

**GEARED SHIPS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**REGISTERED NUMBER 924055**

**31 DECEMBER 2007**

**TUESDAY**



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COMPANIES HOUSE

**GEARED SHIPS LIMITED**

**Registered No. 924055**

**Directors**

P A Walker

M E Moore

P W Walters (resigned 16 April 2008)

J M Woollacott

F Dalgaard (appointed 16 April 2008)

**Secretary**

B Allinson

**Auditors**

KPMG LLP

8 Salisbury Square

London EC4Y 8BB

**Registered Office**

16 Palace Street

London SW1E 5JQ

## **GEARED SHIPS LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2007

#### **Results and dividends**

The profit for the year, after taxation, is £nil (2006 profit £1,355,236) No dividend was paid or proposed for the year ended 31 December 2007 (2006 £nil)

#### **Principal activity**

The principal activity of the Company was that of owner and operator of geared bulk cargo ships The Company did not trade during the year

#### **Going concern**

The company has net liabilities of £13,043,833 The group undertaking, The Peninsular and Oriental Steam Navigation Company, has given a written undertaking that it will continue to support the company and its present activities The directors acknowledge that there can be no certainty that this support will continue, although they have no reason to believe that it will not do so Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

#### **Directors and their indemnity arrangements**

The directors during the year were

P A Walker

M E Moore

D A Shaw (resigned 23 April 2007)

P W Walters (appointed 23 April 2007, resigned 16 April 2008)

J M Woollacott (appointed 23 April 2007)

The following directors were appointed after the financial year end

F Dalgaard (appointed 16 April 2008)

All directors are entitled to indemnification from the company to the extent permitted by law against claims and legal expenses incurred in the course of their duties Third party indemnity insurance is provided and remains in force as at the date of approving the directors' report

#### **Secretary**

N H Rees (resigned 23 April 2007)

S Damle (appointed 23 April 2007, resigned 5 October 2007)

B Allinson (appointed 5 October 2007)

**GEARED SHIPS LIMITED  
DIRECTORS' REPORT**

**Disclosure of information to the 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**

Ernst & Young LLP resigned as the company's auditor and KPMG LLP was appointed in accordance with the elective resolution passed by the company under section 386 Companies Act 1985

In accordance with section 385 Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board



B Allinson  
Secretary

22 September 2008

## **GEARED SHIPS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 proper accounting records that 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 1985. 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 GEARED SHIPS LIMITED**

We have audited the financial statements of Geared Ships Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with the section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEARED SHIPS LIMITED**

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**KPMG LLP**  
Chartered Accountants London  
Registered Auditor  
8 Salisbury Square  
London, UK  
EC4Y 8BB

**22** September 2008

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>		-	-
<b>Operating profit</b>	2	-	-
<b>Profit on ordinary activities</b>		-	-
Release of loan with previously connected company		-	1,234,451
Exchange gains	3	-	172,550
<b>Profit on ordinary activities before taxation</b>		-	1,407,001
Tax on profit on ordinary activities	4	-	(51,765)
<b>Profit on ordinary activities after taxation</b>		-	1,355,236

All the above transactions relate to continuing business activities

There are no recognised gains or losses in the year



**BALANCE SHEET**  
**AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Current liabilities</b>			
Group relief payable		7,137	34,551
Amounts owed to group undertakings		122,135	94,721
<b>Net current liabilities</b>		<u>129,272</u>	<u>129,272</u>
<b>Non current liabilities</b>			
Amounts owed to group undertakings		12,914,561	12,914,561
		<u>12,914,561</u>	<u>12,914,561</u>
<b>Net liabilities</b>		<u>(13,043,833)</u>	<u>(13,043,833)</u>
<b>Capital and reserves</b>			
Called up share capital	5	110,000	110,000
Other reserves	6	95,875	95,875
Profit and loss account	6	(13,249,708)	(13,249,708)
		<u>(13,043,833)</u>	<u>(13,043,833)</u>

These financial statements were approved by the board of directors and were signed on its behalf by



P A Walker  
Director

22 September 2008

## **NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

### **1 ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985

The financial statements are prepared in accordance with applicable accounting standards

The company has net liabilities of £13,043,833. The parent undertaking, The Peninsular and Oriental Steam Navigation Company, has given a written undertaking that it will continue to support the company and its present activities. The directors acknowledge that there can be no certainty that this support will continue, although they have no reason to believe that it will not do so. Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **Related party transactions**

As 100% of the Company's voting rights are controlled within the group headed by The Peninsular and Steam Navigation Company, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of the Peninsular and Oriental Steam Navigation Company, within which this company is included, can be obtained from the address given in note 7.

#### **Cash flow statement**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2007**

**2 OPERATING PROFIT**

- (a) The basis of charging intra-group interest is agreed between the parties from time to time
- (b) The directors are also directors/employees of, and were paid by, other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors/employees of the other group undertakings
- (c) Fees for audit and non-audit services provided by KPMG LLP to the company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the company
- (d) The company had no employees during the year (2006: none)

**3 EXCHANGE GAIN**

Exchange gains arise from the translation of foreign denominated loans from former shareholders.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2007**

**4 TAX**

(a) Tax on ordinary activities

The tax charge/(credit) is made up as follows

	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2006 30%)	-	51,765
Total current tax charge (note 4(b))	<u>-</u>	<u>51,765</u>

(b) Factors affecting tax for the current period

The tax assessed on the profit on ordinary activities for the year is equal to (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>-</u>	<u>1,407,001</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	-	422,100
Effects of Non assessable release of loan with previously connected company	<u>-</u>	<u>(370,335)</u>
Total current tax charge (note 4(a))	<u>-</u>	<u>51,765</u>

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2007**

**5 AUTHORISED AND ISSUED CAPITAL**

<b>Authorised</b>	<b>2007 £</b>	<b>2006 £</b>
107,800 6% (4.8% net) non-cumulative preference shares of £1 each	<b>107,800</b>	107,800
6,600 6% (4.8% net) redeemable cumulative participating preference shares of £1 each	<b>6,600</b>	6,600
2,200 ordinary shares of £1 each	<b>2,200</b>	2,200
	<b><u>116,600</u></b>	<b><u>116,600</u></b>
 <b>Allotted, called up and fully paid</b>	 <b>2007 £</b>	 <b>2006 £</b>
107,800 6% (4.8% net) non-cumulative preference shares of £1 each	<b>107,800</b>	107,800
2,200 ordinary shares of £1 each	<b>2,200</b>	2,200
	<b><u>110,000</u></b>	<b><u>110,000</u></b>

The holders of the Preference Shares are entitled to a non-cumulative fixed dividend of 6% per annum (including tax credit). On a winding up, they are entitled to the amount paid up on each share. There are no voting rights attached to the shares.

**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2007**

**6 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	<i>Called up share capital</i>	<i>Capital redemption reserve</i>	<i>Non- distributable reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£	£
At 1 January 2007	110,000	6,600	89,275	(13,249,707)	(13,043,833)
Profit for the year	-	-	-	-	-
At 31 December 2007	<b>110,000</b>	<b>6,600</b>	<b>89,275</b>	<b>(13,249,708)</b>	<b>(13,043,833)</b>

**7 PARENT UNDERTAKING**

The smallest group of companies for which consolidated financials statements are prepared and in which the company is consolidated is The Peninsular and Oriental Steam Navigation Company, a company incorporated by Royal Charter and therefore not registered, copies of whose accounts can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is DP World Limited, a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Exchange and where 19.55% of its shares are traded

The immediate parent undertaking as at 31 December 2007 was Thinkmajor Limited, a company incorporated in the United Kingdom.

In the opinion of the directors the ultimate controlling parent undertaking as at 31 December 2007 was Port & Free Zone World FZE, which owns 81.45% of DP World Limited. Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the Company, but which does not exert control over the Company