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Company No: 3474990

SHORTDANCE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



SHORTDANCE LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements for the year ended 31st December 2001.

INCORPORATION

The Company is incorporated in England.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Principal activities

The principal activity of the Company is to participate in financing transactions related to ship building. The transactions entered into in the year are described in detail at Note 7 to these financial statements. The Directors expect that the present level of activity will be sustained for the foreseeable future. The Company is a non-trading company.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31ST DECEMBER 2001

The profit for the year amounts to £ nil (2000: £ nil).

DIVIDENDS

The Directors are unable to recommend a dividend for the year.

DIRECTORS AND SECRETARY

The Directors who held office during the year and subsequently were:-

J.A.J. Chapman
R.T. Gibson
S.B. De Carteret

The Secretary who held office during the year and subsequently is:-

Jordans Company Secretaries Limited

AUDITORS

In the opinion of the directors the company meets the criteria for audit exemption under Article 249A of the Companies Act 1985 and thus Ernst & Young LLP were removed as auditors on 10 October 2001.

REGISTERED OFFICE

21 St. Thomas's Street
Bristol
BS1 6JS

ON BEHALF OF THE BOARD.


Director :

SHORTDANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company Law requires the Directors to prepare financial statements which shall be in accordance with UK generally accepted accounting principles and show a true and fair view of the profit or loss of the Company for the year and of the state of the Company's affairs at the end of the year.

In preparing the financial statements the Directors should:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

SHORTDANCE LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
CURRENT ASSETS			
Debtor	2	-	2
Cash at bank	3	2	-
TOTAL NET ASSETS		<u>£ 2</u>	<u>£ 2</u>
SHAREHOLDERS' FUNDS			
Called up share capital	4	2	2
	6	<u>£ 2</u>	<u>£ 2</u>

AUDIT EXEMPTION

- (a) For the year ended 31 December 2001 the Company was entitled to exemption under s.249A(1) of the Companies Act 1985.
- (b) No notice has been deposited under s.249B(2) of the Companies Act 1985 requiring audited accounts to be prepared.
- (c) The directors recognise their responsibilities for:
- (i) ensuring the Company maintains accounting records in accordance with s.221 of the Companies Act 1985; and
 - (ii) preparing accounts which give a true and fair view of the state of the Company's affairs at the end of the financial year and of any profit or loss in accordance with s.226 of the Companies Act 1985 and otherwise comply with the provisions of the Companies Act 1985 as they relate to accounts.
- (d) Advantage has been taken of the exemptions conferred by Section A of Sch.8 of the Companies Act 1985.
- (e) In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small Company.

Approved by the Directors on the 24 day of APRIL 2003.


Director:

(The notes on pages 4 to 6 form part of these financial statements)

SHORTDANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The more significant accounting policies used are set out below:-

Transaction reporting

The Company entered into the transactions described in Note 7 to these financial statements. The substance of such transactions are not, pursuant to the requirements of FRS 5, reflected in the balance sheet forming part of these financial statements as, in the Directors' view, no quantifiable financial benefits or risks accrue to the Company as a result of its participation in the said transactions.

Cash flow statement

A cash flow statement has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

2. DEBTOR

	<u>2001</u>	<u>2000</u>
Called up share capital unpaid	£ -	£ 2
	<u> </u>	<u> </u>

3. CASH AT BANK

	<u>2001</u>	<u>2000</u>
Mourant & co. - client account	£ 2	£ -
	<u> </u>	<u> </u>

4. CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
AUTHORISED:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>
ISSUED AND FULLY PAID:		
2 ordinary shares of £1 each	£ 2	£ -
	<u> </u>	<u> </u>
ISSUED AND UNPAID:		
2 ordinary shares of £1 each	£ -	£ 2
	<u> </u>	<u> </u>

5. OPERATING EXPENSES

Operating expenses of the company have been settled by a third party.

SHORTDANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2000

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>2001</u>	<u>2000</u>
Opening shareholders' funds	2	2
Closing shareholders' funds	£ 2	£ 2

7. TRANSACTIONS

On 21st May, 1998 the Company entered into a charter agreement and a conversion contract (respectively, the "Charter Agreement" and the "Conversion Contract") whereby the Company chartered a vessel known as the 'Iberus' (the "Vessel") from a commercial counterparty (the "Counterparty") and contracted with a shipbuilder to effect the conversion of the Vessel into a cable laying vessel. As at the balance sheet date the commitments under the Conversion Contract had been fulfilled by the Company

The Company has also entered into a contract dated 21st May, 1998 to sell the conversion work on the Vessel (the "Sales Contract") to the Counterparty.

As at the balance sheet date the commitments under the terms of the Sales Contract had been fulfilled.

The Company has instructed the Counterparty to pay PTA(now Euro) amounts payable under the terms of the Sales Contract to HSBC Bank plc (formerly Midland Bank plc) (the "Bank"). The said Euro amounts are maintained on a secured deposit account (the "Secured Deposit") in the name of the Company with the Bank. The Secured Deposit bears interest fixed at 8.90% per annum payable annually in arrears. To secure its obligations under the Sales Contract the Company has assigned to the Counterparty all of its rights, title and interest in and to the Conversion Contract.

The Euro amounts payable under the terms of the Conversion Contract have been financed in the following manner. First, the Company has entered into a loan agreement (the "Loan Agreement") with the Bank dated 1st June 1998. Amounts drawn down under the Loan Agreement bear interest at the fixed rate of 8.90% payable quarterly in arrears up to the date of delivery of the converted Vessel and annually in arrears thereafter. All amounts drawn down under the Loan Agreement for Hull 317 are repayable in full by ten annual installments commencing three years after the date of delivery of the converted Vessel.

SHORTDANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2000

7. TRANSACTIONS - (continued)

A shortfall arises when the aggregate advance available under the Loan Agreement is applied against the aggregate amount payable by the Company pursuant to the Conversion Contract. The shortfall will be met by the payment by the Bank to the shipbuilder (upon delivery of the Vessel) of certain interest adjustment amounts receivable by the Bank in connection with the Loan Agreement in the manner set out in, and upon the terms of, a financing agreement (the "Financing Agreement") made between the Company and, inter alia, the Bank on 24th June, 1998.

The Company has instructed the Counterparty to pay all sums owed pursuant to the Sales Contract to the Secured Deposit. Pursuant to a deposit agreement (the "Deposit Agreement") dated 1st June 1998 between the Company and the Bank the principal balance from time to time of the Secured Deposit and interest accruing thereon is and may be applied by the Bank to discharge the Company's obligations to the Bank arising under or in connection with the Loan Agreement. Interest received by the Company on the Secured Deposit is and will be applied to finance loan interest payable by the Company to the Bank and the principal amount of the Secured Deposit will be the source of repayment of the principal amount of the loan.

As a result of the limited recourse and other provisions of the Conversion Contract, the Sales Contract, the Financing Agreement, the Deposit Agreement and the other documents entered into by the Company in connection with the aforementioned transactions the said transactions are not considered to produce any inflow or outflow of benefit to, or risk or reward for, the Company. As a result, payments received and made, receivable and payable in respect of those transactions as well as any currency, interest or other exposures or benefits arising therefrom do not constitute new assets or liabilities, as defined under FRS5, and consequently are not recognised on the balance sheet.

8. HOLDING COMPANY

The Company is owned by Maurant & Co. Trustees Limited as Trustee of the Ultra Charitable Trust. The Directors do not consider there to be a single ultimate controlling party under the definition of FRS 8.