

Britmar (UK) Limited

Annual Report and Consolidated Financial Statements

31 December 2022

Company Registered No. 06225520

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Britmar (UK) Limited

Registered No. 06225520

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Directors

Alan Bekhor
Joseph Bekhor

Auditors

Gerald Edelman LLP
73 Cornhill
London
EC3V 3QQ

Registered Office

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

Group strategic report

The directors present the strategic report together with the audited financial statements of the Company for the year ended 31 December 2022. 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 and freight trading strategy.

Business review

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Revenue	19,007	24,612
Total operating profit	9,930	20,173
Profit before tax	9,930	20,841
Cash and cash equivalents	921	3,621
Gearing	0%	29%

The Group made a profit for the year, after taxation, of \$9,799k (31 Dec 2021: \$18,975k).

Future developments

The Group will focus on ship operating and freight trading in addition to direct ownership of vessels. The technical and commercial management capabilities will continue to be exclusively contracted to RB British Marine UK Limited, a joint venture company which is 50% owned by the Group.

The Group, together with its affiliates, 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.

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.

Group strategic report

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 \$0.921m of cash and cash equivalents at 31 December 2022 (31 December 2021: \$3.637m). 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 Group 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 Group 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 Group 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 Group has a Code of Conduct which employees are required to comply with when conducting business on behalf of the Group; 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.

Approval

This group strategic report was approved by order of the Board on 1 August 2023.



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 2022. The comparative results, as presented in the Group financial statements, are the financial statements for the year ended 31 December 2021.

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 \$9,930k for the year (31 December 2021: \$20,841k). The directors do not recommend the payment of a dividend for the year (31 December 2020: \$nil).

During the year, the Group acquired a subsidiary, Meridian Bulk Limited, from a related party on 25 October 2022. This subsidiary subsequently acquired a vessel from another related party on 31 October 2022.

During the year, the Group prepaid a loan facility agreement for which two of the Group's subsidiaries had granted mortgages over their owned vessels. On prepayment of the loan, the mortgages were discharged and all security satisfied.

Going concern

The Group remains a going concern, with its focus on freight trading in addition to direct ownership of vessels. The technical and commercial management capabilities will continue to be exclusively contracted to RB British Marine UK Ltd.

The Group has net current assets at the reporting date of US\$22,180 (2021: US\$27,251k) with amounts due from related parties of \$17,528k. The Directors have assessed these amounts to be recoverable.

The freight market continues to be supportive post the balance sheet date, and this is forecast to continue for the near to medium term such that the Company is expected to generate revenue in excess of its ongoing costs. This includes interest and principal payments when the cash generated by the joint and several borrowers under the loan are considered. The Directors have prepared and reviewed the cash flow forecast, including forecast charter rates, operating costs and debt service payments, which have been stress tested, and have assessed the going concern risk as minimal.

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.

Directors' report

Auditors

A resolution to appoint Gerald Edelman LLP as the Company's auditors will be put to the forthcoming annual general meeting.

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 UK adopted International Accounting Standards. 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 UK adopted International Accounting Standards, 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 1 August 2023.



Joseph Bekhor
Director

Independent Auditor's Report to the members of Britmar (UK) Limited

Opinion

We have audited the financial statements for Britmar (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprises of the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flow, the company statement of cash flows and notes of the financial statements.

We have audited the financial statements of Britmar (UK) Limited ("the Group") for the year ended 31 December 2022 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the members of Britmar (UK) Limited

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the members of Britmar (UK) Limited

In preparing the financial statements, the directors are responsible for assessing the group'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 intends to liquidate the group or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit procedures were primarily directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements for the year ended 31 December 2022.

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

The extent to which the audit was considered capable of detecting irregularities including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas; posting of unusual journals; bank payments; expenses.
- Obtaining understanding of the legal and regulatory framework the group operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act 2006, tax legislation and employment law.

Independent Auditor's Report to the members of Britmar (UK) Limited

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Auditing the risk of management override of controls, including through testing journal entries for appropriateness.
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- Investigated the rationale behind significant or unusual transactions.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Reviewing minutes of meetings of those charged with governance.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing correspondence with HMRC

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the group and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors of British Marine Limited.

A further description of our responsibilities is available on 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 group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Britmar (UK) Limited

Registered No. 06225520

Independent Auditor's Report to the members of Britmar (UK) Limited



Stephen Coleman FCA
Senior Statutory Auditor
For and on behalf of Gerald Edelman LLP

Date: 1 August 2023

Chartered Accountants
Statutory Auditor
73 Cornhill, London, EC3V 3QQ

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	5	19,007	24,612
Cost of Sales	7	(4,972)	(3,386)
Gross profit		14,035	21,226
Other operating income	6	1,771	2,536
Gain on disposal of fixed assets		-	-
Administrative expenses	7	(5,876)	(3,589)
Operating profit		9,930	20,173
Finance income	9	545	808
Finance expense	9	(545)	(140)
Profit before taxation		9,930	20,841
Taxation on profit from ordinary activities	10	(130)	(1,866)
Profit after taxation		9,799	18,975
Profit / (loss) after taxation attributable to the Group		5,384	8,997
Profit after taxation attributable to non-controlling interests		4,415	9,979
Other comprehensive income that may be reclassified to profit or loss			
Exchange gain on translation of foreign operations		(445)	15
Other comprehensive gain attributable to the Group		(223)	8
Other comprehensive (loss) / gain attributable to non-controlling interests		(222)	3
Total comprehensive profit for the year from continuing operations		9,355	18,991

The notes on pages 16 to 43 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Non-current assets			
Property, plant and equipment	11	31,283	25,852
Investments	12	254	133
		31,537	25,985
Current assets			
Inventories	14	325	230
Trade and other receivables	15	19,773	24,625
Lease receivable	16	-	291
Corporation tax asset	10	8	-
Other financial assets	17	8,763	9,991
Cash and cash equivalents	18	921	3,621
		29,793	38,757
Current liabilities			
Trade and other payables	19	6,330	3,907
Provisions	20	655	655
Lease liability	16	-	904
Corporation tax liability	10	-	1,307
Deferred tax liability	10	753	834
Loans and borrowings	21	-	3,900
		7,738	11,506
Net current assets		22,055	27,251
Non-current liabilities			
Loans and borrowings	21	-	9,000
		-	9,000
Net assets		53,592	44,236
Capital and reserves			
Share capital	22	18,251	18,251
Share premium	23	595	595
Foreign exchange reserve	23	(554)	(109)
Retained earnings	23	13,870	8,486
Capital and reserves attributable to the Group		32,163	27,222
Capital and reserves attributable to non-controlling interests		21,429	17,014
Total equity		53,592	44,236

Britmar (UK) Limited

Registered No. 06225520

Consolidated Statement of Financial Position (continued)

at 31 December 2022

The financial statements were approved and authorised for issue by the Board on 1 August 2023 and were signed on its behalf by:



Joseph Bekhor
Director

The notes on pages 16 to 43 form part of these financial statements.

Britmar (UK) Limited

Registered No. 06225520

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Non- controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 December 2021	18,251	595	8,486	(109)	17,014	44,236
Profit for the financial year	-	-	5,384	-	4,415	9,799
Other comprehensive income	-	-	-	(445)	-	(445)
Balance at 31 December 2022	18,251	595	13,871	(553)	21,428	53,592
Balance at 31 December 2020	18,251	595	(511)	(124)	7,035	25,246
Profit for the financial year	-	-	8,997	-	9,979	18,975
Other comprehensive income	-	-	-	15	-	15
Balance at 31 December 2021	18,251	595	8,486	(109)	17,014	44,236

The notes on pages 16 to 43 form part of these financial statements.

Consolidated statement of cashflows**for the year ended 31 December 2022**

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Profit before taxation		9,930	20,841
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	11	1,769	993
Profit from joint venture	6	(104)	(15)
(Gain) / loss on settlement of derivatives contracts	5	(1,467)	(12,622)
Loss on impairment of trade receivables	7	53	-
Finance income	9	(545)	(808)
Finance expense	9	545	140
<u>Movements in working capital:</u>			
Inventories		(95)	(137)
Trade and other receivables		6,262	(3,608)
Trade and other payables		2,423	2,867
Dividend received		173	48
Interest received		250	100
Taxation paid		(284)	(55)
Cash generated from / (used in) operating activities		18,910	7,743
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,180)	(15,500)
(Sale) / purchase of financial assets		2,411	(2,957)
Proceeds from disposal of financial assets		(2,580)	795
Lease receipts	16	-	289
Net cash from investing activities		(7,349)	(17,373)
Cash flows from financing activities			
Drawdown on secured loan		-	14,000
Repayment of borrowings		(12,900)	(1,100)
Interest paid		(545)	(140)
Lease payments	16	(982)	-
Net cash used in financing activities		(14,427)	12,760
Net (decrease) / increase in cash and cash equivalents		(2,867)	3,129
Cash and cash equivalents at 1 January		3,621	664
Net foreign exchange differences		166	(172)
Cash and cash equivalents at 31 December	18	921	3,621
Unrestricted cash at 31 December		906	1,440
Restricted cash at 31 December		15	2,181
Total cash and cash equivalents at 31 December		921	3,621

The notes on pages 16 to 46 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2022

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 2022 were authorised for issue in accordance with a resolution of the directors on 1 August 2023. The comparative results are the Group's financial statements for the year ended 31 December 2021. The Company, Britmar (UK) Limited, is incorporated in the United Kingdom under the Companies Act and is limited by shares.

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 UK adopted International Accounting Standards.

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.

The Group has prepared and reviewed cash flow forecasts, including forecast charter rates, operating costs and debt service payments, which have been stress tested, 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.

The adoption of all 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 2022 are detailed in note 4.

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 2022.

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 2022

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. Contract asset and accrued income are recognised when income has been earned but not received. Contract liability and deferred income is recognised either upon collection of the invoice or when invoice is due, whichever is earlier. 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.

The Group enters into Forward Freight Agreements ("FFAs"), Forward Bunker Agreements ("FBAs") to manage revenue risk, and occasionally as a means to take speculative positions on the freight market. As such, any gains and losses are recognised with revenue daily, based on the end of day market settlement price.

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.

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.

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.4 Foreign currency transactions and translation (continued)

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.

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 Changes in Equity as part of the profit or loss on disposal.

2.5 Joint Venture

Investments in joint venture is accounted for based on the equity basis in accordance with IAS 28.

2.6 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.

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

At the end of each reporting period, the Group 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.

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.

2.7 Financial instruments

2.7.1 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:

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

2.7.1 Financial assets (continued)

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; Forward Freight Agreements ("FFAs"), Forward Bunker Agreements ("FBAs") and interest rate swaps to hedge interest fluctuations on borrowings and foreign exchange contracts are used to hedge against fluctuations in foreign exchange rates.

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 Statement of Changes in Equity.

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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial period based on the simplified expected credit loss (ECL) model. 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 that are categorised as financial assets held at amortised cost, such assets are carried at amortised cost using the effective interest method, if the time value of money may have a significant impact on their value, less allowances for any expected lifetime credit losses.

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

2.7.1 Financial assets (continued)

The carrying amounts of all financial assets are reduced by the expected credit 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.

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.

2.7.2 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 at amortised cost. 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.

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

2.7.3 Financial liabilities (continued)

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.

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.

2.8 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.

2.9 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.

2.10 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.

2.11 Deferred revenue

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

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.12 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.

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.

2.13 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.

Notes to the financial statements

for the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.13 Leases (continued)

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.

2.14 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.

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, management applies critical judgements in undertaking the cash flow projections for the purposes of conducting impairment analysis for the vessels. This includes judgements around forecasts for charter rates, operating expenses, and vessel off-hires, as well as forecast interest rates for loans taken against the vessels.

Management does not utilize any other critical judgments 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.

Notes to the financial statements

for the year ended 31 December 2022

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

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 2021 were \$1,025k (31 December 2020: \$274k).

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.

Valuation of unlisted investments

The Group holds unlisted investments in a fund where valuations are provided by the fund manager. The fund manager has employed a third-party valuation expert to perform the valuation.

Notes to the financial statements

for the year ended 31 December 2022

4. Changes in accounting policies

4.1 New standards, interpretation and amendments effective 1 January 2022

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

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

The requirements of these amendments are not applicable to the Group.

4.2 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Group is currently assessing the impact of these new accounting standards and amendments.

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 2022	31 Dec 2021
	\$'000	\$'000
Charter hire revenue – lease component	3,252	3,191
Charter hire revenue – non-lease component	14,289	8,799
Gain / (loss) on freight derivative contracts	1,467	12,622
	<u>19,007</u>	<u>24,612</u>

All revenue is generated from outside the United Kingdom.

Notes to the financial statements

for the year ended 31 December 2022

6. Other operating income

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Management fee income	1,590	1,912
Rental income	75	73
Other income	2	536
Profit from joint venture	104	15
	1,771	2,536

7. Expenses by nature

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Bunker inventory expense	187	206
Brokers commission expense	864	664
Insurance costs and settlements	633	480
Consumption of lubricating oil	223	112
Depreciation of property, plant and equipment	1,769	993
Repairs and maintenance on vessels	121	95
Employee costs – Note 8	3,643	1,816
Other vessel crew costs	1,023	595
Impairment loss on trade receivables	53	-
Fees paid to legal and professional advisors	213	475
Fees paid to Group's auditor – audit of Group and subsidiary accounts	65	85
Foreign exchange (gains) / losses	(54)	43
Vessel management fees	650	435
Other costs	1,459	975
	10,849	6,975

8. Directors' remuneration and staff costs

	31 Dec 2022	31 Dec 2022
	\$'000	\$'000
<u>Employee costs</u>		
Wages and salaries	3,987	2,012
Social security costs	112	70
Defined contribution pension costs	17	19
Less amounts recharged to related parties	(472)	(284)
	3,643	1,816

Notes to the financial statements

for the year ended 31 December 2022

8. Directors' remuneration and staff costs (continued)

	31 Dec 2022	31 Dec 2021
<u>Employee numbers</u>	Number	Number
Administrative	24	20
Operations	51	51
	75	71

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 2022	31 Dec 2021
	\$'000	\$'000
Salaries	1,513	427
Defined contribution pension costs	19	21
	1,532	448

Remuneration for the highest paid director, excluding pension contributions, was \$1,379k (31 December 2021: \$341k). Pension contributions in respect of the highest paid director are \$9k (31 December 2021: \$10k).

During the year, there was 2 directors (2021: 2) accruing pension benefits under the Group's money purchase pension scheme.

9. Finance income and expense

	31 Dec 2022	31 Dec 2021
<u>Finance income</u>	\$'000	\$'000
Interest income	250	100
Dividend income on available for sale financial assets	173	48
Net gain on financial assets and liabilities held for trading	123	661
	545	808
 <u>Finance expense</u>		
Interest expense on bank loans	545	140
	545	140

10. Taxation

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Current tax on profits	300	1,375
Foreign tax on profits for the current year	(90)	91
Deferred tax charge for the current year	(80)	399
	130	1,866

Notes to the financial statements**for the year ended 31 December 2022****10. Taxation (continued)**

The standard rate of corporation tax in the UK was 19% during the year (2021: 19%) The differences are explained below:

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Profit for the year before income tax	9,930	20,841
Tax charge based on the standard rate of corporation tax	3,960	3,960
Fixed asset differences	24	-
Expenses not deductible for tax purposes	2	185
Non-taxable income	(20)	(3)
Transfer pricing adjustments	129	89
Group relief surrendered	5	-
Foreign tax	59	98
Adjustments in respect of prior years	9	91
Adjustments in respect of prior years (deferred tax)	(44)	36
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	(102)	-
Current tax (current period) exchange difference arising on movement between opening and closing spot rates	(1)	(28)
Movement in deferred tax not recognised	(1,802)	(2,772)
	130	1,866

The Group has cumulative tax losses of \$6.6m (31 December 2021: \$15.1m). 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:

	Investments held at fair value	Accelerated capital allowances	Total
<u>Deferred tax asset / (liability)</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 1 January 2022	(764)	(70)	(834)
Opening balance adjustments	(19)	63	44
Movement in the year	101	(65)	37
At 31 December 2022	(682)	(72)	(753)

Deferred tax has been calculated at 19% being the prevailing rate at the balance sheet date. Subsequently, the UK government have announced that the rate will increase to 25% from the tax year beginning April 2023.

Notes to the financial statements

for the year ended 31 December 2022

11. 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 2022	24,371	772	534	4,524	424	30,624
Additions	6,750	417	-	-	13	7,180
Impairment	-	-	-	-	-	-
Disposals	-	(489)	-	-	-	(489)
At 31 December 2022	31,121	700	534	4,524	437	37,315
Depreciation						
At 1 January 2022	2,151	392	90	1,782	357	4,772
Charge for the year	1,240	284	45	72	11	1,652
Disposals	-	(392)	-	-	-	-
At 31 December 2022	3,391	284	136	1,852	368	6,031
Net book value						
At 31 December 2022	24,371	416	398	2,671	69	31,284
Cost						
At 1 January 2021	9,159	490	534	4,524	419	15,125
Additions	15,213	282	-	-	6	15,500
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	(1)	(1)
At 31 December 2021	24,371	772	534	4,524	424	30,624
Depreciation						
At 1 January 2021	1,490	196	45	1,701	348	3,780
Charge for the year	660	196	45	81	11	994
Disposals	-	-	-	-	(1)	(1)
At 31 December 2021	2,151	392	90	1,782	357	4,772
Net book value						
At 31 December 2021	22,221	380	443	2,742	67	25,852

Notes to the financial statements**for the year ended 31 December 2022****11. Property, plant and equipment (continued)**

The Directors carried out an impairment assessment at the reporting date of the carrying amount of the vessel in accordance with the Company's policy assessing the recoverable amount of the vessel, which is the higher of their fair value less costs to sell, and their value in use.

Value in use calculations involve estimating the discounted future cash flows, which require judgements concerning long-term forecasts of future revenues and costs related to the vessels as well as judgements about the discount rate used in the calculations. These forecasts are uncertain as they require assumptions to be made regarding global supply and demand growth and trends, geopolitical factors, market conditions and technological developments. Value in use calculations are mainly sensitive to the hire rates and discount rates applied in the calculations. Significant and unanticipated changes in these assumptions could result in a material impairment provision in a future period.

- The main assumptions used in performing the value in use calculations at the reporting date are as follows:
- contracted hire rate until the expiry of the current agreement;
- hire rate estimates for the remaining years based on the Forward Freight Agreement (FFA) rates and market indicators;
- operating expenses (crew and technical costs) based on the approved operating budget for 2021 adjusted for inflation;
- annual utilisation rate of 95% as adjusted in the relevant drydocking year for the number of days in drydock;
- use of the vessel until the end of its useful economic life, unless the vessel is sold or planned to be sold; and
- cash flows were discounted at a rate of 8%.

The Directors have determined the key estimates in the calculation to be the charter hire rates and the discount rate. The following sensitivity analysis has been performed at the period, ceteris paribus:

- a decrease in projected hire rates of 10% over the remaining useful economic life of the vessels will not result in additional impairment provision to the fleet (2021: \$nil); and
- an increase in the discount rate of 1% would not result in additional impairment provision to the fleet (2021: nil).

12. Investments

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Other investments	16	16
RB British Marine UK Ltd Joint Venture	221	117
	254	133

The Group has a 50% (2021:50%) interest in a joint venture, RB British Marine UK Limited, a company incorporated in the United Kingdom, the primary activity being vessel management. Whilst the Group owns 50% of the share capital, it is entitled to a share of net assets and distributions determined by an agreed formula.

Notes to the financial statements**for the year ended 31 December 2022****12. Investments (continued)**

The summarised financial information in relation to the joint venture is presented below:

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Trade and other receivables	2,831	2,226
Cash and cash equivalents	2,832	3,260
Trade and other payables	(4,751)	(4,909)
Net assets	912	576
Group share of net assets	221	117
Group share of net assets	24.3%	20.3%
Revenue	3,129	3,083
Total comprehensive income	373	115
Group share of total comprehensive income	104	15
Group share of total comprehensive income	28.0 %	13.0 %

13. Subsidiaries

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

Directly Held

Name:	British Marine Corporation
Nature of business:	Holding company
Country of Incorporation:	Marshall Islands
Registered office address:	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
Ownership proportion:	100%

Indirectly Held

Name:	British Marine Limited
Nature of business:	Shipping company
Country of Incorporation:	United Kingdom
Registered office address:	5 th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP, UK
Ownership proportion:	50.01%, 34.99% is held by Mr A. Bekhor and 15% is held by Mr J. Bekhor

Name:	Trademar Limited
Nature of business:	Investment company
Country of Incorporation:	United Kingdom
Registered office address:	5 th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP, UK
Ownership proportion:	100%

Notes to the financial statements

for the year ended 31 December 2022

13. Subsidiaries (continued)

Name:	Jubilee Ship Holdings Limited
Nature of business:	Ship owning company
Country of Incorporation:	United Kingdom
Registered office address:	5 th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP, UK
Ownership proportion:	100%
Name:	Diamond Jubilee Limited
Nature of business:	Ship owning company
Country of Incorporation:	United Kingdom
Registered office address:	5 th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP, UK
Ownership proportion:	100%
Name:	Meridian Bulk Limited
Nature of business:	Ship owning company
Country of Incorporation:	United Kingdom
Registered office address:	5 th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP, UK
Ownership proportion:	100%
Name:	RB British Marine (India) Pvt Limited
Nature of business:	Service company
Country of Incorporation:	India
Registered office address:	918-922C, 215 Atrium, Andheri Kurla Road, Andheri (East), Mumbai 400 093, India
Ownership proportion:	99.99%, 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.

14. Inventories

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<u>Inventories at cost</u>		
Lubricating oil	297	210
Stock under bond	28	20
	325	230

15. Trade and other receivables

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Trade receivables – third parties	1,146	1,025
Less: provision for impairment of trade receivables	(41)	-
Net trade receivables	1,105	1,025

Notes to the financial statements

for the year ended 31 December 2022

15. Trade and other receivables (continued)

Amounts due from related parties (note 25)	375	6,780
Amount due from related party relating to cumulative FFA gains (note 26)	17,528	16,061
Prepayments	381	271
Other receivables	388	488
Total trade and other receivables	19,777	24,625

Trade receivables were assessed for indicators of impairment at the end of the year based on the simplified expected credit loss (ECL) model. There is no objective evidence that the estimated future cash flows of the investment have been impacted following initial recognition.

The age analysis of trade receivables is as follows:

	31 Dec 2022	31 Dec 2021
	\$	\$
Trade receivables not yet due	565	846
<i>Trade receivables past due:</i>		
Less than 30 days	1	38
30 to 60 days	-	-
61 to 90 days	480	14
91 to 120 days	58	-
More than 120 days	-	127
	1,105	1,025

16. Leases

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
At 1 January	291	596
Receipts	(317)	(289)
Unwinding of discount	2	6
Lease modification	-	-
Exchange gains / (losses)	24	(21)
At 31 December	-	291

Present value of lease receivables:

Receivable within 1 year	-	291
Receivable between 1 year and 5 years	-	-
	-	291

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

Notes to the financial statements

for the year ended 31 December 2022

16. Leases (continued)

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
At 1 January	904	1,062
Opening balance adjustment	-	(107)
Liabilities discharged	(982)	-
Unwinding of discount	3	15
Lease modification	-	(79)
Exchange (gains) / losses	75	13
At 31 December	-	904
<u>Present value of lease liabilities:</u>		
Payable within 1 year	-	904
Payable between 1 year and 5 years	-	-
	-	904

17. Other financial assets

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Listed investments	898	2,855
Other investments	6,665	7,136
Lease asset	1,200	-
	8,763	9,991

Other financial assets are held for trading as part of a portfolio. Listed investments comprise equities, other investments comprise of unlisted instruments. These are disclosed at the carrying value reported by the investment managers which approximates to the fair value. Refer to note 26 for further detail on the valuation methodologies.

18. Cash and cash equivalents

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash at bank	906	1,440
Restricted cash	15	2,181
	921	3,621

Restricted cash is cash held on account by the lender for the liquidity reserve and debt service retention purposes.

Notes to the financial statements

for the year ended 31 December 2022

19. Trade and other payables

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Trade payables – third parties	665	629
Amounts due to related parties (note 25)	3,515	1,082
Other payables	301	1,379
Accruals	1,530	540
Deferred income	320	277
	6,330	3,907

During the year, the Group borrowed funds from a related party to fund the equity requirements for the acquisition of MV Greenwich.

20. Provisions

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Provision for legal claim	655	655
	655	655

Movement in provisions:

	Legal claim \$'000	Total \$'000
Carrying amount 1 January 2022	655	655
Charged to statement of comprehensive income	-	-
Carrying amount at 31 December 2022	655	655

The provision relates to various charter claims dating back to 2009 against the Group. In 2017, the directors considered it prudent to recognise a provision for the full amount of the longstanding legal claims. There has been no movement relating to these claims during the year and the directors consider it prudent to maintain the provision.

21. Loans and borrowings

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
M.M. Warburg & Co.	-	12,900
	-	12,900
Current loans and borrowings	-	3,900
Non-current loans and borrowings	-	9,000
	-	12,900

Two of the Group's subsidiaries entered into a loan agreement with a third party on 12 July 2021 as joint and several borrowers together with another related party. On 30 September 2022, the Group repaid the loan in full. The repayment was funded through a loan from a related party.

Notes to the financial statements

for the year ended 31 December 2022

21. Share capital

	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
<u>Authorised, called up and fully paid</u>	Number	\$'000	Number	\$'000
Ordinary ("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 Ordinary "C" shares have no voting rights and minimal economic rights attached to them. The "A" and "B" 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:

- repayment of capital to the ordinary shareholders;
- 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 to the "A" shareholders with the balance of 0.1% being divided pro-rata to the "B" shares;
- any remaining value is divided pro-rata to the number of shares held by all of the ordinary shareholders.

22. 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).

23. Commitments and contingenciesContingent 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.

Notes to the financial statements**for the year ended 31 December 2022****24. Related party transactions**

The Group had transactions in the ordinary course of business with related parties during the year ended 31 December 2022:

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Invoices paid by or on behalf of related parties	(145)	1,911
Management fees charged to related parties	169	1,912
Recharge of office overheads	431	325
Cash received from and paid to related parties	(9,292)	(706)
Group settlement of related party balances	-	(1,821)
Gain on derivative positions held by related party*	1,467	12,622
Repayment of loan with related parties	-	-
	(7,371)	14,243
Amounts owed by related parties at 31 December	17,903	22,841
Amounts owed to related parties at 31 December	3,515	1,082

* Gain on derivative positions are measured at fair value and recharged to the related party.

Related parties – companies under common control

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

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

Related parties – equity accounted associate

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 \$104k (2021: \$15k) and is included within Other Operating Income. Services are provided to RB British Marine UK Ltd by certain Group companies, revenue for which is also included in Other Operating Income.

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

Notes to the financial statements**for the year ended 31 December 2022****25. 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. Freight derivative positions are held by Britmar Limited, a party related by ultimate common ownership, on behalf of the Group. Any gain or loss on these positions are passed through to the Group and recognised in the statement of comprehensive income. 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<u>Financial assets</u>	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	-	-	19,777	24,625
Other financial assets	8,763	9,991	-	-
Cash and cash equivalents	-	-	921	3,621
	8,763	9,991	20,697	28,246

	Financial liabilities at fair value through profit and loss		Financial liabilities at amortised cost	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<u>Financial liabilities</u>	\$'000	\$'000	\$'000	\$'000
Trade and other payables	-	-	6,330	3,907
Loans and borrowings	-	-	-	12,900
	-	-	6,330	16,807

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.

Notes to the financial statements**for the year ended 31 December 2022****25. Financial instruments, financial risks and capital risk management (continued)****a. 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:

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Trade receivables – nominal amounts	1,146	1,025
Less: allowance for impairment	(41)	-
	<u>1,105</u>	<u>1,025</u>

b. Interest rate risk

The Group is exposed to cash flow interest rate risk on bank borrowings which is subject to fluctuating interest rates. During the year the Group entered a facility with a third-party which involved granting mortgages over the Group's owned vessels. Management has evaluated the effect of a 1% rise in interest rates as having a \$129k effect on the Group's profitability and cash flow per annum.

c. 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.

Notes to the financial statements**for the year ended 31 December 2022****25. Financial instruments, financial risks and capital risk management (continued)**

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Sterling	348	346
Euro	97	21
Indian rupees	2,779	2,919
Australian dollars	135	552
United Arab Emirate Dirham	194	235

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.

d. 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. 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.

	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>At 31 December 2022</u>					
Trade and other payables	6,010	-	-	-	6,010
Loans and borrowings	-	-	-	-	-
	6,010	-	-	-	6,010
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>At 31 December 2021</u>					
Trade and other payables	3,630	-	-	-	4,382
Loans and borrowings	3,300	600	9,000	-	12,900
	6,930	600	9,000	-	16,530

There were no transfers between levels during the period.

Notes to the financial statements

for the year ended 31 December 2022

25. Financial instruments, financial risks and capital risk management (continued)**e. 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 borrowings, 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 2022 \$'000	31 Dec 2021 \$'000
Loans and borrowings	-	12,900
Lease liabilities	-	904
Less: cash and cash equivalents	(921)	(3,621)
Net debt	(921)	10,183
Total equity	53,204	44,237
Net Debt to capital ratio	(1.73%)	23.02%

f. 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:

	Level 1 \$'000	Level 3 \$'000	Fair value Total \$'000	Carrying value Total \$'000
<u>At 31 December 2022</u>				
<u>Financial assets</u>				
Listed investments	898	-	898	898
Other investments	-	6,665	6,665	6,665
<u>Financial liabilities</u>				
Interest bearing loans and borrowings	-	-	-	-

Notes to the financial statements

for the year ended 31 December 2022

25. Financial instruments, financial risks and capital risk management (continued)**f. Fair value of financial assets and financial liabilities (continued)**

	Level 1	Level 3	Fair value Total	Carrying value Total
<u>At 31 December 2021</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets</u>				
Listed investments	2,855	-	2,855	2,855
Other investments	-	7,136	7,136	7,136
 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.

g. Reconciliation of liabilities

	Current loans and borrowings \$'000	Total \$'000
At 1 January 2022	12,900	12,900
Accrual of interest	545	545
Payment of interest	(545)	(545)
Drawdown on loan	-	-
Repayment of loans and borrowings	(12,900)	(12,900)
At 31 December 2022	-	-

26. Ultimate parent undertaking

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

27. Ultimate controlling party

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

Company Statement of Financial Position

for the year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Non-current assets			
Property, plant and equipment		-	1
Investments	2	921	817
Lease receivable	4	-	-
		921	818
Current assets			
Trade and other receivables	3	8,382	7,850
Lease receivable	4	-	291
Other financial assets	5	3,900	4,232
Cash and cash equivalents	6	125	515
		12,407	12,888
Current liabilities			
Trade and other payables	7	1,309	239
Lease liability	4	-	904
Deferred tax liability		683	765
		1,992	1,908
Net current assets		10,415	10,980
Net assets		11,336	11,798
Capital and reserves			
Share capital	8	18,251	18,251
Share premium		595	595
Retained earnings		(7,510)	(7,048)
Total equity		11,336	11,798

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company statement of comprehensive income. The loss for the Company for the year ended 31 December 2022 was \$649k (31 December 2021: profit of \$429k).

The financial statements on pages 42 to 47 were approved and authorised for issue by the Board of Directors on 1 August 2023 and were signed by:



Joseph Bekhor, Director

Britmar (UK) Limited

Registered No. 06225520

Company Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 December 2021	18,251	595	(7,048)	11,798
Loss for the financial year	-	-	(463)	(463)
Balance at 31 December 2022	18,251	595	(7,511)	11,336
Balance at 31 December 2020	18,251	595	(7,477)	11,369
Profit for the financial year	-	-	429	429
Balance at 31 December 2021	18,251	595	(7,048)	11,798

Notes to the Company financial statements

for the year ended 31 December 2022

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 IFRS in conformity with the Companies Act 2006;
- 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 Company financial statements

for the year ended 31 December 2022

2. Investments in subsidiaries

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<u>Shares in subsidiary companies at carrying value</u>		
At 1 January	817	802
Increase in investment	104	15
	921	817

The subsidiaries of the company are listed in note 13 of the Group financial statements.

3. Trade and other receivables

	31 Dec 2021	31 Dec 2021
	\$'000	\$'000
Trade receivables	1	-
Amounts due from related parties	8,104	7,585
Amounts due from subsidiaries	6	
Other receivables and prepayments	271	265
	8,382	7,850

Amounts due from related parties and subsidiaries are interest free and repayable on demand.

4. Leases

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
At 1 January	290	596
Receipts	(317)	(289)
Unwinding of discount	2	6
Exchange losses	24	(22)
At 31 December	-	290

Present value of lease receivables:

Receivable within 1 year	-	290
Receivable between 1 year and 5 years	-	-
	-	290

Notes to the Company financial statements

for the year ended 31 December 2022

4. Leases (continued)

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
At 1 January	904	1,062
Opening balance adjustment	-	(107)
Liabilities discharged	(982)	-
Unwinding of discount	3	15
Lease modification	-	(79)
Exchange (gains) / losses	75	13
At 31 December	-	904

Present value of lease liabilities:

Payable within 1 year	-	904
Payable between 1 year and 5 years	-	-
	-	904

5. Other financial assets

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Other investments	3,900	4,232
	3,900	4,232

Other investments are shares held in a fund. These are disclosed at the carrying value reported by the investment managers, and audited by a third party, which approximates to the fair value.

6. Cash and cash equivalents

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash at bank	110	500
Restricted cash	15	15
	125	515

7. Trade and other payables

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Trade payables	25	29
Accruals	120	-
Amounts due to subsidiaries	964	-
Other payables	201	210
	1,309	239

Notes to the Company financial statements
for the year ended 31 December 2022**8. Issued share capital**

	31 Dec 2022	31 Dec 2021
<u>Allotted, called up and fully paid</u>	\$'000	\$'000
12,288,998 Class "A" ordinary 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

Please refer to Group disclosure note 22 for further details.