

Registration number: 01036027

**Bibby Bulk Carriers Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2016**

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# **Bibby Bulk Carriers Limited**

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# **Bibby Bulk Carriers Limited**

## **Company Information**

### **Directors**

Simon Jeremy Kitchen

Simon Peter Venables

### **Company secretary**

Bibby Bros. & Co. (Management) Limited

### **Registered office**

105 Duke Street  
Liverpool  
L1 5JQ

### **Auditor**

Deloitte LLP  
Statutory Auditor  
Liverpool  
United Kingdom

## **Bibby Bulk Carriers Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

#### **Directors of the Company**

The directors who held office during the year and to the date of this report were as follows:

Simon Jeremy Kitchen

Simon Peter Venables (appointed 1 December 2016)

Andrew John Goody (resigned 5 May 2017)

#### **Directors' liabilities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

#### **Principal activity**

The principal activity of the company is the ownership and management of marine assets.

#### **Going concern**

The directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies statement in the Notes to the Financial Statements.

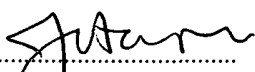
#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Small companies provision statement**

This director's report has been prepared in accordance with provisions applicable to companies entitled to the small companies' exemption under the Companies Act 2006.

Approved by the Board on 15 December 2017 and signed on its behalf by:

  
Bibby Bros. & Co. (Management) Limited  
Company secretary

Duty Authorised Signatory  
For and on behalf of  
Bibby Bros. & Co. (Management)  
Limited, SECRETARY

## **Bibby Bulk Carriers Limited**

### **Directors' Responsibilities Statement**

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

## **Bibby Bulk Carriers Limited**

### **Independent Auditor's Report to the members of Bibby Bulk Carriers Limited**

We have audited the financial statements of Bibby Bulk Carriers Limited for the year ended 31 December 2016, which comprise the Statement of Income, the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the Notes to the Financial Statements 1 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.


## **Bibby Bulk Carriers Limited**

### **Independent Auditor's Report to the members of Bibby Bulk Carriers Limited**

#### **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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a strategic report, or in preparing the Directors' Report.



.....  
Christopher Robertson (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

Liverpool  
United Kingdom

15 December 2017

# **Bibby Bulk Carriers Limited**

## **Statement of Income for the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016 \$</b>	<b>2015 \$</b>
Turnover		66,123	1,624,282
Cost of sales		<u>(1,302,419)</u>	<u>(5,792,754)</u>
Gross loss		(1,236,296)	(4,168,472)
Administrative expenses		<u>(129,063)</u>	<u>(232,064)</u>
Operating loss	3	(1,365,359)	(4,400,536)
Interest payable and similar charges	4	<u>(328,188)</u>	<u>(410,703)</u>
Loss before taxation		(1,693,547)	(4,811,239)
Tax on loss	5	<u>(5,354)</u>	<u>(5,869)</u>
Loss for the financial year		<u>(1,698,901)</u>	<u>(4,817,108)</u>

The notes on pages 10 to 18 form an integral part of these financial statements.



## **Bibby Bulk Carriers Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(1,698,901)	(4,817,108)
Unrealised gain on cash flow hedges	<u>113,912</u>	<u>97,589</u>
Total comprehensive income for the year	<u>(1,584,989)</u>	<u>(4,719,519)</u>

The notes on pages 10 to 18 form an integral part of these financial statements.

**Bibby Bulk Carriers Limited**  
**(Registration number: 01036027)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 \$	2015 \$
<b>Fixed assets</b>			
Tangible assets	6	11,462,036	12,111,360
<b>Current assets</b>			
Stocks	7	49,947	117,172
Debtors	8	1,868,444	312,945
Cash at bank and in hand		326,350	352,493
		<u>2,244,741</u>	<u>782,610</u>
Creditors: Amounts falling due within one year	9	<u>(10,613,249)</u>	<u>(6,193,885)</u>
Net current assets/(liabilities)		<u>(8,368,508)</u>	<u>(5,411,275)</u>
Total assets less current liabilities		3,093,528	6,700,085
Creditors: Amounts falling due after more than one year	9	<u>(3,383,858)</u>	<u>(5,405,426)</u>
Net (liabilities)		<u>(290,330)</u>	<u>1,294,659</u>
<b>Capital and reserves</b>			
Called up share capital	12	10,304,299	10,304,299
Hedging reserve		-	(113,912)
Profit and loss account		<u>(10,594,629)</u>	<u>(8,895,728)</u>
Total equity		<u>(290,330)</u>	<u>1,294,659</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved and authorised by the Board on 15 December 2017 and signed on its behalf by:



.....  
**Simon Jeremy Kitchen**  
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

**Bibby Bulk Carriers Limited**  
**Statement of Changes in Equity for the Year Ended 31 December 2016**

	Called up share capital \$	Hedging reserve \$	Retained earnings \$	Total \$
At 1 January 2016	10,304,299	(113,912)	(8,895,728)	1,294,659
Loss for the year	-	-	(1,698,901)	(1,698,901)
Change in the fair value of derivative financial instruments designated as cash flow hedges	-	113,912	-	113,912
Total comprehensive income	-	113,912	(1,698,901)	(1,584,989)
At 31 December 2016	10,304,299	-	(10,594,629)	(290,330)

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	Called up share capital \$	Hedging reserve \$	Retained earnings \$	Total \$
At 1 January 2015	10,304,299	(211,501)	(4,078,620)	6,014,178
Loss for the year	-	-	(4,817,108)	(4,817,108)
Amount reclassified to Profit and Loss because the hedged item affected Profit and Loss	-	143,974	-	143,974
Ineffectiveness of derivative financial instruments designated as cash flow hedges caused by changes in the hedged item	-	13,641	-	13,641
Change in the fair value of derivative financial instruments designated as cash flow hedges	-	(60,026)	-	(60,026)
Total comprehensive income	-	97,589	(4,817,108)	(4,719,519)
At 31 December 2015	10,304,299	(113,912)	(8,895,728)	1,294,659

The notes on pages 10 to 18 form an integral part of these financial statements.

# **Bibby Bulk Carriers Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2016**

### **1. General information**

Bibby Bulk Carriers Limited is a company limited by shares incorporated in England and Wales, within the United Kingdom. The address of its registered office and principal place of business is 105 Duke Street, Liverpool, L1 5JQ.

The company is controlled by Bibby Line Limited. The company is a wholly owned subsidiary of Bibby Line Limited, which is itself a wholly owned subsidiary of Bibby Line Group Limited. Bibby Line Limited is the parent undertaking of the smallest group which consolidates these financial statements for which the company is a member. Bibby Line Group Limited is the parent undertaking of the largest group which consolidates these financial statements for which the company is a member. The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of Bibby Line Limited and Bibby Line Group Limited financial statements can be obtained from Bibby Line Group Limited, 105 Duke Street, L1 5JQ ([www.bibbylinegroup.co.uk](http://www.bibbylinegroup.co.uk)).

### **2. Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Small Companies and Groups Regulations 2008.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except any area that is shown at fair value if and as disclosed in the accounting policies.

The primary economic environment in which the company operates is governed by United States Dollar, and as such the company financial statements have been prepared in this currency.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of any uncertainty on forward trading projections for a period of at least twelve months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The review includes consideration of cash flow forecasts for at least the next twelve months and includes downside sensitivities prepared with recognition of the current levels of volatility. These show that, subject to the agreed financial support of the parent company, the company is projecting to operate within its available facilities and has sufficient funds and assets to meet its liabilities as they fall due based on forecast levels of activity and forecast market rates.

Based on this assessment and the continued financial support of its parent company, the directors consider that the company maintains an appropriate level of liquidity and access to funds, sufficient to meet the demands of the business including any capital, servicing and covenant obligations of external debt liabilities, and the requirements which might reasonably be expected to arise in a downside scenario. In assessing the availability of the parent company support the directors are mindful of the risks and uncertainties disclosed in the financial statements of the parent company. The forecasts of the parent company of the group, covering a period of at least the next twelve months, include assumptions around the timing and quantum of a number of significant cash inflows to the parent company, as well as identifying all reasonably possible cash outflows from the parent company to provide support to its subsidiary undertakings.

## **Bibby Bulk Carriers Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

Having made enquiries and considering the uncertainties referred to above, the directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the statutory financial statements

#### **Changes in accounting policy**

##### **Revenue recognition**

Turnover is generated from the time chartering and voyage chartering of vessels. Time charter revenues are recognised on a straight-line basis over the term of the respective time charter agreements as service is provided. Voyage revenues for cargo transportation are recognised pro-rata over the estimated relative transit time of each voyage.

Under voyage charters, voyage expenses such as bunkers, port charges, and cargo handling operations are paid by the company whereas, under time charters, such costs are paid by the company's customers. All voyage and vessel operating expenses are expensed as incurred on an accruals basis.

All turnover derives from assets owned in the United Kingdom.

##### **Dry-dockings**

Costs relating to vessel dry-dockings are recognised in the Profit and Loss Account in the year of occurrence.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the closing rate at the reporting date and any exchange difference is included in the profit and loss account.

##### **Tax**

Tax for the period comprises current tax and deferred tax. Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to allocate the cost of the assets less their estimated residual values, over their expected useful economic life using a straight line basis as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fleet	4%

## **Bibby Bulk Carriers Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **Impairment of tangible fixed assets**

At each reporting date the company reviews the carrying value of tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, and the present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount of the asset, an impairment loss is recognised immediately within profit or loss to reduce the carrying amount of the asset to its recoverable amount.

Where an impairment loss has been recognised, the company assesses at each reporting date whether there has been any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

#### **Stock**

Stocks comprises fleet stores and fuel and are valued at the lower of cost (on a FIFO basis) and net realisable value.

#### **Debtors**

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Bibby Bulk Carriers Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **Financial instruments**

##### ***Classification***

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds both basic and complex financial instruments, which comprise cash and cash equivalents, trade and other debtors, trade and other creditors and derivative contracts. The company has chosen to apply the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Financial asset and liability debt instruments are classified as basic financial instruments where they meet all of the following conditions:

(A) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive;

(B) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods;

(C) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect: (i) the holder against the credit deterioration of the issuer, or a change in control of the issuer; or (ii) the holder or issuer against changes in relevant taxation or law; and

(D) There are no conditional returns or repayment provisions except for the variable rate return described in (A) and prepayment provisions described in (C).

##### ***Recognition and measurement***

Financial assets, classified as basic financial instruments are: Cash and cash equivalents and Trade and other debtors

Financial liabilities, classified as basic financial instruments are: Trade and other creditors, including loans and borrowings.

Equity instruments are classified in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***Derivatives***

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value is estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted pricing and forward market rates as determined by the issuer of the derivative. The resulting gain or loss arising on valuation is recognised in profit or loss unless the derivative financial instrument is a hedging instrument in a designated hedging relationship and accounted for in accordance with the Hedge Accounting provisions below.

##### ***Hedge accounting***

The effective portions of changes in fair values of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve are reclassified to profit or loss in the periods when the hedged items will affect profit or loss.

## **Bibby Bulk Carriers Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### ***Impairment of financial assets***

At the end of the reporting period, the company assesses whether there is objective evidence that any trade or other debtor may be impaired. A provision for impairment is established when the objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and call deposits.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### **Critical judgements**

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements are:

#### ***Impairment of tangible fixed assets***

The carrying value of the Group's vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tends to fluctuate with changes in charter rates and the cost of new-buildings. Historically, both charter rates and vessel values tend to be cyclical. We evaluate the carrying amounts and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives.

During the past few years, the market values of vessels have experienced particular volatility with substantial declines in many vessel classes. As a result, the charter-free market value of our dry-bulk carriers has declined below those vessels' carrying value. When indicators of impairment are present and our value in use estimate is lower than the vessel's carrying value, that carrying value is written down.

We have concluded that the future income streams expected to be earned by our vessels over their remaining operating lives would be sufficient to recover their carrying values at 31 December 2016. This required estimates to be made covering future charter rates, running costs, gearing ratios, remaining useful economic life and residual value. The assessment is made at an individual vessel level since separately identifiable cash flow information for each vessel is available. These assumptions are based on historical trends as well as future expectations. The key assumption relates to future earnings. Rates in effect for the duration of existing time charters are used. For future periods not covered by an existing charter management estimate daily time charter rates using a number of indicators, including management's view of the cyclicity of shipping markets. Our average forward estimated rates are higher than actual current market rates, but are in line with historical indices.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:



## Bibby Bulk Carriers Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

*(i) Assessing indicators of impairment of tangible fixed assets*

In assessing whether there have been an indicators of impairment associated with the Company's tangible fixed assets, the directors' have considered both external and internal sources of information such as vessel market values, historical charter rates and asset values, and changes in technological, economic and legal environments.

*(ii) Fleet residual value*

Management consider the residual value of the vessels not to be material.

*(iii) The fair value of derivative financial instruments*

Fair values have been estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted pricing and forward interest rates as determined by the issuer of the derivative contracts.

### 3. Operating loss

Operating loss is stated after charging/(crediting):

	2016	2015
	\$	\$
Depreciation of tangible fixed assets (included within cost of sales)	649,324	799,457
Impairment of tangible fixed assets (included within cost of sales)	-	2,727,422
Foreign exchange losses/(gains)	2,416	(1,337)

The company's audit fee of \$1,500 (2015: \$1,500) has been borne by the parent undertaking. The company has no non-audit fees for either year.

There was no remuneration payable to the directors in either year and the company does not have any employees.

### 4. Interest payable and similar charges

	2016	2015
	\$	\$
Interest on bank overdrafts and borrowings	225,078	255,210
Amounts reclassified from equity to Profit & Loss in respect of derivative financial instruments designated as cash flow hedges	103,110	143,974
Ineffectiveness of derivative financial instruments designated as cash flow hedges caused by changes in the hedged item	-	11,519
	328,188	410,703

# Bibby Bulk Carriers Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 5. Taxation

Tax charged in the profit and loss account:

	2016 \$	2015 \$
<b>Current taxation</b>		
UK corporation tax	5,354	5,518
UK corporation tax adjustment in respect of prior periods	-	351
	<u>5,354</u>	<u>5,869</u>

The tax on profit before tax for both years is higher than the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. The UK Government announced in 2015 that the main rate of corporation tax will reduce to 19% from 1 April 2017. On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for an additional reduction in the main rate of UK corporation tax to 17% from 1 April 2020.

The differences are reconciled below:

	2016 \$	2015 \$
Profit/(loss) before tax	(1,693,547)	(4,811,239)
Corporation tax at standard rate	(338,709)	(974,276)
Tonnage tax adjustments	344,063	979,794
UK corporation tax adjustment in respect of prior periods	-	351
Total tax credit	<u>5,354</u>	<u>5,869</u>

### 6. Tangible assets

	Fleet \$
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	<u>28,577,274</u>
<b>Depreciation</b>	
At 1 January 2016	16,465,914
Charge for the year	<u>649,324</u>
At 31 December 2016	<u>17,115,238</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>11,462,036</u>
At 31 December 2015	<u>12,111,360</u>

# Bibby Bulk Carriers Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 7. Stocks

	2016 \$	2015 \$
Stocks	49,947	117,172
	<u>49,947</u>	<u>117,172</u>

The cost of stocks recognised as an expense in the year amounted to \$68,740 (2015: \$200,082).

### 8. Debtors

	2016 \$	2015 \$
Trade debtors	-	37,557
Other debtors	1,868,444	272,598
Amounts owed by group undertakings	-	2,790
Total current trade and other receivables	<u>1,868,444</u>	<u>312,945</u>

### 9. Creditors

	2016 \$	2015 \$
<b>Due within one year</b>		
Loans and borrowings	514,007	707,158
Trade creditors	12,750	57,459
Amounts due to group undertakings	10,008,083	5,124,779
Accruals & deferred income	21,872	193,198
Corporation tax	-	5,518
Fair value of derivative financial instruments	56,537	105,773
	<u>10,613,249</u>	<u>6,193,885</u>
<b>Due after one year</b>		
Loans and borrowings	3,383,858	5,362,673
Fair value of derivative financial instruments	-	42,753
	<u>3,383,858</u>	<u>5,405,426</u>

Amounts owed to group undertakings have no fixed repayment date and do not bear interest.

## **Bibby Bulk Carriers Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **11. Loans, borrowings and derivative financial instruments**

##### **Bank borrowings**

The Company has a fleet mortgage borrowing facility that is denominated in USD with a nominal interest rate of 3%, and the final instalment is due on 31 July 2020. The carrying amount at year end is \$3,897,865 (2015: \$6,069,831). The loan is secured by statutory mortgage on the company's fleet, cross-security of fleet of fellow subsidiary undertakings and a parent company guarantee. A second priority fleet mortgage also exists in respect of the derivative trading of the Company. The loan is repayable \$514,007, \$514,007, \$2,869,851 and \$Nil (2015: \$707,158, \$707,158, \$4,655,515) in less than 1 year, between 1-2 years, between 2-5 years and greater than 5 years, respectively.

##### **Derivative financial instruments that are designated as cash-flow hedges**

The Company has an interest rate swap contract that converts borrowings from a floating to a fixed-rate basis. Exclusive of applicable margins, the Company will pay fixed rate interest and receive floating-rate interest amounts based on three-month USIBOR settings. The contract fixed premium is 2.34% and the notional value amortises in line with the repayment profile of the borrowing facility. The term of the borrowing facility to July 2017 has been designated as the hedged item. The fair value of derivative financial instrument at 31 December 2016 is \$56,537 (2015: \$148,526) and is repayable \$56,537, \$Nil and \$Nil (2015: \$105,773, \$42,753 and \$Nil) in less than 1 year, between 1 and 2 years and between 2 and 5 years, respectively.

##### **Cash restrictions**

The company holds \$324,450 (2015: \$324,450) of cash not available for use by the company as a result of a requirement to maintain a minimum balance on its mortgage earning account for the duration of the facility.

#### **12. Share capital**

##### **Allotted, called up and fully paid shares**

	<b>2016</b>		<b>2015</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Ordinary shares of £1 each	6,616,366	10,304,299	6,616,366	10,304,299

#### **13. Related party disclosures**

##### **Summary of transactions with other related parties**

The company has taken advantage of the exemption in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group controlled by the parent undertaking. There is no key management personnel identified other than the directors of the business and details about their remuneration for services provided to the company are disclosed in Note 3 to the Financial Statements.