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Registration number: 01036027

Bibby Bulk Carriers Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2013

Deloitte LLP
Chartered Accountants & Statutory Auditor
Liverpool
United Kingdom

WEDNESDAY



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Bibby Bulk Carriers Limited
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Bibby Bulk Carriers Limited
Company Information

Directors	Simon Jeremy Kitchen Andrew John Goody
Company secretary	Bibby Bros. & Co. (Management) Limited
Registered office	105 Duke Street Liverpool L1 5JQ (www.bibbyline.co.uk)
Auditor	Deloitte LLP Chartered Accountants & Statutory Auditor Liverpool United Kingdom

Bibby Bulk Carriers Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors of the company

The directors who held office during the year were as follows:

Simon Jeremy Kitchen

Andrew John Goody (appointed 29 April 2013)

Sean Thomas Golding (resigned 29 April 2013)

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 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.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

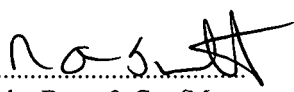
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 29 April 2014 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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

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 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 Directors' 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 the 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 2013 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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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.



.....
Sharon Thorne FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants & Statutory Auditor
Liverpool
United Kingdom

29 April 2014

Bibby Bulk Carriers Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
Turnover	1	2,977,456	4,109,839
Cost of sales		<u>(6,234,827)</u>	<u>(2,762,663)</u>
Gross (loss)/profit		(3,257,371)	1,347,176
Administrative expenses		(240,456)	(265,459)
Other operating expenditure		<u>(226,188)</u>	<u>-</u>
Operating (loss)/profit	2	(3,724,015)	1,081,717
Other interest receivable and similar income	3	14	77
Interest payable and similar charges	4	<u>(507,723)</u>	<u>(557,301)</u>
(Loss)/profit on ordinary activities before taxation		(4,231,724)	524,493
Tax on (loss)/profit on ordinary activities	5	<u>(11,348)</u>	<u>(6,723)</u>
(Loss)/profit for the financial year	12	<u><u>(4,243,072)</u></u>	<u><u>517,770</u></u>

Turnover and operating results derive wholly from continuing operations.

The company has no recognised gains or losses for either year other than the results above.


The notes on pages 8 to 15 form an integral part of these financial statements.

Bibby Bulk Carriers Limited
(Registration number: 01036027)
Balance Sheet at 31 December 2013

	Note	2013 \$	2012 \$
Fixed assets			
Tangible fixed assets	6	17,598,300	21,856,911
Current assets			
Stocks	7	383,710	81,112
Debtors	8	560,474	2,203,753
Cash at bank and in hand		366,585	325,119
		1,310,769	2,609,984
Creditors: Amounts falling due within one year	9	(1,618,188)	(2,226,220)
Net current (liabilities)/assets		(307,419)	383,764
Total assets less current liabilities		17,290,881	22,240,675
Creditors: Amounts falling due after more than one year	10	(7,359,612)	(8,066,334)
Net assets		9,931,269	14,174,341
Capital and reserves			
Called up share capital	11	10,304,299	10,304,299
Profit and loss account	12	(373,030)	3,870,042
Shareholders funds	13	9,931,269	14,174,341

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

Approved by the Board on 29 April 2014 and signed on its behalf by:


.....
Andrew John Goody
Director

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK law and accounting standards for small companies.

Exemption from preparing a cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement.

Going concern

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

The current economic conditions present increased risks for all businesses. In responses to such conditions, the directors have carefully considered those 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 affect the preparation of the financial statements on a going concern basis.

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. 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.

On this basis the directors believe that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern.

Turnover

Turnover is recognised in the period assets and services are made available to customers net of direct commissions payable and value added tax. All turnover is controlled in the UK deriving from the chartering of vessels in international waters.

Foreign currency

Transactions in foreign currencies are translated into the functional and reporting currency at the exchange rate ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the functional and reporting currency at the closing rate at the balance sheet date and any exchange differences are included in the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any impairment. Depreciation is provided on tangible fixed assets to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

Tangible fixed assets are subject to impairment review with regards to market conditions. If any indication of impairment exists after such review, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Recoverable amount is the higher of fair value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss account.

The carrying value amount of the company's fleet is reviewed when events and changes in circumstances indicate that the carrying value of the assets might not be recovered. Should there be any indication of impairment, management review the potential for actual impairment by considering the future cash flows of each vessel. This requires 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 currently 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 cyclicalities and impact of trends in shipping markets in the short to medium term. Actual time charter rates are currently lower than our forward estimated rates.

The company has made an impairment provision against its fleet in the year following reference to value in use from the future expected cash flows of the fleet over a remaining 23 year useful economic life. The discount rate used in the impairment review was 8%.

Depreciation is provided as follows:

Asset class	Depreciation method and rate
Fleet	4% Straight line

Stock

Stock is valued at the lower of cost and net realisable value of fleet stores.

Bank borrowings

Interest bearing debt is recorded at proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are released to the profit and loss account using the effective interest method.

Derivative financial instruments

The company uses derivative instruments to reduce exposure to interest rate movements. Interest under such instruments is recognised over the periods of the specific underlying debt liabilities that the derivative hedges against.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2013	2012
	\$	\$
Foreign currency losses	6,355	3,237
Depreciation of owned assets	1,014,111	1,014,111
Impairment of owned assets	<u>3,244,500</u>	<u>-</u>

The company's audit fee of \$1,500 (2012: \$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.

3 Other interest receivable and similar income

	2013	2012
	\$	\$
Bank interest receivable	<u>14</u>	<u>77</u>

4 Interest payable and similar charges

	2013	2012
	\$	\$
Interest on bank borrowings	<u>507,723</u>	<u>557,301</u>
	<u>507,723</u>	<u>557,301</u>

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

5 Taxation

Tax on (loss)/profit on ordinary activities

	2013	2012
	\$	\$
Current tax		
Corporation tax charge	11,391	6,723
Adjustments in respect of previous years	(43)	-
UK Corporation tax	<u>11,348</u>	<u>6,723</u>

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 23% (2012 - 24.5%).

The differences are reconciled below:

	2013	2012
	\$	\$
(Loss)/profit on ordinary activities before taxation	<u>(4,231,724)</u>	<u>524,493</u>
Corporation tax at standard rate	(973,297)	128,501
Trading assessment of tonnage tax regime	11,391	6,723
Trading (profits)/losses not assessed under corporation tax regime	973,297	(128,501)
Adjustments in respect of previous years	(43)	-
Total current tax	<u>11,348</u>	<u>6,723</u>

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

6 Tangible fixed assets

	Fleet \$	Total \$
Cost		
At 1 January 2013 and 31 December 2013	28,513,472	28,513,472
Depreciation and impairment		
At 1 January 2013	6,656,561	6,656,561
Depreciation charge for the year	1,014,111	1,014,111
Impairment charge for year	3,244,500	3,244,500
At 31 December 2013	10,915,172	10,915,172
Net book value		
At 31 December 2013	17,598,300	17,598,300
At 31 December 2012	21,856,911	21,856,911

7 Stocks

	2013 \$	2012 \$
Stocks	383,710	81,112

8 Debtors

	2013 \$	2012 \$
Trade debtors	279,930	338,016
Amounts owed by Group undertakings	3,462	1,203,582
Other debtors	277,082	662,155
	560,474	2,203,753

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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9 Creditors: Amounts falling due within one year

	2013	2012
	\$	\$
Bank loans	811,128	1,437,560
Trade creditors	160,280	357,009
Amounts owed to Group undertakings	126,122	83,316
Corporation tax	11,391	6,723
Other creditors	509,267	341,612
	<u>1,618,188</u>	<u>2,226,220</u>

10 Creditors: Amounts falling due after more than one year

	2013	2012
	\$	\$
Bank loans	<u>7,359,612</u>	<u>8,066,334</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2013	2012
	\$	\$
Bank loans (due less than 1 year)	811,128	1,437,560
Bank loans (due 1 - 2 years)	811,128	1,437,560
Bank loans (due 2 - 5 years)	6,548,484	6,628,774
	<u>8,170,740</u>	<u>9,503,894</u>

The company has a bank loan that is repayable in line with the above with final repayment due in 2016. The loan is secured by statutory mortgages on certain vessels and guarantees of fellow group undertakings. The rate of interest inherent in the loan is LIBOR plus 3%. A second priority mortgage also exists on certain vessels in respect of the derivative trading of the company's parent undertaking. In addition the company's assets are cross-guaranteed against the loans of fellow subsidiary undertakings of the parent company.

The company uses derivatives to manage exposure to interest rate movements on its bank borrowings. Such derivatives are not included at fair value in the accounts. The fair value as at 31 December 2013 is a liability of \$354,641 (2012: \$540,430) based on market values of equivalent instruments at the balance sheet date.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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11 Share capital

Allotted, called up and fully paid shares

	No.	2013 \$	No.	2012 \$
Ordinary shares of £1 each	<u>6,616,360</u>	<u>10,304,299</u>	<u>6,616,360</u>	<u>10,304,299</u>

12 Reserves

	Profit and loss account \$	Total \$
At 1 January 2013	3,870,042	3,870,042
Loss for the year	<u>(4,243,072)</u>	<u>(4,243,072)</u>
At 31 December 2013	<u>(373,030)</u>	<u>(373,030)</u>

13 Reconciliation of movement in shareholders' funds

	2013 \$	2012 \$
(Loss)/profit attributable to the members of the company	<u>(4,243,072)</u>	<u>517,770</u>
Net (reduction)/addition to shareholders' funds	<u>(4,243,072)</u>	<u>517,770</u>
Shareholders' funds at 1 January	<u>14,174,341</u>	<u>13,656,571</u>
Shareholders' funds at 31 December	<u>9,931,269</u>	<u>14,174,341</u>

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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14 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly-owned members of the group controlled by the ultimate parent undertaking.

15 Control

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 accounts for which the company is a member.

Bibby Line Group Limited is the parent undertaking of the largest group which consolidates these accounts for which the company is a member.

The ultimate controlling party is disclosed in the accounts of Bibby Line Group Limited. Copies of the Group financial statements can be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool, L1 5JQ (www.bibbygroup.co.uk).