

REGISTERED COMPANY NUMBER: 00477145 (England and Wales)
REGISTERED CHARITY NUMBER: 210066

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

FOR

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION



INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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FOR THE YEAR ENDED 31 DECEMBER 2019**

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INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors of International Foundation for Aids to Navigation ("the Company") are the Company's charity trustees under charity law and the directors of the charitable company. The members of the Board who served in office as Directors during the year and subsequently are detailed below:

KEY MANAGEMENT PERSONNEL:

DIRECTORS

A. R. W. Marsh MBE FICS - Chairman (From 28 November 2019)
H. M. Sultan - Chairman (Until 05 September 2019)
C. C. Blakey OBE RD ‡
R. C. J. Brummer
Captain J.R. Evans ‡
Captain J. W. Hughes
Captain T. Koyama
G. Mason
Captain Y. Y. Al Saqer
P. Stanley (From 05 September)

‡ Member of Audit Committee

CHIEF EXECUTIVE

P. Stanley (From 29 July 2019)

A. L. Howard - Company Secretary (Until 27 June 2019)

REGISTERED OFFICE

4th Floor
8-9 Lovat Lane
London
EC3R 8DW

CHARITY STATUS

Company Limited by Guarantee not having a share capital
Registered in England and Wales No. 00477145
Registered Charity No. 210066
The word Limited is omitted by licence of the Board of Trade, London

BANKERS

HSBC, London and Bahrain

INDEPENDENT AUDITORS

Wilkins Kennedy Audit Services,
2nd Floor, Regis House, 45 King William Street, London EC4R 9AN

SOLICITORS:

Farrer & Co, London
66 Lincoln's Inn Fields, London, WC2A 3LH

Campbell Johnston Clark Solicitors
59 Mansell Street, London, E1 8AN

INVESTMENT MANAGERS

Smith & Williamson
25 Moorgate, London, EC2R 6AY

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS

Alan Marsh (Chairman)

Mr. Marsh was appointed to the Board in August 2018. He is a Trustee and Council Member of The Marine Society and Sea Cadets (MSSC), a Council Member of RNLI, a non-executive shipping advisor and consultant to Time Investments, and the Easygroup. He is a Fellow of the Institute of Chartered Shipbrokers for whom he is a former President. He is also a Younger Brother of Trinity House, Past Prime Warden of the Worshipful Company of Shipwrights and formerly CEO of Braemar Shipping Group PLC as well as a Director of ITIC.

Peter Stanley

Mr. Stanley was appointed CEO in July 2019 and a Director in September 2019. Formerly with BP for 30 years working in BP Shipping, HSE, Refining Manufacturing and Supply, Chemicals and finally as Head of Control of BP's Corporate segment. He is an external advisor to the Audit Committee of Addenbrooke's Charitable Trust. He graduated from Newcastle University obtaining a first class honours degree in Marine Engineering and has an MBA from the Judge Business School, Cambridge University. He is a Chartered Engineer and Fellow of the Institute of Marine Engineering, Science and Technology.

Conrad Blakey

Mr. Blakey was appointed as a Director in March 2002. Spending nearly 30 years in the textile industry and concluding that aspect of his business career as Deputy Chairman of Martello Textile Company Ltd. He was chairman of Kentstone Properties Ltd. and The Naval & Military Club (remaining as a trustee). Mr. Blakey has been chairman of the East Kent Magistrates, the Kent Probation Committee and both South & East Kent NHS Hospital Trusts.

Robertus Brummer

Mr. Brummer was appointed as a Director on February 2009. Currently he is Senior Director Group Procurement with Maersk A/S. He started his seagoing career in 1977 as deck officer. Since coming ashore has held various management positions in several locations. Currently residing in Spain.

Guy Mason

Mr. Mason was appointed as a director in May 2016. He is presently Chief Operating Officer and director of BP Shipping Limited, accountable for day-to-day operational, technical and commercial leadership of BP's shipping team. He has worked in a variety of business, commercial, finance and corporate roles for BP since graduating from Loughborough University in 1986 with a first class degree in Engineering Science and Technology. He is a chartered engineer, and a Fellow of the Institute of Mechanical Engineers.

Captain John Hughes

Captain Hughes was appointed as a director in November 2008. Formerly Operations Vice President and Director of Exxon's international oil and gas tanker fleet; from 1999 to 2004 Director of the Oil Companies International Maritime Forum. He is a Fellow of the Nautical Institute, Past Chairman of Maritime CHIRP, Past Master of the Honourable Company of Master Mariners, Past Chairman and Trustee of the Shipwrecked Mariners Society, Younger Brother of Trinity House and in 2018 awarded the Merchant Navy Medal.

Captain Yousef Al Saqer

Captain Al Saqer was appointed as a Director in November 2010. He is presently Manager Fleet newbuilding projects KOTC, formerly Manager fleet marine operations KOTC where he was accountable for the day-to-day operations, safety & security of KOTC Fleet. He started his career as Navigation Officer, leading to Master on board KOTC's VLCC, LPG and Product tankers. He served in numerous roles on shore in Fleet operations, Marine Affairs and risk assessment. He holds a BSc in Maritime Transport Technology and is a Master Mariner.

Captain Tomoyuki Koyama

Captain Koyama was appointed as a Director in May 2013. He is presently Chairman and Chief Executive Officer of NYK Ship Management Pte Ltd, having previously held various senior management positions ashore with NYK. He is a Master Mariner.

Captain John Evans

Captain Evans was appointed as a Director in August 2013. He is currently Global Manager Maritime Security and Fleet Q&HSSE Global Manager Shipping Emergency Response, Shell Transport & Trading Company. Prior to this appointment, he was Fleet Manager, Shell Tankers Australia. Following a sea-going career up to the rank of Master within Shell, Captain Evans gained wide experience within senior marine positions ashore.

Hussain Sultan

Mr. Sultan was appointed as a Director in May 1996. Formerly Group Chief Executive of Emirates National Oil Company (ENOC) and Executive Chairman/CEO of Dragon Oil Plc, Mr. Sultan is now Chairman of Riverside Investments LLC and of Neptune Energy Trading LLC. He is also a Board Member of Dubai Investments. He is a Chartered Civil Engineer and a Member of the British Institution of Civil Engineers and a Fellow of the Institute of Directors. Mr. Sultan resigned as a director on 28 November 2019.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The year 2019 activities have continued much the same as the previous year. Our charitable activities, wholly aligned to our charitable objects, have been continuing and our commercial affairs maintained with the financial position remaining strong. We have continued to assist entities who are active in improving safety at sea and protecting the marine environment. We have disbursed \$1.6m over the year with some projects planned to continue through 2020.

We have our own guidelines as to which and to what extent we will support projects having regard to legal imperatives, our resources and our ability to monitor projects. We are trying to find ways to integrate ourselves into the marine regulatory organisations in order to both understand better the requirements for aids to navigation globally and contribute to the decision making plans and guidelines for enhancing safety at sea and protecting the environment. Protecting the environment has been more of a secondary benefit to our activities but it may be time to look at environmental developments in their own right.

Since early 2012 we have supported the International Association of Lighthouse Keepers (IALA) in developing its Worldwide Academy (WWA) with contributions amounting to an average of \$800k equivalent each year. The WWA provides training packages designed to spread knowledge amongst government representatives. Instruction is given both in respect of Coastal States obligations under international law and the benefits to commerce of developing and maintaining effective aids to navigation, as well as the means of doing so. The IALA sponsorship is a rolling programme arrangement progressively expanding the knowledge on the subject throughout the world. Over time, continually improving services, will become available to assist navigators to safely operate their vessels. In the coming year we will be hosting our own IALA guided training courses for Middle East Gulf participants.

We have helped The Marine Society and Sea Cadets (MSSC) to develop and commission teaching modules to improve mathematical, English language and marine vocational skills amongst mariners; committing an average of \$120k equivalent per annum over the period 2013 to date. We have also funded a significant outreach programme that The Nautical Institute (NI) promoted to improve navigators' technical skills, committing \$122k per annum equivalent over the period 2014 to date.

Confidential Hazardous Incident Reporting (CHIRP) provides a confidential incident assessment service. Prior to our involvement in 2014, a previous funding arrangement had ceased, and the service had contracted to only cover UK vessels. We were able to provide assistance enabling the service to be available increasingly to the world fleet so spreading experience wider and assisting to improve safety at sea. To date provided an average \$75k per annum since 2014 when we first supported CHIRP.

Since 2016 we have funded a survey of aids to navigation present in the Pacific Ocean for the pan-government agency, South Pacific Community (SPC) who are responsible for marine matters there. The survey was a pre-requisite to a project to improve positioning infrastructure in a region poorly supplied with aids to navigation and is heavily dependant on marine transport. The second phase has commenced two years ago with our support planned to run to 2021. To date a sum of \$1.47m has been provided with a further \$640k committed subject to annual review.

In the past we supported The Straits of Malacca and Singapore Fund and this has now reduced its activities for a time with the traffic separation scheme largely maintained by the littoral States. We are monitoring the programme of improvement. We shall positively examine any further funding proposals to see what support we can give to improve the safety of shipping using this vital sea route.

Over the last year the charity has maintained its sound financial position and continued to address threats to its commercial activities.

As regards our commercial activities and the pressures they are under, we applied ourselves in several ways. Firstly, we have embarked on a campaign designed to explain to as wide an audience as possible our activities in the Gulf. Secondly, we are offering to provide the technical skills and education to clients, such as Port Authorities, so that they can develop their own resource over time.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

We have looked at the alternative provision of accurate positioning systems in the Gulf and to date there is no reliable or accurate alternative to our differential global positioning system (DGPS) service. This was recently confirmed at an IALA conference in Edinburgh January 2020. With our system entering its 20th year, we will be embarking on a recapitalisation of this equipment, funded by Navigational Dues.

Our offshore support vessel Relume, originally built as a buoy handler for our aids to navigation service in the Gulf, has been undertaking commercial work in North European waters for many years now. The whole industry suffered heavily in 2019 as a result of economic uncertainty curtailing investments and deferring maintenance work in the North Sea. The outlook for the North Sea spot market is one of recovery as witnessed by contracting firms offering longer charters to lock in low rates from the previous year. Recovery will be fragile with it being subject to i) further uncertainty and ii) a surfeit of offshore supply vessels.

We continue to be more active in the management of our invested funds aiming for improved income. That has been successful but in diversifying more widely our funds have suffered some currency losses, particularly in respect of sterling.

We have also further adjusted our operating costs appropriately and can afford to wait for better conditions i.e. the collection of Navigational Dues to rise and the North Sea market to recover

I thank the Board for its support in electing me to the role of Non-Executive Chairman and adjusting our governance and management arrangements, through the appointment of an Executive CEO (Peter Stanley) which moves us to a more appropriate form and setting IFAN on a journey to its next evolution. I thank staff and our various long-term contractors both ashore and afloat for their commitment to the charities objectives in what have been challenging circumstances.

The Board and I thank Hussain Sultan for his 20 years' service to IFAN including the last 3 years as our past Executive Chairman. We wish him a long and happy retirement.



A R W Marsh

Date:  10.8.20



INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of International Foundation for Aids to Navigation ('the Company') present their Annual Report together with the audited financial statements for the year ended 31 December 2019 which comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE INFORMATION

The Company is constituted as a company limited by guarantee with two wholly owned operating subsidiary undertakings, Menas Marine Services Limited and Oman Marine Services Limited. The charitable objective of The International Foundation for Aids to Navigation ("IFAN"), as stated in the Articles of Association, is the promotion of safety at sea, maritime education & training and the protection of the marine environment.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The Company is governed by its Articles of Association.

Governing Body

The Directors are appointed in accordance with the Articles of Association by the Members and are mostly drawn from the shipping and oil industries.

Recruitment and training of Directors

New Directors are briefed on their legal obligations under charity and company law, the content of the Articles of Association and the workings of the Board of Directors and the decision making process.

Organisational management

The Board of Directors, as the charity trustees, are legally responsible for the overall management and control of the Company. The Board of Directors meets at least four times a year.

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported, that adequate internal control systems are maintained and managing the relationship with the external auditors.

Day to day administration is carried out by the Chief Executive Officer (the "Executive"). The operation of the Bahrain facility is undertaken by a senior manager reporting to the Executive in London.

The remuneration of key management personnel is set by the Board and the appropriateness and relevance of the remuneration policy is reviewed annually.

Group structure and relationships

The Company has two wholly owned non-charitable subsidiaries: Menas Marine Services Limited, which operates a commercial vessel, and Oman Marine Services Limited, which is a maritime services contractor and an investor in a joint venture, Arabian Maritime and Navigation Aids Services LLC, which also undertakes maritime services. Annual profits, where made, are donated to the Company under the Gift Aid Scheme. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report.

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The Company's Objects, as set out in the Articles of Association, are the promotion of safety at sea and the protection of the marine environment in the Middle East and worldwide by all charitable means, including providing and maintaining navigation aids, safety systems and safety information; promoting the use of modern navigation techniques and procedures and other essential maritime skills; and protecting and improving all aspects of the marine environment.

The objectives are variously achieved for the public benefit through the provision, under the name MENAS, of an aids to navigation service in the Gulf and involvement in Oman, and by assisting other organisations undertaking projects which meet the Company's charitable objectives of promoting safety at sea and protection of the marine environment.

The Board is mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011. In this connection the Board has monitored closely the guidance on public benefit produced by the Charity Commission.

Principal Activities

The Company provides and maintains shore and sea based visible aids as well as radio based aids for the Gulf region, utilising its equipment and facilities in Bahrain. It continues to review technological advances in marine navigation and environmental protection and to rationalise and modernise its facilities and systems to enable it to provide the service to navigators and the marine industry in the Gulf region effectively and efficiently.

Apart from operating the network of aids to navigation and the Navtex warning system the charity also continues to operate its differential global positioning system (DGPS) throughout the Gulf. The Company has deployed Automatic Identification System (AIS) equipment to both enhance the service to mariners and improve performance monitoring of aids to navigation to help improve safety at sea and the protection of the environment. The Company continues to investigate an upgrade to the DGPS system, now more than twenty years in operation.

IFAN provides, through a jointly owned Omani company, technical and other services to the Sultanate of Oman which is responsible for providing a navigational aids service in its territorial waters and its extended economic zone.

The Company makes grants to organisations concerned with the promotion and/or provision of safety at sea, including:

- the International Association of Lighthouse Authorities (IALA), to assist with its setting up and running its worldwide training organisation The Worldwide Academy (WWA) to improve knowledge and skills required to identify needs, install and maintain aids to navigation services around the world;
- the educational programmes of Marine Society and Sea Cadets (MSSC);
- The Nautical Institute (NI), to expand the circulation of its publication The Navigator, improving knowledge and professionalism in the field of marine navigation;
- Confidential Hazardous Incidents Reporting (CHIRPS) in connection with the confidential reporting of safety related breaches within the maritime sector;
- The Company supports a project being conducted by the South Pacific Community (SPC), in respect of enabling the Pacific Ocean to access its needs in respect of aids to navigation services and infrastructure;
- The Malacca Aids to Navigation Fund set up by the three littoral States to maintain and improve the traffic separation system for the Malacca and Singapore Straits.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

STRATEGIC REPORT

The charity regularly reviews its strategy. Over time, consistent with prevailing general conditions the strategy has been to build up reserves to a point that the navigational aids service in the Gulf can be self-sustained and protecting capital to ensure the continued existence of the IFAN Group

Currently the strategy has several points of focus;

The first focus is to discharge the responsibility for the provision of the existing Gulf AtN service to the required international standards. In the absence of the littoral states seeking to take up our offer of assistance to assume responsibility for Gulf AtN's we remain obligated to continue our AtN provision. We continue to believe that national services will be the simplest to be created and would expect our existing technical operations to have a role either as active participants or contractors in some form. Consistent with the aim to ensure the navigational aids service in the Gulf can be self-sustained, we are raising the profile of the services provided to ship-owners and the need to contribute to the costs of their upkeep.

The second aspect of our strategy is concerned with our investments. We have two operational investments, one being an offshore support vessel Relume and the other being a joint venture commissioned by the Omani government to provide a navigational aids service along its coast. In addition, we have a financial investment portfolio invested in various securities in several markets.

As regards the Relume, the offshore market was very badly affected by economic uncertainty during 2019 and as a consequence fixtures were sparse. Returns from the investment have obviously suffered from less demand and consequential lower charter rates. We took immediate short term actions to reduce the costs associated with the investment. In the absence of the possibility of disposal except as a distress seller, which we are not, our strategy is to continue to operate the ship to maximise the returns achieved. We are monitoring the market for all opportunities including conversion against fixed employment. Our strategy will continue to be adapted as market conditions change.

The Omani investment is stable whilst our continued involvement is still necessary. Our strategy is therefore to maintain the investment and continue to provide our assistance.

The investment portfolio has been managed to maintain capital. The current strategy is to increase active management to improve returns.

ACHIEVEMENTS AND PERFORMANCE

Navdues income for the year was \$4.5m (2018: \$4.3m). The price charged per NT remained unchanged. These results include the share of results of the joint venture between the charity's subsidiary, Oman Marine Services Limited (OMSL) and Seven Seas Navigation Services Co. LLC. Costs of charitable activities which include all direct costs in relation to buoy maintenance projects and administration costs other than those relating to ship charter income, and including all IFAN owned aids to navigation service costs, are \$5.0m (2018: \$5.3m).

Charter income for the OSV Relume, operated through Menas Marine Services Limited (MMSL) has decreased this year to \$2.1m (2018: \$7.0m). Ship charter income costs amount to \$5.8m (2018: \$8.2m).

Other income includes buoy maintenance and project income of \$813k (2018: \$798k) and rental income of \$155k (2018: \$254k). Rental property costs amounted to \$26k (2018: \$22k).

The charity made grants and donations of \$1.6m during the year (2018: \$1.9m) to organisations including IALA, CHIRP Maritime, The Nautical Institute, South Pacific Community and MSSC.

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL REVIEW

The financial position is considered satisfactory by the Directors with net assets of the Group amounting to \$64.1m against \$62.0m in 2018.

As shown on page 13, in the Consolidated Statement of Financial Activities, the Group incurred a surplus for the year of \$2.1m (2018: deficit of \$6.3m). The large deficit in 2018 arose as a result of an impairment of \$20m in respect of OSV Relume, based on the vessel's estimated remaining life and expected future trading and sale value.

Having reviewed the ongoing expected trading conditions and the Group's projected future cash flows, the Board has a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future.

Investment policy and objectives

Smith and Williamson were appointed as investment managers during 2016 and have also assumed the role of investment advisors. The investment policy has been to minimize risk to the capital by investing in a variety of instruments including US dollar bond instruments, principally US TIPS and including debt and equity in Emerging Markets to improve yields whilst maintaining a low risk profile. The current policy is to become more active in the management of the fund and to invest in more secure securities and disinvest in securities more exposed because of greater debt levels whilst maintaining a diversified portfolio and matching non-functional currency flows. The application of policy is now monitored by the Board.

The US dollar bond and securities portfolio has performed in line with expectations having regard to the policy expectations set by the Board. As at 31 December 2019 the market value of invested funds, including uncommitted deposits, was the equivalent of \$45.2m (2018: \$39.6m), against an historic cost of \$40.3m (2018: \$39.9m).

Reserves Level and Policy and Financial Viability

The policy in respect of the Gulf navigational aids service continues to be one of matching income with expenditure allowing for uncertainties and capital requirements. Provision is made for the progressive shortening of the operating lives of the OSV Relume and navigational aids as environmental demands increase and technological developments accelerate. Group reserves held as at 31 December 2019 amounted to \$64.1m (2018: \$62.0m) of which free reserves amounted to \$49.2m (2018: \$46.4m). The charity's own reserves amounted to \$73.9m (2018: \$68.1m).

The Directors consider that reserves need to be maintained at these levels at least to allow for the replacement and enhancement of current operational and navigational aids assets and the longer term possibility of further expansion of navigational aids services into other geographical areas worldwide which would entail significant levels of capital expenditure and working capital.

Principal Risks and Uncertainties

The Directors have undertaken reviews and organised from time to time investigations to be reasonably certain that the Company is operating efficiently and effectively, its assets are properly safeguarded against unauthorised use or disposal, proper records are maintained and that financial information used within the Company, or for publication, is reliable and that the Company complies with relevant laws and regulations. The system of internal controls includes a strategic plan and annual budgets with regular financial and performance reports as appropriate with clear delegation of authority and segregation of duties.

Risk associated with the activities undertaken and objectives laid down by the Board are regularly reviewed, prioritised as to likely impact and likelihood of occurrence and management are satisfied that the applied strategies are appropriate to mitigate those risks.

The Directors are satisfied that during the year all activities have been conducted in compliance with the Company's HSE policy. Adherence and improvements to the HSE policy has ensured that all operations are conducted in a manner which safeguards the health and safety of employees and avoids damage to the environment.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Company has adopted a policy of spreading its investments over a range of instruments in both UK pound sterling and US dollars with the aim of protecting the capital against imported inflation, whilst mitigating the effect of currency movements.

Future Plans

The charity has a global remit and focuses its outlook to support projects of international scope.

The charity has a branch in Bahrain undertaking marine contracting activities as part of the provision of a regional aids to navigation service and also two trading subsidiaries.

The Middle Eastern branch has existed for many years and over recent years efforts have been successfully made to modernise and expand its resources. The branch is now managed locally with in-house trained personnel and is expanding its skill base to allow a build-up of marine engineering work. A base in the United Arab Emirates opened a few years ago has expanded coverage throughout the Gulf. A jointly owned navigational aids service based in Oman, held through one of the trading subsidiaries, manages the Arabian Sea and marine approaches to the Gulf requirements for navigational aids. Improved services currently being introduced include AIS technology to both monitor the position and performance of floating aids to navigation and collect vessel movement data for billing purposes and also investigating the suitability of elasticated moorings in place of traditional metal chains.

Future plans include upgrading the differential global positing system (DGPS) which is now over twenty years ago. Research has been undertaken over several years to ensure that the reliability and performance of new equipment will be optimal. We are, in conjunction with IALA, researching problems suffered by DGPS systems in connection with signal reliability and then researching suitable solutions. We are also expanding the activity set to deliver IALA accrediting training courses.

One of the trading subsidiaries operates an offshore services vessel (OSV) originally built to service physical navigational aids in the Gulf. The vessel is now more than half way through its life although has benefited from an upgrade of its equipment which allows it to trade competitively with more recently delivered vessels. The Board closely monitors the performance of Relume and the development of its market sector.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Governing Body (who are also the Directors of International Foundation for Aids to Navigation for the purposes of company law) are responsible for preparing the Annual Report and the financial statements with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Directors to prepare financial statements for each financial year. Under that 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Directors are required to:

- select the most suitable accounting policies and then to apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

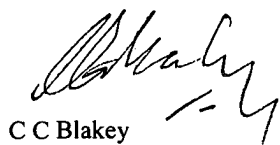
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Relevant Audit Information

In so far as each of the Directors, as members of the Governing Body, at the date of approval of this report is aware, there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each Director has taken all the steps that he should have taken as a Director in order to make himself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 10 August 2020

including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



C C Blakey
Director and Audit Committee Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMEBERS OF INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

Opinion

We have audited the financial statements of International Foundation for Aids to Navigation (the 'charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated and charitable company statement of financial position, the consolidated cash flow statement and notes to the consolidated financial statements. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 group'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.

Other information

The Directors are responsible for the other information. The other information comprises the Company Information and the information in the Chairman's Statement and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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 this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMEBERS OF
INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION (CONTINUED)**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.

Responsibilities of Directors

As explained more fully in the Statement of Accounting and Reporting Responsibilities set out on page ten, 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 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 group's and the charitable 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 group or the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilks Kennedy Audit Services

John Howard (Senior Statutory Auditor)

For and on behalf of Wilks Kennedy Audit Services

Statutory Auditor

2nd Floor, Regis House

45 King William Street

London

EC4R 9AN

Date: 15 August 2020

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$ as restated
	21		
INCOME FROM:			
Charitable activities	3		
Non contractual navigation dues		2,913,447	2,750,581
Contractual navigation dues		1,555,737	1,541,380
Buoy maintenance and project income		813,322	798,138
Other trading activities			
Ship charter and management income		2,251,136	7,153,116
Rental income		154,977	254,250
Investments	4		
Investment income		713,398	554,121
Total income		<u><u>8,402,017</u></u>	<u><u>13,051,586</u></u>
EXPENDITURE ON:			
Generating funds	5		
Ship charter income costs		5,811,579	8,196,679
Rental property costs		25,678	21,504
Charitable activities	5		
		6,833,043	7,290,174
Total expenditure		<u><u>12,670,300</u></u>	<u><u>15,508,357</u></u>
Net outgoing funds from operations		<u><u>(4,268,283)</u></u>	<u><u>(2,456,771)</u></u>
Gain/(Loss) on disposal of investments		1,338,854	(36,898)
Increase/(Decrease) in value of investments	9	5,031,529	(3,804,985)
NET MOVEMENT IN FUNDS FOR THE YEAR		<u><u>2,102,100</u></u>	<u><u>(6,298,654)</u></u>
Total funds brought forward		61,974,593	68,273,247
Total funds carried forward		<u><u>\$64,076,693</u></u>	<u><u>\$61,974,593</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities and is unrestricted.


The notes on pages 16 to 27 form part of these financial statements.


INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**CONSOLIDATED AND CHARITABLE COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019**

	Note	Group 2019 \$	Group 2018 \$ as restated	Company 2019 \$	Company 2018 \$ as restated
FIXED ASSETS					
Tangible assets	7	14,911,014	15,609,634	843,222	995,497
Investments	9	45,229,591	39,561,126	45,229,595	39,561,130
Investments in joint ventures	9	901,378	837,089	-	-
		<u>61,041,983</u>	<u>56,007,849</u>	<u>46,072,817</u>	<u>40,556,627</u>
CURRENT ASSETS					
Stock	10	1,595,566	1,695,494	271,259	298,762
Debtors	11	3,654,410	8,459,032	29,583,453	30,305,787
Cash and deposits	12	2,458,699	1,209,041	2,067,352	733,082
		<u>7,708,675</u>	<u>11,363,567</u>	<u>31,922,064</u>	<u>31,337,631</u>
CURRENT LIABILITIES					
Creditors payable within one year	13	(4,673,965)	(5,396,823)	(4,068,697)	(3,801,191)
NET CURRENT ASSETS		<u>3,034,710</u>	<u>5,966,744</u>	<u>27,853,367</u>	<u>27,536,440</u>
NET ASSETS		<u><u>\$64,076,693</u></u>	<u><u>\$61,974,593</u></u>	<u><u>\$73,926,184</u></u>	<u><u>\$68,093,067</u></u>
FUNDS					
Unrestricted funds					
General reserve	14	60,165,632	58,063,532	68,468,588	62,635,471
Currency translation reserve	14	3,911,061	3,911,061	5,457,596	5,457,596
TOTAL FUNDS		<u><u>\$64,076,693</u></u>	<u><u>\$61,974,593</u></u>	<u><u>\$73,926,184</u></u>	<u><u>\$68,093,067</u></u>

The financial statements were approved by the Board on 10 August 2020
and were signed on its behalf by


A R W Marsh
Chairman


C C Blakey
Audit Committee Chairman

Company No: 00477145

The notes on pages 16 to 27 form part of these financial statements.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Cash generated from operating activities	19	607,284	(3,467,713)
Cash flow from investing activities			
Payments for tangible fixed assets		(862,870)	(397,767)
Purchases of investments		(14,103,340)	(12,945,582)
Proceeds on sale of investments		14,805,258	14,331,026
Investment income receipts		712,638	554,121
Rental income receipts		154,977	254,250
Investments in joint ventures		(64,289)	(16,570)
Cash generated from investing activities		<u>642,374</u>	<u>1,779,478</u>
Decrease in cash in the year		<u>\$1,249,658</u>	<u>\$(1,688,235)</u>
Reconciliation of cash flow to net movement in net funds			
Increase/(Decrease) in cash in the year		1,249,658	(1,688,235)
Net funds at the beginning of the year		<u>1,209,041</u>	<u>2,897,276</u>
Net funds at the end of the year		<u>\$2,458,699</u>	<u>\$1,209,041</u>

The notes on pages 16 to 27 form part of these financial statements.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. COMPANY STATUS

The Company is a charitable company limited by guarantee, registered in England and Wales and governed by its Articles of Association. It has no share capital. In the event of the company being wound up the liability of the members is limited to a maximum of £1 each. The Company's registered number and registered office address can be found on page 1.

The presentational currency of the financial statements is the US Dollar (\$) which is also the functional currency for the group.

The International Foundation for Aids to Navigation meets the definition of a public benefit entity under FRS 102.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the Companies Act 2006 and in accordance with the Charities Statement of Recommended Practice ("Charities SORP (FRS102)") and Financial Reporting Standard 102. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible assets and securities investments.

Going concern

The directors have considered the potential emerging impact of the COVID-19 virus and uncertainty in relation to the UK withdrawal from the European Union on the future viability of the company. Having reviewed the funding facilities available to the Company together with the expected ongoing trading conditions and the Company's projected future cash flows, the directors have a reasonable expectation that the company will have sufficient funds to continue to meet its liabilities as they fall due for the foreseeable future and therefore have prepared the financial statements on a going concern basis.

Accordingly, the Board continues to adopt the going concern basis in preparing its financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 10.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries Menas Marine Services Limited and Oman Marine Services Limited. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. No separate SOFA has been presented for the Company alone, as permitted by Section 408 of the Companies Act 2006.

Income

Income is the amount derived from the provision of charitable activities and other trading activities, and from investments, and is stated net of VAT.

Income from Charitable Activities

Charitable income represents navigation aids dues receivable, both contractual and non-contractual, as well as buoy maintenance and project income. Navigation aids dues are accounted for at the point a ship enters the loading port. Buoy maintenance and project income is accounted for in accordance with the completion stage of the project and income is accrued or deferred accordingly.

Income from Other Trading Activities

Ship charter and management income represents third party income from the OSV Relume and is accounted for in the period in which the vessel is chartered for use.

Income from Investments

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Investment income from fixed asset securities is accounted for on an accruals basis. Rental income is accounted for in the period to which the rental income relates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is accrued once there is a legal constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure attributed to more than one cost category in the SOFA is allocated to activities on a proportional basis. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Overheads and other salaries are also allocated between expense headings on a proportional basis. Governance costs comprise the costs of complying with constitutional and statutory requirements.

Hire purchase and leasing commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Employee benefits

Short term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The Company's defined benefit scheme has now been wound up. The Company is also required to contribute towards a deficit in the Merchant Navy Officers Pension Fund, and any future deficits which may occur in the foreseeable future will be relieved against amounts already expensed.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Taxation

The Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010. Therefore it meets the definition of a Charitable Company for UK corporation tax purposes.

Fund accounting

Unrestricted funds represent those funds which can be used in accordance with the Charitable Company's objects at the discretion of the Directors.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. In accordance with FRS102 the land, which is held in perpetuity in Bahrain, is not depreciated. Fixed assets are subject to an annual impairment review. Any permanent diminutions in value are recorded. Depreciation is provided to write off the cost of all relevant tangible fixed assets, less estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Buildings	20 years
OSV Relume	15 years
Navigation aids, plant and equipment:	
DGPS	5 years
Computers and equipment	2 years
Vehicles, plant and machinery and office equipment	4 years
Other navigation aids and equipment	Up to 10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities. Gains and losses arising from changes in fair value are included in the Statement of Financial Activities as either an unrealised gain or loss on investments. Interest determined using the effective interest method, impairment losses and translation differences on monetary items are recognised in the Statement of Financial Activities.

Investments in joint ventures are accounted for using the gross equity method, although an analysis of the Group's share of results has not been disclosed as the Directors consider that this information may be seriously prejudicial to the interests of the Group.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Trade and other debtors

Trade and other debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents in the consolidated and charitable company statement of financial position and in the consolidated cash flow statement comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Trade and other creditors

Trade and other creditors are measured at their transaction price.

Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Valuation of OSV Relume

The valuation of OSV Relume is sensitive to changes in the estimated remaining life and the expected future trading and sale value of the vessel. OSV Relume is subject to an annual impairment review based on these factors.

Bad debt provision

The value of trade debtors is sensitive to the recoverability in full of any invoices issued to each customer. Once the debt becomes overdue it is chased and periodically reviewed to ensure it is recoverable in full. If a provision is deemed necessary this is included on an annual basis.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. INCOME FROM CHARITABLE ACTIVITIES

Charitable income is attributable to the principal activities of the Company and arose wholly in the Middle East. Charitable activities of the company comprise non-contractual and contractual navigation dues, and the provision and maintenance of the buoys and other navigation aids.

4. INVESTMENT INCOME	2019	2018
	\$	\$
Deposit interest	6,143	5,137
Dividend income	707,255	548,984
	<u>\$713,398</u>	<u>\$554,121</u>

5. ANALYSIS OF EXPENDITURE

	Staff Costs	Support Costs	2019 Grant Making	Depreciation	Total	2018 Total
	\$	\$	\$	\$	\$	\$
(a) Total expenditure						
Costs of generating funds:						
Ship charter income costs	-	4,417,683	-	1,393,896	5,811,579	8,196,679
Rental property costs	-	25,678	-	-	25,678	21,504
	-	4,443,361	-	1,393,896	5,837,257	8,218,183
Charitable activities:						
Costs of charitable activities	974,355	3,836,880	1,598,639	167,594	6,577,468	7,149,808
Governance costs	-	255,575	-	-	255,575	140,366
	<u>\$974,355</u>	<u>\$8,535,816</u>	<u>\$1,598,639</u>	<u>\$1,561,490</u>	<u>\$12,670,300</u>	<u>\$15,508,357</u>

(c) Grant making

During the year the following grants and donations were made:

	2019	2018
	\$	\$
IALA	819,677	793,209
CHIRP Maritime	74,633	77,955
The Nautical Institute	121,377	131,660
South Pacific Community	537,508	590,510
MSSC	45,444	278,728
	<u>\$1,598,639</u>	<u>\$1,872,062</u>

- (i) IALA - an international technical organization that gathers together marine information to share worldwide.
- (ii) CHIRP Maritime - contributes to the enhancement of aviation safety in the UK and maritime safety worldwide.
- (iii) The Nautical Institute - an international body for maritime professionals involved in the control of sea-going ships.
- (iv) South Pacific Community - the principal scientific and technical organisation in the Pacific region.
- (v) MSSC - provides teaching modules to improve mathematical and English language skills amongst mariners.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. ANALYSIS OF EXPENDITURE (continued)

(c) Governance costs included in support costs	2019	2018
	\$	\$
Remuneration paid to auditor for audit services	47,218	48,141
Other governance costs	208,357	92,225
	\$255,575	\$140,366

(d) Net outgoing funds from operations	2019	2018
The following amounts have been charged within resources expended:	\$	\$
Directors' emoluments	307,659	272,686
Auditors' remuneration (audit services)	47,218	48,141
Auditors' remuneration (non-audit services)	34,482	10,430
Rental paid under operating leases	257,923	255,711
Foreign exchange movement	77,596	94,925

6. STAFF COSTS	2019	2018
	\$	\$
Directors remuneration		
Director's salary	78,784	-
Social security costs	10,244	-
Staff remuneration		
Wages and salaries	549,924	509,704
Social security costs	65,646	64,103
Other employee benefits	269,757	272,021
	\$974,355	\$845,828

The above staff costs include \$878,272 (2018:\$845,828) relating to employees in Bahrain and \$96,083 (2018:\$nil) relating to employees in the United Kingdom.

All directors' emoluments are paid in accordance with the Company's Articles of Association as approved by the Charity Commissioners. The highest paid director's emoluments totalled \$78,784 (2018: \$95,448 including additional consultancy costs) with no accrued pension as at 31 December 2019.

During the year the following Directors were entitled to receive fees for their services:

C C Blakey	\$23,609
J W Hughes	\$23,609
H M Sultan	\$49,840
A R W Marsh	\$26,888

During the year the following employing organisations were entitled to receive payment for the services of Directors as indicated below:

Maersk Line	\$20,986	R Brummer
BP Shipping	\$23,609	G Mason
Kuwait Oil Tanker Company	\$23,609	Captain Y Y Al Saqer
Nippon Yusen Kaisha	\$15,739	Captain T Koyama
Shell Transport & Trading	\$20,986	Captain J R Evans

Aggregate emoluments of key management personnel: \$371,817 (2018: \$627,267).

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

6. STAFF COSTS (continued)

During the year one Director received consultancy fees and associated expenses of \$36,691 (2018: \$23,983).

During the year six Directors were reimbursed expenses in respect of travel and attendance at board meetings totalling \$105,663 (2018: seven Directors \$90,624).

On 9th May 2019 the audit committee agreed increased fees for the Directors and Chairman.

The Chairman is entitled to an annual fee of \$26,370 plus reasonable expenses. All other Directors are entitled to an annual fee of \$13,185 each, as before.

The Chairman and all other Directors are entitled to a supplement of \$2,637 each for each Board or committee meeting attended, unless two or more meetings take place on the same day in which case only one supplement of \$2,637 would be payable, together with reasonable expenses.

	2019 Number	2018 Number
Number of higher paid employees (including retirement benefits paid under local employment laws) in bands of:		
\$170,000 - \$180,000	1	1
\$160,000 - \$170,000	1	1
\$100,000 - \$110,000	1	1
\$90,000 - \$100,000	1	1
\$70,000 - \$80,000	1	-
	5	4

The above amounts all relate to employees in Bahrain.

During the year, \$14,112 (2018: \$15,195) was paid for directors and officers liability insurance.

The average number of the Company's employees (excluding Non-Executive Directors) during the year calculated on a full time equivalent basis, was 13 (2018:10).

	2019 Number	2018 Number
Engineering and maintenance	10	8
Finance and administration	1	1
Management	2	1
	13	10

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. TANGIBLE FIXED ASSETS

GROUP	Freehold Land & Buildings	OSV Relume	Navigation Aids, Plant & Equipment	Total
	\$	\$	\$	\$
Cost or valuation				
At 1 January 2019	2,326,548	21,601,234	8,405,251	32,333,033
Additions	-	843,730	19,140	862,870
Disposals	-	-	(211,573)	(211,573)
At 31 December 2019	<u>2,326,548</u>	<u>22,444,964</u>	<u>8,212,818</u>	<u>32,984,330</u>
Depreciation				
At 1 January 2019	1,464,240	7,002,602	8,256,557	16,723,399
Charge for the year	118,281	1,377,162	66,047	1,561,490
Disposals	-	-	(211,573)	(211,573)
At 31 December 2019	<u>1,582,521</u>	<u>8,379,764</u>	<u>8,111,031</u>	<u>18,073,316</u>
Net book value				
At 31 December 2019	<u>\$744,027</u>	<u>\$14,065,200</u>	<u>\$101,787</u>	<u>\$14,911,014</u>
At 31 December 2018	<u>\$862,308</u>	<u>\$14,598,632</u>	<u>\$148,694</u>	<u>\$15,609,634</u>
COMPANY		Freehold Land & Buildings	Navigation Aids, Plant & Equipment	Total
		\$	\$	\$
Cost or valuation				
At 1 January 2019		2,326,548	7,785,206	10,111,754
Additions		-	15,318	15,318
At 31 December 2019		<u>2,326,548</u>	<u>7,800,524</u>	<u>10,127,072</u>
Depreciation				
At 1 January 2019		1,464,240	7,652,017	9,116,257
Charge for the year		118,281	49,312	167,593
At 31 December 2019		<u>1,582,521</u>	<u>7,701,329</u>	<u>9,283,850</u>
Net book value				
At 31 December 2019		<u>\$744,027</u>	<u>\$99,195</u>	<u>\$843,222</u>
At 31 December 2018		<u>\$862,308</u>	<u>\$133,189</u>	<u>\$995,497</u>

Substantially, the Group's fixed assets are held for use on charitable activities. The land in Bahrain is held under tenure appropriate for the Group's activities.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. TANGIBLE FIXED ASSETS (continued)

The navigation aids and plant and equipment, excepting major land based aids and office equipment used in the management office, were re-valued at the end of 2001 on the basis of depreciated replacement cost having regard to the remaining operating lives of the assets re-valued. The major land based navigation aids (excluding land) were also re-valued as at 1 January 2010 on a replacement cost basis by the directors and reflected in these financial statements. The Company freehold property in Bahrain is held at a professional valuation as at 31 December 2005, less accumulated depreciation. The property has been revalued in prior periods by Cluttons Chartered Surveyors at an amount above book value but the Directors are concerned given the present political unrest in the region that the increased valuation is possibly unrealistic. No adjustment has therefore been made in this respect. The Directors are not aware of any other material change since the last valuation.

8. FUTURE CAPITAL EXPENDITURE

The Group had no capital commitments at either the current or the prior year end.

9. FIXED ASSET INVESTMENTS

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Securities investments				
At 1 January	39,561,126	44,788,453	39,561,126	44,788,453
Additions	14,103,340	12,945,582	14,103,340	12,945,582
Disposals	(13,466,404)	(14,367,924)	(13,466,404)	(14,367,924)
(Decrease)/Increase in value of investments	5,031,529	(3,804,985)	5,031,529	(3,804,985)
	<u>45,229,591</u>	<u>39,561,126</u>	<u>45,229,591</u>	<u>39,561,126</u>
Investment in Subsidiaries		-	4	4
Investment in Joint Ventures				
Share of net assets	901,378	837,089	-	-
At 31 December	<u>\$46,130,969</u>	<u>\$40,398,215</u>	<u>\$45,229,595</u>	<u>\$39,561,130</u>

The fixed asset investments noted above are denominated in the following currencies: -	2019	2018
	%	%
Sterling	70.0	74.9
United States Dollars	30.0	25.1

The historical cost of securities investments held at 31 December 2019 was \$40,309,221 (2018: \$39,887,187).

The Company owns the whole of the issued share capital of Menas Marine Services Limited (£1 paid) and Oman Marine Services Limited (£1 paid) both of which are registered in England and Wales, registered office at 8/9 Lovat Lane, London EC3R 8DW. Both subsidiary undertakings are included within the consolidated financial statements.

Oman Marine Services Limited holds a 50% interest in Arabian Maritime and Navigation Aids Services LLC, a company incorporated in Oman, the principal activity of which is the provision of marine services in the territorial waters of Oman. An analysis of the Group's share of results of this undertaking has not been disclosed as the Directors consider that this information may be seriously prejudicial to the interests of the Group.

INTERNATIONAL FOUNDATION FOR AIDS TO NAVIGATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. STOCKS

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Consumables	1,595,566	1,695,494	271,259	298,762
	<u>\$1,595,566</u>	<u>\$1,695,494</u>	<u>\$271,259</u>	<u>\$298,762</u>

11. DEBTORS

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Income due from charitable activities	1,552,368	1,843,977	1,552,368	1,843,977
Trade debtors	110,139	3,696,782	-	-
Other debtors	296,478	1,555,452	289,270	258,386
Prepayments and accrued income	1,695,425	1,362,821	1,618,374	1,299,963
Amounts due from subsidiary companies (net of provision)	-	-	26,123,441	26,903,461
	<u>\$3,654,410</u>	<u>\$8,459,032</u>	<u>\$29,583,453</u>	<u>\$30,305,787</u>

All debtors are due within one year.

12. CASH AND DEPOSITS

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Fortis Bank deposits	39	39	-	-
HSBC short term deposits and working balances	1,019,438	1,103,056	628,208	637,137
Cash held by Investment managers	1,433,604	90,464	1,433,604	90,464
Cash in hand	5,618	15,482	5,540	5,481
	<u>\$2,458,699</u>	<u>\$1,209,041</u>	<u>\$2,067,352</u>	<u>\$733,082</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 \$	Group 2018 \$ as restated	Company 2019 \$	Company 2018 \$ as restated
Trade creditors	1,925,821	2,163,448	1,594,868	1,176,456
Other creditors	1,780,871	1,981,565	1,577,855	1,637,192
Taxation and social security	20,206	5,489	20,206	5,489
Accruals and deferred income	947,067	1,246,321	875,768	982,054
	<u>\$4,673,965</u>	<u>\$5,396,823</u>	<u>\$4,068,697</u>	<u>\$3,801,191</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

14. SUMMARY OF MOVEMENTS ON FUNDS

	General Reserve \$	Translation Reserve \$	Total \$
Group			
At 1 January 2019 as previously reported	59,620,138	3,911,061	63,531,199
Prior year adjustment	(1,556,606)	-	(1,556,606)
At 1 January 2019 as restated	58,063,532	3,911,061	61,974,593
Incoming resources	8,402,017	-	8,402,017
Resources expended	(12,670,300)	-	(12,670,300)
Gain on disposal of investments	1,338,854	-	1,338,854
Increase in value of investments	5,031,529	-	5,031,529
At 31 December 2019	<u>\$60,165,632</u>	<u>\$3,911,061</u>	<u>\$64,076,693</u>
	General Reserve \$	Translation Reserve \$	Total \$
Company			
At 1 January 2019 as previously reported	64,192,077	5,457,596	69,649,673
Prior year adjustment	(1,556,606)	-	(1,556,606)
At 1 January 2019 as restated	62,635,471	5,457,596	68,093,067
Incoming resources	5,905,205	-	5,905,205
Resources expended	(6,442,471)	-	(6,442,471)
Gain on disposal of investments	1,338,854	-	1,338,854
Increase in value of investments	5,031,529	-	5,031,529
At 31 December 2019	<u>\$68,468,588</u>	<u>\$5,457,596</u>	<u>\$73,926,184</u>

The currency translation reserve represents historical foreign exchange movements on the values of balance sheet items whose functional currency is not US Dollars.

All funds are unrestricted.

15. PENSION SCHEMES

Pensions for the benefit of UK shore staff have been funded through the MENAS Pension and Life Assurance Scheme managed by Aviva. Contributions to the Scheme ceased in a previous year as the Scheme had been closed to new members and all participants have now had pensions provided.

Menas Marine Services Limited is a former employer of Merchant Navy Officers Pension Fund (MNOFF) members and as such, following a court case in 2006, is liable to contribute towards a deficit on an on-going basis of the New Section of that pension scheme. The financial effect of this has not finally been fully quantified at the present time and the trustees of that scheme have made the charity aware that they are liable for their share of the deficit. Significant payments have been made against these liabilities and all notified requests for payment to date have been fully paid. Any future deficits which may occur in the foreseeable future will be relieved against amounts already expensed. As the trustees of MNOFF have indicated that as of 31 December 2019 there was no liability payable by the company, there has been no charge to the Statement of Financial Activities in 2019.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL COMMITMENTS

Operating Leases

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:-

	2019 \$	2018 \$
Within 1 year	257,923	255,711
Within 1 to 5 years	166,367	285,237
	\$424,290	\$540,948

17. COMPANY RESULTS

The deficit dealt with in the financial statements of the Company is as follows:

	2019 \$	2018 \$
Net incoming/(outgoing) funds	\$5,833,117	\$(4,790,799)

18. SUBSIDIARIES

The Company owns all of the issued share capital of Menas Marine Services Limited, a company incorporated in England, number 04505570. This company operates a commercial vessel.

	2019 \$	2018 \$
Turnover	2,075,940	6,973,116
Loss before tax	(4,532,889)	(2,189,468)
Shareholders' funds	(59,528,325)	(54,995,439)

The Company also owns all of the issued share capital of Oman Marine Services Limited, a company incorporated in England, number 04499121. This company is a marine services contractor and an investor in a joint venture with an associate also undertaking maritime services.

	2019 \$	2018 \$
Income	1,142,739	1,218,956
Profit before tax and gift aid	801,872	1,082,436
Shareholders' funds	8,678,839	7,866,725

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

19. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATIONS

	2019 \$	2018 \$
Net outgoing resources	(4,268,283)	(2,456,771)
Depreciation charge	1,561,490	1,337,757
Investment income receivable	(712,638)	(554,121)
Rental income receivable	(154,977)	(254,250)
Decrease/(Increase) in stock	99,928	146,069
Decrease/(Increase) in debtors	4,804,622	(2,877,904)
(Decrease)/Increase in creditors	(722,858)	1,191,507
Net cash outflow from operations	<u>\$607,284</u>	<u>\$(3,467,713)</u>

20. CASH AND CASH EQUIVALENTS

	At 1 January 2019 \$	Net cash flow \$	At 31 December 2019 \$
Cash and deposits	<u>1,209,041</u>	<u>1,249,658</u>	<u>2,458,699</u>

Cash and cash equivalents are made up entirely of cash and deposits in both the current and prior year.

21. PRIOR YEAR ADJUSTMENT

The financial statements for the year ended 31 December 2019 include a prior year adjustment relating to a change in the accounting treatment for a funding agreement between the company and a recipient of grant funding. The net effect of the change is to reduce the brought forward general reserve on 1 January 2018 by \$1,556,606 and to increase other creditors by the same amount as at 31 December 2018. Total funds carried forward at 31 December 2018 were reduced by \$1,556,606 as a result of this adjustment.

22. RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure during the year.

23. ULTIMATE CONTROLLING PARTY

As at the balance sheet date there is no one ultimate controlling party.