

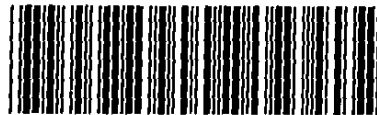
Registration number: 01036027

Bibby Bulk Carriers Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

SATURDAY



A7FHVRPN

A44

29/09/2018

#218

COMPANIES HOUSE

Bibby Bulk Carriers Limited

Contents

Company Information	1
Directors' Report	2
Directors' Responsibilities Statement	3
Independent Auditor's Report	4 to 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 20

Bibby Bulk Carriers Limited

Company Information

Directors

Ian Kenneth Crook

Simon Jeremy Kitchen

Company secretary

Bibby Bros. & Co. (Management) Limited

Registered office

105 Duke Street

Liverpool

L1 5JQ

United Kingdom

Auditor

Deloitte LLP

Statutory Auditor

Liverpool

United Kingdom

Bibby Bulk Carriers Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors of the company

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

Simon Peter Venables (resigned 31 December 2017)

Andrew John Goody (resigned 5 May 2017)

Ian Kenneth Crook (appointed 31 December 2017)

Simon Jeremy Kitchen

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.

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.

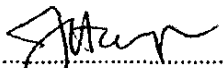
Disclosure of information to the auditors

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 report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 28th September 2018 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 FRS102 'The Financial reporting Standard applicable in the UK 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bibby Bulk Carriers Limited (the 'company') which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- The Statement of Changes in Equity; and
- The related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Bibby Bulk Carriers Limited

Independent Auditor's Report to the Members of Bibby Bulk Carriers Limited (continued)

Other information (*continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 has 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 (continued)

Matters on which we are required to report by exception

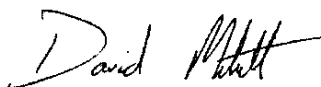
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.
- 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.

We have nothing to report in respect of these matters.

Use of our report

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.



.....
David Mitchell CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

Liverpool
United Kingdom

Date: 28 September 2018

Bibby Bulk Carriers Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Turnover		1,133,859	66,123
Cost of sales		<u>(7,742,052)</u>	<u>(1,302,419)</u>
Gross loss		(6,608,193)	(1,236,296)
Administrative expenses		<u>(52,062)</u>	<u>(129,063)</u>
Operating loss		<u>(6,660,255)</u>	<u>(1,365,359)</u>
Other interest receivable and similar income	4	2,333	-
Interest payable and similar expenses	4	<u>(178,230)</u>	<u>(328,188)</u>
		<u>(175,897)</u>	<u>(328,188)</u>
Loss before tax	3	(6,836,152)	(1,693,547)
Tax on loss	5	<u>(4,371)</u>	<u>(5,354)</u>
Loss for the financial year		<u>(6,840,523)</u>	<u>(1,698,901)</u>

The above results were derived from continuing operations.

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

Bibby Bulk Carriers Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	\$	\$
Loss for the year	(6,840,523)	(1,698,901)
Unrealised gain on cash flow hedges	-	113,912
Total comprehensive loss for the year	<u>(6,840,523)</u>	<u>(1,584,989)</u>

Bibby Bulk Carriers Limited
(Registration number: 01036027)
Balance Sheet as at 31 December 2017

	Note	2017 \$	2016 \$
Fixed assets			
Tangible assets	6	5,850,444	11,462,036
Current assets			
Stocks	7	168,624	49,947
Debtors	8	339,845	1,868,444
Cash at bank and in hand		350,538	326,350
		859,007	2,244,741
Creditors: Amounts falling due within one year	9	(10,930,980)	(10,613,249)
Net current liabilities		(10,071,973)	(8,368,508)
Total assets less current liabilities		(4,221,529)	3,093,528
Creditors: Amounts falling due after more than one year	9	(2,909,324)	(3,383,858)
Net liabilities		(7,130,853)	(290,330)
Capital and reserves			
Called up share capital	10	10,304,299	10,304,299
Profit and loss account		(17,435,152)	(10,594,629)
Total equity		(7,130,853)	(290,330)

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 28th September 2018 and signed on its behalf by:



.....
Ian Kenneth Crook
Director

Bibby Bulk Carriers Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital	Profit and loss	Total
	\$	account	\$
At 1 January 2017	10,304,299	(10,594,629)	(290,330)
Loss for the year	-	(6,840,523)	(6,840,523)
Total comprehensive loss	-	(6,840,523)	(6,840,523)
At 31 December 2017	10,304,299	(17,435,152)	(7,130,853)

	Share capital	Other reserves	Profit and loss	Total
	\$	\$	account	\$
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)
Other comprehensive income	-	113,912	-	113,912
Total comprehensive income / (loss)	-	113,912	(1,698,901)	(1,584,989)
At 31 December 2016	10,304,299	-	(10,594,629)	(290,330)

The notes on pages 11 to 20 form an integral part of these financial statements.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom and registered in England and Wales.

The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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.

Summary of disclosure exemptions

The Company, as a qualifying entity, has chosen to take advantage of the disclosure exemptions in Section 1.12 to not prepare a statement of cashflows as would be required by Section 7 'Statement of Cashflows', and from not disclosing information about the nature of its financial instruments as would be required in Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' or key management personnel compensation as would be required in Section 33.7 'Employee Benefits'.

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 2017

2 Accounting policies (continued)

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.

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 relate to the potential 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. 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.

The assessment of carrying value is made at an individual vessel level and is based on separately identifiable cash flow information or other information available. Following the end of the year, an offer was received for the sale of the MV Shropshire which was subsequently agreed. The expected proceeds on disposal were less than the carrying value and as a result a provision for impairment has been made.

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:

(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.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

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.

The current income tax charge 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 and generates taxable income.

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 assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Impairment of tangible fixed assets (continued)

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.

Depreciation

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:

Asset class	Depreciation method and rate
Fleet	4%

Cash and cash equivalents

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

Trade 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.

Stocks

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

Trade 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.

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.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (*continued*)

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.

Impairment

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.

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Derivative financial instruments and hedging

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.

Hedging

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.

3 Loss before tax

Arrived at after charging/(crediting):

	2017 \$	2016 \$
Depreciation of tangible fixed assets (included within cost of sales)	649,324	649,324
Impairment of vessel (included within cost of sales)	4,962,268	-
Foreign exchange losses	231	2,416

The company's fee for the audit of the financial statements of \$1,500 (2016: \$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 Net interest payable and similar charges

	2017 \$	2016 \$
Interest receivable and similar income	2,333	-
Interest on bank overdrafts and borrowings	(155,102)	(225,078)
Amounts reclassified from equity to Profit & Loss in respect of derivative financial instruments designated as cash flow hedges	-	(103,110)
Amortisation of debt issuance costs	(23,128)	-
Interest payable and similar charges	(178,230)	(328,188)
Net interest payable	(175,897)	(328,188)

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

5 Taxation

Tax charged in the profit and loss account:

	2017 \$	2016 \$
Current taxation		
UK corporation tax	4,371	5,354

The tax on profit before tax for both years is higher than the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. The UK Government announced in 2016 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:

	2017 \$	2016 \$
Loss before tax	(6,836,152)	(1,693,547)
Corporation tax at standard rate	(1,315,959)	(338,709)
Tonnage tax adjustments	365,030	344,063
Effect of expense not deductible in determining taxable loss	946,558	-
Total tax credit	4,371	5,354

6 Tangible assets

	Fleet \$
Cost or valuation	
At 1 January 2017	28,577,274
At 31 December 2017	28,577,274
Depreciation	
At 1 January 2017	17,115,238
Charge for the year	649,324
Impairment of vessel	4,962,268
At 31 December 2017	22,726,830
Carrying amount	
At 31 December 2017	5,850,444
At 31 December 2016	11,462,036

7 Stocks

	2017 \$	2016 \$
Other inventories	168,624	49,947

The cost of stocks recognised as an expense in the year amounted to \$122,626 (2016 - \$68,740).

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Debtors

	2017	2016
	\$	\$
Prepayments	56,412	-
Other debtors	283,433	1,868,444
	<u>339,845</u>	<u>1,868,444</u>

9 Creditors

Creditors: amounts falling due within one year

	Note	2017	2016
		\$	\$
Due within one year			
Bank loans and overdrafts	11	505,946	514,007
Trade creditors		81,305	12,750
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12	10,204,872	10,008,083
Accruals and deferred income		138,857	21,872
Fair value of derivative financial instruments		-	56,537
		<u>10,930,980</u>	<u>10,613,249</u>

Creditors: amounts falling due after more than one year

	Note	2017	2016
		\$	\$
Due after one year			
Loans and borrowings	11	2,909,324	3,383,858

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

10 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	\$	No.	\$
Ordinary shares of £1 each	6,616,366	10,304,299	6,616,366	10,304,299

Bibby Bulk Carriers Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Loans and borrowings

	2017 \$	2016 \$
Non-current loans and borrowings		
Bank borrowings	2,909,324	3,383,858
	2017 \$	2016 \$
Current loans and borrowings		
Bank borrowings	505,946	514,007

Bank borrowings

The fleet mortgage borrowing facility is denominated in USD with a nominal interest rate of 3%, and the final instalment is due on 1 July 2024. The carrying amount at year end is \$3,415,270 (2016: \$3,897,865).

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 \$505,946, \$505,946, \$2,403,378 (2016: \$514,007, \$514,007, \$2,869,851) in less than 1 year, between 1-2 years, and between 2-5 years, respectively.

Derivative financial instruments that are designated as cash-flow hedges

The Company had an interest rate swap contract that converted borrowings from a floating to a fixed-rate basis. Exclusive of applicable margins, the Company paid fixed rate interest and receive floating-rate interest amounts based on three-month USIBOR settings. The contract fixed premium was 2.34% and the notional value amortised in line with the repayment profile of the borrowing facility. The term of the borrowing facility to July 2017 was designated as the hedged item. The fair value of derivative financial instrument at 31 December 2017 was \$nil (2016: \$56,537).

12 Related party transactions

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.

13 Parent and ultimate parent undertaking

The company's immediate parent is Bibby Line Limited, incorporated in England and Wales. The ultimate parent is Bibby Line Group Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Bibby Line Group Limited. These financial statements are available upon request from 105 Duke Street, L1 5JQ (www.bibbylinegroup.co.uk)

The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. The parent of the largest group in which these financial statements are consolidated is Bibby Line Group Limited, incorporated in England and Wales. The registered address of Bibby Line Group Limited is 105 Duke Street, Liverpool, L1 5JQ.

The parent of the smallest group in which these financial statements are consolidated is Bibby Line limited, incorporated in England and Wales. The registered address of Bibby Line limited is 105 Duke Street, Liverpool, L1 5JQ.

14 Post balance sheet events

In September 2018 the Group agreed to sell the MV Shropshire. Accordingly, the value of the vessel has been written down to the expected recoverable amount.