

UNITED BALTIC CORPORATION LIMITED

REPORT AND ACCOUNTS

2012

REGISTERED NUMBER. 00155328



The Directors present their report and the audited accounts for the year ended 31 December 2012

Company No. 00155328

Principal Activities

The Company has not traded during 2012

Dividends

No dividends were authorised nor paid in 2012 (2011 nil)

Directors

The Directors of the Company during the year and at the date of this report are set out below

N J C Walters
S J Corkhill

Statement of Directors' Responsibilities

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 the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk Management and Control

The management of risk – operational, market, interest rate, liquidity, credit, current and reputational – is fundamental to the Company, with the Board of Directors (together with the Board of Directors of the Holding Company) having responsibility for the overall system of internal control and for reviewing its effectiveness

Liquidity risk is dependent upon the Company's ability to meet its payments obligation to the MNOFP Pension Scheme as detailed in Note 3

Disclosure of Information to the Auditors

The Directors confirm at the time when this report is approved:

- So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- Each Director has taken all steps that ought to have been taken as a Director, including making appropriate enquiries of the Company's Auditors for that purpose, in order to be aware of any information needed by the Company's Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information

By order of the Board



N J C Walters
Director

Date 8/7/2013

UNITED BALTIC CORPORATION LIMITED

Independent Auditors' Report to the Members of United Baltic Corporation Limited

We have audited the Financial Statements of United Baltic Corporation Limited for the year ended 31 December 2012 which are set out on pages 5 to 13. 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 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 Boards (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 and of its 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.

UNITED BALTIC CORPORATION LIMITED

Independent Auditors' Report to the Members of United Baltic Corporation Limited

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



Michael Simms, *Senior Statutory Auditor*

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

Date 9 July 2013

UNITED BALTIC CORPORATION LIMITED**Profit and Loss Account
for the year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
Operating expenses		<u>-</u>	(3,052)
Operating loss	2	-	(3,052)
Investment (expense)/income	5	(28)	179
Profit on sale of shares in associate	6	<u>-</u>	<u>2,864</u>
Loss on ordinary activities before taxation		(28)	(9)
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(28)</u>	<u>(9)</u>
 Statement of retained losses			
At 1 January		(7,366)	(7,357)
Loss for the financial year		(28)	(9)
Actuarial loss (Note 3)		<u>(572)</u>	<u>-</u>
At 31 December		<u>(7,966)</u>	<u>(7,366)</u>

UNITED BALTIC CORPORATION LIMITED

Statement of Total Recognised Gains and Losses for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Retained loss for the financial year		(28)	(9)
Actuarial loss	3	(572)	-
Total recognised gains and losses for the year		<u>(600)</u>	<u>(9)</u>

UNITED BALTIC CORPORATION LIMITED**Balance Sheet
at 31 December 2012**

	Notes	2012 £'000	2011 £'000
Current Assets			
Debtors – Due within one year	7	634	634
Current Liabilities			
Pension liability	3	(600)	-
		<u>34</u>	<u>634</u>
Capital and Reserves			
Called up share capital	8	8,000	8,000
Profit and loss account		<u>(7,966)</u>	<u>(7,366)</u>
Equity Shareholder's Funds	9	<u>34</u>	<u>634</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 8 July 2013 and signed on its behalf by



N J C Walters
Director

1. Principal Accounting Policies

A summary of the significant accounting policies is set out below.

Basis of Accounting

The accounts are prepared on a going concern basis, which is consistent with prior years, in accordance with applicable Accounting Standards in the United Kingdom.

Andrew Weir & Company Limited, the ultimate parent company, produces consolidated group accounts and the cash flows of the Company are included in the consolidated group cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 "Cash flow statements" from publishing its own cash flow statement.

Going Concern

The Directors have considered the possible outcomes of any review by the MNOPF Pension Scheme Trustees in relation to the Company's ability to discharge its liability under the Scheme (see Note 3) and any future obligations. As a result, the Directors consider the going concern basis to be appropriate in preparing the Financial Statements. However inherently there can be no certainty regarding this matter.

Pensions

The Company participates in the MNOPF Pension scheme. The funds of the Scheme are administered by trustees and are separate from the Company. In accordance with the recommendations of independent actuaries, the group makes contributions to the Scheme so as to secure the benefits set out in the rules of the Scheme. The cost of such contributions is charged to the Profit and Loss Account in accordance with the terms of the MNOPF's recovery plan.

In accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS17) pension scheme deficits, which can be attributed to the Company, would be recognised on the Balance Sheet. The increases during the year in the present value of the Scheme liabilities arising from the passage of time would be included in interest payable. Actuarial gains and losses would be recognised in the Statement of Total Recognised Gains and Losses. The Company has adopted the amendments to FRS17. As a result of this, quoted securities held as plan assets in the defined scheme are now valued at bid price rather than mid-market value.

Foreign Currencies

Revenue transactions in currencies other than sterling are translated into sterling at the rate ruling at the date of the transactions. Current assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. The resultant differences on exchange are included in the result before taxation.

Related Party Transactions

The Company is a wholly-owned subsidiary of Andrew Weir & Company Limited. The Company is exempt under the terms of Financial Reporting Standard No. 8 – Related Parties, from disclosing related party transactions with entities with the parent company and fellow wholly owned subsidiaries of Andrew Weir & Company Limited.

Dividends and Interest

Dividends and interest on investments are accounted for on a receipts basis. Interest receivable and interest payable are accounted for on an accruals basis.

2. Operating Loss

Operating Loss is arrived at after charging:

	2012	2011
	£'000	£'000
Provision against receivable from parent company (Note 7)	-	3,132
	<u> </u>	<u> </u>

The audit and tax fees have been borne by the immediate parent undertaking.

The Directors did not receive any remuneration in respect of their services as Directors of the Company (2011: nil). The Company had no employees during the year other than the Directors (2011: nil).

3. Pension Costs

Merchant Navy Officers Pension Fund

The Company has participated in an industry wide pension scheme – the Merchant Navy Officers' Pensions Fund ("MNOFF") The post-1978 section financial position is detailed below. United Baltic Corporation Limited is a participating employer in the scheme

Based upon the shortfall of £345m identified at the actuarial valuation at 31 March 2006, the Company was required to contribute £315,000 per annum until 2015

Interest charged during the year ended 31 December 2012 amounted to £28,000 (2011 £Nil)

Following the completion of the latest actuarial valuation at 31 March 2009, a further shortfall of £390m was identified, and a further £2,044,000 was provided for by the Company

The Company initially applied for a credit application to repay the deficit over a further agreed period Following the sale of the Company's investment in UCA United Canal Agency GmbH as detailed in Note 6, the Company agreed with the MNOFF a figure of £2,904,563 to settle its full outstanding deficit with the MNOFF.

A further shortfall of £120m was identified following the completion of the actuarial valuation at 31 March 2012 In May 2013, the Company was notified of its allocation of the additional deficit The Company has provided £600,000 in line with the MNOFF Trustees notification The MNOFF Trustees have given the Company, subject to credit application approval, options to repay the additional deficit over the next ten years

In accordance with FRS17 (Retirement Benefits) a provision has been made in the financial statements for the obligation allocated to the Company. At 31 December 2012 this amounted to £600,000 (2011 £Nil)

Detailed information in respect of assumptions and historic gains and losses has not been disclosed in respect of the MNOFF, as this information has not been provided by the actuary of the scheme.

3. Pension Costs (continued)

The Company continues to be a participating employer in the scheme and is liable for any future deficit arising in the scheme.

4. Tax on Profit on Ordinary Activities

	2012 £'000	2011 £'000
The tax charge is based on the loss on ordinary activities for the year		
Current Year		
UK Corporation Tax at 24% (2011 26%)	-	(812)
Double taxation relief	-	812
	<u>-</u>	<u>-</u>
	<u>=</u>	<u>=</u>

Tax reconciliation

Tax charge on loss on ordinary activities at 24% (2011 26%)	7	(812)
Relief for tax on overseas profits	-	812
Losses carried forward	(7)	-
	<u>-</u>	<u>-</u>
	<u>=</u>	<u>=</u>

5. Investment (Expense)/Income

Dividend income from associated undertaking	-	257
Interest receivable	-	2
	<u>-</u>	<u>-</u>
	-	259
Interest payable on MNOPF liability (Note 3)	(28)	(80)
	<u>(28)</u>	<u>(80)</u>
	<u>=</u>	<u>=</u>

6. Fixed Asset Investments

In April 2011 the company sold its investment in the associated undertaking for £3m
In addition the outstanding loans of Euros 320,000 were also repaid

7. Debtors

	2012		2011	
	Amounts falling due within one year	after one year	Amounts falling due within one year	after one year
	£'000	£'000	£'000	£'000
Owed by immediate parent undertaking	10,684	-	10,684	-
Provision	(10,050)	-	(10,050)	-
Net amount due	<u>634</u>	<u>-</u>	<u>634</u>	<u>-</u>

8. Called up share capital

	2012	2011
	£'000	£'000
Issued and fully paid ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>

9. Reconciliation of movements in equity shareholder's funds

	2012	2011
	£'000	£'000
Opening equity shareholder's funds	634	643
Retained loss for year	(28)	(9)
Actuarial loss (Note 3)	(572)	-
Closing equity shareholder's funds	<u>34</u>	<u>634</u>

10. Events after the balance sheet date

The MNOPF 2012 deficit referred to in Note 3 has been settled since the end of the year via amounts settled by the parent undertaking

11. Contingencies

In 2011 the High Court established that past employers as well as current employers of the Merchant Navy Ratings Pension Fund (MNRPF) would be required to fund any deficit on the MNRPF. The trustees of the scheme are currently consulting with past and present employers regarding the method to be used to calculate the liability and based on this the extent of any liability individual employers may have. The trustees have confirmed that they believe that the Group has a liability in respect of this scheme. Due to the uncertainty associated with the timing and calculation of this liability the directors have concluded that it would not be appropriate to make a provision at this time.

12. Parent and Ultimate Parent Company

The immediate parent undertaking is Andrew Weir Shipping Limited incorporated in Great Britain and registered in Scotland.

The ultimate parent company is Andrew Weir & Company Limited, incorporated in Great Britain and registered in England and Wales

Copies of the Andrew Weir & Company Limited Group Accounts are available from Dexter House, 2 Royal Mint Court, London EC3N 4XX