

**BELFAST FREIGHT FERRIES LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2001**



Company No. 925768

**BELFAST FREIGHT FERRIES LIMITED**

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## BELFAST FREIGHT FERRIES LIMITED

### COMPANY INFORMATION

Directors: M.A.W Hendry  
R P Gregory (appointed 28 January 2001)  
M.J Gladwyn (resigned 31 March 2001)  
T F Wright (resigned 14 December 2000)

Company Secretary: R P Gregory

Registered Office: Puttenham Priory  
Puttenham  
Surrey GU3 1AR

Bankers: HSBC Bank Plc  
27-32 Poultry  
London  
EC2P 2BX

Auditors: Moore Stephens  
St Paul's House  
Warwick Lane  
London  
EC4P 4BN

# BELFAST FREIGHT FERRIES LIMITED

## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 September 2001.

### **Principal Activities**

The principal activity of the company was shipowning.

### **Review of the Business**

During the year, the company acquired the Lagan and Mersey Viking, two ropax vessels. Both vessels have been time chartered to a fellow subsidiary company. In addition, the Spheroid was sold during the year.

The Company has traded profitably and should continue to do so.

### **Fixed Assets**

The movements in fixed assets are shown in note 9.

### **Results for the Year**

The results for the period are disclosed on page 7.

### **Dividends**

The directors do not recommend payment of a dividend.

### **Directors and Directors' Shareholdings**

The directors who held office during the period are as set out below.

M A W Hendry  
M.J Gladwyn (resigned 31 March 2001)  
T F Wright (resigned 14 December 2000)  
R P Gregory (appointed 31 January 2001)

None of the directors had any interest in the shares of the Company.

The directors' interests in the shares of the parent Company are disclosed in that Company's financial statements.

### **Introduction of the Euro**

The directors continue to review the issues concerning the introduction of the Euro and its likely impact on the Company. Although the directors will continue to review the implications of the introduction of the Euro, it is not expected to have a significant impact on the Company, ahead of the decision on the timing of the United Kingdom's entry to the Euro.

## BELFAST FREIGHT FERRIES LIMITED

### REPORT OF THE DIRECTORS

#### Directors' Responsibilities

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates that are reasonable and prudent; and
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

#### Auditors

Moore Stephens have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 25<sup>th</sup> January 2002 and signed on its behalf by:



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Robert Paul Gregory  
Secretary

**BELFAST FREIGHT FERRIES LIMITED**

**REPORT OF THE AUDITORS  
TO THE SHAREHOLDERS OF BELFAST FREIGHT FERRIES LIMITED**

We have audited the financial statements of Belfast Freight Ferries Limited for the year ended 30 September 2001 set out on pages 7 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company and other members of the group 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.

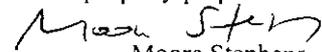
**Basis of Opinion**

We conducted our audit in accordance with United Kingdom 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 as at 30 September 2001, and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Moore Stephens  
Chartered Accountants  
and Registered Auditor

London  
5<sup>th</sup> February 2002

**BELFAST FREIGHT FERRIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 SEPTEMBER 2001**

	Note	2001 £	2000 £
<b>Turnover from continuing operations</b>	1	5,880,086	37,096
Cost of sales		(2,723,974)	(350,438)
<b>Gross profit / (loss) from continuing operations</b>		<hr/> 3,156,112	<hr/> (313,342)
Administrative expenses		(18,456)	-
<b>Operating profit / (loss) from continuing operations</b>	2	<hr/> 3,137,656	<hr/> (313,342)
Loss on disposal of fixed assets		(58,661)	-
<b>Profit / (loss) on ordinary activities before interest</b>		<hr/> 3,078,995	<hr/> (313,342)
Interest receivable and similar income	5	5,662	-
Interest payable and similar charges	6	(1,569,222)	-
Profit on exchange		596,264	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<hr/> 2,111,699	<hr/> (313,342)
Tax on profit on ordinary activities	7	-	-
<b>Net profit / (loss) after taxation</b>		<hr/> 2,111,699	<hr/> (313,342)
Dividends payable	8	-	(18,463,878)
<b>Retained profit / (loss) for the year</b>	16	<hr/> 2,111,699	<hr/> (18,777,220)

The company has no recognised gains or losses other than those shown above.

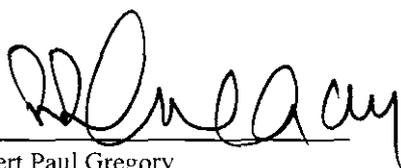
**BELFAST FREIGHT FERRIES LIMITED**

**BALANCE SHEET**

AT 30 SEPTEMBER 2001

	Note	2001 £	2000 £
<b>Fixed Assets</b>			
Tangible assets	9	42,932,679	301,879
<b>Current Assets</b>			
Debtors : Amounts falling due within one year	10	2,691,177	2,356,728
Debtors : Amounts falling due after one year	11	230,500	-
Cash at bank and in hand		28,532	-
		<hr/>	<hr/>
		2,950,209	2,356,728
<b>Creditors : Amounts falling due within one year</b>	12	(4,596,115)	-
		<hr/>	<hr/>
<b>Net current (liabilities) / assets</b>		(1,645,906)	2,356,728
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		41,286,773	2,658,607
<b>Creditors : Amounts falling due after one year</b>	13	(36,516,467)	-
<b>Provision for Liabilities and Charges</b>	14	-	-
		<hr/>	<hr/>
		4,770,306	2,658,607
<b>Capital and Reserves</b>			
Equity called up share capital	15	100,000	100,000
Profit and loss account	16	4,670,306	2,558,607
		<hr/>	<hr/>
<b>Shareholders' Funds</b>	17	4,770,306	2,658,607

The financial statements were approved by the Board on 25th January 2002 and signed on its behalf by:



Robert Paul Gregory  
Director

# BELFAST FREIGHT FERRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2001

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

#### Turnover

Turnover comprises income arising from charges to third parties and group companies, excluding value added tax. The segmental market serviced is the international shipping market.

#### Depreciation

Depreciation is charged on cost less estimated residual values of fixed assets on the straight line method over their effective lives as follows:

Vessels (operating fleet) - over the remaining useful life of the vessels (maximum 30 years)  
The company intends to review the life and residual value of its vessels at least once every 5 years.

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is provided in full, using the liability method, on all significant timing differences unless there is reasonable evidence that a liability will not arise in the foreseeable future.

#### Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Fixed assets are translated into dollars at the date of acquisition. Other assets and liabilities denominated in foreign currencies are translated at a rate of exchange ruling at the balance sheet date.

#### Cash Flow Statement

The company is not required under FRS1 to prepare a cash flow statement. The cash flow is dealt with in a consolidated cash flow statement reported in the financial statements of the ultimate parent company.

#### Dry-docking Costs

Dry-docking expenditure is included in prepayments and released to the Profit and Loss account over the estimated period to the next dry-dock.

### 2. OPERATING PROFIT / (LOSS)

	2001	2000
	£	£
Operating profit / (loss) is arrived at after charging:		
Auditors remuneration	1,678	-
Depreciation	883,086	121,503

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2001**

<b>3. EMPLOYEES</b>	<b>2001</b>	<b>2000</b>
	£	£
The Directors are the only employees of the Company and they receive no remuneration.	Nil	Nil
	<hr/>	<hr/>
<b>4. DIRECTORS</b>	<b>2001</b>	<b>2000</b>
	£	£
Directors Emoluments:		
Management Remuneration	-	-
Pension provision	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>5. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2001</b>	<b>2000</b>
	£	£
Bank interest receivable	5,662	-
	<hr/>	<hr/>
<b>6. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2001</b>	<b>2000</b>
	£	£
Loan interest payable	1,569,222	-
	<hr/>	<hr/>
<b>7. TAXATION</b>	<b>2001</b>	<b>2000</b>
	£	£
<b>Tax charge for the year:</b>		
Deferred tax	-	-
Corporation tax	-	-
	<hr/>	<hr/>
The company has no current corporation tax charge due to the availability of group relief. The movements in the deferred tax liability are set out in Note 14. The company is committed to entering the UK Tonnage Tax regime from 1 October 2002. From this date the company will be paying a flat rate tax based on the size of its vessels. As a consequence of this and projections made by the directors, the deferred tax liability has been fully written off.		
<b>8. DIVIDEND</b>	<b>2001</b>	<b>2000</b>
	£	£
Dividend (2001 - Nil, 2000 - dividend of £7,154.64 per share)	-	18,463,878
	<hr/>	<hr/>

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
30 SEPTEMBER 2001**

**9. FIXED ASSETS**

	Vessels £
<b>Cost</b>	
At 1 October 2000	923,045
Additions	43,765,139
Disposals	<u>(923,045)</u>
At 30 September 2001	43,765,139
<b>Depreciation</b>	
At 1 October 2000	621,166
Charge for the year	883,086
Disposals	<u>(671,792)</u>
At 30 September 2001	832,460
<b>Net Book Value</b>	
At 30 September 2001	<u>42,932,679</u>
At 1 October 2000	<u>301,879</u>

**10. DEBTORS**

	2001 £	2000 £
Prepayments and accrued income	466,337	-
Other debtors	12,418	-
Amounts owing from group undertakings	2,212,422	2,356,728
	<u>2,691,177</u>	<u>2,356,728</u>

**11. DEBTORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2001 £	2000 £
Deferred expenditure	230,500	-
	<u>230,500</u>	<u>-</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Trade creditors	327,530	-
Bank loan	2,844,541	-
Other loan	850,514	-
Other creditors	173,786	-
Accruals and prepayments	399,744	-
	<u>4,596,115</u>	<u>-</u>

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2000**

<b>13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Bank Loan</b>		
Repayable between one and two years	2,844,540	-
Repayable between two and five years	8,533,620	-
Repayable after five years	23,862,536	-
	<hr/>	
	35,240,696	-
	<hr/>	
<b>Other Loan</b>		
Repayable between one and two years	850,514	-
Repayable between two and five years	425,257	-
Repayable after five years	-	-
	<hr/>	
	1,275,771	-
	<hr/>	

a) Bank Loan

On 28 February 2001 the company entered into the following loan facility agreements with a consortium of banks in connection with the purchase of the Lagan and Mersey Viking vessels :

A Sterling denominated loan facility of £20,473,623 of which £19,736,753 was outstanding at 30 September 2001.

The facility is repayable by twenty seven quarterly instalments of £368,525 followed by a final balloon payment of £10,523,442 in March 2008. Interest is payable at Sterling Libor plus a margin of 1.85%.

A Euro denominated loan facility of E30,716,908 of which E29,611,099 was outstanding at 30 September 2001.

The facility is repayable by twenty seven quarterly instalments of E552,904 followed by a final balloon payment of E15,788,491 in March 2008. Interest is payable at Euro Libor plus a margin of 1.85%.

As security for the above facilities, the company provided legal title to and beneficial interest in the two vessels, their earnings and insurances and a guarantee given by the ultimate parent company and other group companies.

b) Other Loan

A US\$ denominated loan facility of US\$3,750,000 of which US\$3,125,000 was outstanding at 30 September 2001.

The facility is repayable by twelve quarterly instalments of US\$312,500. Interest is payable at three month US\$ Libor plus a margin of 0.75%.

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2000**

**14. PROVISION FOR LIABILITIES AND CHARGES**

<b>2001</b>	<b>2000</b>
£	£

The full potential liability to deferred taxation is as follows :

Accelerated capital allowances	7,042,326	-
	<u>7,042,326</u>	<u>-</u>

**15. EQUITY CALLED UP SHARE CAPITAL**

<b>2001</b>	<b>2000</b>
£	£

**Authorised**

500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
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**Issued and fully paid**

100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
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**16. PROFIT AND LOSS ACCOUNT**

<b>2001</b>	<b>2000</b>
£	£

Balance at 1 October 2000	2,558,607	21,335,827
Profit / (loss) for the year	2,111,699	(18,777,220)
Balance at 30 September 2001	<u>4,670,306</u>	<u>2,558,607</u>

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<b>2001</b>	<b>2000</b>
£	£

Total recognised gains / (losses)	2,111,699	(18,777,220)
Opening shareholders' funds	2,658,607	21,435,827
Closing shareholders' funds	<u>4,770,306</u>	<u>2,658,607</u>

**18. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Cenargo International Plc, a company registered in England and Wales and is controlled by Mr M.A.W Hendry.

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
30 SEPTEMBER 2000**

**19. GUARANTEES AND FINANCIAL COMMITMENTS**

On 19 June 1998 Cenargo International Plc refinanced the majority of its group borrowings by issuing US\$175 million of 9.75% First Priority Ship Mortgage Notes in the United States of America.

Belfast Freight Ferries Limited has guaranteed this loan note facility.

The company together with other group companies has guaranteed the obligations of a fellow subsidiary under two vessel operating leases.

**20. OPERATING LEASE COMMITMENT**

The company is committed to bareboat chartering its vessels to another group company for an indefinite period.

**21. RELATED PARTY TRANSACTIONS**

The company has relied on the exemption under FRS8 from disclosing transactions with group companies on the basis that the company is a wholly owned subsidiary and is consolidated within publicly available consolidated financial statements.