were paid on a consultancy basis by the company during this period.

Staff costs for the above persons:

	2013 €'000	2012 €'000
Wages and salaries	5,747	6,284
Social security costs	693	757
Other pension costs	401	261
	<u>6,841</u>	<u>7,302</u>

Crew costs are dealt with through a crewing agency and amounted to €6,056,000 (31 December 2012: €5,023,000)

Remuneration in respect of directors was as follows:

	2013 €'000	2012 €'000
Emoluments	331	378
Pension contributions	27	28
	<u>358</u>	<u>406</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2013 €'000	2012 €'000
Emoluments	160	155
Pension contributions	14	15
	<u>174</u>	<u>170</u>

Retirement benefits for 2 directors are accruing under money purchase pension schemes in respect of qualifying services (2012 : 2). Amounts payable to third parties for directors fees in 2013 amounted to €91,000 (2012: €97,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2013 €'000	2012 €'000
The tax charge is based on the profit for the year and comprises:		
Current year charge	(264)	133
Overseas taxation	(81)	128
	<hr/>	<hr/>
Current tax charge for the year	(345)	261
	<hr/>	<hr/>

The tax assessed for the year differs from the company rate of corporation tax in the UK of 23.25%

The differences are explained as follows:

	2013 €'000	2012 €'000
Loss on ordinary activities before tax	(27,370)	(24,410)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 23.25% (2012: 24.5%)	(6,363)	(5,981)
Effect of:		
Earnings on vessels assessable under tonnage tax	4,779	5,430
Expenses not deductible for tax purposes	619	513
Profit on disposal of fixed assets	(22)	-
Capital allowances in excess of depreciation	731	4
Income taxable outside the TT ring fence	29	-
Trade losses carried forward	125	133
Deferred Tax	(284)	110
Bought forward losses utilised	-	-
Net transfer pricing adjustment	44	73
Group relief (claim) / surrender	(24)	(45)
Tax on tonnage tax profits / corporation tax	21	23
	<hr/>	<hr/>
Current tax charge for the year	(345)	261
	<hr/>	<hr/>

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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**6 DIVIDENDS**

	31 December 2013 €'000	31 December 2012 €'000
<b>Dividends on shares classed as equity</b>		
Cancelled during the year - ordinary shares	(1,055)	-

Of the dividends declared during 2011, half remained unpaid at the start of the year but was cancelled during 2013.

**7 PROFIT ATTRIBUTABLE TO CARISBROOKE SHIPPING HOLDINGS LIMITED**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in the financial statements.

The group loss for the year includes loss of the parent company of €18,309,000 (2012 loss: €2,251,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**8 TANGIBLE FIXED ASSETS**

**The Group**

	Freehold land and buildings €'000	Motor vessels €'000	Assets under construction €'000	Motor vehicles and office equipment €'000	Total €'000
<b>Cost or valuation</b>					
At 1 January 2013	1,535	68,665	3,441	2,529	76,170
Additions	-	8,719	503	106	9,328
Disposals	(374)	(7,534)	(785)	-	(8,693)
Transfers	-	3,159	(3,159)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,161	73,009	-	2,635	76,805
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 January 2013	339	11,519	-	1,988	13,846
Charge for year	22	3,216	-	213	3,451
Impairment	-	12,056	-	-	12,056
Disposals	(84)	(2,376)	-	-	(2,460)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	277	24,415	-	2,201	26,893
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2012	1,196	57,146	3,441	541	62,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	884	48,594	-	434	49,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The group's office at 38 Medina Road, Cowes, Isle of Wight was valued on 28 February 2013 by Peter Williams of valuers Lambert Smith Hampton, and a Member of the Royal Society of Chartered Surveyors. The basis of this valuation was the property's open market value. The valuation is above the net book value and no impairment of this property value is needed.

Had impairment in 2008 not taken place the historic cost at 31 December 2013 would have been €3,104,000, less depreciation of €341,440, giving a net book value of €2,762,560.

Included within the net book value of €49,912,000 is €20,762 (2012: €32,000) relating to assets held under finance lease and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to €10,589 (2012: €12,000).

**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**9 TANGIBLE FIXED ASSETS**

The Company

Motor vessels  
and  
equipment  
€'000

Cost or valuation

As at 1 January 2013

580

At 31 December 2013

580

Depreciation

As at 1 January 2013

382

Charge for year

75

At 31 December 2013

457

Net book value

As at 1 January 2013

198

At 31 December 2013

123



**CARISBROOKE SHIPPING HOLDINGS LIMITED** (England and Wales registered company number 3783705)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**10 FIXED ASSET INVESTMENTS**

At 31 December 2013 the group had interests in the following subsidiaries:

Subsidiary undertakings	Country of incorporation	Class of share capital held	Nature of business	Proportion held by group
Carisbrooke Shipping (Belgium) BVBA	Belgium	Ordinary	Ship operating	100%
Ship Safety Services Limited	England and Wales	Ordinary	Ship Services	100%
Vectis Crew Management Limited	England and Wales	Ordinary	Crew agency	* 100%
Carisbrooke Shipping 634 Limited	England and Wales	Ordinary	Ship operating	* 100%
Carisbrooke Shipping 636 Limited	England and Wales	Ordinary	Ship operating	* 100%
Carisbrooke Shipping 637 Limited	England and Wales	Ordinary	Ship operating	* 100%
Carisbrooke Shipping 638 Limited	England and Wales	Ordinary	Ship operating	* 100%
York Shipping Limited	England and Wales	Ordinary	Ship operating	* 100%
Bridge Shipping Limited	England and Wales	Ordinary	Dormant	* 100%
Carisbrooke Shipping Limited	England and Wales	Ordinary	Ship operating	* 100%
Carisbrooke Shipping Verwaltung GmbH	Germany	Ordinary	Ship operating	50%
Carisbrooke Shipping (Management) GmbH	Germany	Ordinary	Ship operating	100%
Carisbrooke Mary C Verwaltung GmbH	Germany	Ordinary	Ship operating	50%
Carisbrooke Shipping Yichang Verwaltung GmbH	Germany	Ordinary	Ship operating	50%
Frisian Crew Management GmbH	Germany	Ordinary	Crew agency	100%
Carisbrooke Jiangsu Verwaltung GmbH	Germany	Ordinary	Ship operating	50%
KSF Ship Agencies BV	The Netherlands	Ordinary	Ship agency	100%
Carisbrooke Shipping (CV10) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV11) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV14) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV2) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV12) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV15) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV16) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV17) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV20) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV22) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV23) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV24) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (CV25) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping (SO21) BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping Justine CV	The Netherlands	Ordinary	Ship operating	100%
Medina Maritime CV	The Netherlands	Ordinary	Ship operating	54%
Carisbrooke Shipping Shipfund 6250 BV	The Netherlands	Ordinary	Holding company	100%
Carisbrooke Shipping (Holland) BV	The Netherlands	Ordinary	Holding company	100%
Merweship BV	The Netherlands	Ordinary	Ship operating	100%
Carisbrooke Shipping Lauren C CV	The Netherlands	Ordinary	Ship operating	84%
Northern Ship Management BV	The Netherlands	Ordinary	Ship operating	100%
Soetermeer Fekkes Cargadoorskantoor BV	The Netherlands	Ordinary	Ship operating	100%
Vectis Shipping BV	The Netherlands	Ordinary	Dormant	100%
Key Fund BV	The Netherlands	Ordinary	Dormant	100%
Merweship Management BV	The Netherlands	Ordinary	Crew agency	100%
Ship Fund BV	The Netherlands	Ordinary	Ship operating	100%
KSF Ship Agencies CV	The Netherlands	Ordinary	Ship agency	100%
Carisbrooke Obligatiefonds I BV	The Netherlands	Ordinary	Service provider	100%
Carisbrooke Shipping Norway AS	Norway	Ordinary	Ship operating	100%
Margrete C Verwaltungs UG (haftungsbeschränkt)	Germany	Ordinary	Ship operating	100%
Jannie C Verwaltungs UG (haftungsbeschränkt)	Germany	Ordinary	Ship operating	100%
Vanessa C Verwaltungs UG (haftungsbeschränkt)	Germany	Ordinary	Ship operating	100%

## 10 FIXED ASSET INVESTMENTS (CONTINUED)

Country of incorporation	Class of share capital held	Nature of Proportion held business by group
-----------------------------	--------------------------------	--

\* Interest held directly by the holding company

The directors expect Ship Safety Services Limited to be struck off and as part of that process, its name has been changed post year end.

At 31 December 2013 the group had interests in the following associated undertakings / joint ventures:

Joint ventures	incorporation	Class of share	Nature of Proportion held	business	by group
----------------	---------------	----------------	---------------------------	----------	----------

Carisbrooke Shipping 6250 BV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping 6251 BV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping 6252 BV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping 6253 BV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping 6254 BV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping Karen C CV	The Netherlands	Ordinary	Ship operating	36%
Carisbrooke Shipping Kitty C CV	The Netherlands	Ordinary	Ship operating	50%
Carisbrooke Shipping 10000 BV	The Netherlands	Ordinary	Ship operating	50%
Vectis 8000 Limited *	England & Wales	Ordinary	Ship operating	51%
Medina 8000 Limited *	England & Wales	Ordinary	Ship operating	51%

29%	Ship operating	Ordinary	The Netherlands	Carisbrooke Shipping Mary C CV
47%	Ship operating	Ordinary	The Netherlands	Carisbrooke Shipping Nicole C CV
21%	Ship operating	Ordinary	The Netherlands	Scheepsfonds Hanzevast - MS Megan C NV
20%	Ship operating	Ordinary	Belgium	Hanzevast Carisbrooke Shipping 1 NV #

\* Interest held directly by the holding company  
# Although the group owns 50% of the ordinary shares in this NV, the capital structure and articles of the company give the other participants equivalent to 80% of the effective capital.

Associated undertakings	Income	Expenditure	Amounts owed to	Amounts owed
	€'000	€'000	associate	by associate
Carlsbrooke Shipping Mary C CV	2,269	4,277	340	781
Carlsbrooke Shipping Nicole C CV	877	2,126	-	407
Scheepsfonds Hanzevast - MS Megan C NV	1,920	2,126	394	967
Hanzevast Carlsbrooke Shipping 1 NV	1,731	3,019	-	1,400

The figures above are stated gross before provisions.

Share of associates	Fixed assets	Current assets	Liabilities falling due after more than one year	Liabilities falling due after more than one year
€'000	€'000	€'000	€'000	€'000
At 31 December 2013 the group's share of assets and liabilities of the associated undertakings was:	8,950	450	4,083	5,038

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**10 FIXED ASSET INVESTMENTS (CONTINUED)**

Share of joint ventures	2013 €'000	2012 €'000
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The group's share of the results, assets and liabilities of the Carisbrooke Shipping 6250 BV group was:

Turnover	16,730	11,478
Loss before tax	(1,099)	(1,508)
Tax	(7)	(5)
Loss after tax	(1,106)	(1,512)
Fixed assets	52,871	55,093
Current assets	3,355	1,384
Liabilities due within one year	(3,911)	(4,154)
Liabilities due after more than one year	(30,353)	(32,955)

	2013 €'000	2012 €'000
--	---------------	---------------

The group's share of the assets and liabilities of Vectis 8000 Limited was:

Fixed assets	7,423	8,116
Current assets	299	178
Liabilities due within one year	(411)	(947)
Liabilities due after more than one year	(3,986)	(4,278)

	2013 €'000	2012 €'000
--	---------------	---------------

The group's share of the assets and liabilities of Medina 8000 Limited was:

Fixed assets	7,632	8,413
Current assets	236	171
Liabilities due within one year	(629)	(1,097)
Liabilities due after more than one year	(5,680)	(6,034)

	Group 31 December 2013 €'000	Company €'000	Group 31 December 2012 €'000	Company €'000
<b>Total fixed asset investments comprise</b>				
Interests in subsidiary undertakings	-	10,606	-	21,315
Interests in associated undertakings	1,329	-	2,846	-
Fixed asset investments	11,492	-	16,004	-
Loans	-	5,360	-	7,553
	<b>12,821</b>	<b>15,966</b>	<b>18,850</b>	<b>28,868</b>

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2013

**11 STOCK**

	Group 31 December 2013 €'000	Company 31 December 2013 €'000	Group 31 December 2012 €'000	Company 31 December 2012 €'000
Vessel consumables	5,652	-	7,805	-
	<u>5,652</u>	<u>-</u>	<u>7,805</u>	<u>-</u>

**12 DEBTORS**

	Group 31 December 2013 €'000	Company 31 December 2013 €'000	Group 31 December 2012 €'000	Company 31 December 2012 €'000
<b>Amounts falling due within one year:</b>				
Trade debtors	8,221	-	9,070	-
Amounts owed by group undertakings	-	13,389	-	10,825
Amounts owed by associated undertakings	1,940	-	2,783	-
Amounts owed by entities in which the group has a participating interest	-	-	2,591	-
Other debtors	3,904	564	5,794	-
Prepayments and accrued income	3,810	-	6,613	-
Corporation tax	56	6	250	151
	<u>17,931</u>	<u>13,959</u>	<u>27,101</u>	<u>10,976</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	1,116	-	2,739	1,270
Amounts owed by group undertakings	-	25,000	-	25,000
	<u>19,047</u>	<u>38,959</u>	<u>29,840</u>	<u>37,246</u>

Included within other debtors during after more than one year is a deferred tax asset of €243,000 (2012: deferred tax liability €41,000).

Included within trade debtors and other debtors during within one year are balances which whilst contractually due to the group, management do not expect to recover within 12 months. Management have undertaken an exercise to confirm the recoverability of these balances and made adjustments to reflect their net present value.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2013

**13 CREDITORS**

	Group 31 December 2013 €'000	Company €'000	Group 31 December 2012 €'000	Company €'000
<b>Amounts falling due within one year:</b>				
Instalments due on bank loans and overdrafts	3,457	-	3,509	-
Finance leases	-	-	24	-
Non-shareholder loans	59	59	76	76
Trade creditors	7,227	-	11,481	-
Amounts owed to entities in which the group has a participating interest	2,003	-	3,569	-
Amounts owed to group undertakings	-	8,114	-	86
Amounts owed to associated undertakings	735	-	621	-
Other taxation and social security	250	-	284	-
Dividends due	-	-	1,055	1,055
Other creditors	2,659	470	1,314	-
Accruals and deferred income	10,713	326	9,671	123
	<u>27,103</u>	<u>8,969</u>	<u>31,604</u>	<u>1,340</u>

The bank overdrafts and loans are secured by a floating charge over the assets of the company, by cross guarantees and fixed charges over book debts, freehold property and motor vessels of companies of the Carisbrooke Shipping Holdings Limited group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

14 CREDITORS

	Group 31 December 2013 €'000	Company €'000	Group 31 December 2012 €'000	Company €'000
<b>Amounts falling due after more than one year:</b>				
Non-shareholder loans	955	98	1,030	140
Bank loans	36,086	-	36,769	-
Accruals and deferred income	1,054	-	-	-
Other creditors	1,556	-	41	-
	<u>39,651</u>	<u>98</u>	<u>37,840</u>	<u>140</u>

Included within other creditors is an amount of €1,055,000 relating to amounts which may fall payable at any point based upon certain conditions being met. The directors have reviewed this balance and concluded that based upon their best estimate, these obligations are unlikely to crystallize within 12 months of the balance sheet date.

	Group 31 December 2013 €'000	Company €'000	Group 31 December 2012 €'000	Company €'000
<b>Bank loans including current instalments are repayable as follows:</b>				
Within one year	3,457	-	3,509	-
After one and within two years	3,457	-	3,509	-
After two and within five years	13,103	-	15,887	-
After five years	19,527	-	17,373	-
	<u>39,544</u>	<u>-</u>	<u>40,278</u>	<u>-</u>

The group and company have debt on both a vessel and non vessel mortgage secured basis, and interest is paid on the debt borrowed on the basis of Euribor and Libor interest rates plus a margin. The margin itself is on a fixed basis and agreed with the banks on a commercial basis that varies on a per loan basis. Disclosure of the margin itself is deemed by the Directors to be commercially sensitive.

	Group 31 December 2013 €'000	Company €'000	Group 31 December 2012 €'000	Company €'000
<b>The group has two finance leases for two cars. These are repayable as follows</b>				
Finance lease : amounts within 1 year	-	-	24	-
	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	Group 31 December 2013 €'000	Company 31 December 2013 €'000	Group 31 December 2012 €'000	Company 31 December 2012 €'000
Pensions	51	-	52	-
Interests in associated undertakings	1,530	-	1,230	-
Onerous contracts	3,051	-	1,597	1,597
	<u>4,632</u>	<u>-</u>	<u>2,879</u>	<u>1,597</u>

The onerous contract provision includes the bareboat leasing of vessels. The provision established in the prior year was utilised in full. The Directors have revisited the models upon which the onerous lease provision was calculated and recognised the resulting provision and charge in the financial statements.

All movements in the year have been provided through the profit and loss account.

**16 DEFERRED TAX**

	Group 31 December 2013 €'000	Company 31 December 2013 €'000	Group 31 December 2012 €'000	Company 31 December 2012 €'000
Accelerated capital allowances	<u>(243)</u>	<u>-</u>	<u>41</u>	<u>-</u>

No deferred tax has been provided on the revaluation reserve. This is because any capital loss generated by the sale of the building at below cost could only be set against capital gains made on other assets and no such gains are anticipated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**17 CALLED UP SHARE CAPITAL**

	31 December 2013 €'000	31 December 2012 €'000
Allotted, called up and fully paid		
487,600 (2012: 487,600) ordinary shares of £1 each	725	725
	<u>725</u>	<u>725</u>

**18 RECONCILIATION OF MOVEMENT IN RESERVES**

	Profit & Loss Account €'000	Share Premium €'000	Capital Redemption €'000	Revaluation Reserve €'000
<b>The Group</b>				
At 1 January 2013	74,351	5,584	1,062	(2,101)
Building revaluation reserve released	45	-	-	(45)
Retained loss for the year	(26,754)	-	-	-
Ordinary share dividends cancelled	1,055	-	-	-
	<u>48,697</u>	<u>5,584</u>	<u>1,062</u>	<u>(2,146)</u>
At 31 December 2013	<u>48,697</u>	<u>5,584</u>	<u>1,062</u>	<u>(2,146)</u>

Following the disposal of a freehold asset during the year, an amount of €45,000 has been transferred from the revaluation reserve

**The Company**

At 1 January 2013	55,869	5,584	1,062
Retained loss for the year	(18,309)	-	-
Ordinary share dividends cancelled	1,055	-	-
	<u>38,615</u>	<u>5,584</u>	<u>1,062</u>
At 31 December 2013	<u>38,615</u>	<u>5,584</u>	<u>1,062</u>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**19 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

The Group	31 December 2013 €'000	31 December 2012 €'000
Loss for the financial year	(26,754)	(24,493)
Equity dividends cancelled	1,055	-
Additional share premium	-	122
Shares issued in the year	-	15
Net reduction in shareholders' funds	(25,699)	(24,356)
Equity shareholders' funds at 31 December 2012	79,621	103,977
Equity shareholders' funds at 31 December 2013	53,922	79,621
The Company	31 December 2013 €'000	31 December 2012 €'000
Loss for the financial year	(18,309)	(2,251)
Equity dividends cancelled	1,055	-
Additional share premium	-	122
Shares issued in the year	-	15
Net reduction in shareholders' funds	(17,254)	(2,114)
Equity shareholders' funds at 31 December 2012	63,240	65,354
Equity shareholders' funds at 31 December 2013	45,986	63,240

**20 PENSIONS**

Contributions are made into defined contribution pension schemes on behalf of some employees of the group. The assets are held separately from those of the group in independently administered funds.

The pension charge represents contributions payable by the group to those funds and amounted to €401,000 (31 December 2012: €261,000) in the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**21 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	31 December 2013 €'000	31 December 2012 €'000
Operating loss	(22,333)	(18,126)
Exceptional items	22,786	10,221
Depreciation of tangible assets	3,451	3,296
Decrease / (increase) in stocks	2,152	(404)
Decrease in debtors	5,546	4,018
(Decrease) / increase in creditors	(784)	3,757
Increase in provisions	1,754	849
	<hr/>	<hr/>
Net cash inflow from operating activities	12,572	3,611
	<hr/>	<hr/>

**22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	31 December 2013 €'000	31 December 2012 €'000
Increase / (Decrease) in cash in the year	1,083	(7,433)
Cash inflow / (outflow) from financing	851	(6,707)
	<hr/>	<hr/>
Change in debt resulting from cash flows	1,934	(14,140)
Effect of foreign exchange	371	(262)
	<hr/>	<hr/>
Movement in net debt	2,305	(14,402)
	<hr/>	<hr/>
Net funds at 1 January 2013	(29,933)	(15,531)
	<hr/>	<hr/>
Net debt at 31 December 2013	(27,628)	(29,933)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**22 ANALYSIS OF CHANGES IN NET DEBT (Continued)**

	1 January 2013 €'000	Cash flow €'000	Other €'000	Exchange movement €'000	31 December 2013 €'000
Cash at bank and in hand	11,474	1,083	-	371	12,928
Net Cash	11,474	1,083	-	371	12,928
Debt	(41,407)	851	-	-	(40,556)
Net debt	(29,933)	1,934	-	371	(27,628)

**23 OPERATING LEASE COMMITMENTS**

The group has 5 operating leases relating to cars (2012: 7). The minimum annual rentals under these leases are:

	Group 31 December 2013 €'000 Other	Company €'000 Other	Group 31 December 2012 €'000 Other	Company €'000 Other
Operating leases which expire:				
In less than one year	38	-	25	-
Between one and two years	9	-	16	-
In two to five years	50	-	45	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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**24 DERIVATIVES**

The group had several forward currency and interest rate contracts in place as at 31 December 2013 with a potential liability of €448,772 (2012: €956,785). The group enters into derivatives in order to hedge foreign exchange exposure, not for speculative purposes.

**25 CONTINGENT LIABILITIES**

Various members of the group, including the parent company, have given cross-guarantees in respect of the bank loans included in notes 13 and 14.

The group has provided cross guarantees to support certain entities in which it has a share holding amounting to €2,114,000 (2012: €6,183,000).

The parent company has also provided an unlimited cross guarantee to Vectis 8000 Limited, a joint venture of the group.

There were no other contingent liabilities at 31 December 2013 or 31 December 2012, other than as disclosed in note 16 under deferred tax.

**26 CAPITAL COMMITMENTS**

At 31st December 2013 entities in which the group has a shareholding have no significant capital commitments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

**27 RELATED PARTIES TRANSACTIONS**

The group is exempt under Financial Reporting Standard No. 8 from disclosing any transactions or balances between wholly owned group entities that have been eliminated on consolidation.

During the year the Group recharged purchases of €807,691 (2012: €746,067) to Carisbrooke Shipping Lauren C CV, a company incorporated in The Netherlands with common shareholders and directors. Carisbrooke Shipping Lauren C CV is an 84% owned subsidiary by Carisbrooke Shipping (Holland) BV and Carisbrooke Shipping (CV15) BV. The Group also collected income of €853,312 (2012: €812,097) on behalf of the company. At 31 December 2013 the net balance due from Lauren amounted to €1,077,312 (2012: €934,881). This has been provided against at the year end.

During the year the group recharged purchases of €923,146 (2012: €0) to Medina Maritime CV, a company incorporated in The Netherlands with common stakeholders and directors. Medina Maritime is an 54% owned subsidiary by Carisbrooke Shipping (Holland) BV and Carisbrooke Shipping (CV23) BV. The group also collected income of €1,609,062 (2012: €0) on behalf of the company. At 31 December 2013 the net balance due from Medina Maritime CV amounted to €164,554 (2012: €1,495,665).

Carisbrooke Shipping (Holland) BV maintains a current account with Carisbrooke Shipping 6250 BV for settlement of management fees and vessel equipment costs. Carisbrooke Shipping 6250 BV is a joint venture in which the Group has a 50% interest.

Carisbrooke Shipping Limited maintains a current account with Vectis 8000 Limited for settlement of management fees and vessel costs. Vectis 8000 Limited is a joint venture in which the Group has a 45% interest.

Carisbrooke Shipping Limited maintains a current account with Medina 8000 Limited for settlement of management fees and vessel costs. Medina 8000 Limited is a joint venture in which the Group has a 45% interest.

During the year the company purchased consultancy services amounting to €143,666 from WtoM Technology BV, a company in which W Wester is a director. At the year end an amount of €9,639 was owed to the company.

	Income		Expenditure		Amounts owed to associates & joint venture €'000		Amounts owed by associate & joint venture €'000	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Joint ventures:</b>								
Carisbrooke Shipping 6250 BV	33,463	20,707	27,383	17,877	-	-	374	972
Vectis 8000 Limited	3,879	5,546	3,252	5,343	122	-	-	138
Medina 8000 Limited	2,811	5,663	1,985	5,395	-	206	219	-
<b>Associates:</b>								
Carisbrooke Shipping Mary C CV	2,269	2,232	4,277	2,282	340	335	781	387
Carisbrooke Shipping Nicole C CV	877	823	2,126	1,322	-	-	407	1,674
Hanzevast Carisbrooke Shipping 1 NV	1,731	1,730	3,019	4,008	-	-	1,400	1,342
Sheepsfonds Hanzevast - MS Megan C NV	1,920	2,191	2,126	2,190	394	286	967	722

During the year end amounts of €1,394,000 owed by Carisbrooke Shipping Nicole C CV were forgiven. At the year end amounts of €407,000 owed were provided against.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2013

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**27 RELATED PARTIES TRANSACTIONS (Continued)**

The group has paid or accrued dividends, including to a number of directors of Carisbrooke Shipping Holdings Limited. The interim dividend for 2011, half of which remained unpaid, was cancelled in 2013.

	2013	2012
	€'000	€'000
H Tveitan	(108)	-
R W Wester	(162)	-
P I Jones (Resigned 1.9.13)	(108)	-
W Wester	(216)	-

**28 ULTIMATE CONTROLLING PARTY**

The directors believe that there is no single controlling individual.