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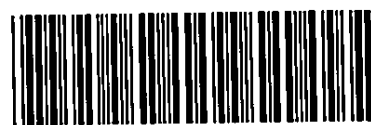
Aurora Shipping Ltd

Report and financial statements

At 31 December 2009

Incorporated	09 September 03
UK registered number	FC026839
UK branch number	BR008843
Date of opening of UK branch	13 June 06

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Aurora Shipping Ltd

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2009
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Aurora Shipping Ltd
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 \$3,305,000 (2008 \$3,155,620)

Financial instruments

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

Dividends

The directors paid a dividend of \$3.2 million during the year (2008 \$5.9m). 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 39 days (2008 19 days).

Directors

The directors who held office during the year were as follows:

A Lion
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.

Auditors

KPMG LLP

Registered office
8 Salisbury Square
London
EC4Y 8BB

Aurora Shipping Ltd
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

28 April 2010

Registered office
Tndent Chambers
P O Box 146, Road Town
Tortola
British Virgin Islands

Aurora Shipping Ltd
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.

Aurora Shipping Ltd
Independent auditors' report to the members of Aurora Shipping Ltd

We have audited the financial statements of Aurora Shipping Ltd for the year ended 31 December 2009 set out on pages 7 to 15. 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 5, 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

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 LLP, Statutory Auditor
Chartered Accountants
London

28 January 2010

Aurora Shipping Ltd
Profit and loss account
For the year ended 31 December 2009

		Year ended 31 December 2009 \$'000	Year ended 31 December 2008 \$'000
	Notes		
Turnover	2	10,515	10,980
Direct and operating costs		(6,414)	(5,941)
Operating profit		<u>4,101</u>	<u>5,039</u>
Interest payable and similar charges	5	(789)	(2,006)
Interest receivable and similar income	5	13	145
Profit on ordinary activities before taxation		<u>3,325</u>	<u>3,178</u>
Tax on tonnage	6	(20)	(22)
Profit on ordinary activities after taxation		<u>3,305</u>	<u>3,156</u>
Profit for the year	17	<u><u>3,305</u></u>	<u><u>3,156</u></u>

All of the activities of the company are classified as continuing

The company has no recognised gains or losses other than the results for the year as set out above and therefore no statement of total recognised gains and losses has been presented

Aurora Shipping Ltd
Balance sheet
At 31 December 2009

	Notes	2009 \$'000	2008 \$'000
Fixed assets			
Tangible assets	7	58,549	61,927
Current assets			
Stocks	8	173	397
Debtors	9	716	731
		<u>889</u>	<u>1,128</u>
Current liabilities			
Creditors amounts falling due within one year	10	(4,515)	(4,450)
		<u>(3,626)</u>	<u>(3,322)</u>
Net current liabilities			
		<u>(3,626)</u>	<u>(3,322)</u>
Total Assets less Current Liabilities		<u>54,923</u>	<u>58,605</u>
Creditors amounts falling due after more than one year	11	(54,705)	(58,492)
		<u>(54,705)</u>	<u>(58,492)</u>
Net assets		<u>218</u>	<u>113</u>
		<u>218</u>	<u>113</u>
Financed by			
Share capital	15	-	-
Profit and loss account	17	<u>218</u>	<u>113</u>
Shareholders' funds	17	<u>218</u>	<u>113</u>

These financial statements were approved by the Board of Directors on 28 April 2010

Signed on behalf of the Board of Directors

Director



Aurora Shipping Ltd
Cash flow statement
For the year ended 31 December 2009

	Notes	2009 \$'000	2008 \$'000
Net cash inflow from operating activities	16 a	7,820	11,645
Returns on investments and servicing of finance	16 b	(833)	(1,861)
Capital expenditure and financial investment		-	-
Cash inflow before financing		<u>6,987</u>	<u>9,784</u>
Financing	16 c	(3,787)	(3,787)
Tax paid	16 d	-	(22)
Dividends paid	16 e	(3,200)	(5,975)
Increase in cash		<u><u>-</u></u>	<u><u>-</u></u>

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

- a) *Basis of preparation*
The financial statements are presented in US dollars, rounded to the nearest thousand. They are prepared under the historical cost accounting rules and with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).
Notwithstanding the company's net current liabilities of \$3,626,000 (2008: \$3,322,000), the Directors have reviewed the projected cashflows and consider the going concern basis of preparation to be appropriate.
- b) *Turnover*
Revenue from charter hire is recognised evenly over the period of the charter.
- c) *Fixed assets*
Tangible fixed assets are stated at cost less accumulated depreciation.
- d) *Depreciation*
Depreciation is calculated on a straight line basis to write off the cost of the fixed assets to their residual values over the estimated useful economic life of that asset.

Vessel	-straight line over 25 years
Deferred dry dock expenditure	-between 30 to 60 months
- e) *Stocks*
Stocks comprise bunkers and lubricants and are stated at the lower of cost and net realisable value.
- f) *Foreign currencies*
The financial statements are presented in US dollars as this is the operational 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. Monetary 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.
- g) *Taxation*
On 22 June 2006 the company elected to enter the UK tonnage regime for an initial period of ten years, renewable each year thereafter by re-election. Under the tonnage tax regime the current year tax charge is calculated by reference to the net tonnage of the qualifying ship chartered in by the partnership. To the extent that the company generates profits/losses which do not qualify for inclusion under the above regime they will be taxable under general UK tax principles. Deferred taxation is not recognised in respect of profits/losses arising within the tonnage tax regime. However, where the company generates profits/losses which do not qualify for inclusion under the above regime, deferred tax will be recognised and measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Aurora Shipping Ltd
Notes to the financial statements (continued)

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

3 Operating profit	2009	2008
	\$'000	\$'000
Operating profit is stated after charging		
Depreciation of assets	3,298	3,298
Amortisation of drydock	<u>80</u>	<u>80</u>

Auditor's remuneration is borne by another group undertaking. The fee attributable to the company is \$4,600 (2008: \$4,300). There were no other fees paid to the auditor.

4 Particulars of employees

The company has had no employees in either the current year or prior period.

No director has received any remuneration for services to the company in the current year or prior period.

5 Interest payable	2009	2008
	\$'000	\$'000
Bank loans	<u>(789)</u>	<u>(2,006)</u>
	<u>(789)</u>	<u>(2,006)</u>
Interest receivable	2009	2008
	\$'000	\$'000
Bank interest	<u>13</u>	<u>145</u>
6 Tax on profit on ordinary activities	2009	2008
	\$'000	\$'000
<i>Current tax</i>		
UK Tonnage tax	<u>(20)</u>	<u>(22)</u>

The directors are of the opinion that the company is managing its affairs in a manner that does not make it liable to corporation or other taxes in respect of any of its operations other than UK tonnage tax.

7 Tangible fixed assets

	Vessel	Deferred dry dock expenditure	Total
	\$'000	\$'000	\$'000
Cost			
At 1 January 2009	70,061	400	70,461
Additions	-	-	-
At 31 December 2009	<u>70,061</u>	<u>400</u>	<u>70,461</u>
Depreciation / amortisation			
At 1 January 2009	8,327	207	8,534
Charge for the year	3,298	80	3,378
At 31 December 2009	<u>11,625</u>	<u>287</u>	<u>11,912</u>
Net book value			
At 1 January 2009	<u>61,734</u>	<u>193</u>	<u>61,927</u>
At 31 December 2009	<u>58,436</u>	<u>113</u>	<u>58,549</u>

Aurora Shipping Ltd
Notes to the financial statements (continued)

8 Stock	2009	2008
	\$'000	\$'000
Consumables	<u>173</u>	<u>397</u>
9 Debtors	2009	2008
	\$'000	\$'000
Trade receivables	-	-
Amounts due from fellow group companies	670	718
Prepayments, accrued income and insurance claims	<u>46</u>	<u>13</u>
	<u>716</u>	<u>731</u>
10 Creditors amounts falling due within one year	2009	2008
	\$'000	\$'000
Bank loans	(3,787)	(3,787)
Trade payables	(684)	(308)
Taxation	(20)	(22)
Accruals and deferred income	<u>(24)</u>	<u>(333)</u>
	<u>(4,515)</u>	<u>(4,450)</u>
11 Creditors amounts falling due after more than one year	2009	2008
	\$'000	\$'000
Bank loans	(40,706)	(44,493)
Amounts due to shareholders	<u>(13,999)</u>	<u>(13,999)</u>
	<u>(54,705)</u>	<u>(58,492)</u>
12 Commitments under bank loans	2009	2008
	\$'000	\$'000
Amounts payable within 1 year	(3,787)	(3,787)
Amounts payable between 2 to 5 years	(15,147)	(15,147)
Amounts payable after more than 5 years	<u>(25,559)</u>	<u>(29,346)</u>
	<u>(44,493)</u>	<u>(48,280)</u>

13 Related party transactions

During the year the company paid management fees of \$120,000 to Zodiac Maritime Agencies Limited, a related company, for vessel management services (2008 \$120,000) At 31 December 2009 \$nil remained unpaid (2008 \$nil)

Aurora Shipping Ltd
Notes to the financial statements (continued)

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. 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 adopts a policy of ensuring that an element of its exposure to changes in interest rates on borrowings is on a floating rate basis. Interest rate swaps, denominated in US dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Company's policy. The fixed to floating rate swaps mature over the next 4 years following the maturity of the related loans and have fixed interest rate swap rates ranging from 2.0 per cent to 3.6 per cent. At 31 December 2009 the Company had fixed to floating interest rate swaps with a notional contract amount of US\$33m (2008: US\$37m).

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 Share capital

	2009 \$'000	2008 \$'000
Allotted, called-up and fully-paid		
1 ordinary share of US\$1	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Aurora Shipping Ltd
Notes to the financial statements (continued)

16 Notes to the statement of cash flows

a) Reconciliation of operating profit to net cash flow from operating activities	2009	2008
	\$'000	\$'000
Operating profit	4,101	5,039
Depreciation and amortisation	3,378	3,378
Decrease/(increase) in stocks	224	(147)
(Increase)/decrease in debtors	15	4,289
Increase/(decrease) in creditors	102	(914)
Net cash inflow from operating activities	<u>7,820</u>	<u>11,645</u>
b) Returns on investments and servicing of finance	2009	2008
	\$'000	\$'000
Interest received	13	145
Interest paid	<u>(846)</u>	<u>(2,006)</u>
	<u>(833)</u>	<u>(1,861)</u>
c) Financing	2009	2008
	\$'000	\$'000
Repayment of loans	<u>(3,787)</u>	<u>(3,787)</u>
d) Tax paid	2009	2008
	\$'000	\$'000
UK Tonnage tax paid	<u>-</u>	<u>(22)</u>
e) Dividends paid	2009	2008
	\$'000	\$'000
Equity dividends paid	<u>(3,200)</u>	<u>(5,975)</u>
f) Analysis of changes in net debt		

	At 1 January 2009 \$'000	Non-cash changes \$'000	Cash flows \$'000	At 31 December 2009 \$'000
Loans	(13,999)	-	-	(13,999)
Bank loans	(48,280)	-	3,787	(44,493)
Net debt	<u>(62,279)</u>	<u>-</u>	<u>3,787</u>	<u>(58,492)</u>

Aurora Shipping Ltd
Notes to the financial statements (continued)

17 Reserves	\$'000
Profit and loss account	
At 1 January 2009	113
Profit for the financial year	3,305
Dividends paid	<u>(3,200)</u>
At 31 December 2009	<u>218</u>

18 Reconciliation of movement in shareholders' funds	2009
	\$'000
Shareholders' funds at 1 January 2009	113
Profit for the financial year	3,305
Dividends paid	<u>(3,200)</u>
Shareholders' funds as at 31 December 2009	<u>218</u>

19 Immediate and ultimate parent company

The sole shareholder of the company is Container Enterprises Ltd, a corporation incorporated in the Republic of Liberia. The ultimate parent company of the company is Oceania Holdings Limited, a corporation incorporated in the Republic of Liberia.