



BDO Stoy Hayward  
Chartered Accountants

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**GIBSON GAS TANKERS LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**for the year ended  
31 December 1996**

**Company Number 894207**

BDO Stoy Hayward firms also in the South East, Ayr, Bacup, Belfast, Beverley, Birmingham, Bristol, Bury St. Edmunds, Cardiff, Edinburgh, Glasgow, Leeds, Manchester, Motherwell, Newcastle-upon-Tyne, Newmarket, Norwich, Nottingham, Peterborough, Poole, Rochdale, Saltcoats, Sheffield, Southampton, Stranraer, Sunderland and Wolverhampton.

BDO Stoy Hayward - South East Firm

Offices in London, Bromley, Chelmsford, Epsom, Reading, Richmond, Ware and Wembley



**GIBSON GAS TANKERS LIMITED**

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**DIRECTORS**

S.J. Tidemand (Chairman)  
J.S. Daun  
H. von Platen  
E.R. Berntsen  
J.S. Lorentzen

**SECRETARY**

G.S. Rae

**REGISTERED OFFICE**

Carmelite  
50 Victoria Embankment  
Blackfriars  
London EC4Y 2LS

**AUDITORS**

BDO Stoy Hayward  
Ballantine House  
168 West George Street  
Glasgow G2 2PT

**GIBSON GAS TANKERS LIMITED****DIRECTORS' REPORT****for the year ended 31 December 1996**

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**FINANCIAL STATEMENTS**

The directors present their report and the financial statements of the group for the year ended 31 December 1996.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (4) 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The group's principal activities during the year were the ownership and international operation of refrigerated liquid petroleum and chemical gas ships.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to US\$6,412,000.

The directors do not recommend the payment of a dividend.

**FUTURE DEVELOPMENTS**

The group intends to pursue its existing activities and the directors have no immediate plans for developing other business activities.

## GIBSON GAS TANKERS LIMITED

## DIRECTORS' REPORT

for the year ended 31 December 1996

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## DIRECTORS AND THEIR INTERESTS

The directors of the company during the year, none of whom had a beneficial interest in the share capital, were as follows:

J.S. Daun	
T.R. Lowry	(resigned 6 December 1996)
W.H.G. Mathison	(resigned 6 December 1996)
H. von Platen	
S.P.G. Carlsson	(appointed 10 January 1996, resigned 6 December 1996)
J.K.A. Kallsson	(appointed 10 January 1996, resigned 6 December 1996)
E.R. Berntsen, Managing director	(appointed 6 December 1996)
J.S. Lorentzen	(appointed 6 December 1996)
S.J. Tidemand, Chairman	(appointed 6 December 1996)

## AUDITORS

BDO Stoy Hayward offer themselves for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 11 March 1997.



G.S. RAE  
Secretary

**AUDITORS' REPORT**  
to the members of Gibson Gas Tankers Limited

We have audited the financial statements on pages 5 to 24 which have been prepared on the basis of accounting policies set out on pages 10 to 12.

**Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1996 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Chartered Accountants**  
**Registered Auditors****11 March 1997**

## GIBSON GAS TANKERS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 1996**

	Notes	1996 US\$ '000	1995 US\$ '000
Turnover	2	17,146	17,562
Cost of sales		(13,580)	(11,930)
Gross profit		3,566	5,632
Administrative expenses		(1,271)	(1,306)
Exceptional items		(2,070)	276
Operating profit	4	225	4,602
Loss on disposal of subsidiary undertakings		(3,008)	-
Gain on waiver of loans		11,944	-
Other interest receivable and similar income	6	169	142
Interest payable and similar charges	6	(2,789)	(3,613)
Profit on ordinary activities before taxation		6,541	1,131
Tax on profit on ordinary activities	7	(129)	(213)
Profit for the year transferred to reserves	19	<u>6,412</u>	<u>918</u>

All trading arose from continuing operations.

## GIBSON GAS TANKERS LIMITED

CONSOLIDATED BALANCE SHEET  
as at 31 December 1996

	Notes	US\$ '000	1996 US\$ '000	1995 US\$ '000
<b>FIXED ASSETS</b>				
Tangible assets	9(a)		58,555	61,187
Investments	10(a)		-	500
			<u>58,555</u>	<u>61,687</u>
<b>CURRENT ASSETS</b>				
Stocks	11	201		210
Debtors	12	647		1,006
Cash at bank and in hand		<u>1,700</u>		<u>655</u>
		2,548		1,871
CREDITORS: amounts falling due within one year	13	(13,414)		(18,490)
Net current liabilities			(10,866)	(16,619)
Total assets less current liabilities			47,689	45,068
CREDITORS: amounts falling due after more than one year	14		(27,087)	(31,551)
PROVISIONS FOR LIABILITIES AND CHARGES	17		(1,139)	(1,257)
			<u>19,463</u>	<u>12,260</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	18		193	193
Share premium account	19		4,343	4,343
Revaluation reserve	19		-	487
Profit and loss account	19		<u>14,927</u>	<u>7,237</u>
Equity shareholders' funds			<u>19,463</u>	<u>12,260</u>

The financial statements on pages 5 to 24 were approved by the Board on 11 March 1997.

E.R. BERNTSEN.  .....Director

## GIBSON GAS TANKERS LIMITED

COMPANY BALANCE SHEET  
as at 31 December 1996

	Notes	US\$ '000	1996 US\$ '000	1995 US\$ '000
<b>FIXED ASSETS</b>				
Tangible assets	9(b)		507	-
Investments	10(b)		<u>836</u>	<u>2,941</u>
			1,343	<u>2,941</u>
<b>CURRENT ASSETS</b>				
Debtors	12	24,891		25,845
CREDITORS: amounts falling due within one year	13	<u>(1,435)</u>		<u>(12,975)</u>
Net current assets			<u>23,456</u>	<u>12,870</u>
Total assets less current liabilities			<u>24,799</u>	<u>15,811</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	18		193	193
Share premium account	19		4,343	4,343
Revaluation reserve	19		-	487
Other reserves	19		376	376
Profit and loss account	19		<u>19,887</u>	<u>10,412</u>
			<u>24,799</u>	<u>15,811</u>

The financial statements on pages 5 to 24 were approved by the Board on 11 March 1997.

E.R. BERNTSEN  .....Director



## GIBSON GAS TANKERS LIMITED

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 1996

	US\$'000	1996 US\$'000	1995 US\$'000
Net cash inflow from operating activities (note 20(a))		9,505	7,810
Returns on investments and servicing of finance			
Interest received	169		142
Interest paid	<u>(2,789)</u>		<u>(3,593)</u>
Net cash outflow from returns on investments and servicing of finance		(2,620)	(3,451)
Taxation			
Group relief paid	-		(184)
Corporation tax repaid (including advance corporation tax)	<u>-</u>		<u>281</u>
Tax repaid		-	97
Investing activities			
Purchase of tangible fixed assets	(582)		(107)
Proceeds of disposal of tangible fixed assets	<u>-</u>		<u>8</u>
Net cash outflow from investing activities		<u>(582)</u>	<u>(99)</u>
Net cash inflow before financing		<u>6,303</u>	<u>4,357</u>
Financing			
Repayment of amounts borrowed	2,494		3,981
Capital element of finance lease repayments	<u>2,775</u>		<u>2,338</u>
Net cash outflow from financing (note 20(d))		5,269	6,319
Increase/(decrease) in cash and cash equivalents (note 20(b))		<u>1,034</u>	<u>(1,962)</u>
		<u>6,303</u>	<u>4,357</u>

## GIBSON GAS TANKERS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 1996

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	1996 US\$'000	1995 US\$'000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit for the financial year	6,412	918
Unrealised (deficit)/surplus on revaluation of investments	<u>(487)</u>	<u>487</u>
	5,925	1,405
Currency translation differences on foreign currency net investments	<u>34</u>	<u>(42)</u>
Total recognised gains and losses	<u>5,959</u>	<u>1,363</u>

**GIBSON GAS TANKERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

**Basis of preparation**

The financial statements of the company and certain of its subsidiary undertakings have their reporting currency in US Dollars in consideration of the fact that the majority of the group's earnings and the valuation of its assets are made in US Dollars. Consequently, these financial statements have been prepared in US Dollars.

The translation of the financial statements from Sterling to US Dollars has been prepared as follows:

Company: Fixed assets have been translated at the rate ruling at date of acquisition. Assets and liabilities in non-US Dollar currencies have been translated at the rate ruling at the balance sheet date. Share capital and share premium have been translated at the rate ruling at 31 December 1990.

Subsidiaries: The financial statements of subsidiary undertakings in non-US Dollars currencies are translated at the rate ruling at the balance sheet date. Exchange differences in the opening net investment in these subsidiary undertakings are dealt with through reserves.

**Basis of accounting and consolidation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and combine the information given by the financial statements of Gibson Gas Tankers Limited and all of its subsidiary undertakings.

As permitted by Section 230 of the Companies Act 1985, the company does not present its own profit and loss account.

**Goodwill**

Goodwill arising on acquisition of subsidiary undertakings is written off against reserves in the year in which it arises.

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

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**Depreciation**

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives and, in the case of ships, to estimated scrap value, mainly as follows:

Ships	-	25 years straight line basis
Motor vehicles	-	25% reducing balance basis
Office furniture and equipment	-	15% reducing balance basis
Computer equipment	-	20% straight line basis

**Docking provisions on ships**

A provision is made annually towards the anticipated cost of the next dry-docking.

**Taxation**

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future.

Unutilized advance corporation tax payable on dividends is set off against deferred taxation in the balance sheet to the extent that it can be recovered on the reversal of timing differences. Advance corporation tax not foreseeably recoverable is written off to profit and loss account.

No provision is made for taxation which might arise on disposal of fixed assets investments at the amount of valuation incorporated in the financial statements.

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost represents purchase invoice cost.

**Foreign currencies**

Assets and liabilities and trading results in foreign currencies are translated at the rates of exchange ruling at the end of the accounting period. Exchange differences in the opening net investments in the subsidiary undertakings and on the results for the period are dealt with through reserves.

**GIBSON GAS TANKERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996**

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**Investments**

Fixed asset investments are stated at cost or valuation less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

**Leased assets**

Assets held under finance leases are capitalised and are depreciated in accordance with the group's depreciation policy. The corresponding obligations are included in creditors. The financing charge is allocated to accounting periods so as to produce a constant periodic rate of charge on the outstanding obligations.

Operating lease rentals are charged to the profit and loss account as incurred.

**Pension costs****Defined benefit pension scheme**

The costs of the company's defined benefit pension arrangements are charged on a systematic basis, allowing for the expected pension costs spread over the remaining service lives of the scheme members, as calculated by the actuary to the company's pension schemes.

This accounting policy is in accordance with Statement of Standard Accounting Practice No. 24, as in the previous year.

**Defined contribution scheme**

Certain employees not eligible to enter the defined benefit scheme have defined contribution schemes. The company makes contributions which are charged to the profit and loss account in the year they become payable.

**2. TURNOVER**

Turnover represents amounts receivable from worldwide ship hire and ship operating.

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 3. STAFF COSTS

	1996 US\$'000	1995 US\$'000
Wages and salaries	2,401	2,469
Social security costs	47	49
Other pension costs	41	55
	<u>2,489</u>	<u>2,573</u>
The average weekly number of employees during the year was as follows:	1996	1995
Administration	18	21
Seagoing	39	38
	<u>57</u>	<u>59</u>

## 4. OPERATING PROFIT

This is stated after charging/(crediting):

	1996 US\$'000	1995 US\$'000
Depreciation: owned fixed assets	1,864	1,861
Depreciation: assets under finance leases	1,350	1,349
Profit on disposal of fixed assets	-	(1)
Auditors' remuneration	<u>26</u>	<u>26</u>
Exceptional items included in operating profit:		
Foreign exchange losses/(gains)	1,884	(276)
Pension contributions	173	-
Provision for diminution in value of investments	<u>13</u>	<u>-</u>

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 5. DIRECTORS' EMOLUMENTS

	1996 US\$'000	1995 US\$'000
Remuneration as executives (including pension contributions)	<u>124</u>	<u>120</u>
Details of directors' emoluments, excluding pension contributions, are:		
The chairman to 6 December 1996	<u>nil</u>	<u>nil</u>
The chairman from 6 December 1996	<u>nil</u>	<u>-</u>
The highest paid director	<u>112</u>	<u>108</u>
The other directors received no emoluments during the year.		
Directors' emoluments have been translated at the rate ruling at the year end.		

## 6. INTEREST

	1996 US\$'000	1995 US\$'000
(a) Interest receivable		
Bank interest	169	111
Group interest	-	13
Other interest	-	18
	<u>169</u>	<u>142</u>
(b) Interest payable		
On loans and overdrafts repayable:		
within five years	929	13
wholly or partly in more than five years	-	1,177
Interest on group loans	-	73
On finance leases:		
terminating within five years	890	-
terminating after five years	947	2,173
Other interest	23	180
	<u>2,789</u>	<u>3,613</u>

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 US\$'000	1995 US\$'000
Based on the profit for the year:		
United Kingdom		
Deferred taxation	(196)	243
Group relief	-	193
	<u>(196)</u>	<u>436</u>
Adjustments in respect of prior years:		
Corporation tax	-	(105)
Deferred taxation	(539)	(109)
Group relief	126	(9)
Irrecoverable ACT	738	-
	<u>129</u>	<u>213</u>

## 8. PROFIT FOR THE YEAR

	1996 US\$'000	1995 US\$'000
Dealt with in the financial statements:		
of the parent company	9,475	(234)
of subsidiary undertakings	<u>(3,063)</u>	<u>1,152</u>
	<u>6,412</u>	<u>918</u>

## 9. TANGIBLE FIXED ASSETS

## Group

	Land and buildings US\$'000	Owned ships US\$'000	Leased ships US\$'000	Vehicles and equipment US\$'000	Total US\$'000
Cost					
1 January 1996	-	51,636	35,733	302	87,671
Translation adjustment	-	-	-	(1)	(1)
Additions	<u>507</u>	<u>66</u>	<u>-</u>	<u>9</u>	<u>582</u>
31 December 1996	<u>507</u>	<u>51,702</u>	<u>35,733</u>	<u>310</u>	<u>88,252</u>
Depreciation					
1 January 1996	-	(21,129)	(5,167)	(188)	(26,484)
Translation adjustment	-	-	-	1	1
Charge for the year	<u>-</u>	<u>(1,835)</u>	<u>(1,350)</u>	<u>(29)</u>	<u>(3,214)</u>
31 December 1996	<u>-</u>	<u>(22,964)</u>	<u>(6,517)</u>	<u>(216)</u>	<u>(29,697)</u>
Net book value					
31 December 1996	<u>507</u>	<u>28,738</u>	<u>29,216</u>	<u>94</u>	<u>58,555</u>
31 December 1995	<u>507</u>	<u>30,507</u>	<u>30,566</u>	<u>114</u>	<u>61,187</u>



## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 9. TANGIBLE FIXED ASSETS continued

## (b) Company

	Land and buildings US\$'000
Cost	
Additions	507
31 December 1996	<u>507</u>
Net book value	
31 December 1996	<u>507</u>

## 10. FIXED ASSET INVESTMENTS

## (a) Group

	Other investments US\$'000
Cost or valuation	
1 January 1996	500
Valuation adjustment	(500)
31 December 1996	<u>-</u>

In November 1996, an option was granted over the other investments which is exercisable at the purchaser's option within three years. The investment has been valued at the option price. The historic cost equivalent is US\$13,000.

## (b) Company

	1996 US\$'000	1995 US\$'000
Subsidiary undertakings	836	2,441
Other investments	<u>-</u>	<u>500</u>
	<u>836</u>	<u>2,941</u>

## Investment in subsidiary undertakings

	Shares US\$'000
Cost	
1 January 1996	2,901
Disposals	(2,065)
31 December 1996	<u>836</u>
Provision for diminution in value	
1 January 1996	(460)
Disposals	<u>460</u>
31 December 1996	<u>-</u>
Net book value	
31 December 1996	<u>836</u>
31 December 1995	<u>2,441</u>

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 10. FIXED ASSET INVESTMENTS continued

## (b) Company continued

## Other investments

	Shares US\$'000
Cost or valuation	
1 January 1996	500
Valuation adjustment	(500)
31 December 1996	-

In November 1996, an option was granted over the other investments which is exercisable at the purchaser's option within three years. The investment has been valued at the option price. The historic cost equivalent is US\$13,000.

Details of subsidiary undertakings all of which are wholly-owned at the balance sheet date are as follows:

Name of company and business	Class of shares	Country of incorporation or registration
George Gibson & Company Limited Shipping	Ordinary	* Scotland
Galle Investments Limited Corporate holdings	Ordinary	* Bermuda
Fort Shipping Limited Crew management	Ordinary	Sri Lanka
Fort Shipping Offshore Private Limited Crew management	Ordinary	Sri Lanka
Gas Shipping and Transport (Jersey) Limited Shipping	Ordinary	Jersey
Anchor Gas Tankers Limited Non-trading	Ordinary	* Scotland
Gibson Liquid Gas Limited Non-trading	Ordinary	Scotland

\* Direct subsidiary undertakings of Gibson Gas Tankers Limited.

## 11. STOCKS

	Group		Company	
	1996 US\$'000	1995 US\$'000	1996 US\$'000	1995 US\$'000
Raw materials and consumables	<u>201</u>	<u>210</u>	<u>-</u>	<u>-</u>

## GIBSON GAS TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 12. DEBTORS

	Group		Company	
	1996	1995	1996	1995
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	446	419	-	-
Amounts owed by subsidiary undertakings	-	-	24,871	25,827
Taxation recoverable	19	18	20	18
Other debtors	128	514	-	-
Prepayments and accrued income	54	55	-	-
	<u>647</u>	<u>1,006</u>	<u>24,891</u>	<u>25,845</u>

## 13. CREDITORS: amounts falling due within one year

	Group		Company	
	1996	1995	1996	1995
	US\$'000	US\$'000	US\$'000	US\$'000
Loan due to fellow subsidiary undertaking	-	10,000	-	10,000
Bank loans and overdrafts	2,505	2,494	6	-
Obligations under finance leases	3,314	2,691	-	-
Trade creditors	1,198	719	-	-
Amounts owed to parent undertakings and fellow subsidiary undertakings	-	1,136	-	1,136
Amounts owed to subsidiary undertakings	-	-	-	1,566
Corporation tax	414	377	194	176
Other taxes and social security costs	50	30	49	-
Other creditors	4,619	211	1,064	-
Accruals and deferred income	1,314	832	122	97
	<u>13,414</u>	<u>18,490</u>	<u>1,435</u>	<u>12,975</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

14. CREDITORS: amounts falling due after  
more than one year

	Group		Company	
	1996 US\$'000	1995 US\$'000	1996 US\$'000	1995 US\$'000
Bank loans	8,731	11,225	-	-
Obligations under finance leases	<u>18,356</u>	<u>20,326</u>	<u>-</u>	<u>-</u>
	<u>27,087</u>	<u>31,551</u>	<u>-</u>	<u>-</u>

15. ANALYSIS OF BORROWINGS

Borrowings, defined as bank loans and overdrafts payable, are as follows:

	Group		Company	
	1996 US\$'000	1995 US\$'000	1996 US\$'000	1995 US\$'000
Repayable:				
- after five years	-	1,247	-	-
- between two and five years	6,237	7,484	-	-
- within one and two years	<u>2,494</u>	<u>2,494</u>	<u>-</u>	<u>-</u>
	8,731	11,225	-	-
- within one year	<u>2,505</u>	<u>2,494</u>	<u>6</u>	<u>-</u>
Total borrowings	<u>11,236</u>	<u>13,719</u>	<u>6</u>	<u>-</u>
Secured on ships	<u>11,225</u>	<u>13,719</u>	<u>-</u>	<u>-</u>

The borrowings partly due after five years are repayable by half-yearly instalments until May 2001, with interest partly at 8% per annum with the balance at 1% over inter-bank rate.

16. FINANCIAL COMMITMENTS

Finance lease commitments

The rental commitments under finance lease agreements at 31 December 1996 were:

	Group		Company	
	1996 US\$'000	1995 US\$'000	1996 US\$'000	1995 US\$'000
Obligations payable:				
Within one year	3,314	2,691	-	-
Between two and five years	17,091	14,552	-	-
After five years	<u>1,265</u>	<u>5,774</u>	<u>-</u>	<u>-</u>
	<u>21,670</u>	<u>23,017</u>	<u>-</u>	<u>-</u>

Finance lease creditors totalling US\$21,670,000 (1995 - US\$23,017,000) are secured by mortgages over certain of the group's ships.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 17. PROVISIONS FOR LIABILITIES AND CHARGES

## Group

	1996 US\$'000	1995 US\$'000
Deferred tax	456	453
Ships surveys	683	804
	<u>1,139</u>	<u>1,257</u>

## Deferred tax

Deferred tax provided in the financial statements, and the total potential tax liability including the amounts for which provision has been made, are as follows:

	Provided		Potential	
	1996 US\$'000	1995 US\$'000	1996 US\$'000	1995 US\$'000
Accelerated capital allowances	3,273	4,253	3,273	4,253
Finance leases	1,225	476	1,225	476
Other timing differences	(245)	(291)	(245)	(291)
Losses	(3,797)	(3,247)	(3,797)	(3,247)
ACT available for offset	-	(738)	-	(738)
	<u>456</u>	<u>453</u>	<u>456</u>	<u>453</u>

## Ship surveys:

1 January 1996  
(Released)/charged to profit and loss account  
31 December 1996

	1996 US\$'000	1995 US\$'000
	804	95
	<u>(121)</u>	<u>709</u>
	<u>683</u>	<u>804</u>

## 18. SHARE CAPITAL

	1996 US\$'000	1995 US\$'000
Authorised:		
100,000 Ordinary shares of £1 each	<u>193</u>	<u>193</u>
Allotted and fully paid:		
100,000 Ordinary shares of £1 each	<u>193</u>	<u>193</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 19. RESERVES

## Group

	Share premium account US\$'000	Revaluation reserve US\$'000	Profit and loss account US\$'000
1 January 1996	4,343	487	7,237
Transfer for the year	-	-	6,412
Transfer of goodwill, previously written off	-	-	1,244
Foreign currency translation	-	-	34
Revaluation adjustment	-	(487)	-
31 December 1996	<u>4,343</u>	<u>-</u>	<u>14,927</u>

- (i) The profit and loss account of the group includes gains on translation of long-term monetary items. The inclusion of these gains represents a departure from the statutory requirement that only realised profit may be included in the profit and loss account. The directors consider that this accounting treatment, which is in accordance with SSAP 20, is necessary in order for the financial statements to present a true and fair view. The unrealised losses on these long-term monetary items included for the year amounted to US\$1,344,000 (1995 gains - US\$176,000). The cumulative amount of unrealised gains included in profit and loss account reserves at 31 December 1996 is US\$2,453,000 (1995 - US\$4,303,000).
- (ii) Purchased goodwill of US\$1,244,000 had previously been written off on the acquisition of the subsidiary undertakings disposed of during the year. This has been taken into account in calculating the loss on disposal of subsidiary undertakings in the profit and loss account.

## Company

	Share premium account US\$'000	Revaluation reserve US\$'000	Other reserves US\$'000	Profit and loss account US\$'000
1 January 1996	4,343	487	376	10,412
Transfer for the year	-	-	-	9,475
Revaluation adjustment	-	(487)	-	-
31 December 1996	<u>4,343</u>	<u>-</u>	<u>376</u>	<u>19,887</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 20. CASH FLOW STATEMENT

## (a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 US\$'000	1995 US\$'000
Operating profit	225	4,602
Exceptional item	13	-
Depreciation	3,214	3,210
Profit on disposal of tangible fixed assets	-	(1)
(Decrease)/increase in provisions	(121)	709
Foreign exchange translation	(266)	(208)
Decrease/(increase) in stocks	9	(64)
Decrease in debtors	234	459
Increase/(decrease) in creditors	6,197	(897)
	<u>9,505</u>	<u>7,810</u>

## (b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1996 US\$'000	1995 US\$'000
1 January 1996	655	2,617
Net cash inflow/(outflow) for year	1,034	(1,962)
31 December 1996	<u>1,689</u>	<u>655</u>

## (c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 US\$'000	1995 US\$'000
Cash at bank and in hand	1,700	655
Bank overdrafts	(11)	-
	<u>1,689</u>	<u>655</u>

## (d) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) US\$'000	Loans and finance lease obligations US\$'000
1 January 1996	4,536	36,736
Cash outflow from financing	-	(2,494)
Effect of foreign exchange rates	-	1,428
Repayment of finance lease creditors	-	(2,775)
31 December 1996	<u>4,536</u>	<u>32,895</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1996

## 21. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	1996 US\$'000	1995 US\$'000
Profit for the financial year	6,412	918
Other recognised gains and losses relating to the year (net)	(453)	445
Goodwill reinstated on disposals	<u>1,244</u>	-
Net addition to shareholders' funds	7,203	1,363
Opening shareholders' fund	<u>12,260</u>	<u>10,897</u>
	<u>19,463</u>	<u>12,260</u>

## 22. PENSION

At 1 January 1996, the group operated:

- (i) a defined benefit pension scheme for the benefit of certain employees. This scheme was closed to further entrants as a result of the takeover of the company in 1990; and,
- (ii) group personal pension scheme for eligible new employees following the closure of the scheme at (i) above.

At 31 December 1996, there are no employees of the group in the defined benefit pension scheme and, except for the potential liability disclosed at note 23, the group has no other obligations to that scheme. All eligible employees are now in the group personal pension scheme.

The total pension contributions of the group paid for the year amounted to the equivalent of US\$41,000 (1995 - US\$55,000).

## 23. CONTINGENT LIABILITIES

## Company

- (a) The company is a party to a value added tax group election and is jointly and severally liable for the value added tax of the members of the group.
- (b) The company has given a guarantee to its former subsidiary undertaking, Runciman Shipping Limited, to meet that company's staff costs commitments in the event of default.
- (c) The company has informed the directors of its subsidiary undertaking, George Gibson & Company Limited, that it will make available the finance necessary for its continued operation.
- (d) The company has a contingent liability to a maximum of £30,000 (sterling) in respect of former employees should the trustees of the Walter Runciman Staff Pension Scheme not meet its obligations.



NOTES TO THE FINANCIAL STATEMENTS  
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24. ULTIMATE PARENT COMPANY

The directors regard Belships ASA, a company incorporated in Norway, as the company's ultimate parent company.

Belships ASA is the parent undertaking of the largest and smallest group of which the company is a member, and for which group accounts are drawn up. Copies of Belships ASA accounts may be obtained from its registered office.