Britmar (UK) Limited

Annual Report and Consolidated Financial Statements

31 December 2019

Company Registered No. 06225520

Contents

Directors

Alan Bekhor
Joseph Bekhor

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Registered Office

5th Floor
Millbank Tower
21-24 Millbank
London
SW1P 4QP

Group strategic report

The strategic report has been prepared for the Group and therefore gives greater emphasis to matters that are significant to Britmar (UK) Limited and its subsidiaries when viewed as a whole.

Principal activities

The principal activity of the Group during the year was that of vessel owning and operation. The Group also enters into derivative financial instruments as necessary to reduce exposure to shipping costs, vessels fuel costs ("bunker costs") as part of its risk management procedures.

Additionally, the Group has placed funds with investment managers comprising various instruments including bonds, equities, and other structured products.

Business review

The Group's key financial and other performance indicators during the year were as follows:

	31 Dec 2019	31 Dec 2018 *(Restated)*
	$'000	$'000
Revenue	2,925	7,535
Profit on disposal of fixed assets	-	803
Total operating profit	702	4,821
Profit before tax	1,455	4,382
Cash and cash equivalents	4,326	3,992
Gearing	6%	15%

The Group made a profit for the year, after taxation, of $1,347k (31 Dec 2018: $4,325k).

Future developments

The Group will focus on ship operating and freight trading rather than exclusive direct ownership of vessels although minority stakes in vessels would remain an option for the Group. The technical management capabilities will continue to be exclusively contracted to RB British Marine UK Limited.

The Group forms part of several corporate units under common control. This wider group acts as the promoter and facilitator for a variety of industrial and trading projects in many different parts of the world with a focus on dry commodities and shipping. The Group aims to invest in projects that create synergies between one another and suit the existing business streams of the Group.

Principal risks and uncertainties

The directors have identified the need to manage the Group's material financial risks, including foreign exchange, liquidity and credit risks. These risks are monitored by the directors on a continuous basis. The financial risks faced by the Group are covered in more detail in note 26 to the financial statements.

Group strategic report

Principal risks and uncertainties (continued)

The Group seeks to limit counterparty risk by conducting most of its banking activities with a limited number of major international banks, whose status is kept under review. The Group enlists the services of internationally recognised and well-known expert investment managers who invests funds on behalf of the Group.

Price risk

The dry bulk market has seen a sustained period of low freight rates and asset values. These directly impact the turnover of the Group. Focus has been directed on long-term and recurring client contracts with a stable cost base but in the future the Group intends being less reliant as it develops its wider interests.

Foreign exchange risk

The Company's activities are principally conducted in U.S. Dollars. Almost all of revenues and 90% of costs are in U.S. Dollars, with the remainder of costs denominated in sterling, Indian rupees and Euros. Overall exposure is kept under constant review.

Liquidity risk

The Group's liquidity position is adequate for the revised level of business with $4.2m of cash and cash equivalents at 31 December 2019 (31 December 2018: $4.0m). The Group seeks to manage liquidity risk by forecasting cash flow and establishing appropriate long-term loans, managing operations and using revolving credit facilities thereby ensuring sufficient liquidity is available to be able to finance its operations and investments for the foreseeable future.

Credit risk

The Company closely manages its receivables and always seeks to find mutually acceptable agreements for any disputed items that may otherwise cause delays to payments. For this reason, the Company considers that there are no material exposures in respect of trade and other receivables.

Compliance risk

The Company may fail to appropriately identify new laws and regulations and other regulatory statute in new jurisdictions where it expands its operation. Prior to venturing into new areas, the Company performs substantial due diligence work and obtains an understanding of the governing laws and regulations.

Non-compliance with anti-bribery and corruption regulations could damage stakeholder relations and lead to reputational and financial loss. The Company has a Code of Conduct which employees are required to comply with when conducting business on behalf of the Company; this includes anti-bribery and corruption policies. Assessment of anti-bribery and corruption risks form an integral part of the decision-making process when entering new countries or negotiating with potential charterers and major suppliers.

Group strategic report

Impact of Covid-19

The financial statements are prepared on a going concern basis, assuming that the Group will continue to operate for the foreseeable future. The Directors have assessed the risk associated with the current COVID-19 situation in detail and have taken mitigating measures where possible and appropriate. In addition, cashflow scenarios have been reviewed and management have assessed the going concern risk as minimal. Dialogue with the appropriate stakeholders is on-going and the aim is to remain fully operational while COVID-19 measures are in place.

Impact of Britain's exit from the EU

The Directors continue to monitor the Brexit negotiations but in view of the uncertainties cannot predict the impact any eventual resolution will have on the company's financial position.

Approval

This group strategic report was approved by order of the Board on 29 September 2020

By order of the Board
Joseph Bekhor
Director

Directors' report

The directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2019. The comparative results, as presented in the Group financial statements, are the financial statements for the year ended 31 December 2018.

The Group is comprised of Britmar (UK) Limited ("the Company") and its subsidiaries. All amounts are shown in U.S. Dollars, unless otherwise stated.

Details of future developments and financial risk management can be found in the strategic report and form part of this report by way of cross reference.

Results and dividend

The Group made a profit on ordinary activities before taxation of $1,455 for the year (31 December 2018 restated: $4,328k). The directors do not recommend the payment of a dividend for the year (31 December 2018: $nil).

Going concern

The Group remains a going concern, with its focus on ship operating and freight trading rather than exclusive direct ownership of vessels although further ownership of vessels would remain an option for the Group. The technical management capabilities will continue to be exclusively contracted to RB British Marine UK Ltd.

Directors

Alan Bekhor and Joseph Bekhor served as directors throughout the year.

Directors' liability insurance and indemnities

The Company, Britmar (UK) Limited, purchased insurance against Directors' and Officers' liability as permitted by the Companies Act 2006 for the benefit of the directors and officers of its own company and all its subsidiaries.

Auditors

A resolution to re-appoint BDO LLP as the Company's auditors will be put to the forthcoming annual general meeting.

Directors' report

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and company and of the profit or loss of the group 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;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Directors' confirmation

Each person who is director at the time when this report is approved has confirmed that:

a) So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
b) Each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approval

This directors' report was approved by order of the Board on 29 September 2020.

Joseph Bekhor
Director

Independent auditor's report to the members of Britmar (UK) Limited

Opinion

We have audited the financial statements of Britmar (UK) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise The Consolidated Statement of Financial Position, The Company Statement of Financial Position, The Consolidated Statement of Comprehensive Income, The Consolidated Statement of Changes in Equity, The Company Statement of Changes in Equity and The Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (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 Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company 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 or Parent Company'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.

Independent auditor's report to the members of Britmar (UK) Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent 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.

Independent auditor's report to the members of Britmar (UK) Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 is 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
29 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 *(Restated)* $'000
Revenue	5	2,925	7,535
Cost of Sales	7	(1,793)	(4,022)
Gross profit		**1,132**	**3,515**
Other operating income	6	1,739	2,938
Gain on disposal of fixed assets		-	803
Administrative expenses	7	(2,169)	(2,434)
Operating profit		**702**	**4,822**
Finance income	9	865	188
Finance expense	9	(113)	(627)
Profit before taxation		**1,454**	**4,383**
Taxation on profit / (loss) from ordinary activities	10	(107)	(58)
Profit after taxation		**1,347**	**4,325**
Profit after taxation attributable to the Group		1,105	3,378
Profit after taxation attributable to non-controlling interests		242	947
Other comprehensive loss			
Exchange loss on translation of foreign operations		(22)	(104)
Other comprehensive loss attributable to the Group		(11)	(52)
Other comprehensive loss attributable to non-controlling interests		(11)	(52)
Total comprehensive profit for the year		**1,325**	**4,221**

The notes on pages 15 to 41 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 *(Restated)* $'000
Non-current assets			
Property, plant and equipment	11	12,439	12,255
Investments	12	115	65
Lease receivable	16	600	-
		13,154	**12,320**
Current assets			
Inventories	14	92	103
Trade and other receivables	15	5,503	9,081
Lease receivable	16	242	-
Other financial assets	17	6,199	6,907
Cash and cash equivalents	18	4,236	3,992
		16,272	**20,083**
Current liabilities			
Trade and other payables	19	976	3,520
Provisions	20	655	655
Lease liability	16	414	-
Corporation tax liability		52	323
Deferred tax liability	10	72	72
Loans and borrowings	21	1,400	3,715
		3,569	**8,285**
Net current assets		**12,703**	**11,798**
Non-current liabilities			
Lease liability	16	848	-
		848	**-**
Net assets		**25,009**	**24,118**
Capital and reserves			
Share capital	22	18,251	18,251
Share premium		595	595
Foreign exchange reserve		(130)	(108)
Retained earnings	23	6,293	5,380
Capital and reserves attributable to the Group		18,282	17,622
Capital and reserves attributable to non-controlling interests		6,727	6,495
Total equity		**25,009**	**24,118**

Consolidated statement of financial position
at 31 December 2019

The financial statements were approved and authorised for issue by the Board on 29 September 2020 and were signed on its behalf by:

Joseph Bekhor
Director

The notes on pages 15 to 41 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Share capital	Share premium	Retained earnings *(restated)*	Foreign exchange reserve	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	18,251	595	(1,170)	(108)	6,550	24,118
Effect of adoption of IFRS 16	-	-	(434)	-	-	(434)
Balance at 1 January 2019	**18,251**	**595**	**(1,604)**	**(108)**	**6,550**	**23,684**
Profit for the financial year	-	-	1,105	-	242	1,347
Other comprehensive income	-	-	-	(22)	-	(22)
Balance at 31 December 2019	**18,251**	**595**	**(499)**	**(130)**	**6,792**	**25,009**
Balance at 1 January 2018	18,251	595	(4,548)	(4)	5,603	19,897
Profit for the financial year as earlier stated	-	-	3,082	-	651	3,733
Prior year adjustment – Note 1	-	-	296	-	296	592
Other comprehensive income	-	-	-	(104)	-	(104)
Balance at 31 December 2018	**18,251**	**595**	**(1,170)**	**(108)**	**6,550**	**24,118**

The notes on pages 15 to 41 form part of these financial statements.

Consolidated stateme nt of cashf ows

for the year ended 31 December 2019

	Note	31 Dec 2019	31 Dec 2018
			(Restated)
		$'000	**$'000**
Cash flows from operating activities			
Profit before taxation		1,455	4,382
Adjustments for:			
Depreciation of property, plant and equipment	11	545	660
Gain on disposal of property, plant and equipment		-	(803)
Profit from joint venture	6	(38)	(47)
(Gain) / loss on settlement of derivatives contracts	5	444	(476)
Gain on forgiveness of debt	6	-	(310)
(Gain) / loss on impairment of trade receivables	7	31	(122)
Finance income	9	(865)	(188)
Finance expense	9	113	627
Movements in working capital:			
Inventories		11	(4)
Trade and other receivables		3,102	(3,938)
Trade and other payables		(3,794)	2,849
Provisions		-	(919)
Dividend received		13	17
Interest received		176	171
Taxation paid		(283)	(146)
Cash generated from operating activities		**911**	**1,755**
Cash flows from investing activities			
Sale of property, plant and equipment		-	2,510
Purchase of property, plant and equipment		(729)	(4)
Disposal of financial assets		1,250	1,750
Lease receipts	16	317	-
Net cash from investing activities		**837**	**4,256**
Cash flows from financing activities			
Drawdown on secured loans		-	2,465
Repayment of borrowings		(1,065)	(8,962)
Interest paid		(113)	(281)
Lease payments	16	(410)	-
Net cash used in financing activities		**(1,588)**	**(6,778)**
Net increase in cash and cash equivalents		**160**	**(768)**
Cash and cash equivalents at 1 January		3,992	4,697
Net foreign exchange differences		84	62
Cash and cash equivalents at 31 December	18	4,236	3,992

The notes on pages 15 to 40 form part of these financial statements

Notes to the financial statements

for the year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Authorisation of financial statements and compliance with IFRSs

The consolidated financial statements of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 29 September 2020. The comparative results are the Group's financial statements for the year ended 31 December 2018. The Company, Britmar (UK) Limited, is incorporated in the United Kingdom under the Companies Act.

In 2018, the revenue for recharged service charges amounting to $592k in one of the group subsidiaries was omitted. This has resulted in increase in Group revenue of that amount. This is adjusted as Prior Year Adjustment in the current financial statements. The effect of this adjustment is to increase Group reserves by $296k and non-controlling interest reserves by $296k.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRS, issued by the IASB as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in U.S. Dollars, being the functional currency of the Group.

The Group has prepared and reviewed forecasts based on which, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements. See Group Strategic Report for further detail.

The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations and effective for annual reporting periods beginning on 1 January 2019 are reflected in these financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"), each made up to 31 December 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Notes to the financial statements
for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.3 Revenue

Revenues are recorded when services are rendered, the Group has a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. The Group primarily generates revenues from the transportation of cargo and the time charter of vessels. Estimated losses on voyages are provided for in full at the time such losses become evident. Profitable voyages in progress at the year-end are accounted for on a percentage completion basis.

Deferred voyage or charter revenues relate to amounts received prior to being earned. These amounts are recognised as revenues over the related voyage or charter period and include both amounts received from charterers.

Revenue from time charters is accounted for as operating leases and recognised on a straight-line basis over the rental periods of such charters, as performance obligations are fulfilled, to the end of the financial reporting period. Due to the nature of revenue from time charters, no contract assets or liabilities are generated. In discharging its obligations under such charters, revenue is disaggregated into a lease component (bareboat charter), the charterer is provided with an identified asset, specified in the respective charter party with little or no right of substitution, and a non-lease component (contract fulfilment costs) since the charterer obtains substantially all of the economic benefits from using the vessel and has the right to direct how and for what purpose the vessel will be used during the contract term but the crew and technical management of the vessel are borne by the Company. For these reasons, the revenue attributable to each component is disclosed separately in the revenue note being two distinct income streams.

2.4 Foreign currency transactions and translation

Transactions and balances

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Group companies

On consolidation, the results of overseas operations are translated into U.S. Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Notes to the financial statements
for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.4 Foreign currency transactions and translation (continued)

Exchange differences recognised as a profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

2.5 Property, plant and equipment

Property, plant and equipment, including vessels, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided to write off the cost of the asset, after allowing for an estimated residual value, over its estimated useful life.

For vessels, the expected useful life is 25 years from date of construction. Vessels are subject to a major service ("drydock") typically every 30 months. Drydocking costs are capitalised and written off to the profit and loss account on a straight line basis over the estimated period to the next drydock.

The expected useful life of long leasehold property is determined as the shorter of 50 years or to the expiry of the leasehold. The related fit-out costs are depreciated over 10 years. Fixtures and fittings in respect of rented offices are depreciated over the period to the expiry of the operating lease agreement.

The expected useful life of freehold property is determined as 60 years.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial period.

Notes to the financial statements

for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Financial instruments

2.6.1 Financial assets

Initial recognition and measurement

The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value.

The fair value of financial assets that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. An analysis of fair values of financial assets and further details as to how they are measured are provided in note 26.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

The Group enters into different types of derivatives to hedge specific aspects of the business. Forward freight agreements ("FFA") are used to hedge shipping costs, forward bunker agreements ("FBA") are used to hedge vessel fuel costs, interest rate swaps to hedge interest fluctuations on borrowings and foreign exchange contracts are used to hedge against fluctuations in foreign exchange rates.

Notes to the financial statements

for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.1 Financial assets (continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Gains or losses on derivatives are recorded as the difference between the contracted price and the quoted rate of the contract. Gains on FFAs and FBAs are recognised in revenue in the consolidated income statement. Settlements on interest rate swaps are recognised in interest expense on loans in the consolidated income statement.

For clearing house derivatives any initial or variation margins called are shown within restricted cash.

Loans and receivables

Trade and other receivables which have fixed or determinable payments that are not quoted in active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest rate method (EIR), less impairment. Interest is recognised by applying the EIR method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at the end of each financial period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the financial statements
for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.1 Financial assets (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.6.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in the income statement.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the financial statements

for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial liabilities (continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.7 Debt issuance costs

The cost incurred in raising debt finance is capitalised and deducted from the corresponding debt and written off over the life of the debt.

2.8 Inventories

Inventories comprise bunker fuel, lubricating oil, stock under bond and food provisions, all of which are located on board of the vessels. Inventories are stated at the lower of cost and net realisable value on a first-in-first-out basis. In arriving at the net realisable value, due allowance is made for obsolescence based on a review of the age and usage of inventories.

2.9 Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value, and restricted cash.

Cash held by clearing houses in respect of initial or variation margins for derivatives, and where loan interest payable is retained each month, is shown within restricted cash.

2.10 Deferred revenue

Deferred revenue relates to billings made to or payments received from customers for services which have yet to be rendered.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the financial period.

Notes to the financial statements

for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.11 Taxation (continued)

Britmar (UK) Limited and all but three of its subsidiaries are resident in the United Kingdom; two being a tax resident in India and the third in Marshall Islands.

The two Indian subsidiaries are taxed under the normal Indian corporation tax rules.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial period. Deferred tax is charged or credited to the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.12 Leases

Leases are classified as finance leases when the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease. Right of use assets are initially measured at the amount of the lease liability but are replaced by lease receivables where the leased property is leased on a back-to-back basis.

Lease receivables are measured at the present value of the contractual payments due from the lessee over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease.

Notes to the financial statements
for the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.13 Employee benefit costs

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income in the same financial period as the employment that gives rise to the contributions.

2.14 Operating segment

The Group only report one operating segment internally to management. As such, there is no additional segmental analysis requiring disclosure in the accounts.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going 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 judgments made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, except as discussed below.

Allowance for trade receivables

Management establishes allowance for trade receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur, whether due to disputes, inability to pay or age. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of customers were to deteriorate, resulting in impairment of their ability to make the required payments, additional allowances may be required. The carrying amounts of the Group's trade receivables as at 31 December 2019 were $92k (31 Dec 2017: $163k).

Notes to the financial statements
for the year ended 31 December 2019

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Vessel depreciation and useful lives

Management review the estimated useful lives, residual values and depreciation method applied to vessels at the end of each financial period. The useful lives of vessels are not changed unless there is a change in the intended period of ownership of the vessel. Residual values are updated at the end of each financial period to reflect the current scrapping prices for steel as quoted in an active market. The depreciation method is on a straight-line basis reflecting the consistent usage of each vessel during the course of each year. Management would only consider changing the method of depreciation where the pattern of vessel usage was determined to have changed.

Impairment analysis

Management review the vessels for impairment at the end of each financial period. A cash flow projection is prepared, with future revenue rates determined based on average historic hire rates over the shipping market cycle. Operating costs per vessel are based on the current actual costs with consideration for the timing of any dry dock maintenance on the vessel. The projection of cash flows related to vessels is complex and requires use of various estimates including future day rates, vessel utilisation and discount rates.

Incremental borrowing rate

Lease liabilities are measured at the present value of contractual payments discounted at group's incremental borrowing rate on commencement of the lease. This best represents the rate to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment.

Provisions

Management have estimated provisions for claims made against the Group where an outflow of resources is deemed probable. Management bases their estimated obligation based on legal and professional advice.

4. Accounting standards issued but not yet effective

4.1 New standards, interpretation and amendments effective 1 January 2019

The Group adopted IFRS 16 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact this standard have had are given in note 16. Other new and amended standards and Interpretations issued by the IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Notes to the financial statements

for the year ended 31 December 2019

4. Accounting standards issued but not yet effective (continued)

4.2 Standards issued but not yet effective

There are currently no other specific standards, interpretations and amendments issued by the IASB and IFRS Interpretations Committee issued but not yet effective up to the date of issuance of the Group's consolidated financial statements that the Group intends to adopt.

5. Revenue

	31 Dec 2019 $'000	31 Dec 2018 $'000
Charter hire revenue – lease component	2,540	2,625
Charter hire revenue – non-lease component	829	4,434
(Loss) / gain on freight derivative contracts	(444)	476
	2,925	**7,535**

6. Other operating income

	31 Dec 2019 $'000	31 Dec 2018 *(Restated)* $'000
Gain on forgiveness of debt	-	310
Gain from unwinding of provision	-	918
Management fee income	1,612	1,554
Rental income	69	-
Other income	20	109
Profit from joint venture	38	47
	1,739	**2,938**

7. Expenses by nature

	31 Dec 2019 $'000	31 Dec 2018 $'000
Freight cost	-	2,264
Bunker inventory expense	(27)	-
Brokers commission expense	183	217
Insurance costs and settlements	127	141
Consumption of lubricating oil	82	81
Depreciation of property, plant and equipment	545	660
Repairs and maintenance on vessels	84	42
Employee costs – Note 8	1,360	1,384
Other vessel crew costs	471	434
Impairment (gain) / loss on trade receivables	31	(122)

Notes to the financial statements
for the year ended 31 December 2019

7. Expenses by nature (continued)

	31 Dec 2019 $'000	31 Dec 2018 $'000
Fees paid to legal and professional advisors	120	300
Fees paid to Group's auditor – audit of Group and subsidiary accounts	74	37
Fees paid to Group's auditor – non-audit services	45	164
Foreign exchange (gains) / losses	(13)	5
Other costs	881	858

8. Directors remuneration and staff costs

Employee costs	31 Dec 2019 $'000	31 Dec 2018 $'000
Wages and salaries	1,530	1,731
Social security costs	63	111
Defined contribution pension costs	19	21
Less amounts recharged to related parties	(252)	(480)
	1,360	**1,384**

Employee numbers	31 Dec 2019 Number	31 Dec 2018 number
Administrative	18	18
Operations	30	30
	48	**48**

Key management personnel compensation

Key management personnel are the directors listed on page 1, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	31 Dec 2019 $'000	31 Dec 2018 $'000
Salaries	383	617
Defined contribution pension costs	19	19
	402	**636**

Remuneration for the highest paid director, excluding pension contributions, was $255k (31 December 2018: $484k). Pension contributions in respect of the highest paid director are $10k (31 December 2018: $9k).

During the year, there was 2 directors (2018: 2) accruing pension benefits under the Group's money purchase pension scheme.

Notes to the financial statements

for the year ended 31 December 2019

9. Finance income and expense

	31 Dec 2019	**31 Dec 2018**
Finance income	**$'000**	**$'000**
Interest income	175	188
Dividend income on available for sale financial assets	15	-
Net gain on financial assets and liabilities held for trading	675	-
	865	**188**
Finance expense		
Interest expense on bank loans	113	281
Net loss on financial assets and liabilities held for trading	-	346
	113	**627**

10. Tax expense

The Group income and profits are taxed under the normal UK corporation tax rules.

	31 Dec 2019	**31 Dec 2018**
	$'000	**$'000**
Current tax on profits for the year	5	323
Current tax on profits for the prior year	(4)	(17)
Foreign tax on profits for the current year	17	
Deferred tax charge for the current year	89	(253)
Deferred tax charge for the prior year	-	5
	107	**58**

The standard rate of corporation tax in the UK was 19% during the period (2018: 19%) The differences are explained below:

	31 Dec 2019	**31 Dec 2018** *(Restated)*
	$'000	**$'000**
Tax charge based on the standard rate of corporation tax	276	833
Utilisation of tax losses	(124)	(313)
Transfer pricing adjustments	10	27
Non-taxable income	(9)	(184)
Expenses not deductible for tax purposes	-	13
Adjustments in respect of prior years	(4)	(13)
Realised capital gains	-	48
Movement in deferred tax not recognised	-	(184)
Unwinding of IFRS 16 adjustment	(3)	-
Adjustment of opening and closing deferred tax rate	(8)	30
Difference in tax rates	(31)	(199)
	107	**58**

Notes to the financial statements

for the year ended 31 December 2019

11. Taxation (continued)

The Group has cumulative tax losses of $27.1m (31 December 2018: 27.9m). No deferred tax has been recognised on these losses owing to uncertainty over future use.

Deferred tax has been recognised in respect of investments held at fair value and accelerated capital allowances as follows:

Deferred tax asset / (liability)	Investments held at fair value $'000	Accelerated capital allowances $'000	Total $'000
At 1 January 2019	(190)	118	(72)
Opening balance adjustments – Note 16	89	-	89
Movement in the year	(54)	(35)	(89)
At 31 December 2019	**(155)**	**83**	**(72)**

12. Property, plant and equipment

	Vessels $'000	Dry docking costs $'000	Ballast Water Treatment $'000s	Office property $'000	Office equipment $'000	Total $'000
Cost						
At 1 January 2019	9,159	402	-	5,228	412	15,201
Additions	-	380	345	-	4	729
Disposals	-	(402)	-	-	(4)	(406)
At 31 December 2019	**9,159**	**380**	**345**	**5,228**	**412**	**15,524**
Depreciation						
At 1 January 2019	763	330	-	1,524	329	2,946
Charge for the year	364	72	-	93	16	545
Disposals	-	(402)	-	-	(4)	(406)
At 31 December 2019	**1,127**	**-**	**-**	**1,617**	**341**	**3,085**
Net book value						
At 31 December 2019	**8,032**	**380**	**345**	**3,611**	**71**	**12,439**
Cost						
At 1 January 2018	9,159	402	-	7,552	407	17,520
Additions	-	-	-	-	4	4
Disposals	-	-	-	(2,323)	-	(2,324)
At 31 December 2018	**9,159**	**402**	**-**	**5,229**	**412**	**15,201**

Notes to the financial statements
for the year ended 31 December 2019

11. Property, plant and equipment (continued)

Depreciation						
At 1 January 2018	399	169	-	2,201	309	3,078
Charge for the year	364	161	-	111	24	660
Disposals	-	-	-	(788)	(4)	(792)
At 31 December 2018	**763**	**330**	-	**1,524**	**329**	**2,946**
Net book value						
At 31 December 2018	**8,396**	**72**	-	**3,704**	**83**	**12,255**

13. Investments

	31 Dec 2019 $'000	31 Dec 2018 $'000
Other investments	23	10
RB British Marine UK Ltd Joint Venture	92	55
	115	**65**

14. Subsidiaries

The principal subsidiaries of Britmar (UK) Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Nature of business	Country of incorporation	Ownership proportion
Directly Held			
British Marine Corporation	Holding company	Marshall Islands	100%
Indirectly Held			
British Marine Limited	Shipping company	United Kingdom	50.01%*
Trademar Limited	Investment company	United Kingdom	100%
Jubilee Ship Holdings Limited	Ship owning company	United Kingdom	100%
RB British Marine (India) Pvt Ltd	Service company	India	99.99%**

* 34.99% is held by Mr A. Bekhor and 15% is held by Mr J. Bekhor
** One share is held by Mr A. Bekhor as nominee for the beneficial owner being the Company.

The ultimate controlling party of the Group is Alan Bekhor.

Notes to the financial statements
for the year ended 31 December 2019

15. Inventories

Inventories at cost	31 Dec 2019 $'000	31 Dec 2018 $'000
Bunkers	50	-
Lubricating oil	39	95
Food provisions	-	-
Stock under bond	3	8
	92	**103**

16. Trade and other receivables

	31 Dec 2019 $'000	31 Dec 2018 *(Restated)* $'000
Trade receivables – third parties	92	163
Amounts due from related parties – Note 25	4,550	8,405
Prepayments	146	51
Other receivables	715	462
	5,503	**9,081**

The age analysis of trade receivables is as follows:

	31 Dec 2019 $	31 Dec 2018 $
Trade receivables not yet due	66	88
Trade receivables past due:		
Less than 30 days	27	44
30 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	31
More than 120 days	-	-
	92	**163**

17. Leases

The Group has obligations under an operating lease. In turn, the Group acts as lessor to sub-lessees. On adoption of IFRS 16 in the current year, the Group recognised the lease receivable asset and liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 1.50%. The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

Notes to the financial statements

for the year ended 31 December 2019

16. Leases (continued)

The following table presents the impact of adopting IFRS 16 on the statement of financial position at 1 January 2019:

		31 Dec 2018 As originally presented $'000	IFRS 16 $'000	1 Jan 2019 $'000
Assets				
Lease receivable	(a)	-	1,092	1,092
Liabilities				
Lease liability	(b)	-	1,615	1,615
Deferred tax liability	(c)	72	(89)	(17)
Equity				
Retained earnings	(d)	(1,170)	(434)	(1,604)

(a) The following table reconciles the operating lease receipts at 31 December 2018 to the amount of lease receivable recognised on 1 January 2019:

	1 Jan 2019 $'000
Undiscounted lease receipts at 31 December 2018	1,123
Less: effect of discounting using the incremental borrowing rate	(31)
Lease receivable at 1 January 2019	**1,092**

(b) The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	1 Jan 2019 $'000
Undiscounted lease payments at 31 December 2018	1,660
Less: effect of discounting using the incremental borrowing rate	(45)
Lease liability at 1 January 2019	**1,615**

(c) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.

(d) Retained earnings were adjusted to record the net effect of all other adjustments noted.

Notes to the financial statements
for the year ended 31 December 2019

16. Leases (continued)

The reconciliations of the movements in lease receivable for the year are as follows:

	31 Dec 2019 $'000	31 Dec 2018 $'000
At 1 January	1,092	-
Receipts	(317)	-
Unwinding of discount	13	-
Exchange gains / (losses)	54	-
At 31 December	**842**	**-**
Present value of minimum lease payments:		
Receivable within 1 year	242	-
Receivable between 1 year and 5 years	600	-
	842	**-**

The reconciliations of the movements in lease liability for the year are as follows:

	31 Dec 2019 $'000	31 Dec 2018 $'000
At 1 January	1,615	-
Liabilities discharged	(410)	-
Unwinding of discount	20	-
Exchange (gains) / losses	37	-
At 31 December	**1,262**	**-**
Present value of minimum lease payments:		
Payable within 1 year	414	-
Payable between 1 year and 5 years	848	-
	1,262	**-**

18. Other financial assets

	31 Dec 2019 $'000	31 Dec 2018 $'000
Listed investments	4,084	6,257
Other investments	2,115	650
	6,199	**6,907**

Notes to the financial statements

for the year ended 31 December 2019

17. Other financial assets (continued)

Other financial assets are held for trading as part of a managed portfolio. Listed investments comprise of various instruments including bonds, equities, and other structured products. Other investments comprise of unlisted instruments within the portfolio including cash and other short-term instruments. These are disclosed at the carrying value reported by the investment managers which approximates to the fair value.

19. Cash and cash equivalents

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash at bank	3,838	3,465
Restricted cash	398	527
	4,236	**3,992**

20. Trade and other payables

	31 Dec 2019 $'000	31 Dec 2018 *(Restated)* $'000
Trade payables – third parties	246	113
Amounts due to related parties	-	3,024
Other payables	245	301
Accruals	390	82
Deferred revenue	95	-
	976	**3,520**

21. Provisions

	31 Dec 2019 $'000	31 Dec 2018 $'000
Provision for legal claim	655	655
	655	**655**

Movement in provisions:	Legal claim $'000	Total $'000
Carrying amount 1 January 2019	655	655
Charged to statement of comprehensive income	-	-
Carrying amount at 31 December 2019	**655**	**655**

The provision for legal claim relates to an aged dispute that the directors consider prudent to provide for.

Notes to the financial statements
for the year ended 31 December 2019

22. Loans and borrowings

	31 Dec 2019 $'000	31 Dec 2018 $'000
Lombard Odier	1,400	2,465
Britmar Limited	-	1,250
	1,400	**3,715**
Current loans and borrowings	1,400	3,715
Non-current loans and borrowings	-	-
	1,400	**3,715**

The principal features of the group's borrowings are as follows:

Lombard Odier
The Group maintains a credit facility with one of its investment portfolio managers, Lombard Odier. The facility is repayable in September 2020 and is secured against assets held in the investment portfolio.

Britmar Limited
The one term loan of $1.25m with Britmar Limited was secured by the vessel M.V. Aquitania and was repaid on 24 May 2019.

23. Share capital

Authorised, called up and fully paid	31 Dec 2019 Number	31 Dec 2019 $'000	31 Dec 2018 Number	31 Dec 2018 $'000
Deferred ("A") shares of £1 each	12,288,998	18,250	12,288,998	18,250
Ordinary ("B") shares of $0.0001 each	12,694,119	1	12,694,119	1
Ordinary ("C") shares of $0.0001 each	2,025,655	-	2,025,655	-
	27,008,772	**18,251**	**27,008,772**	**18,251**

The deferred shares have no voting rights and minimal economic rights attached to them. The ordinary shares have full voting and economic rights in accordance with the percentage of shares held. As regards capital, on liquidation or winding up of the Company any surplus assets are distributed amongst the ordinary shareholders in the following order of priority as follows:

a) repayment of capital to the ordinary shareholders;
b) 99.9% of the excess value up to the threshold value (being $21,354,447 at 31 January 2004 as increased by 5% compound per annum on each subsequent 31 January) is returned the 'A' shareholders with the balance of 0.1% being divided pro-rata to the 'B' shares;
c) any remaining value is divided pro-rata to the number of shares held by all of the ordinary shareholders.

Notes to the financial statements

for the year ended 31 December 2019

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into U.S. Dollars.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

25. Commitments and contingencies

Contingent liabilities

The Group is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions are recognised in the consolidated financial statements for all such proceedings where the Group believes that a liability is probable, and for which the amounts are reasonably estimable, based upon facts known at the date the consolidated financial statements were prepared. In the opinion of management, the ultimate disposition of all these matters is immaterial and will not adversely affect the Group's consolidated financial position, results of operations or liquidity.

26. Related party transactions

The Group had transactions in the ordinary course of business with related parties during the year ended 31 December 2019:

	31 Dec 2019	31 Dec 2018 *(Restated)*
	$'000	$'000
Invoices paid by or on behalf of related parties	473	291
Management fees charged to related parties	1,612	1,458
Interest charged by related parties	-	(31)
Recharge of office overheads	253	533
Cash received from and paid to related parties	(2,528)	(1,504)
Group settlement of related party balances	(228)	-
Gain on derivative positions held by related parties	(444)	476
Repayment of loan with related parties	1,281	-
	419	**1,223**
Amounts owed by related parties at 31 December	4,550	8,405
Amounts owed to related parties at 31 December	-	4,274

Related parties – companies under common control

Transactions with companies under common control during the year include the following companies:

Notes to the financial statements
for the year ended 31 December 2019

26. Related party transactions (continued)

Auckland Shipping Limited, incorporated in the United Kingdom
Britmar Limited, incorporated in the United Kingdom
Britmar (Asia) Pte Ltd, incorporated in Singapore
British Marine (Asia) Pte Limited, incorporated in Singapore
OBC Shipping & Chartering Pvt Ltd, incorporated in India
Britmar Commodities Pte Ltd, incorporated in Singapore
Nathan River Resources Pte Ltd, incorporated in Singapore
NR Resources Pte Ltd, incorporated in Singapore
RB British Marine UK Limited, incorporated in the United Kingdom

RB British Marine UK Limited is a joint venture company entered into with a 50% interest, providing commercial and technical ship management to vessels owned by the shareholders and third parties. The share of profit from the joint venture amounted to $38k (2018: $47k) and is included within Other Operating Income.

Balances outstanding with the related parties are unsecured, interest free, and repayable on demand.

27. Financial instruments, financial risks and capital risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings for which the main purpose of these financial liabilities was to fund the acquisition of vessels and finance the Group's operations.

The Group has trade and other payables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group also enters into derivative transactions, such as Forward Freight Agreements and Forward Bunker Agreements to hedge shipping costs and vessel fuel costs, respectively. The Group does not adopt hedge accounting and all gains or losses arising from forward contracts have been recognised in the statements of comprehensive income.

A summary of financial instruments held by category is provided below.

	Financial assets at fair value through profit and loss		Financial assets at amortised cost	
	31 Dec 2019	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018** *(Restated)*
Financial assets	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other receivables	-	-	5,503	9,081
Other financial assets	6,199	6,907	-	-
Cash and cash equivalents	-	-	4,236	3,992
	6,199	**6,907**	**9,739**	**13,073**

Notes to the financial statements

for the year ended 31 December 2019

26. Financial instruments, financial risks and capital risk management (continued)

	Financial liabilities at fair value through profit and loss		Financial liabilities at amortised cost	
	31 Dec 2019	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018** *(Restated)*
Financial liabilities	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	-	-	976	3,520
Loans and borrowings	-	-	1,400	3,715
	-	-	**2,376**	**7,235**

The Group's activities expose it to market risks (including foreign currency risk), credit risks and liquidity risks.

The Board of Directors is responsible for reviewing and agreeing policies for managing these financial risks. Overall, the Group's risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Group's exposure to these financial risks and the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

27.1 Credit risk

Credit risk refers to the risk that counterparty will not meet its contractual obligations resulting in a loss to the Group. The Group performs ongoing credit evaluation of its counterparties' financial condition and does not hold collateral as security.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

The Group's major classes of financial assets are bank balances, restricted cash, derivative financial instrument, and trade and other receivables.

Bank balances and restricted cash are deposits held with banks with high credit-ratings assigned by international credit rating agencies. Contracts for derivative financial instruments are performed through clearing houses.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables which are not impaired is provided within note 15.

The Group's trade receivables that are impaired at the end of financial year and the movement of the allowance accounts used to record the impairment are as follows:

Notes to the financial statements
for the year ended 31 December 2019

26. Financial instruments, financial risks and capital risk management (continued)

26.1 Credit risk (continued)

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade receivables – nominal amounts	92	163
Less: allowance for impairment	-	-
	92	**163**

27.2 Interest rate risk

The Group is exposed to cash flow interest rate risk on bank borrowings which is subject to fluctuating interest rates.

27.3 Foreign exchange risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Group. All revenue and expenditure transactions within the vessel operating business are performed in U.S. Dollars. In addition, all loans and borrowings are in U.S. Dollars. Some maintenance of the vessels is in currencies other than U.S. Dollars, in addition to the office overheads in the United Kingdom and India being in local currencies. These transactions form an insignificant part of the Group's operations and hence foreign currency risk is considered to be an immaterial risk to the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of financial year are as follows:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Sterling	562	745
Euro	47	49
Indian rupees	2,555	2,408
Australian dollars	4	31
UAE Dirham	-	1

The Group also has foreign currency exposure in respect of its Indian operations where the functional currency is Indian rupees. Movements in the exchange rate of Indian rupees to U.S. Dollars results in exchange differences on translation of the financial statements to Group's functional currency. These exchange differences are reported in the Group consolidated statement of changes in equity.

27.4 Liquidity risks

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The liquidity risk of each entity within the Group is managed centrally by the group treasury function.

Notes to the financial statements
for the year ended 31 December 2019

26. Financial instruments, financial risks and capital risk management (continued)

26.4 Liquidity risks (continued)

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its loans and borrowings. Liquidity risk also arises from derivative contracts entered into through clearing houses, where margin calls may be required.

Management regularly monitor the liquidity of the Group and manage the exposure to liquidity risk by maintaining significant free cash, which far exceeds the bank covenant requirements.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

At 31 December 2019	Within 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Trade and other payables	881	-	-	-	881
Loans and borrowings	-	1,400	-	-	1,400
	881	**1,400**	**-**	**-**	**2,281**

At 31 December 2018 *(Restated)*	Within 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Trade and other payables	3,520	-	-	-	3,520
Loans and borrowings	1,250	2,465	-	-	3,715
	4,770	**2,465**	**-**	**-**	**7,235**

27.5 Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital risk management policies and objectives are consistent with the prior year. The capital structure of the Group consists of issued share capital and retained earnings. The gearing ratio is calculated as long-term liabilities divided by the sum of total liabilities and equity.

	31 Dec 2019 $'000	31 Dec 2018 $'000
Non-current liabilities	-	-
Total liabilities	4,417	8,285
Equity	25,009	24,118
Total liabilities and equity	**29,426**	**32,403**
Gearing ratio	6%	15%

Notes to the financial statements

for the year ended 31 December 2019

26. Financial instruments, financial risks and capital risk management (continued)

27.6 Fair value of financial assets and financial liabilities

The fair value of a financial instrument is the amount of which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying amounts and fair values of the Group's financial assets and liabilities are set out below:

			Fair value	**Carrying value**
	Level 1	**Level 2**	**Total**	**Total**
At 31 December 2019	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Listed investments	4,084	-	4,084	4,084
Other investments	-	2,115	2,115	2,115
Financial liabilities				
Interest bearing loans and borrowings	-	-	-	-

			Fair value	**Carrying value**
	Level 1	**Level 2**	**Total**	**Total**
At 31 December 2018	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Listed investments	6,257	-	6,257	6,257
Other investments	-	650	650	650
Financial liabilities				
Interest bearing loans and borrowings	-	-	-	-

The carrying amount of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their respective fair values due to the relative short-term maturity of these financial instruments. Other investments include cash and short-term instruments such as currency forwards, these are disclosed at the carrying value reported by the investment managers which approximates to the fair value.

Notes to the financial statements
for the year ended 31 December 2019

28. Reconciliation of liabilities

	Current loans and borrowings $'000	Total $'000
At 1 January 2018	3,715	3,715
Accrual of interest	113	93
Payment of interest	(113)	(93)
Repayment of loans and borrowings	(2,315)	(2,315)
At 31 December 2018	**1,400**	**1,400**

29. Ultimate parent undertaking

The Company is the ultimate holding company and the parent undertaking of the Group.

30. Ultimate controlling party

Mr Alan Bekhor is the ultimate controlling party of the Company and the Group.

31. Events after the reporting period

During the first quarter of 2020, the World Health Organisation declared the outbreak of a novel coronavirus ("COVID-19") as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to the significant declines and volatility in financial markets. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown which may impact the trading activities of the group operation.

The Group continues to monitor the impact of the COVID-19 outbreak closely.

Company statement of financial position

for the year ended 31 December 2019

The Company has prepared a statement of financial position under FRS 101.

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
Non-current assets			
Property, plant and equipment		2	3
Investments	2	792	755
Lease receivable	4	600	-
		1,394	**758**
Current assets			
Trade and other receivables	3	5,853	6,391
Lease receivable	4	242	-
Other financial assets	5	5,134	5,771
Cash and cash equivalents	6	1,038	1,079
		12,267	**13,241**
Current liabilities			
Trade and other payables	7	231	238
Lease liability	4	414	-
Corporation tax liability		5	160
Deferred tax liability		155	190
Loans and borrowings	8	1,400	2,465
		2,205	**3,053**
Net current assets		**10,062**	**10,188**
Non-current liabilities			
Lease liability	4	848	-
		848	**-**
Net assets		**10,609**	**10,946**
Capital and reserves			
Share capital	8	18,251	18,251
Share premium		595	595
Retained earnings		(8,237)	(7,900)
Total equity		**10,609**	**10,946**

The financial statements on pages 42 to 47 were approved and authorised for issue by the Board of Directors on 29 September 2020 and were signed by:

Joseph Bekhor, Director

Company statement of changes in equity
for the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Retained earnings $'000	Total $'000
Balance at 31 December 2018	18,251	595	(7,900)	10,946
Effect of adoption of IFRS 16	-	-	(434)	(434)
Balance at 1 January 2019	18,251	595	(8,334)	10,512
Profit for the financial year	-	-	97	97
Balance at 31 December 2019	**18,251**	**595**	**(8,237)**	**10,609**
Balance at 1 January 2018	18,251	595	(7,792)	11,054
Profit for the financial year	-	-	(108)	(108)
Balance at 31 December 2018	**18,251**	**595**	**(7,900)**	**10,946**

Notes to the Company financial statements
for the year ended 31 December 2019

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out in note 2 of the consolidated financial statements.

The financial statements have been prepared under the historical cost basis, except for derivative financial instruments that have been measured at fair value. The financial statements are stated in U.S. Dollars, being the functional and presentational currency of the Company.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Britmar UK Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3 of the consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2019

2. Investments in subsidiaries

Shares in subsidiary companies at carrying value	31 Dec 2019 $'000	31 Dec 2018 $'000
At 1 January	755	708
Increase in investment	37	47
	792	**755**

3. Trade and other receivables

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade receivables	27	25
Amounts due from related parties	1,164	1,785
Amounts due from subsidiaries	4,552	4,569
Other receivables and prepayments	110	12
	5,853	**6,391**

4. Leases

The Company has obligations under an operating lease. In turn, the Company acts as lessor to sub-lessees. On adoption of IFRS 16 in the current year, the Company recognised the lease receivable asset and liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 1.50%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position at 1 January 2019:

		31 Dec 2018 As originally presented $'000	31 IFRS 16 $'000	1 Jan 2019 $'000
Assets				
Lease receivable	(a)	-	1,092	1,092
Liabilities				
Lease liability	(b)	-	1,615	1,615
Deferred tax liability	(c)	190	(89)	101
Equity				
Retained earnings	(d)	(7,900)	(434)	(8,534)

(a) The following table reconciles the operating lease receipts at 31 December 2018 to the amount of lease receivable recognised on 1 January 2019:

Notes to the financial statements

for the year ended 31 December 2019

4. Leases (continued)

	1 Jan 2019
	$'000
Undiscounted lease receipts at 31 December 2018	1,123
Less: effect of discounting using the incremental borrowing rate	(31)
Lease receivable at 1 January 2019	**1,092**

(b) The following table reconciles the minimum lease commitments disclosed in the Company's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	1 Jan 2019
	$'000
Undiscounted lease payments at 31 December 2018	1,660
Less: effect of discounting using the incremental borrowing rate	(45)
Lease liability at 1 January 2019	**1,615**

(c) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.
(d) Retained earnings were adjusted to record the net effect of all other adjustments noted.

The reconciliations of the movements in lease receivable and lease liability for the year are as follows:

	Lease receivable
	$'000
At 1 January 2019	1,092
Receipts	(317)
Unwinding of discount	13
Exchange gains / (losses)	54
At 31 December 2019	**842**
Present value of minimum lease payments:	
Receivable within 1 year	242
Receivable between 1 year and 5 years	600
	842

	Lease liability
	$'000
At 1 January 2019	1,615
Liabilities discharged	(410)
Unwinding of discount	20
Exchange (gains) / losses	37
At 31 December 2019	**1,262**

Notes to the financial statements
for the year ended 31 December 2019

4. Leases (continued)

Present value of minimum lease payments:	
Payable within 1 year	414
Payable between 1 year and 5 years	848
	1,262

5. Other financial assets

	31 Dec 2019 $'000	31 Dec 2018 $'000
Listed investments	3,019	5,121
Other investments	2,115	650
	5,134	**5,771**

6. Cash and cash equivalents

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash at bank	640	613
Restricted cash	398	466
	1,038	**1,079**

7. Trade and other payables

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade payables	25	9
Other payables	154	229
Deferred revenue	52	-
	231	**238**

8. Loans and borrowings

	31 Dec 2019 $'000	31 Dec 2018 $'000
Lombard Odier	1,400	2,465
	1,400	**2,465**

Notes to the financial statements

for the year ended 31 December 2019

9. Issued share capital

Allotted, called up and fully paid	31 Dec 2019 $'000	31 Dec 2018 $'000
12,288,998 Class "A" deferred shares of £1 each	18,250	18,250
12,694,119 Class "B" ordinary shares of $0.0001 each	1	1
2,025,655 Class "C" ordinary shares of $0.0001 each	-	-
	18,251	**18,251**