

Registered number
05886419

Bernhard Schulte Shipmanagement (UK) Limited

Report and Accounts

31 December 2015

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Bernhard Schulte Shipmanagement (UK) Limited
Report and accounts
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Bernhard Schulte Shipmanagement (UK) Limited Company Information

Directors

P Varnavas
A C Campbell
J A Eltringham
T Ryan (resigned 7 August 2015)
A Smiley (appointed 10 August 2015)

Secretary

Prima Secretary Limited

Auditors

Pinder & Ratki
Chartered Accountants
7 Lansdowne Terrace
Gosforth
Newcastle upon Tyne
NE3 1HN

Bankers

The Royal Bank of Scotland Plc
3rd Floor
Aldgate Union
10 Whitechapel High Street
London
E1 8DX

Registered office

3 Hedley Court
Orion Business Park
Orion Way
Newcastle upon Tyne
NE29 7ST

Registered number

05886419

Bernhard Schulte Shipmanagement (UK) Limited

Registered number: 05886419

Directors' Report

The directors present their report and accounts for the year ended 31 December 2015.

Principal activities

The company's principal activity during the year continued to be the provision of ship management services.

Review of the business

The profit for the year, after taxation, amounted to \$252,046. The directors do not recommend payment of a final ordinary dividend.

Future developments

Following decisions from Bernhard Schulte GmbH & Co. KG to consolidate its fleet of vessels into fewer ship management centres, the company aims to create a centre of excellence for gas carrier ship management, working closely alongside our fellow subsidiary company in the Isle of Man to identify synergies to ensure cost effective and safe operations, to further enhance the successful position of the company.

Further to this the directors are currently carrying out a strategic review of the operations following the loss of a major contract. (see note 18)

Directors

The following persons served as directors during the year:

P Varnavas
A C Campbell
J A Eltringham
T Ryan (resigned 7 August 2015)
A Smiley (appointed 10 August 2015)

Political and charitable donations

During the year, the company made no political contributions and made charitable contributions totalling \$4,600.

Disclosure of information to auditors

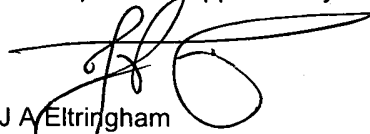
Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 auditor is aware of that information.

Small company provisions

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

This report was approved by the board on 19 May 2016 and signed on its behalf.


J A Eltringham
Director

Bernhard Schulte Shipmanagement (UK) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

Bernhard Schulte Shipmanagement (UK) Limited
Independent Auditors' Report
to the member of Bernhard Schulte Shipmanagement (UK) Limited

We have audited the accounts of Bernhard Schulte Shipmanagement (UK) Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

A description of the scope of an audit of accounts is provided on the APB's website at:
www.frc.org.uk/auditscopeukprivate

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; 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 the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Bernhard Schulte Shipmanagement (UK) Limited
Independent Auditors' Report
to the member of Bernhard Schulte Shipmanagement (UK) 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 accounts 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.



Michael Ratki
(Senior Statutory Auditor)

for and on behalf of

Pinder & Ratki

Chartered Accountants and Statutory Auditors

7 Lansdowne Terrace

Gosforth

Newcastle upon Tyne

NE3 1HN

19 May 2016

Bernhard Schulte Shipmanagement (UK) Limited
Statement of Comprehensive Income
for the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Turnover		7,207,470	6,281,829
Direct costs		(590,142)	-
Gross profit		<u>6,617,328</u>	<u>6,281,829</u>
Administrative expenses		(6,502,796)	(6,131,193)
Other operating income		214,729	305,482
Profit from operations	3	<u>329,261</u>	<u>456,118</u>
Interest receivable		21	37
Profit before tax		<u>329,282</u>	<u>456,155</u>
Income tax expense	6	(77,236)	(93,525)
Profit for the year from continuing operations		<u>252,046</u>	<u>362,630</u>
Profit for the year attributable to equity holders		<u>252,046</u>	<u>362,630</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

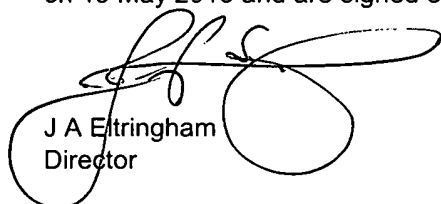
The company has no recognised gains or losses other than the profit for the above two financial years.

Bernhard Schulte Shipmanagement (UK) Limited
Statement of Financial Position
as at 31 December 2015

	Notes	2015 \$	2014 \$
Assets			
Non-current assets			
Property, plant and equipment	7	150,647	243,894
Current assets			
Trade and other receivables	8	273,179	839,241
Cash and cash equivalents		1,575,110	311,701
		<u>1,848,289</u>	<u>1,150,942</u>
Total assets		<u>1,998,936</u>	<u>1,394,836</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	9	614,907	200,685
Current tax payable		83,597	122,156
		<u>698,504</u>	<u>322,841</u>
Non-current liabilities			
Deferred taxation	10	19,277	26,926
Total liabilities		<u>717,781</u>	<u>349,767</u>
Equity			
Called up share capital	11	317,484	333,444
Foreign exchange reserve	12	11,249	11,249
Profit and loss account	13	952,422	700,376
		<u>1,281,155</u>	<u>1,045,069</u>
Total equity and liabilities		<u>1,998,936</u>	<u>1,394,836</u>

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

The accounts on pages 6 to 16 were approved by the board of directors and authorised for issue on 19 May 2016 and are signed on its behalf by :


J A Etringham
Director

Bernhard Schulte Shipmanagement (UK) Limited
Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital \$	Foreign exchange reserve \$	Retained earnings \$	Total \$
At 1 January 2014	331,498	11,249	591,936	934,683
Exchange rate movement	1,946	-	-	1,946
Total comprehensive income for the year	-	-	362,630	362,630
Dividend paid	-	-	(254,190)	(254,190)
At 31 December 2014 and 1 January 2015	<u>333,444</u>	<u>11,249</u>	<u>700,376</u>	<u>1,045,069</u>
Exchange rate movement	(15,960)	-	-	(15,960)
Total comprehensive income for the year	-	-	252,046	252,046
At 31 December 2015	<u>317,484</u>	<u>11,249</u>	<u>952,422</u>	<u>1,281,155</u>

Bernhard Schulte Shipmanagement (UK) Limited
Statement of Cash Flows
for the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Reconciliation of profit from operations to net cash inflow from operating activities			
Profit from operations		329,261	456,118
Depreciation and amortisation		90,168	114,430
Decrease in receivables		566,062	150,239
Increase/(decrease) in payables		414,222	(435,582)
Net cash inflow from operating activities		<u>1,399,713</u>	<u>285,205</u>
Cash flow statement			
Net cash inflow from operating activities		1,399,713	285,205
Returns on investments and servicing of finance	16	21	37
Taxation		(122,155)	(61,180)
Capital expenditure	16	(8,596)	(13,604)
		<u>1,268,983</u>	<u>210,458</u>
Equity dividends paid		-	(254,190)
		<u>1,268,983</u>	<u>(43,732)</u>
Effect of foreign exchange rate changes		(5,574)	(17,378)
Increase/(decrease) in cash		<u>1,263,409</u>	<u>(61,110)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		1,263,409	(61,110)
Change in net debt	17	<u>1,263,409</u>	<u>(61,110)</u>
Net funds at 1 January 2015		311,701	372,811
Net funds at 31 December 2015		<u>1,575,110</u>	<u>311,701</u>

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

1 Presentation of accounts

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The financial statements are presented in US Dollars since this is the currency in which the other group companies report their results.

2 Summary of significant accounting policies

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Revenue recognition

Sales of services are recognised when services are delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Property, plant and equipment

Depreciation is charged so as to write off the cost or valuation of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property alterations	over 5 years
Plant and equipment	over 3 - 10 years

Stocks

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

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are nonassessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the years when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end date. All differences are taken to the statement of comprehensive income.

Exchange rate differences arising from the initial translation of opening balances at 1 January 2010 following the change of policy relating to reporting in US Dollars (previously Sterling) are classified as equity and transferred to the foreign exchange reserve.

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the statement of financial position and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the statement of financial position as a liability.

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

3 Profit from operations	2015	2014
	\$	\$
This is stated after charging:		
Depreciation of property, plant and equipment	90,168	113,439
Operating lease rentals - land and buildings	116,237	106,908
Auditors' remuneration for audit services	13,117	13,187
Auditors' remuneration for other services	6,063	8,609
	<hr/>	<hr/>
4 Directors' emoluments	2015	2014
	\$	\$
Emoluments	695,419	620,089
Company contributions to money purchase pension schemes	16,897	93,021
	<hr/>	<hr/>
	712,316	713,110
	<hr/>	<hr/>
Number of directors in company pension schemes:	2015	2014
	Number	Number
Money purchase schemes	4	2
	<hr/>	<hr/>

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

5 Staff costs	2015	2014
	\$	\$
Wages and salaries	4,154,641	4,221,205
Social security costs	422,593	471,188
Other pension costs	121,874	168,991
	<u>4,699,108</u>	<u>4,861,384</u>
Average number of employees during the year	Number	Number
Administration	7	8
Service provision	50	50
	<u>57</u>	<u>58</u>
6 Income tax expense	2015	2014
	\$	\$
Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the year	83,597	123,813
Deferred tax:		
Origination and reversal of timing differences	(6,361)	(30,288)
	<u>77,236</u>	<u>93,525</u>
Tax on profit on ordinary activities		
	<u>77,236</u>	<u>93,525</u>
Factors affecting tax charge for year		
The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:		
	2015	2014
	\$	\$
Profit before tax	<u>329,282</u>	<u>456,155</u>
Standard rate of corporation tax in the UK	20%	21%
	\$	\$
Profit on ordinary activities multiplied by the standard rate of corporation tax	65,856	95,793
Effects of:		
Expenses not deductible for tax purposes	17,741	28,020
	<u>83,597</u>	<u>123,813</u>
Current tax charge for year		
	<u>83,597</u>	<u>123,813</u>

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

7 Property, plant and equipment

	Land and buildings \$	Plant and equipment \$	Total \$
Cost			
At 1 January 2015	44,241	738,125	782,366
Exchange rate movement	(2,118)	(35,331)	(37,449)
Additions	5,285	3,311	8,596
At 31 December 2015	<u>47,408</u>	<u>706,105</u>	<u>753,513</u>
Accumulated depreciation			
At 1 January 2015	13,709	524,763	538,472
Exchange rate movement	(656)	(25,118)	(25,774)
Charge for the year	8,837	81,331	90,168
At 31 December 2015	<u>21,890</u>	<u>580,976</u>	<u>602,866</u>
Carrying amount			
At 31 December 2015	<u>25,518</u>	<u>125,129</u>	<u>150,647</u>
At 31 December 2014	<u>30,532</u>	<u>213,362</u>	<u>243,894</u>

8 Trade and other receivables

	2015 \$	2014 \$
Trade receivables	169,722	18,100
Amounts owed by group undertakings	-	481,575
Other receivables	30,486	294,294
Prepayments and accrued income	72,971	45,272
	<u>273,179</u>	<u>839,241</u>

9 Trade and other payables

	2015 \$	2014 \$
Trade payables	70,612	43,708
Amounts owed to group undertakings	227,244	7,628
Other taxes and social security costs	123,682	133,334
Other payables	26,429	8,608
Accruals and deferred income	166,940	7,407
	<u>614,907</u>	<u>200,685</u>

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

10 Deferred taxation

	2015
	\$
Accelerated capital allowances	19,277
Undiscounted provision for deferred tax	<u>19,277</u>
	2015
	\$
At 1 January 2015	26,926
Exchange rate movement	(1,288)
Deferred tax charge in the income statement	(6,361)
	<u>19,277</u>
At 31 December 2015	<u>19,277</u>

11 Share capital

	Nominal	2015	2015	2014
	value	Number	\$	\$
Allotted, called up and fully paid:				
Ordinary shares	£1 each	200,000	333,444	331,498
Exchange rate movement			(15,960)	1,946
			<u>317,484</u>	<u>333,444</u>

12 Foreign exchange reserve

	2015
	\$
At 1 January 2015	11,249
At 31 December 2015	<u>11,249</u>

13 Retained earnings

	2015
	\$
At 1 January 2015	700,376
Profit for the financial year	252,046
At 31 December 2015	<u>952,422</u>

14 Dividends

	2015	2014
	\$	\$
Dividends for which the company became liable during the year:		
Dividends paid	<u>-</u>	<u>254,190</u>

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

15 Reconciliation of movement in shareholder's funds	2015	2014
	\$	\$
At 1 January 2015	1,045,069	934,683
Exchange rate movement	(15,960)	1,946
Profit for the financial year	252,046	362,630
Dividends	-	(254,190)
At 31 December 2015	<u>1,281,155</u>	<u>1,045,069</u>

16 Gross cash flows	2015	2014
	\$	\$
Returns on investments and servicing of finance		
Interest received	<u>21</u>	<u>37</u>
Capital expenditure		
Payments to acquire plant and equipment	<u>(8,596)</u>	<u>(13,604)</u>

17 Analysis of changes in net debt	At 1 Jan 2015	Cash flows	Non-cash changes	At 31 Dec 2015
	\$	\$	\$	\$
Cash at bank and in hand	311,701	<u>1,263,409</u>	-	1,575,110
Total	<u>311,701</u>	<u>1,263,409</u>	<u>-</u>	<u>1,575,110</u>

18 Post balance sheet events

Subsequent to the year end, the company received notice of termination in respect of the ship management contract for a major customer and together with the repricing of other contracts has resulted in a projected financial shortfall for the financial year to 31 December 2016. To enable the company to continue trading as a going concern it has received a letter of support from its parent company for the provision of sufficient financial resources to discharge its liabilities for one year following the date of signing of the accounts. A review is currently being undertaken by management to establish a short term plan to restore the company back to profitability.

Bernhard Schulte Shipmanagement (UK) Limited
Notes to the Accounts
for the year ended 31 December 2015

19 Financial risk management

The company finances its operations through a mixture of equity and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

The company's policy is to maintain a strong balance sheet so as to maintain the confidence of stakeholders and to sustain the future development of the business. There were no changes to the Group's capital management approach during the year, but this is under review in the current financial year in light of the events as per note 18.

Foreign currency risk

The company manages exposure to fluctuations in foreign currencies by maintaining cash and bank accounts in the same currencies in which it receives income and pays expenses.

If Sterling weakened / strengthened against the US Dollar by 5% the profit for the year and shareholder's equity would have increased / decreased by \$18,675 (2014; \$29,930).

20 Contingent liabilities

Bernhard Schulte Shipmanagement (UK) Limited has given sub-manager's undertakings in respect of its role as Security Trustee as part of a loan agreement between the Bank of China Limited and the owners of the vessels mv Edzard Schulte, mv Elisabeth Schulte and mv Erin Schulte.

Similar undertakings in respect of its role as Security Trustee have been given as part of a loan agreement between the Standard Chartered Bank, Singapore branch and the owners of the vessels mv Dorothea Schulte and mv Donata Schulte.

The undertakings guarantee that, in the event of the loss of a vessel, insolvency of the vessel owner or other event making the loan agreement invalid or unenforceable, Bernhard Schulte Shipmanagement (UK) Limited will pay all funds held on behalf of that vessel's owners, including any proceeds of the insurance policies arising on the loss of a vessel, to the respective bank.

21 Related party transactions

The company has taken advantage of the exemption rule under Financial Reporting Standard Number 8 from disclosing intercompany transactions and balances with other group companies.

22 Ultimate controlling party

The parent company is Bernhard Schulte Shipmanagement (Cyprus) Limited. The ultimate parent company is Bernhard Schulte GmbH & Co. KG, a company registered in Germany.