

Company Registration No 3999163

## **ASSOCIATED BULK CARRIERS LIMITED**

Report and Financial Statements

At December 31st 2009

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# **ASSOCIATED BULK CARRIERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009 CONTENTS**

	Page
Officers and professional advisers	1
Directors' Report	2-3
Statement of directors' responsibilities in respect of the Directors' report and the Financial Statements	4
Independent auditors' report to the members of Associated Bulk Carriers Limited	5
Profit and loss account	6
Balance sheet	7
Cashflow statement	8
Reconciliation of movement in shareholders funds	9
Notes to the accounts	10-17

# **ASSOCIATED BULK CARRIERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A Lion  
Capt R Zingher  
N Weeks  
C Klein

#### **SECRETARY**

C Klein

#### **REGISTERED OFFICE**

Sea Containers House  
20 Upper Ground  
LONDON SE1 9PD

#### **AUDITORS**

KPMG LLP  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

## **ASSOCIATED BULK CARRIERS LIMITED**

### **DIRECTORS' REPORT**

The directors present their directors' report and the audited financial statements for the year ended 31 December 2009

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the international carriage of seaborne freight

### **BUSINESS REVIEW**

The profit of the company for the year to 31 December 2009 was \$16,215,882 (2008 \$45,016,261) This is a decrease compared to the previous year due to weaker freight markets and the disposal of two vessels

The company employed an average of 61 seagoing staff during the year

### **FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise short term bank deposits Further details are given in note 14 to the accounts

### **DIVIDENDS**

The directors paid a dividend of \$19.5 million during the year (\$3.90 per share) In accordance with FRS21 "Post Balance Sheet Events" dividends are only recognised in the periods in which they are approved

### **POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The company seeks to agree terms with its suppliers when it commits to expenditure and seeks to adhere to them provided goods are supplied in accordance with agreed terms and conditions The number of creditor days outstanding at year end was 24 days

### **DIRECTORS**

The directors who held office during the year were as follows

A Lion

Capt R Zingher

N Weeks

C Klein

None of the directors who held office at the end of the period, or their families and family trusts, had any interest in the shares of the company

## **ASSOCIATED BULK CARRIERS LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **POLITICAL AND CHARITABLE DONATIONS**

The company made no political or charitable donations during the year

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

#### **AUDITORS**

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

By order of the board



C Klein  
Secretary

Sea Containers House  
20 Upper Ground  
London SE1 9PD

27 April 2010

## **ASSOCIATED BULK CARRIERS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED BULK CARRIERS LIMITED**

We have audited the financial statements of Associated Bulk Carriers Limited for the year ended 31 December 2009 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company's members, as a body, for our audit work, for this report, or the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

### **Matters on which we are required to report by exception**

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

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

  
J Luke (Senior Statutory Auditor)  
for and on behalf of KPMG Audit LLP, Statutory Auditor  
Chartered Accountants  
London

27 April 2010

# ASSOCIATED BULK CARRIERS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2009

	Note	2009 \$000's	2008 \$000's
<b>TURNOVER</b>	2	35,832	78,172
Cost of sales		<u>(20,980)</u>	<u>(32,120)</u>
<b>GROSS PROFIT</b>		14,852	46,052
Administrative expenses		<u>(793)</u>	<u>(1,120)</u>
<b>OPERATING PROFIT</b>		14,059	44,932
Interest receivable and similar income	3	4	148
Profit on sale of fixed assets	4	<u>2,203</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>	5	16,266	45,080
Tax on tonnage	6	<u>(50)</u>	<u>(64)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><u>16,216</u></u>	<u><u>45,016</u></u>

There were no recognised gains or losses in either period other than those presented above



# ASSOCIATED BULK CARRIERS LIMITED

## BALANCE SHEET

As at 31 December 2009

	Note	2009 \$000's	2008 \$000's
<b>FIXED ASSETS</b>			
Tangible Assets	10	<u>9,536</u>	<u>11,759</u>
		<u>9,536</u>	<u>11,759</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,940	477
Debtors	12	3,960	5,035
Cash at bank and in hand		<u>626</u>	<u>3,000</u>
		6,526	8,512
<b>CREDITORS : Amounts falling due within one year</b>	13	(1,783)	(2,708)
<b>NET CURRENT ASSETS</b>		<u>4,743</u>	<u>5,804</u>
<b>NET ASSETS</b>		<u>14,279</u>	<u>17,563</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	15	5,000	5,000
Profit and loss account	16	9,279	12,563
<b>SHAREHOLDERS' FUNDS</b>		<u>14,279</u>	<u>17,563</u>

These financial statements were approved by the Board of Directors on 27 April 2010

Signed on behalf of the Board of Directors



C Klein  
Director

# ASSOCIATED BULK CARRIERS LIMITED

## CASHFLOW STATEMENT

Year ended 31 December 2009

	Note	2009 \$000's	2008 \$000's
Net cash inflow from operating activities	19	14,307	47,172
Returns on investments and servicing of finance			
Interest received		<u>4</u>	<u>148</u>
Net cashflow from returns on investments and servicing of finance		<u>4</u>	<u>148</u>
Tax paid		(64)	(64)
Dividends paid		(19,500)	(58,000)
Proceeds of vessels disposals		5,154	-
Capital expenditure and dry docking expenditure		<u>(2,275)</u>	<u>(1,587)</u>
Net cash inflow / (outflow) from capital expenditure		<u>2,879</u>	<u>(1,587)</u>
Net cashflow before management of liquid resources and financing		<u>(2,374)</u>	<u>(12,331)</u>
Decrease in cash and cash equivalents		<u>(2,374)</u>	<u>(12,331)</u>
Cash and cash equivalents at the beginning of the year		<u>3,000</u>	<u>15,331</u>
Cash and cash equivalents at the end of the year		<u><u>626</u></u>	<u><u>3,000</u></u>

## **ASSOCIATED BULK CARRIERS LIMITED**

### **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

**Year ended 31 December 2009**

	2009 \$000's	2008 \$000's
Profit for the financial period	16,216	45,016
Distributions	<u>(19,500)</u>	<u>(58,000)</u>
Net change in shareholders' funds	<u>(3,284)</u>	<u>(12,984)</u>
Shareholders' funds at the beginning of the period	<u>17,563</u>	<u>30,547</u>
Shareholders' funds at the end of the period	<u><u>14,279</u></u>	<u><u>17,563</u></u>

## **ASSOCIATED BULK CARRIERS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2009**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and prior period.

##### **Basis of preparation of financial statements**

The financial statements have been prepared on the historical cost basis.

The profit after tax for the year ended 31 December 2009 was \$16,215,882 (2008 \$45,016,261).

##### **Foreign currencies**

The financial statements are presented in US Dollars as this is the functional currency of the company. Transactions in other currencies are translated into the reporting currency at the exchange rate in operation at the date of the transaction, or where appropriate at contracted forward rates. Assets and liabilities denominated in foreign currencies are translated into the reported currency at closing rates ruling at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

##### **Tangible fixed assets**

Fixed assets are stated in the balance sheet at cost, less depreciation and any provision for impairment in value.

Depreciation is calculated on a straight line basis to write off the cost of the fixed assets to their residual values over their estimated useful lives of 20 years, with the exception of drydock and steelwork costs which is detailed below.

##### **Drydock and steelwork costs**

Costs incurred in respect of drydocks are capitalised and amortised to the profit and loss account over the period to the next scheduled drydock. Steelwork improvements are capitalised and amortised to the profit and loss account over the estimated useful economic life of the vessel concerned.

##### **Stocks**

Stocks consist of consumables and are stated at lower of cost and net realisable value, using the first in first out method.

##### **Taxation**

The company entered the UK tonnage tax regime on 1 January 2001 for an initial period of ten years. Under this regime the current tax charge is calculated by reference to the net tonnage of the qualifying ships owned by the company. This method replaces both the tax-adjusted commercial profit/loss on a qualifying shipping trade and the chargeable gains/losses made on the disposal of tonnage tax assets as calculated in previous periods. The regime includes provisions whereby a proportion of capital allowances previously claimed by the Group may be subject to tax in the event of a significant number of vessels being sold, restricted to a seven year period following the date of entry into the tonnage tax regime. To the extent that timing differences exist at the date of entry which represents allowances that could be clawed back, deferred tax is provided. To the extent that the group generates profits/losses which do not qualify for inclusion under the above regime they will be taxable under general UK corporation tax principles.

# ASSOCIATED BULK CARRIERS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2009

### 1. ACCOUNTING POLICIES (Taxation continued)

Where the company generates profits/losses which do not qualify for inclusion under the above regime, deferred taxation will be provided on income and expenditure dealt with for taxation purposes in periods different from those for accounting purposes, to the extent that it is probable that a liability or asset will crystallise

#### Turnover

Turnover represents voyage revenue and charter hire receivable

#### Revenue recognition

Revenue from charter hire is recognised evenly over the period of the charter. Voyage revenue and costs are recognised according to the percentage completion of each voyage. Estimated losses on voyages are provided in full at the time such losses become evident.

Revenue from relet cargoes, where a vessel is voyage chartered in and voyage chartered out to a third party, is recognised at completion of loading.

#### Retirement Benefit Fund

The company participates in a defined benefit retirement plan (as defined by FRS 17 Retirement Benefits) established by a fellow subsidiary group company for certain maritime personnel ("the plan") which provides, in certain circumstances, for a lumpsum benefit on retirement as specified by the plan rules. However the value of this benefit is calculated entirely with reference to the value of an investment fund ("the fund") managed by an independent insurance company. Contributions are calculated by reference to current service and are administered and invested in the fund by a fellow subsidiary group company. As the group's contributions are affected by a surplus or deficit in the scheme but the group is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, the contributions to the scheme has been accounted for as if it was a defined contribution scheme.

### 2. TURNOVER

By geographical origin

All turnover and operating profit is derived from UK operations

By geographical destination

	Turnover		Operating Profit	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Europe	-	7,035	-	4,044
Far East	35,115	64,883	13,778	37,294
Rest of World	717	6,254	281	3,594
	<u>35,832</u>	<u>78,172</u>	<u>14,059</u>	<u>44,932</u>

### 3. INTEREST RECEIVABLE

	2009	2008
	\$000's	\$000's
Interest receivable on bank and cash balances	<u>4</u>	<u>148</u>

# ASSOCIATED BULK CARRIERS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2009

### 4 PROFIT ON SALE OF FIXED ASSETS

	2009 \$000's	2008 \$000's
Net book value of sold vessels	(2,951)	-
Sale proceeds	5,154	-
Profit on sale	<u>2,203</u>	<u>-</u>

### 5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 \$000's	2008 \$000's
Profit on ordinary activities before taxation is stated after charging		
Audit fees		
- audit of these financial statements	94	74
Drydock amortisation	1,547	1,606
Foreign exchange losses / (gains)	<u>(4)</u>	<u>12</u>

### 6. TAXATION

	2009 \$000's	2008 \$000's
UK tonnage tax	<u>50</u>	<u>64</u>

The tax charge included in the profit & loss account differs from the application of the weighted average rate of corporation tax in the UK (28%) of the companys profit before tax for the following reasons

	2009 \$000's	2008 \$000's
Profit before taxation	<u>16,266</u>	<u>45,080</u>
Tax at 28%	4,554	12,622
Effect of being in UK tonnage tax regime	(4,554)	(12,622)
UK tonnage tax	50	64
Total	<u>50</u>	<u>64</u>

### 7 DIRECTORS' REMUNERATION

No director received any remuneration for services to the company during the current or prior year

# ASSOCIATED BULK CARRIERS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2009

### 8. STAFF COSTS

	2009 \$000's	2008 \$000's
Wages and benefits	<u>2,395</u>	<u>3,588</u>

### 9. EQUITY DIVIDENDS

	2009 \$000's	2008 \$000's
Dividends	<u>19,500</u>	<u>58,000</u>
Effective dividend paid per share	<u>\$3 90</u>	<u>\$11 60</u>

Dividends were paid in respect of both A & B classes of shares that are identical in every respect

### 10 TANGIBLE FIXED ASSETS

	Owne Vessels \$000's	Dry Dock Costs Capitalised \$000's	Total \$000's
<b>Fixed Assets</b>			
At 1 January 2008	71,000	5,006	76,006
Additions	-	1,587	1,587
At 31 December 2008	<u>71,000</u>	<u>6,593</u>	<u>77,593</u>
Additions	-	2,275	2,275
Disposals	<u>(18,000)</u>	<u>(1,969)</u>	<u>(19,969)</u>
At 31 December 2009	<u>53,000</u>	<u>6,899</u>	<u>59,899</u>
<b>Accumulated depreciation</b>			
At 1 January 2008	(62,032)	(2,196)	(64,228)
Charge for the year	-	(1,606)	(1,606)
At 31 December 2008	<u>(62,032)</u>	<u>(3,802)</u>	<u>(65,834)</u>
Charge for the year	-	(1,547)	(1,547)
Disposals	<u>16,235</u>	<u>783</u>	<u>17,018</u>
At 31 December 2009	<u>(45,797)</u>	<u>(4,566)</u>	<u>(50,363)</u>
<b>Net book value</b>			
At 31 December 2009	<u>7,203</u>	<u>2,333</u>	<u>9,536</u>
At 31 December 2008	<u>8,968</u>	<u>2,791</u>	<u>11,759</u>

## ASSOCIATED BULK CARRIERS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2009

#### 11. STOCKS

	2009 \$000's	2008 \$000's
Bunker fuels	1,779	101
Lubricants	161	376
	<u>1,940</u>	<u>477</u>

#### 12. DEBTORS

	2009 \$000's	2008 \$000's
Trade debtors	3,821	4,870
Other debtors	82	81
Prepayments and accrued income	57	84
	<u>3,960</u>	<u>5,035</u>

#### 13. CREDITORS

	2009 \$000's	2008 \$000's
Amounts falling due within one year		
Trade creditors	137	417
Tax creditor	50	64
Other creditors	1,540	2,241
Accruals and deferred income	56	(14)
	<u>1,783</u>	<u>2,708</u>



## ASSOCIATED BULK CARRIERS LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2009

#### 14. FINANCIAL INSTRUMENTS

##### Financial risk management

The company's financial instruments comprise of short term bank deposits. The company does not undertake financial instrument transactions that are speculative or unrelated to the company's trading activities. Exposure to liquidity, credit and interest rate risks arise in the normal course of the company's trading business.

##### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

##### Interest rate risk

The company has a portfolio of income - earning assets and interest-bearing financial liabilities. These have a range of effective interest rates and maturity dates and are negotiated on commercial considerations appropriate at the time of negotiation.

##### Trade and other receivables and payables

For the receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are discounted to determine fair value.

#### 15. CALLED UP SHARE CAPITAL

	2009 \$000's	2008 \$000's
<b>Called up, allotted and fully paid</b>		
2,491,000 A ordinary shares of \$1 each	2,491	2,491
2,491,000 B ordinary shares of \$1 each	2,491	2,491
<b>Issued and 25% paid</b>		
25,000 A non-participating deferred shares of £1 each	9	9
25,000 B non-participating deferred shares of £1 each	9	9
	<u>5,000</u>	<u>5,000</u>

There are two classes of shares A and B, they are identical in every respect.

## ASSOCIATED BULK CARRIERS LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2009

#### 16. RESERVES

	Share capital \$000's	Profit and loss account \$000's	Total \$000's
At 1 January 2009	5,000	12,563	17,563
Profit for the year	-	16,216	16,216
Dividends	-	(19,500)	(19,500)
At 31 December 2009	<u>5,000</u>	<u>9,279</u>	<u>14,279</u>

#### 17. RELATED PARTY TRANSACTIONS

During the period the company received management services from Zodiac Maritime Agencies Limited, a company in the same group as the shareholder. Management fees paid to Zodiac Maritime Agencies Limited during the period were \$0.794 million (2008: \$1.164 million) with nil outstanding as at 31 December 2009.

#### 18. COMMITMENTS

##### Capital

There were no contracted capital commitments at 31 December 2009 (2008: \$nil).

##### Operating leases

There were no obligations under operating leases in 2009.

The company charters out its vessels and the future income arising from these charters is as follows:

	2009 \$000's	2008 \$000's
Less than one year	2,390	3,712
Between one and five years	-	-
More than five years	-	-

## **ASSOCIATED BULK CARRIERS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2009**

#### **19 NOTES TO THE COMPANY CASH FLOW STATEMENT**

Reconciliation of operating profit to net cash inflow from operating activities

	2009 \$000's	2008 \$000's
Company operating profit	14,059	44,932
Depreciation and amortisation	1,547	1,606
Increase in stocks	(1,463)	(242)
Decrease in debtors	1,075	426
(Decrease) / Increase in creditors and provisions	<u>(911)</u>	<u>450</u>
Net cash inflow from operating activities	<u>14,307</u>	<u>47,172</u>

#### **20 PARENT UNDERTAKING**

The immediate parent company of the group is Eurotower Holdings S A , a company incorporated in Liberia

The ultimate parent company of the group is Oceania Holdings Limited, a company incorporated in Liberia