

# **Braemar Developments Limited**

Financial Statements

Registered number 02186790

28 February 2021

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## **Directors and advisors**

### **Directors**

A T Borthwick  
N P Stone

### **Company secretary**

P T J Mason

### **Registered office**

One Strand  
Trafalgar Square  
London  
WC2N 5HR

### **Bankers**

HSBC Bank Plc  
Surrey and Sussex Corporate Banking Centre  
Ground Floor  
1 London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

## **Directors' report and statement of Directors' responsibilities**

The Directors present their Directors' report and Financial Statements for the year ended 28 February 2021.

### **Principal activity**

The principal activity of Braemar Developments Limited ("the Company") is that of a holding company. On 31 March 2021, the Company completed the disposal of its investment in Braemar Wavespec Limited.

### **Results and dividends**

The loss for the period after taxation amounted to £nil (2020: £1,574,404). The Directors do not recommend the payment of a dividend (2020: £nil).

### **Political contributions**

There were no political contributions during the year ended 28 February 2021 (2020: £nil).

### **Directors**

The Directors who held office during the period, and up to the date of this report, are as follows:

A T Borthwick (appointed 23 February 2021)

S A McClain (resigned 31 March 2021)

N P Stone

### **Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements**

The Directors are responsible for preparing the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

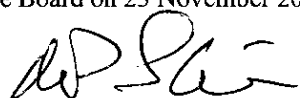
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the Board on 23 November 2021 and signed on behalf of the Board by

**N P Stone**

Director

Braemar Developments Limited (Registered no. 02186790)



**Income statement and statement of comprehensive income**  
for the year ended 28 February 2021

|   |      | <b>2021</b> | <b>2020</b> |
|---|------|-------------|-------------|
|   |      | <b>£</b>    | <b>£</b>    |
|   | Note |             |             |
| <b>Turnover</b>   |      | -           | -           |
| Operating costs   |      | -           | (1,574,404) |
|   |      | <hr/>       | <hr/>       |
| <b>Operating loss</b>   | 2    | -           | (1,574,404) |
|   |      | <hr/>       | <hr/>       |
| <b>Loss on ordinary activities before taxation</b>              |      | -           | (1,574,404) |
| Taxation  | 4    | -           | -           |
|   |      | <hr/>       | <hr/>       |
| <b>Loss for the financial year attributable to shareholders</b> |      | -           | (1,574,404) |
|   |      | <hr/>       | <hr/>       |
| <b>Total comprehensive loss for the year</b>                    |      | -           | (1,574,404) |
|   |      | <hr/>       | <hr/>       |

The Notes on pages 7 to 12 form part of the Financial Statements

**Balance sheet**  
as at 28 February 2021

|   | Note | 2021<br>£   | 2020<br>£   |
|---|------|-------------|-------------|
| <b>Assets</b>   |      |             |             |
| <b>Non-current assets</b>                             |      |             |             |
| Investments   | 5    | -           | -           |
| <b>Total assets</b>                                   |      | -           | -           |
| <b>Liabilities</b>                                    |      |             |             |
| <b>Creditors: amounts falling due within one year</b> |      |             |             |
| Other payables  | 6    | (218,334)   | (218,334)   |
| <b>Total liabilities</b>                              |      | (218,334)   | (218,334)   |
| <b>Net liabilities</b>                                |      | (218,334)   | (218,334)   |
| <b>Equity</b>   |      |             |             |
| Called up share capital                               | 7    | 2           | 2           |
| Share premium   | 8    | 1,383,999   | 1,383,999   |
| Retained earnings                                     |      | (1,602,335) | (1,602,335) |
| <b>Total equity</b>                                   |      | (218,334)   | (218,334)   |

These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the year ending 28 February 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The Financial Statements on pages 4 to 12 were approved by the Board of Directors on 23 November 2021 and were signed on its behalf by:



**N P Stone**  
Director  
Braemar Developments Limited (Registered no. 02186790)

The Notes on pages 7 to 12 form part of the Financial Statements

**Statement of changes in equity**  
for the year ended 28 February 2021

|                                    | <b>Called up<br/>share capital<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Total equity<br/>£</b> |
|------------------------------------|--|--------------------------------|------------------------------------|---------------------------|
| Balance at 1 March 2019            | 1  | -                              | (27,931)                           | (27,930)                  |
| Issue of shares                    | 1  | 1,383,999                      | -                                  | 1,384,000                 |
| Loss for the year                  | -  | -                              | (1,574,404)                        | (1,574,404)               |
| Balance at 29 February 2020        | 2  | 1,383,999                      | 1,602,335                          | (218,334)                 |
| Loss for the year                  | -  | -                              | -                                  | -                         |
| <b>Balance at 28 February 2021</b> | <b>2</b>                                 | <b>1,383,999</b>               | <b>1,602,335</b>                   | <b>(218,334)</b>          |

The Notes on pages 7 to 12 form part of the Financial Statements

## Notes to the Financial Statements

### 1. Accounting policies

#### a) Going concern

The Financial Statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

The Company is a wholly owned subsidiary within the Braemar Shipping Services Plc Group and participates in the Group's centralised treasury arrangements, and so shares banking arrangements with its ultimate parent undertaking and fellow subsidiaries. Braemar Shipping Services Plc has provided a letter of support confirming its support as is necessary to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the Financial Statements.

The Directors have also assessed the responses of the Directors of Braemar Shipping Services Plc to their enquiries and have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Braemar Shipping Services Plc to continue as a going concern or its ability to continue with the current banking arrangements.

The Braemar Shipping Services Plc Group has prepared cashflow forecasts considering the impact of the COVID pandemic. Although the Group has faced considerable operational challenges as a result of the pandemic, the Group's underlying financial performance from continuing operations for the year is ahead of management's expectations that were set at the beginning of the pandemic. Therefore, the Directors have concluded that COVID is unlikely to have a significantly adverse impact on the Group's future cashflows.

Over the course of the COVID pandemic the Company has faced unprecedented challenges and has operated successfully despite the various lockdown restrictions. The Company has the benefit of this experience when assessing how COVID may impact future trading but some uncertainty remains over the outlook, and revisions to trade projections are possible. Accordingly, the Company continues to adopt the going concern basis in preparing the Financial Statements.

#### b) Basis of preparation and forward-looking statements

The Company's Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's Financial Statements are presented in Sterling and are rounded to the nearest pound (£).

The Company's Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting).

The Financial Statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below.

Certain statements in this Directors' report and Financial Statements are forward-looking. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. These statements involve risks and uncertainties, so actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.



## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### *FRS 101*

The Financial Statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes.
- Comparative period reconciliations for share capital.
- Disclosures in respect of capital management.
- Disclosures of transactions with a management entity that provides management personnel services to the Company.
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers.
- Certain disclosures required under IFRS 9 Financial Instruments.
- IFRS 2 “Share Based Payments” in respect of Group settled share-based payments.
- Certain disclosures required by IFRS 13 “Fair Value Measurement”.
- The disclosures required by IFRS 7 “Financial Instrument Disclosures”.
- The requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and the exemption to disclose key management compensation.

#### **New and amended standards adopted by the Company**

There were no new standards or amendments adopted in the annual Financial Statements for the year ended 28 February 2021 which had a significant effect on the Company.

#### **New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2020 and not early adopted**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective for reporting periods beginning on or after 1 January 2022 that the Company has decided not to adopt early. The most significant of these are as follows:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

The adoption of these standards and amendments is not expected to have a material impact on the Financial Statements of the Company in future periods.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of liabilities.

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### c) Estimates and judgements

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### Fair value of consideration

On 31 March 2021, the sale of the Company's wholly owned subsidiary, Braemar Wavespec Limited, completed for a maximum consideration of £1,820,000. The fair value of the consideration is a critical accounting judgement. The consideration was satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The fair value of the consideration was based on the net present value of the promissory note (£1,661,800). A discount rate of 2.11% was used to calculate the net present value. The discount rate was made up of two elements, the first being a 5 year BBB+ bond yield of 1.51%, the second being a premium for lack of marketability at 0.60%. A 5 year BBB+ bond yield was used because it matches the maturity of the promissory note and reflects the credit rating of the bank that was expected to provide the letter of credit. See Note 11.

There are no other significant estimates or judgements which had a significant effect on the Financial Statements for the year ended 28 February 2021.

#### d) Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the Balance Sheet date.

Full provision is made for deferred taxation on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the Balance Sheet. Deferred tax assets are recognised only to the extent that they are expected to be recoverable. Deferred taxation is recognised in the Income Statement unless it relates to taxable transactions taken directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax is released to the Income Statement at the same time as the taxable transaction is recognised in the Income Statement.

#### e) Investments

Investments in subsidiaries are held at cost less accumulated impairment. Impairment is made where there is evidence that the balances will not be recovered in full.

#### f) Payables

Payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### 2. Operating loss

Operating losses represent the results from operations before finance income and taxation.

This is stated after charging/(crediting):

|   | 2021 | 2020      |
|---|------|-----------|
|   | £    | £         |
| Impairment of investment                        | -    | 1,384,000 |
| Impairment of other receivables                 | -    | 218,334   |
| Write off of amounts owed to Group undertakings | -    | (27,930)  |

## Notes to the Financial Statements (continued)

### 3. Staff costs and key management personnel

*a) Staff costs*

There were no staff costs for the year ended 28 February 2021 (2020: £nil).

*b) Average number of full-time employees*

The average number of employees during the year was none (2020: none).

*c) Key management compensation*

None of the Directors received any emoluments during the year or the previous years in respect of services to the Company. There are no other key management employees other than the Directors of the Company. All Directors who served during the year were employed by other Group companies and were remunerated for the qualifying services they provided to them.

### 4. Taxation

#### Analysis of charge in period

|                                      | 2021<br>£ | 2020<br>£ |
|--------------------------------------|-----------|-----------|
| <b>Current tax</b>                   |           |           |
| Total current tax charge             | -         | -         |
| <b>Deferred tax</b>                  |           |           |
| Total deferred tax                   | -         | -         |
| <b>Total tax charge for the year</b> | -         | -         |

A reconciliation between the expected and actual tax charge based on the standard rate of corporation tax in the UK is explained below:

|   | 2021<br>£ | 2020<br>£   |
|---|-----------|-------------|
| <b>Reconciliation between expected and actual tax charge</b>              |           |             |
| Loss before tax   | -         | (1,574,404) |
| Loss before tax at standard rate of UK corporation tax of 19% (2020: 19%) | -         | (299,137)   |
| Expenses not deductible for tax purposes                                  | -         | 257,654     |
| Group relief  | -         | 41,483      |
| <b>Total tax charge for the year</b>                                      | -         | -           |

## Notes to the Financial Statements (continued)

### 5. Investment

|   | <b>Subsidiary</b>  |
|---|--------------------|
| <b>Cost</b>                               | <b>£</b>           |
| At 1 March 2020                           | 1,384,000          |
| Additions                                 | -                  |
| <b>At 28 February 2021</b>                | <b>1,384,000</b>   |
| <b>Impairment</b>                         |                    |
| At 1 March 2020                           | (1,384,000)        |
| Charge for the year                       | -                  |
| <b>At 28 February 2021</b>                | <b>(1,384,000)</b> |
| <b>Net book value at 28 February 2021</b> | <b>-</b>           |
| Net book value at 29 February 2020        | -                  |

### Investments in subsidiary undertaking

| <b>Incorporated in England and Wales</b>       |                       |               |                  |
|--|-----------------------|---------------|------------------|
|  | Principal<br>activity | Type of share | Ownership<br>(%) |
| One Strand, Trafalgar Square, London, WC2N 5HR |                       |               |                  |
| Braemar Wavespec Limited (Reg. No. 02767739)   | Energy<br>consultants | Ordinary      | 100              |

The subsidiary prepares its financial statements to 28 February.

### 6. Payables

|                                    | <b>2021</b>    | <b>2020</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>£</b>       | <b>£</b>       |
| Amounts owed to group undertakings | <u>218,334</u> | <u>218,334</u> |

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

The amounts included within amounts owed to group undertakings are expected to be settled in less than 12 months.

### 7. Called up share capital

|   | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <b>Authorised, allotted, called up and fully paid</b> |             |             |
| Ordinary shares at £1 each                            | <u>2</u>    | <u>2</u>    |

### 8. Share premium

|                 | <b>2021</b>      | <b>2020</b>      |
|-----------------|------------------|------------------|
|                 | <b>£</b>         | <b>£</b>         |
| Closing balance | <u>1,383,999</u> | <u>1,383,999</u> |

## **Notes to the Financial Statements (continued)**

### **9. Contingent liabilities**

Under the terms of its banking arrangements the Company, its parent, Braemar Shipping Services Plc and its fellow trading subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure Group borrowing facilities and other financial instruments.

### **10. Ultimate parent undertaking and controlling party**

The Company is a wholly owned subsidiary of Braemar Shipping Services Plc, a company registered in England & Wales. Braemar Shipping Services Plc is the ultimate parent undertaking and controlling party and is the smallest and largest company to consolidate these Financial Statements. Copies of the consolidated financial statements are publicly available and may be obtained from One Strand, Trafalgar Square, London WC2N 5HR.

### **11. Events after the reporting date**

On 31 March 2021, the Company completed the disposal of its investment in Braemar Wavespec Limited for a maximum consideration of £1,820,000. The consideration was intended to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The recognised fair value of the consideration of £1,661,800 was based on the net present value of the promissory note and this resulted in a profit on disposal of £1,661,800.

As of 23 November 2021, the buyer had not delivered on its obligations to secure the promissory note and the Directors took a prudent view that the promissory note was unlikely to be honoured and that consequently the consideration has been credit impaired in the amount of £1,661,800.