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**WHITERIFT LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2002**



Ref: 1386642  
Sims: 32107

## **WHITERIFT LIMITED**

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### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

#### **Directors' responsibilities for financial statements**

Irish company law requires the directors to prepare financial statements for each financial year that 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 the financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and 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 proper books of account, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2001. 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.

#### **Books of account**

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at 4 Royal Mint Court, London EC3N 4HJ.

#### **Principal activities and business review**

The principle activity of the Company is to participate in financing transactions related to ship building. The transactions entered into during the year are described in Note 7 to these financial statements.

#### **Results and dividends**

The results for the year are shown in the Profit and Loss Accounts on page 6.

Movements in reserves are shown in note 6 to the financial statements.

The directors do not declare a dividend for the period (2001: Nil)

#### **Health and safety**

The Company does not have any employees (2001: Nil)

#### **Directors**

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

M.R. Bonsall	(appointed 16th August 2002 and resigned 31st December 2002)
J.J. Watts	(resigned 16th August 2002)
R.W. Short	(appointed 31st December 2002)
J.C. Walker	(resigned 4th April 2003)
N.C. Bradley	
J.D. Rigby	(appointed 7th April 2003)

## **WHITERIFT LIMITED**

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### **DIRECTORS' REPORT CONTINUED**

#### **Secretary**

The Secretary of the Company is Maurant & Co. Capital Secretaries Limited and served throughout the year.

#### **Directors' and secretary's interests**

The directors and secretary and their families had no other interests in the shares of the company at 31 December 2002.

#### **Companies (Amendment) (No.2) Act, 1999**

The legislation became effective on the 18th April 2000 and requires the Company, inter alia, to appoint an Irish director or to put in place a bond to the value of IR £ 20,000. The Company elected to put in place a bond with an approved insurance broker to cover an initial period from 18th April 2001 to 17th April 2003. The Company has subsequently renewed the bond for a further period expiring on 17th April 2005.

#### **Auditors**

The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with Section 160(2) of the Companies Act, 1963.

#### **Registered Office**

25 / 28 North Wall Quay  
Dublin 1  
Ireland

#### **BY ORDER OF THE BOARD**



Authorised Signatory

**Maurant & Co. Capital Secretaries Limited**

Secretary

Date:

*16 February 2004*

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITERIFT LIMITED

We have audited the financial statements on pages 5 to 9 and the accounting policies set out in the statement of accounting policies on page 7.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 2 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



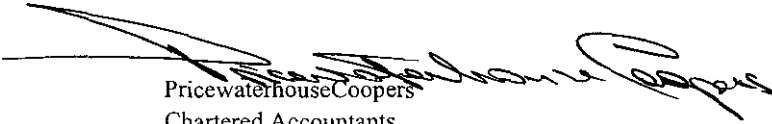
## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 2 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 5, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2002, a financial situation, which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the covering of an extraordinary general meeting of the Company.



PricewaterhouseCoopers  
Chartered Accountants  
Jersey

15 March 2004.

**WHITERIFT LIMITED**

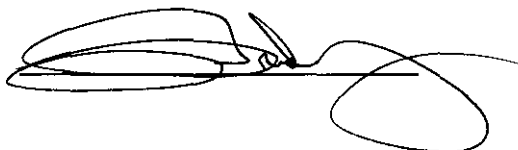
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**BALANCE SHEET****AS AT 31ST DECEMBER 2002**

	<u>Notes</u>	<u>2002</u>	<u>2001</u> (Restated)
<b>CURRENT ASSETS</b>			
Debtors	2	1	1
<b>TOTAL NET ASSETS</b>		€ <u>1</u>	€ <u>1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	3	1	1
		€ <u>1</u>	€ <u>1</u>

The financial statements were approved by the Board of Directors on the 15 day of March 2004 and were signed on its behalf by:

Director:



*(The notes on pages 7 to 10 form part of these financial statements)*

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**WHITERIFT LIMITED**

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**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 2002**

	<u>2002</u>	<u>2001</u> (Restated)
PROFIT FOR THE YEAR	-	-
BALANCE BROUGHT FORWARD	-	-
BALANCE CARRIED FORWARD	€ <u>-</u>	€ <u>-</u>

**Recognised gains and losses**

There are no recognised gains and losses attributable to shareholders of the Company for the year ended 31st December 2002 or for the year ended 31st December 2001 .

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*(The notes on pages 7 to 10 form part of these financial statements)*

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## **WHITERIFT LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31ST DECEMBER 2002**

##### **1. ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with applicable Irish accounting standards and are stated in Euros following the introduction of the third stage of Economic and Monetary Union ("EMU") which commenced on 1st January 1999. The Company had previously made an election on the 21st December 1999 under paragraph 3(1) of the Local Currency Elections Regulations 1994, SI 1994/3230 whereby its accounts were prepared in Spanish Pesetas (Euro since 1st January 2002), being the underlying currency of the transactions. The Company formerly prepared its accounts in US Dollars. The comparative figures for 2001 have been restated in Euros. The more significant accounting policies are set out below:-

##### **Transaction reporting.**

The Company has entered into transactions described in Note 7 to these financial statements. The substance of such transactions is 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 financial benefits or risks accrue to the Company as a result of its participation in the said transactions.

##### **Cash flow statement.**

The Company is exempt from the requirements of FRS 1 to include a cash flow statement as part of its financial statements because it qualifies as a small Company as defined by Section 8 (2) of the Companies (Amended) Act, 1986.

##### **2. DEBTORS**

	<u><b>2002</b></u>	<u><b>2001</b></u> <b>(Restated)</b>
Called up share capital unpaid	€ <u>1</u>	€ <u>1</u>

##### **3. CALLED UP SHARE CAPITAL**

	<u><b>2002</b></u>	<u><b>2001</b></u> <b>(Restated)</b>
<b>AUTHORISED:</b>		
Ordinary shares	€ <u>12,500</u>	€ <u>12,697</u>
<b>ISSUED AND UNPAID:</b>		
1 ordinary share	€ <u>1</u>	€ <u>1</u>

The Company was incorporated with an authorised share capital of IR£10,000 which was translated automatically to €12,697 following EMU. On 11th December 2002 the Company passed a special resolution to renominialise the value of its authorised share capital to €12,500 divided into 10,000 ordinary shares of €1.25 each.



## WHITERIFT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE YEAR ENDED 31ST DECEMBER 2002

#### 4. TAXATION

Up to 30th September 1999, the Company was a non-resident Irish company for taxation purposes and therefore was only subject to Irish income tax on Irish source income. However, there is no charge for the previous year as the Company earned no Irish source income.

Up to 30th September 1999, the Company was granted exempt status for Jersey taxation purposes and therefore incurred an exempt company fee which was paid by a third party.

On 30th September 1999, the Company ceased to be a non-resident Irish company and an exempt Jersey company for Jersey taxation purposes.

Under the terms of the United Kingdom and Ireland tax treaty, the Company is deemed to be tax resident only in the United Kingdom and hence is liable to Irish tax only in respect of Irish source income including any income attributable to an Irish branch. As there is no such income there is no Irish tax charge.

United Kingdom corporation tax is payable at a maximum rate of 30% on the profits of the Company during the year. The Directors are of the opinion that there is no liability to UK corporation tax and there is therefore no charge.

#### 5. OPERATING EXPENSES

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

#### 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2002</u>	<u>2001</u> (Restated)
Opening shareholders' funds	1	1
Closing shareholders' funds	€ <u>1</u>	€ <u>1</u>

## **WHITERIFT LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE YEAR ENDED 31ST DECEMBER 2002**

##### **7. TRANSACTIONS**

On 13th February 1997, the Company entered into a shipbuilding contract which was subsequently amended to acquire a car and train ferry known as Hull 1570 (the "Vessels"). On 29th April 1997, the Company entered into a contract to sell the Vessel to a customer for a consideration in US Dollars. In order to partly finance the acquisition of the Vessel the Company entered into a loan agreement with the Madrid branch of the Chase Manhattan Bank, (which merged on 10 November 2001 with JP Morgan to become JP Morgan Chase Bank) for a total amount of ESP 6,221,775,000 (€ 37,393,621). The Company benefits from a 3% subsidy per annum on loan interest amount payable as part of a scheme offered by the Ministry of Science and Technology in Spain subject to certain conditions. The Company entered into a deposit agreement with the bank whereby amounts received from the customer were converted to ESP and placed on deposit with the bank as security for the loan. On 24th September 1999, the agreements governing the loan and deposit agreements were novated in favour of Chase Manhattan Bank SA Luxembourg (now known as JP Morgan Bank Luxembourg SA) which acts in a fiduciary capacity following tax advice prior to the Company becoming tax resident in Ireland and the United Kingdom. The vessel was delivered to the customer on the 25th November 1998 upon which date the Company *assigned all its rights, title and interest in the shipbuilding contract to the customer.*

At the balance sheet date, the balance on the loan account was € 32,269,496 which equalled the balance on the deposit account. The drawn down balance on the loan account bears interest at a fixed rate of 5.975% payable annually in arrears. The loan balance is repayable in full by ten instalments commencing in 2001. The secured deposit receives interest at a rate of 5.975% per annum payable annually in arrears. The Company and the bank have agreed to offset all payments due to each other.

The Directors believe that no quantifiable risks or benefits accrue to the Company as a result of its participation in the foregoing transaction and consequently no asset or liability has been recognised on the balance sheet as permitted by FRS 5 (Reporting the Substance of Transactions).

##### **8. ULTIMATE CONTROLLING PARTY**

The single share in the Company is held by Arringford Limited as nominee for Mourant & Co. Trustees Limited as trustees of the Eastmoss Trust. The Directors do not consider there to be a single ultimate controlling party under the definition of FRS 8 (Related Party Disclosures).