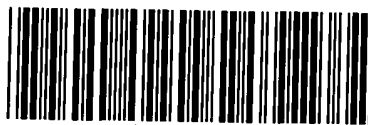


Company Number: 06472241

**Watling Street Shipping Limited**  
**Director's Report and Financial Statements**  
**For the year ended**  
**31 December 2016**

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**Watling Street Shipping Limited**  
**Report and Financial Statements**  
**For the year to 31 December 2016**

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**Watling Street Shipping Limited**  
**Report of the Director to 31 December 2016**

## **Report of the Director**

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The director submits his director's report together with the audited financial statements for the year ended 31 December 2016.

### ***Registered Office***

The Company's registered office is situated at 25 Moorgate, London, EC2R 6AY.

### ***Review of Business and Going Concern***

The Company did not trade during the year.

The director intends to formally liquidate the Company in the foreseeable future. The financial statements have therefore been prepared on a break up basis. The Company has taken steps to ensure that all of its trade and related payables will be settled.

### ***Key Performance Indicators***

Given the Company did not trade during the year, and the director intends to formally liquidate the Company in the foreseeable future, no key performance indicators are considered to be relevant.

### ***Key Risk and Uncertainties***

The key risk facing the Company was considered to be the ongoing availability of finance as the Company was in breach of loan covenants on its long term debt. The director intends to formally liquidate the Company.

### ***Results and Dividends***

The Company's results are set out on page 6. The loss attributable to shareholders of €144,749 (2015: €126,682) has been transferred to reserves. The director does not recommend the payment of a dividend.

### ***Directors***

The director during the financial year and up to the date of this report was as follows:

Nigel Rowland Hill

**Watling Street Shipping Limited**  
**Report of the Director to 31 December 2016**

## **Report of the Director**

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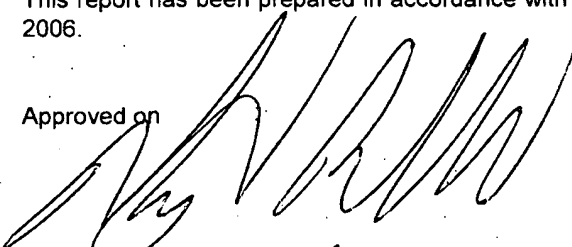
### ***Director's Declaration***

The director confirms:

- (a) so far as he is aware, there is no relevant audit information of which the Company's independent auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's independent auditors and to establish that the Company's independent auditors are aware of that information.

This report has been prepared in accordance with the Small Companies Regime of the Companies Act 2006.

Approved on

  
Nigel Rewland Hill  
Director

18 AUGUST 2017

## **Statement of Director's Responsibilities**

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The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on an appropriate basis, which the director believes to be a break up basis.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditors' Report to the Shareholder of Watling Street Shipping Limited**

We have audited the financial statements of Watling Street Shipping Limited for the year ended 31 December 2016 which are set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have been prepared on a break up basis.

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 the director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - basis of preparation**

As disclosed in note 2(a), the financial statements have been prepared on a break up basis as it is the intention of the director to formally liquidate the company. Our opinion is not qualified in this respect.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

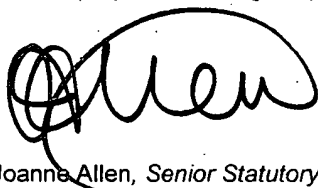
## **Independent Auditors' Report to the Shareholder of Watling Street Shipping Limited**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Joanne Allen, Senior Statutory Auditor

For and on behalf of  
Moore Stephens LLP, Chartered Accountants and Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date:

22nd August 2017

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

**Company Number: 06472241**

**Statement of Comprehensive Income**

(Expressed in Euros)

	Note	2016 €	2015 €
Revenue	2(g)	-	-
Administrative expenses		(36,210)	(15,671)
<b>Loss from operations</b>	4	<b>(36,210)</b>	<b>(15,671)</b>
Finance costs	5	(108,539)	(111,011)
<b>Loss before tax</b>		<b>(144,749)</b>	<b>(126,682)</b>
Income tax expense	6	-	-
<b>Total comprehensive loss for the year</b>		<b>(144,749)</b>	<b>(126,682)</b>

There were no items of other comprehensive income for either 2016 or 2015.

The notes on pages 10 to 16 form part of these financial statements.



**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

**Company Number: 06472241**

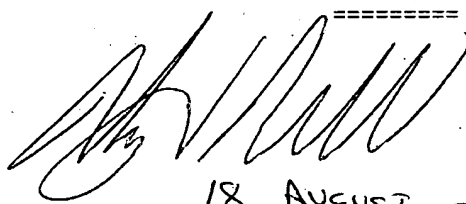
**Statement of Financial Position**

(Expressed in Euros)

	Note	2016 €	2015 €
<b>Current assets</b>			
Cash and cash equivalents	9	804,414	840,611
<b>Total assets</b>		<u>804,414</u>	<u>840,611</u>
<b>Current liabilities</b>			
Current portion of long term debt	11	2,511,660	2,511,660
Trade and other payables	10	551,167	442,615
Amounts due to fellow subsidiaries		3,188,521	3,188,521
Amount due to parent company	12	31,410,288	31,410,288
<b>Total liabilities</b>		<u>37,661,636</u>	<u>37,553,084</u>
<b>Capital and reserve</b>			
Share capital	13	1	1
Accumulated losses		(36,857,223)	(36,712,474)
<b>Total deficit</b>		<u>(36,857,222)</u>	<u>(36,712,473)</u>
<b>Total equity and liabilities</b>		<u>804,414</u>	<u>840,611</u>

Approved and authorised for issue on

Nigel Rowland Hill  
 Director

  
 18 AUGUST 2017

The notes on pages 10 to 16 form part of these financial statements.

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

**Statement of Changes in Equity**  
(Expressed in Euros)

	Share capital €	Accumulated losses €	Total €
At 1 January 2015	1	(36,585,792)	(36,585,791)
Total comprehensive loss for the year	-	(126,682)	(126,682)
At 1 January 2016	1	(36,712,474)	(36,712,473)
Total comprehensive loss for the year	-	(144,749)	(144,749)
At 31 December 2016	1 =====	(36,857,223) =====	(36,857,222) =====

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

**Statement of Cash Flows**  
(Expressed in Euros)

	Note	2016 €	2015 €
<b>Operating activities</b>			
Comprehensive loss for the year		(144,749)	(126,682)
Adjustments for:-			
Interest expense	5	108,539	111,011
		<u>(36,210)</u>	<u>(15,671)</u>
Increase/(decrease) in trade and other payables		13	(1,359)
		<u>(36,197)</u>	<u>(17,030)</u>
<b>Cash (used in)/generated from operations</b>			
Net interest paid		-	-
		<u>(36,197)</u>	<u>(17,030)</u>
<b>Net cash used in operating activities and net decrease in cash and cash equivalents</b>			
		<u>(36,197)</u>	<u>(17,030)</u>
Cash and cash equivalents at beginning of year		840,611	857,641
		<u>840,611</u>	<u>840,611</u>
<b>Cash and cash equivalents at end of year</b>	9	<u>804,414</u>	<u>840,611</u>

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## **Notes to the Financial Statements**

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### **1. General**

Watling Street Shipping Limited (the "Company") is incorporated and domiciled in the United Kingdom. The principal place of business during the year was 25 Moorgate, London, EC2R 6AY.

The previous activity of the Company was owning and chartering out a ro-pax vessel under a fixed rate time charter. During the year ended 31 December 2012, the vessel was sold and the Company has since ceased trading.

### **2. Significant Accounting Policies**

#### **(a) Going Concern**

The financial statements have been prepared on the break up basis, as the Company has ceased trading and it is the intention of the director to liquidate the Company.

#### **(b) Basis of Preparation of the Financial Statements**

The financial statements have been prepared on the break up basis and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are stated in Euro, being the functional currency of the Company. The principal accounting policies adopted are set out below.

The Company has adopted the new interpretations and revised standards effective for the year ended 31 December 2016. The adoption of these interpretations and revised standards did not have a significant impact on the financial statements during the year.

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2016. The director does not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements as the Company is expected to be liquidated.

## **Notes to the Financial Statements**

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### **2. Significant Accounting Policies (Continued)**

#### **(c) Financial Liabilities**

Financial liabilities are stated at the fair values without taking any account of attributable transaction costs.

#### **(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of less than three months.

#### **(e) Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

#### **(f) Revenue Recognition**

No revenue has been recognised in the current or previous year as the vessel has been sold.

#### **(g) Foreign Currencies**

The Company's functional currency is the Euro as this reflects the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Expenses paid in foreign currencies are recorded at the rate of exchange at the transaction date. Exchange gains and losses are included in the determination of total comprehensive income for the year.

#### **(h) Finance costs**

Finance costs are determined based on the interest rate applicable to the related borrowing and expensed in profit or loss in the year in which they are incurred.

### **3. Critical Accounting Estimates**

The critical accounting judgement concerning the future or key source of estimation uncertainty at the reporting date that could have a significant risk of causing a material adjustment to the financial statements is the amount that will need to be paid to extinguish the Company's liabilities.

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

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**Notes to the Financial Statements**

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**4. Loss from Operations**

Loss from operations is arrived at after charging:-

	2016 €	2015 €
Administrative expenses:		
Auditor's remuneration	3,502	4,639
	=====	=====

**5. Finance Costs**

	2016 €	2015 €
Interest expense on long term debt	108,539	111,011
	=====	=====

**6. Income Tax**

The Company bears no income tax as it has ceased trading and has no taxable income. Deferred tax has not been recognised in respect of the losses as there are not expected to be any future profits.

**7. Employees**

There were no employees employed by the Company in the year (2015: Nil).

**8. Key Management Remuneration**

No director's remuneration has been paid nor is payable for the year (2015: Nil). There are not considered to be any other key management.

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

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**Notes to the Financial Statements**

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**9. Cash and Cash Equivalents**

	2016 €	2015 €
Cash at bank	804,414 =====	840,611 =====

All bank balances have been pledged to the bank as security for the loan facilities granted (see Note 11).

**10. Trade and Other Payables**

	2016 €	2015 €
Trade payables	649	649
Other payables and accruals	550,518	441,966
	-----	-----
	551,167 =====	442,615 =====

All trade, other payables and accruals are due for settlement within one year.

**11. Current Portion of Long Term Debt**

At 31 December, the bank loan was repayable as follows:

	2016 €	2015 €
Within 1 year	2,511,660 =====	2,511,660 =====

The Company and three of its fellow subsidiaries established a €182,260,000 secured loan facility with HSH Nordbank, Deutsche Schiffsbank Aktiengesellschaft and DVB Bank N.V. At 31 December 2008 the whole amount had been drawn down and the amount of €46,120,000 allocated to the Company.

All four vessels were sold in the year ended 31 December 2012 and the loan balance substantially repaid. The remainder of the loan is repayable on demand.

The Company is jointly and severally liable with the fellow subsidiaries for the total amount of the facility drawn down. At 31 December 2016 the total amount due under the facility amounted to €8,270,540 (2015: €8,270,540).

The loan bears interest at EURIBOR plus a margin of 1.85% plus 2% default interest.

The loan is secured by, inter alia, a pledge over the bank accounts of the Company, a guarantee from the former holding company and a charge over the shares of the Company.

**Watling Street Shipping Limited**  
**Financial statements for the year to 31 December 2016**

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**Notes to the Financial Statements**

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**12. Amount due to the Parent Company**

The amount due to the parent company is non-trade related, unsecured and interest free.

Repayment of the balance is subordinated to the long term debt.

The parent company filed for liquidation on 16 May 2011.

**13. Share capital**

	2016		2015	
	No. of Shares	€	No. of shares	€
Authorised:-				
Ordinary shares of £1 each	1,000	1,480	1,000	1,480
	=====	=====	=====	=====
Issued and fully paid:-				
Ordinary shares of £1 each	1	1	1	1
	=====	=====	=====	=====

**14. Financial Risk Management**

The Company's activities have exposed it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and exchange rate risk.

**(a) Management of Capital**

The Company regarded the following as capital:

	2016 €	2015 €
Shareholder's deficit	(36,857,223)	(36,712,474)
Long term debt	2,511,660	2,511,660
Amounts due to parent company	31,410,288	31,410,288
	=====	=====
	(2,935,275)	(2,790,526)
	=====	=====

However, the Company was unable to meet its debt covenants so the long term loan is in default and is repayable on demand.



## **Notes to the Financial Statements**

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### **14. Financial Risk Management (Continued)**

#### **(b) Financial Risks**

##### **(i) Credit risk**

Concentrations of credit risk exist to the extent that at 31 December 2016 and 2015 all current accounts were held with one financial institution, HSH Nordbank AG. The financial institution is a reputable bank with a high credit rating. The current accounts are pledged as collateral against the bank loan.

##### **(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations.

The Company continued to breach lending covenants in the year and has been unable to obtain additional funding from other sources.

All liabilities are now due on demand and the director intends to file for liquidation.

##### **(iii) Interest rate risk**

The Company's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows.

The Company's exposure to changes in interest rates relates primarily to its long term debt which is disclosed in note 11.

The impact on the result for the year of a 25b.p. change in the spot Euro 3 months EURIBOR rate at each fixing date would be an increase or decrease of approximately €6,250 (2015: €6,250).

Sensitivity remains unchanged in the current year as the company has ceased trading following the sale of the vessel and no repayments of long term debt have been made following the sale.

## **Notes to the Financial Statements**

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### **14. Financial Risk Management (Continued)**

#### **(iv) Fair values**

All financial assets are carried at amounts not materially different from their fair values as at 31 December 2016 and 2015.

The fair value of financial liabilities as at 31 December 2016 is considered to be €804,414 (2015: €840,611).

#### **(v) Exchange rate risk**

The Company is not exposed to significant exchange rate risk as all material assets and liabilities are denominated in Euros. The Pounds Sterling to Euro spot rate applicable at the reporting date was 1.17 (2015: 1.36).

### **15. Related Party Transactions and Controlling Interests**

As at 16 May 2011 the Company was a wholly owned subsidiary of New Paragon Investments Limited, a company incorporated in Hong Kong. On 16 May 2011 New Paragon Investments Limited filed for liquidation.

On 8 June 2011 HSH Nordbank AG ("HSH") exercised its rights under the loan facility and the shares of the Company were transferred from New Paragon Investments Limited to HSH's appointed nominee Epic Shipping Project 7 Limited ("Epic"). On 7 September 2012 the shares were transferred from Epic to another HSH appointed nominee Abelia Shipping Inc. Abelia Shipping Inc. is a wholly owned subsidiary of Woodstreet Inc, a company over which the director has significant control. These transfers do not affect the beneficial ownership of the Company which remains with New Paragon Investments Limited.

During the year the Company was charged an administration fee of €3,416 (2015: €2,645) and a fee for director's services of €2,282 (2015: €2,340) by companies connected with the director.