

Company Registration No. 02651082 (England and Wales)

**RUMFORD TANKERS LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

MONDAY



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COMPANIES HOUSE

# **RUMFORD TANKERS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Neale John Stewart Barry John Macleod
<b>Company number</b>	02651082
<b>Registered office</b>	1 Park Row Leeds United Kingdom LS1 5AB
<b>Bankers</b>	Standard Chartered Bank 1 Basinghall Avenue London EC2V 5DD

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# **RUMFORD TANKERS LIMITED**

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# **RUMFORD TANKERS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report and financial statements for the year ended 31 December 2018.

#### **Principal Activities**

Rumford Tankers Limited is a wholly owned subsidiary of Rever Offshore UK Limited which itself is a wholly-owned subsidiary of Rever Offshore International Limited. Rever Offshore International Limited became part of the Fara Holdco Group ("the Group" or "Fara") in 2018 following the acquisition of Rever Offshore International Limited and its subsidiaries by the Group.

The Company's principal activity is the ownership and management of marine assets.

#### **Review of the business**

The Company owns 18.9% of the Rever Sapphire, a diving support vessel. The remaining 91.1% is held by Huskisson Shipping Limited, a fellow subsidiary. The vessel is chartered on a bare boat charter to Rever Offshore UK Limited.

The result for the year continues to represent income from the charter of the vessel to Rever Offshore UK Limited less depreciation, interest and incidental overheads.

The Company's revenue remained consistent at £1,020k with improved gross margin of 84% (2017: 70%). The improvement in the result for the year followed a review of the useful life and residual value of the vessel with the useful life being extended from 25 years to 30 years with a residual value of £5 million. This has reduced the depreciation charge in the year resulting in an improved margin.

#### **Principal risks and uncertainties**

The Company's governance framework is incorporated within that of the wider Fara Holdco Group. Fara's governance framework includes clear and delegated authorities on business performance monitoring and ensuring appropriate insurance for a wide range of potential risks. The framework for risk management governance is defined by the board and support functions including Finance, QHSE, IT and HR. These functions apply risk management processes and controls and also develop policies and standards which the business align to their processes.

Risk is monitored and reported through quarterly board meetings and monthly leadership team meetings. Monthly Finance, QHSE, IT and HR reports are provided to the leadership team. The Corporate Risk Register ("CRR") is used to capture risk, controls, monitor risk realisation and risk assurance and verification activities. The CRR is reviewed and revised at least quarterly and is table at quarterly board meetings.

The Company's credit risk is attributable to its trade receivables, all of which are from fellow group undertakings.

Liquidity is managed on a group wide basis. To ensure liquidity for ongoing operations and future developments, a mixture of long-term and short-term debt finance is used. The Group prepares and updates trading and cashflow forecasts to monitor and manage projected liquidity and trading performance.

Demand risk is influenced by changes in the oil price which feeds through to the level of planned operating or capital expenditure by the Fara Group. The risk is managed via the contract with Rever Offshore UK Limited which ensures that the margin of the vessel being managed is profitable.

#### **Key performance indicators**

The directors identify turnover and gross margin as key performance indicators. These are discussed above.

# **RUMFORD TANKERS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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### **Market outlook**

The Company's revenue is derived from the charter of the Rever Sapphire vessel to Rever Offshore UK Limited. Under the terms of the charter, Rever Offshore UK Limited bears the risk of utilisation of the asset. Notwithstanding this, the current market environment continues to put pressure and rates earned by Rever Offshore UK Limited which in turn may impact the charter pricing and the results of the Company in the future.

### **Post balance sheet event**

Following the year end the company was transferred from Rever Offshore UK Limited to Rever Offshore Vessel Management Limited, a company which is a wholly owned subsidiary of Fara Midco Limited. Fara Midco Limited is a wholly owned subsidiary of Fara Holdco Limited.

This report was approved by the Board and signed on its behalf.



Neale John Stewart

**Director**

27 September 2019

# RUMFORD TANKERS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the unaudited financial statements for the year ended 31 December 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,502k (2017: £865k).

No dividends were declared or paid in the current or prior year.

#### Directors

The directors, who served through the year except as noted, were as follows:

Neale John Stewart

Mark John Bessell

(Appointed 11 June 2018 and resigned 31 May 2019)

Barry John Macleod

(Appointed 13 March 2019)

Howard Dennis Woodcock

(Resigned 12 June 2018)

#### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Going concern

In January 2018, Fara acquired 100% of the share capital of Rever Offshore International Limited in exchange for extinguishing the secured notes and interest accrued to the date of the transaction. At this point the shareholders of Fara injected equity of £50m which has been made available to the Group to provide additional working capital facilities. Further, in July 2018, the shareholders of Fara agreed a new loan of £15m to increase the liquidity of the Group. This loan which was initially due for repayment in July 2019 has been extended for a further year with the agreement of the Fara shareholders. The shareholders of Fara have also provided a signed letter of support confirming their willingness to support Fara and its subsidiaries, including the Rever Offshore International Limited Group for at least 12 months from the date of approval of the financial statements.

#### Future outlook

The Company has considered the current performance in the year which is in line with budget and has carefully considered the level of cash reserves required to enable it to continue to operate for the foreseeable future. The Company's cash requirements over the next 12 months are forecast to be met through a combination of cash generated from operations and access to resources available from the parent company. The wider Group has developed forecasts and projections, including consideration of sensitised scenarios, which show that the Group is projecting to operate within the available cash reserves and facilities available to the Group and can therefore support Rumford Tankers Limited.

The directors have formed the judgment that at the time of approving the financial statements, the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future. For this reason the going concern basis continues to be adopted in preparing the financial statements.

This report was approved by the Board and signed on its behalf.



Neale John Stewart

Director

27 September 2019

# **RUMFORD TANKERS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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The directors are responsible for preparing the Annual 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 Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- make an assessment of the company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# RUMFORD TANKERS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	Restated
	Notes	£000	2017 £000
Revenue	4	1,020	1,021
Cost of sales		(169)	(310)
<b>Gross profit</b>		<b>851</b>	<b>711</b>
Exceptional item	5	-	175
<b>Operating profit</b>	6	<b>851</b>	<b>886</b>
Investment income	8	180	-
Finance costs	9	(180)	(108)
<b>Profit before taxation</b>		<b>851</b>	<b>778</b>
Tax on profit	10	651	87
<b>Profit and total comprehensive income for the financial year</b>		<b>1,502</b>	<b>865</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no other items of comprehensive income and therefore no separate statement has been prepared.



# RUMFORD TANKERS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £000	Restated 2017 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	3,720	3,888
<b>Current assets</b>			
Trade and other receivables	12	3,198	-
Current tax recoverable		-	24
		3,198	24
<b>Current liabilities</b>			
Trade and other payables	13	3,198	1,019
<b>Net current liabilities</b>		-	(995)
<b>Total assets less current liabilities</b>		3,720	2,893
<b>Provisions for liabilities</b>			
Deferred tax liabilities	14	-	675
<b>Net assets</b>		3,720	2,218
<b>Equity</b>			
Called up share capital	15	-	-
Retained earnings		3,720	2,218

For the year ending 31 December 2018 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.


## **RUMFORD TANKERS LIMITED**

### **STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2018**

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The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:



Neale John Stewart  
Director

Company Registration No. 02651082

# RUMFORD TANKERS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital *	Retained earnings	Total
	£000	£000	£000
Balance at 1 January 2017	-	1,353	1,353
Restated balance for year ended 31 December 2017			
Profit and total comprehensive income for the year	-	865	865
Restated balance for 31 December 2017	-	2,218	2,218
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	1,502	1,502
Balance at 31 December 2018	-	3,720	3,720

\*Share capital is £100 and is not disclosed above as the accounts are prepared in round thousands.

# **RUMFORD TANKERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 Accounting policies**

##### **Company information**

Rumford Tankers Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **1.1 Accounting convention**

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has chosen to adapt the formats of the statement of financial position and income statement and has applied the relevant presentation requirements of IAS 1 Presentation of Financial Statements.

Due to the Company taking the option to present in accordance with IAS 1, comparative financial information has been re-presented where necessary. Re-presentation has not affected the substance of the financial information which remains unchanged.

The financial statements are presented in Great British Pounds (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the company operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The Company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland. These financial statements for the year ended 31 December 2018 are the first financial statements of the Company prepared in accordance with FRS 101. The Company transitioned from FRS 102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 January 2017.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 101.

##### **1.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party 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 requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.3 Going concern

The Company's operating activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1. In addition, the directors' report sets out the principal risks and uncertainties which exist within the business and how these risks and uncertainties are managed.

The Company has considered the current performance in the year which is in line with budget and has carefully considered the level of cash reserves required to enable it to continue to operate for the foreseeable future. The Company's cash requirements over the next 12 months are forecast to be met through a combination of cash generated from operations and access to resources available from the parent company. The wider Group has developed forecasts and projections, including consideration of sensitised scenarios, which show that the Group is projecting to operate within the available cash reserves and facilities available to the Group and can therefore support Rumford Tankers Limited.

Further, in July 2018, the shareholders of Fara agreed a new loan of £15m to increase the liquidity of the Group. This loan which was initially due for repayment in July 2019 has been extended for a further year with the agreement of the Fara shareholders. The shareholders of Fara have also provided a signed letter of support confirming their willingness to support Fara and its subsidiaries, including the Rever Offshore International Limited Group for at least 12 months from the date of approval of the financial statements.

The directors have formed the judgment that at the time of approving the financial statements, the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future. For this reason the going concern basis continues to be adopted in preparing the financial statements.

#### 1.4 Turnover

Turnover represents charter hire income and is recognised as the service is provided, stated net of discounts and sales taxes. The directors consider all activities of the company to fall within the offshore sector within one distinct geographical region. See note 4 for detailed breakdown of revenue by contract.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over their expected useful economic lives, as follows:

Vessel fleet	From date of purchase to vessel age of 30 years
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Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. A residual value of £5m has been determined for the vessel fleet. The Company own 19% of the vessel fleet with the remaining 81% being held by a related party.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

##### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash-generating unit (CGU), the reversal is applied first to the assets of the CGU on a pro-rata basis.

##### Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



# **RUMFORD TANKERS LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2 Adoption of new and revised standards and changes in accounting policies**

These financial statements, for the year ended 31 December 2018, are the first the Company has prepared in accordance with FRS 101 and applicable accounting standards. For periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 issued by the Financial Reporting Council.

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2018, together with the comparative period data as at and for the year ended 31 December 2017, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2017, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its local GAAP statement of financial position as at 1 January 2017 and its previously published local GAAP financial statements as at and for the year ended 31 December 2018.

#### **Estimates**

The estimates at 31 December 2017 and at 31 December 2018 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies).

#### **Adoption of new standards**

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15, Revenue from Contracts with Customers has been adopted in the current year. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement and impairment. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Revenue and margin recognition on long term contracts*

In applying the revenue recognition policy, the directors assess whether the company has met the revenue recognition criteria set out in the accounting policies. The revenue recognised is derived wholly from the parent company and is stated at an amount agreed by both parties.

#### **Key sources of estimation uncertainty**

##### *Impairment of assets*

In determining whether assets are impaired consideration has been given to evidence of value. The carrying value of the vessel fleet has been compared to valuations and no impairment was identified. The carrying value of the vessel fleet at 31 December 2018 was £3.7m (2017: £3.9m).

##### *Depreciation rates*

In applying the accounting policy outlined in section 1.5, the useful lives and residual value of the vessel fleet is estimated. The directors have determined the current useful life of 30 years for the vessel fleet is estimated, together with a £5m residual value to be appropriate. Rumford Tankers Limited owns 19% of the vessel fleet with a related party owning the remaining 81%.

##### *Taxation*

In applying the accounting policy on taxation, the company estimates the timing of reversal of deferred tax assets and liabilities as disclosed in note 8.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Revenue

	2018 £000	2017 £000
<b>Revenue analysed by class of business</b>		
Bareboat charter	1,020	1,021
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	180	-
	<u>          </u>	<u>          </u>
	2018 £000	2017 £000
<b>Revenue analysed by geographical market</b>		
Northern Europe	1,020	1,021
	<u>          </u>	<u>          </u>

Set out below, is the reconciliation of the revenue from contracts:

	2018 £000	2017 £000
<b>Revenue</b>		
Inter-group	1,020	1,021
	<u>          </u>	<u>          </u>
Total revenue from contracts with group companies	1,020	1,021
	<u>          </u>	<u>          </u>

All revenue from contracts relates to revenue with inter-group companies.

### 4.2 Contract balances

	2018 £000	31 December 2017 Restated £000	1 Jan 2017 Restated £000
Amounts owed by fellow group undertakings	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

### 5 Exceptional Items

	2018 £000	2017 Restated £000
Intercompany writre back	-	175
	<u>          </u>	<u>          </u>

Retrospective application of IFRS 9 of the general approach of expected credit loss in relation to another group entity has resulted in an intercompany write back of £nil (2017: £175k).

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 6 Operating profit

	2018 £000	2017 £000
Operating profit for the year is stated after charging:		
Depreciation of owned assets	168	310

### 7 Directors' remuneration

No emoluments were paid by the Company to the directors in the current or prior year in respect of their services as it is not practical to apportion directors' services to specific companies across the group. The total remuneration paid by group companies in respect of the directors of this Company amounts to £746k in the current year. There were no employees (other than the directors) in the current or prior year.

### 8 Finance income

	2018 £000	2017 £000
Interest on financial assets measured at amortised cost		
Interest receivable from group undertakings	180	-

### 9 Finance costs

	2018 £000	2017 £000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	180	108

### 10 Income tax expense

	2018 £000	Restated 2017 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(24)
Adjustments in respect of prior periods	24	-
<b>Total UK current tax</b>	24	(24)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(661)	(60)
Changes in tax rates	-	(3)
Adjustment in respect of prior periods	(14)	-
	(675)	(63)
<b>Total tax credit</b>	(651)	(87)

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 10 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £000	Restated 2017 £000
Profit before taxation	851	778
Expected tax charge based on a corporation tax rate of 19.00% (2017 : 19.25%)	162	150
Effect of expenses not deductible in determining taxable profit	33	-
Income not taxable	(77)	-
Adjustment in respect of prior years	24	(24)
Effect of change in UK corporation tax rate	-	(3)
Group relief	(150)	-
Deferred tax adjustments in respect of prior years	(14)	-
Income/costs allocated to tonnage tax	-	(176)
Deferred tax not recognised	(633)	-
Adjustment due to prior year restatement (note 18)	-	(34)
Adjustment due to change in deferred tax rate	4	-
<b>Taxation credit for the year</b>	<b>(651)</b>	<b>(87)</b>

### 11 Property, plant and equipment

	Vessel fleet £000
<b>Cost</b>	
At 1 January and 31 December 2018	6,267
<b>Accumulated depreciation and impairment</b>	
At 1 January 2018	2,379
Charge for the year	168
<b>At 31 December 2018</b>	<b>2,547</b>
<b>Carrying amount</b>	
At 31 December 2018	3,720
At 31 December 2017	3,888

Vessel fleet includes assets with a total net book value of £3,720k (2017: £3,888k) which are provided as collateral to the loan received from the ultimate parent company.

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12 Trade and other receivables

	2018 £000	2017 £000
Amounts owed by fellow group undertakings - loan account	3,198	-

Intercompany loan balances attract interest at a rate of 8.0%. Interest is not charged on intercompany trading balances settled within terms. Intercompany balances are repayable on demand.

#### 13 Trade and other payables

	2018 £000	Restated 2017 £000
Amounts owed to fellow group undertakings - loan account	3,198	1,019

Intercompany loan balances attract interest at a rate of 8.0%. Interest is not charged on intercompany trading balances settled within terms. Intercompany balances are repayable on demand.

#### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £000
Deferred tax liability at 1 January 2017	738
Deferred tax movements in prior year	
Credit to profit and loss account	(63)
Deferred tax liability at 1 January 2018	675
Deferred tax movements in current year	
Credit to profit and loss account	(675)
Deferred tax liability at 31 December 2018	-

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £000	2017 £000
Deferred tax liabilities	-	675

# RUMFORD TANKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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<b>15 Share capital</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

The numbers are stated as the full amount and not in round thousands.

### 16 Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 101 which exempts them from disclosing related party transactions with fellow group undertakings as outlined in IAS 24, as 100% of the voting rights are controlled by the ultimate parent undertaking, Fara Holdco Limited.

The Company considers the directors to be key management personnel and their remuneration is disclosed in note 6.

### 17 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary undertaking of Fara Holdco Limited, the ultimate parent company, a company registered in Jersey and is the largest group which consolidates these financial statements. Rever Offshore International Limited is the parent undertaking of the smallest group which consolidates these financial statements and of which the Company is a member. A copy of these accounts are available at 1 Park Row, Leeds, LS1 5AB.

### 18 Prior year restatement

The Rever Offshore International Limited Group has applied IFRS 9 Financial Instruments retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017. This approach requires the expected credit losses to be recognised at an amount equal to lifetime expected credit losses. The intercompany trading and loan balances were assessed for impairment in accordance with IFRS 9 expected credit loss model and a retrospective adjustment has been calculated to write off the balances.

The general approach of expected credit loss in relation to another group entity has resulted in an intercompany write back within these financial statements.

The write back adjustment processed to exceptional items within the statement of comprehensive income in the current year is £nil (2017: £175k). This has changed the profit after tax in 2017 from £690k to a restated profit after tax of £865k.

The impact of this adjustment within the statement of financial position is that net assets have increased by £nil (2017: £175k).

### 19 Events after the reporting date

Following the year end the company was transferred from Rever Offshore UK Limited to Rever Offshore Vessel Management Limited, a company which is a wholly owned subsidiary of Fara Midco Limited. Fara Midco Limited is a wholly owned subsidiary of Fara Holdco Limited.