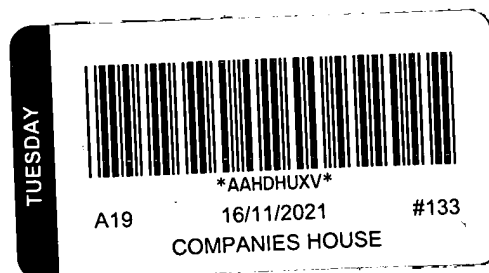


Britmar (UK) Limited

Annual Report and Consolidated Financial Statements

31 December 2020



Company Registered No. 06225520

Britmar (UK) Limited

Registered No. 0625520

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Directors

Alan Bekhor
Joseph Bekhor

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Registered Office

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

Group strategic report

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

Principal activities

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

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

Business review

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

| | 31 Dec 2020 | 31 Dec 2019 |
|---------------------------|-------------|-------------|
| | \$'000 | \$'000 |
| Revenue | 3,533 | 2,925 |
| Total operating profit | 188 | 702 |
| Profit before tax | 373 | 1,454 |
| Cash and cash equivalents | 664 | 1,307 |
| Gearing | 0% | 6% |

The Group made a profit for the year, after taxation, of \$231k (31 Dec 2019: \$1,347k).

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.

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

Subsequent to the balance sheet date, the Group acquired a new vessel and entered into a financing facility for which security over the Group's owned vessels was granted.

Principal risks and uncertainties

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

Group strategic report

Principal risks and uncertainties (continued)

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

Price risk

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

Foreign exchange risk

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

Liquidity risk

The Group's liquidity position is adequate for the revised level of business with \$0.664m of cash and cash equivalents at 31 December 2020 (31 December 2019: \$1.307m). 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.

Group strategic report

Approval

This group strategic report was approved by order of the Board on 10 November 2021



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 2020. The comparative results, as presented in the Group financial statements, are the financial statements for the year ended 31 December 2019.

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 \$373k for the year (31 December 2019: \$1,455k). The directors do not recommend the payment of a dividend for the year (31 December 2019: \$nil).

Post balance sheet events

The Group acquired a subsidiary, Diamond Jubilee Limited, from a related party on 23 April 2021. This subsidiary subsequently acquired a vessel from a third party on 19 July 2021.

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. To facilitate this loan, the Companies granted mortgages over their owned vessels. The loan is repayable over a five-year term.

Going concern

The Group remains a going concern, with its 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 Ltd. The Directors have prepared and reviewed the cash flow forecast, which has 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.

Auditors

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

Directors' report

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs in conformity with the Companies Act 2006, 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 10 November 2021.



Joseph Bekhor
Director

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practise; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Britmar (UK) Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Change in Equity, Company Statement of Change in Equity, Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in preparation of Parent company financial statement is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting practise).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 and Parent Company'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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Directors determine 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 and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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. Based on our understanding of the Group, we considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and UK tax requirements. The Group

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions among the engagement team on how and where fraud might occur in the financial statements;
- Inspecting legal and professional fees for indications of non-compliance with laws and regulations;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journals of material nature, journals posted by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

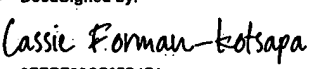
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Cassie Forman-Kotsapa (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
United Kingdom
London
W1U 7EU

12 November 2021

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

Consolidated statement of comprehensive income

for the year ended 31 December 2020

| | Note | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|--|------|-----------------------|-----------------------|
| Revenue | 5 | 3,533 | 2,925 |
| Cost of Sales | 7 | (1,744) | (1,793) |
| Gross profit | | 1,789 | 1,132 |
| Other operating income | 6 | 1,543 | 1,739 |
| Gain on disposal of fixed assets | | 1 | 1 |
| Administrative expenses | 7 | (3,144) | (2,169) |
| Operating profit | | 188 | 702 |
| Finance income | 9 | 214 | 865 |
| Finance expense | 9 | (29) | (113) |
| Profit before taxation | | 373 | 1,454 |
| Taxation on profit from ordinary activities | 10 | (143) | (107) |
| Profit after taxation | | 231 | 1,347 |
| (Loss) / profit after taxation attributable to the Group | | (12) | 1,105 |
| Profit after taxation attributable to non-controlling interests | | 243 | 242 |
| Other comprehensive income / (loss) | | | |
| Exchange loss on translation of foreign operations | | 6 | (22) |
| Other comprehensive loss attributable to the Group | | 3 | (11) |
| Other comprehensive loss attributable to non-controlling interests | | 3 | (52) |
| Total comprehensive profit for the year | | 237 | 1,325 |

The notes on pages 16 to 41 form part of these financial statements.

Consolidated statement of financial position**at 31 December 2020**

| | Note | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 (restated) |
|---|------|-----------------------|-------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 11,345 | 12,439 |
| Investments | 12 | 118 | 115 |
| Lease receivable | 16 | 285 | 600 |
| | | 11,748 | 13,154 |
| Current assets | | | |
| Inventories | 14 | 92 | 92 |
| Trade and other receivables | 15 | 8,395 | 5,761 |
| Lease receivable | 16 | 311 | 242 |
| Other financial assets | 17 | 7,028 | 8,870 |
| Corporation tax asset / (liability) | | 199 | (52) |
| Cash and cash equivalents | 18 | 664 | 1,307 |
| | | 16,689 | 16,220 |
| Current liabilities | | | |
| Trade and other payables | 19 | 1,040 | 976 |
| Provisions | 20 | 655 | 655 |
| Lease liability | 16 | 635 | 414 |
| Deferred tax liability | 10 | 434 | 72 |
| Loans and borrowings | 21 | - | 1,400 |
| | | 2,764 | 3,517 |
| Net current assets | | 13,925 | 12,703 |
| Non-current liabilities | | | |
| Lease liability | 16 | 427 | 848 |
| | | 427 | 848 |
| Net assets | | 25,246 | 25,009 |
| Capital and reserves | | | |
| Share capital | 22 | 18,251 | 18,251 |
| Share premium | 23 | 595 | 595 |
| Foreign exchange reserve | 23 | (124) | (130) |
| Retained earnings | 23 | (511) | (499) |
| Capital and reserves attributable to the Group | | 18,273 | 18,282 |
| Capital and reserves attributable to non-controlling interests | | 7,035 | 6,792 |
| Total equity | | 25,246 | 25,009 |

Consolidated statement of financial position

at 31 December 2020

The financial statements were approved and authorised for issue by the Board on 10 November 2021 and were signed on its behalf by:



Joseph Bekhor
Director

The notes on pages 16 to 41 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2020

| | Share capital | Share premium | Retained earnings | Foreign exchange reserve | Non- controlling interests | Total |
|------------------------------------|------------------|------------------|----------------------|--------------------------------|----------------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 31 December 2019 | 18,251 | 595 | (499) | (130) | 6,792 | 25,009 |
| Profit for the financial year | - | - | (12) | - | 243 | 231 |
| Other comprehensive income | - | - | - | 6 | - | 6 |
| Balance at 31 December 2020 | 18,251 | 595 | (511) | (124) | 7,035 | 25,246 |
| Balance at 31 December 2018 | 18,251 | 595 | (1,170) | (108) | 6,550 | 24,118 |
| Effect of adoption of IFRS 16 | - | - | (434) | - | - | (434) |
| Balance at 1 January 2019 | 18,251 | 595 | (1,604) | (108) | 6,550 | 23,684 |
| Profit for the financial year | - | - | 1,105 | - | 242 | 1,347 |
| Other comprehensive income | - | - | - | (22) | - | (22) |
| Balance at 31 December 2019 | 18,251 | 595 | (499) | (130) | 6,792 | 25,009 |

The notes on pages 16 to 41 form part of these financial statements.

Consolidated statement of cashflows

for the year ended 31 December 2020

| | Note | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 (restated) |
|---|------|-----------------------|-------------------------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | | 373 | 1,455 |
| <u>Adjustments for:</u> | | | |
| Depreciation of property, plant and equipment | 11 | 701 | 545 |
| Impairment of property, plant and equipment | 11 | 705 | - |
| Gain on disposal of property, plant and equipment | | (1) | - |
| Profit from joint venture | 6 | (10) | (38) |
| (Gain) / loss on settlement of derivatives contracts | 5 | (312) | 444 |
| Loss on impairment of trade receivables | 7 | - | 31 |
| Finance income | 9 | (214) | (865) |
| Finance expense | 9 | 29 | 113 |
| <u>Movements in working capital:</u> | | | |
| Inventories | | (1) | 11 |
| Trade and other receivables | | (2,321) | 3,102 |
| Trade and other payables | | 64 | (3,794) |
| Dividend received | | 11 | 13 |
| Interest received | | 185 | 176 |
| Taxation paid | | (32) | (283) |
| Cash (used in) / generated from operating activities | | (824) | 911 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (312) | (729) |
| Proceeds from disposal of financial assets | | 2,259 | 1,250 |
| Lease receipts | 16 | 224 | 317 |
| Net cash from investing activities | | 2,172 | 837 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (1,400) | (1,065) |
| Interest paid | | (29) | (113) |
| Lease payments | 16 | (209) | (410) |
| Net cash used in financing activities | | (1,637) | (1,588) |
| Net increase in cash and cash equivalents | | (289) | 160 |
| Cash and cash equivalents at 1 January | | 1,307 | 1,341 |
| Net foreign exchange differences | | (355) | (194) |
| Cash and cash equivalents at 31 December | 18 | 664 | 1,307 |
| Unrestricted cash at 31 December | | 649 | 1,293 |
| Restricted cash at 31 December | | 15 | 15 |
| Total cash and cash equivalents at 31 December | | 664 | 1,307 |

The notes on pages 16 to 41 form part of these financial statements

Notes to the financial statements

for the year ended 31 December 2020

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 2020 were authorised for issue in accordance with a resolution of the directors on 10 November 2021. The comparative results are the Group's financial statements for the year ended 31 December 2019. The Company, Britmar (UK) Limited, is incorporated in the United Kingdom under the Companies Act.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRS, in conformity with the requirements of Companies Act 2006.

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

The Group has prepared and reviewed cash flow forecasts, 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 2020 are reflected in these financial statements.

Prior period adjustment

In 2019, certain balances held under deposits accounts with maturity date of more than 3 months were classified as cash and cash equivalents. The prior period adjustment relates to reclassification of these balances. The effect of this adjustment is to increase the Other Financial Asset balance by \$2,670k, trade and other receivable balance by \$258k and reducing cash and cash equivalent balance by \$2,928k.

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 2020.

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 2020

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.

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 2020

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 comprehensive income 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 2020

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 2020

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

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

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

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

Loans and receivables

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

Impairment of financial assets

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

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

Notes to the financial statements

for the year ended 31 December 2020

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

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

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 initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Notes to the financial statements

for the year ended 31 December 2020

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 2020

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 2020

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.

2.15 Operating segment

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgments made in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Notes to the financial statements

for the year ended 31 December 2020

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 2020 were \$274k (31 December 2019: \$92k).

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.

Notes to the financial statements

for the year ended 31 December 2020

4. Accounting standards issued but not yet effective**4.1 New standards, interpretation and amendments effective 1 January 2020**

There are no specific standards, interpretations and amendments issued by the IASB and IFRS Interpretations Committee that are effective that the Group has adopted for the Group's consolidated financial statements.

4.2 Standards issued but not yet effective

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

5. Revenue

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|---|-----------------------|-----------------------|
| Charter hire revenue – lease component | 985 | 1,279 |
| Charter hire revenue – non-lease component | 1,926 | 1,750 |
| Gain / (loss) on freight derivative contracts | 312 | (444) |
| | 3,533 | 2,925 |

All revenue is generated from outside the United Kingdom

6. Other operating income

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|---------------------------|-----------------------|-----------------------|
| Management fee income | 1,377 | 1,612 |
| Rental income | 72 | 69 |
| Other income | 84 | 20 |
| Profit from joint venture | 10 | 38 |
| | 1,543 | 1,739 |

7. Expenses by nature

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|---|-----------------------|-----------------------|
| Bunker inventory expense | (30) | (27) |
| Brokers commission expense | 143 | 183 |
| Insurance costs and settlements | 289 | 127 |
| Consumption of lubricating oil | 99 | 82 |
| Depreciation of property, plant and equipment | 701 | 545 |
| Impairment of property, plant and equipment | 705 | - |
| Repairs and maintenance on vessels | 66 | 84 |
| Employee costs – Note 8 | 1,453 | 1,360 |

Notes to the financial statements**for the year ended 31 December 2020****7. Expenses by nature (continued)**

| | | |
|---|-----|------|
| Other vessel crew costs | 402 | 471 |
| Impairment loss on trade receivables | - | 31 |
| Fees paid to legal and professional advisors | 115 | 120 |
| Fees paid to Group's auditor – audit of Group and subsidiary accounts | 64 | 74 |
| Fees paid to Group's auditor – non-audit services | - | 45 |
| Foreign exchange losses / (gains) | 2 | (13) |
| Other costs | 899 | 881 |

8. Directors' remuneration and staff costs

| | 31 Dec 2020 | 31 Dec 2019 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| <u>Employee costs</u> | | |
| Wages and salaries | 1,632 | 1,530 |
| Social security costs | 96 | 63 |
| Defined contribution pension costs | 19 | 19 |
| Less amounts recharged to related parties | (294) | (252) |
| | 1,453 | 1,360 |

| | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------|-------------|-------------|
| | Number | Number |
| <u>Employee numbers</u> | | |
| Administrative | 20 | 18 |
| Operations | 30 | 30 |
| | 50 | 48 |

Key management personnel compensation

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

| | 31 Dec 2020 | 31 Dec 2019 |
|------------------------------------|-------------|-------------|
| | \$'000 | \$'000 |
| Salaries | 478 | 383 |
| Defined contribution pension costs | 19 | 19 |
| | 497 | 402 |

Remuneration for the highest paid director, excluding pension contributions, was \$341k (31 December 2019: \$255k). Pension contributions in respect of the highest paid director are \$10k (31 December 2019: \$10k).

During the year, there was 2 directors (2019: 2) accruing pension benefits under the Group's money purchase pension scheme.

Notes to the financial statements**for the year ended 31 December 2020****9. Finance income and expense**

| | 31 Dec 2020 | 31 Dec 2019 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| <u>Finance income</u> | | |
| Interest income | 185 | 175 |
| Dividend income on available for sale financial assets | 11 | 15 |
| Net gain on financial assets and liabilities held for trading | 18 | 675 |
| | 214 | 865 |
| <u>Finance expense</u> | | |
| Interest expense on bank loans | 29 | 113 |
| Net loss on financial assets and liabilities held for trading | - | - |
| | 29 | 113 |

10. Tax expense

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

| | 31 Dec 2020 | 31 Dec 2019 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Current tax on profits | (220) | 1 |
| Foreign tax on profits for the current year | - | 18 |
| Deferred tax charge for the current year | 363 | 88 |
| | 143 | 107 |

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

| | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------------|--------------------|
| | \$'000 | \$'000 |
| Tax charge based on the standard rate of corporation tax | 71 | 276 |
| Utilisation of tax losses | (7) | (124) |
| Transfer pricing adjustments | 27 | 10 |
| Non-taxable income | (2) | (9) |
| Expenses not deductible for tax purposes | 134 | - |
| Adjustments in respect of prior years | (134) | (4) |
| Unwinding of IFRS 16 adjustment | - | (3) |
| Adjustment of opening and closing deferred tax rate | - | (8) |
| Difference in tax rates | 54 | (31) |
| | 143 | 107 |

The Group has cumulative tax losses of \$27.4m (31 December 2019: \$27.1m). 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:

Notes to the financial statements

for the year ended 31 December 2020

10. Tax expense (continued)

| | Investments held at fair value \$'000 | Accelerated capital allowances \$'000 | Total \$'000 |
|---|---|--|-----------------|
| <u>Deferred tax asset / (liability)</u> | | | |
| At 1 January 2020 | (155) | 83 | (72) |
| Movement in the year | (296) | (66) | (363) |
| At 31 December 2020 | (451) | 17 | (434) |

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.

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 2020 | 9,159 | 380 | 345 | 5,228 | 412 | 15,524 |
| Additions | - | 110 | 189 | - | 13 | 312 |
| Impairment | - | - | - | (705) | - | (705) |
| Disposals | - | - | - | - | (6) | (6) |
| At 31 December 2020 | 9,159 | 490 | 534 | 4,523 | 419 | 15,125 |
| Depreciation | | | | | | |
| At 1 January 2020 | 1,127 | - | - | 1,617 | 341 | 3,085 |
| Charge for the year | 364 | 196 | 45 | 84 | 12 | 701 |
| Disposals | - | - | - | - | (6) | (6) |
| At 31 December 2020 | 1,491 | 196 | 45 | 1,701 | 347 | 3,780 |
| Net book value | | | | | | |
| At 31 December 2020 | 7,668 | 294 | 489 | 2,822 | 72 | 11,345 |
| Cost | | | | | | |
| At 1 January 2019 | 9,159 | 402 | - | 5,228 | 412 | 15,201 |
| Additions | - | 380 | 345 | - | 4 | 729 |
| Disposals | - | (402) | - | - | (4) | (406) |
| At 31 December 2019 | 9,159 | 380 | 345 | 5,228 | 412 | 15,524 |

Notes to the financial statements**for the year ended 31 December 2020****11. Property, plant and equipment (continued)****Depreciation**

| | | | | | | |
|----------------------------|--------------|----------|----------|--------------|------------|--------------|
| At 1 January 2019 | 763 | 330 | - | 1,524 | 329 | 2,946 |
| Charge for the year | 364 | 72 | - | 93 | 16 | 545 |
| Disposals | - | (402) | - | - | (4) | (406) |
| At 31 December 2019 | 1,127 | - | - | 1,617 | 341 | 3,085 |

Net book value

| | | | | | | |
|----------------------------|--------------|------------|------------|--------------|-----------|---------------|
| At 31 December 2019 | 8,032 | 380 | 345 | 3,611 | 71 | 12,439 |
|----------------------------|--------------|------------|------------|--------------|-----------|---------------|

12. Investments

| | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------------|--------------------|
| | \$'000 | \$'000 |
| Other investments | 16 | 23 |
| RB British Marine UK Ltd Joint Venture | 102 | 92 |
| | 118 | 115 |

13. Subsidiaries

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

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

* 34.99% is held by Mr A. Bekhor and 15% is held by Mr J. Bekhor

** One share is held by Mr A. Bekhor as nominee for the beneficial owner being the Company.

The ultimate controlling party of the Group is Alan Bekhor.

Notes to the financial statements**for the year ended 31 December 2020****14. Inventories**

| | 31 Dec 2020 | 31 Dec 2019 |
|----------------------------|-------------|-------------|
| | \$'000 | \$'000 |
| <u>Inventories at cost</u> | | |
| Bunkers | - | 50 |
| Lubricating oil | 83 | 39 |
| Stock under bond | 9 | 3 |
| | <u>92</u> | <u>92</u> |

During the year, the bunker fuel consumed was \$30k (2019: \$27k).

15. Trade and other receivables

| | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Trade receivables – third parties | 274 | 92 |
| Amounts due from related parties – Note 25 | 7,516 | 4,550 |
| Prepayments | 139 | 146 |
| Other receivables | 466 | 973 |
| | <u>8,395</u> | <u>5,761</u> |

The age analysis of trade receivables is as follows:

| | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Trade receivables not yet due | 194 | 66 |
| Trade receivables past due: | | |
| Less than 30 days | 69 | 26 |
| 30 to 60 days | - | - |
| 61 to 90 days | 11 | - |
| 91 to 120 days | - | - |
| More than 120 days | - | - |
| | <u>274</u> | <u>92</u> |

16. Leases

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

| | 31 Dec 2020 | 31 Dec 2019 |
|---------------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| At 1 January | 842 | 1,092 |
| Receipts | (224) | (317) |
| Unwinding of discount | 10 | 13 |
| Lease modification | (24) | - |
| Exchange gains / (losses) | (8) | 54 |
| At 31 December | <u>596</u> | <u>842</u> |

Notes to the financial statements**for the year ended 31 December 2020****16. Leases (continued)**Present value of minimum lease payments:

| | | |
|---------------------------------------|------------|------------|
| Receivable within 1 year | 311 | 242 |
| Receivable between 1 year and 5 years | 285 | 600 |
| | 596 | 842 |

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

| | 31 Dec 2020 | 31 Dec 2019 |
|---------------------------|--------------------|--------------------|
| | \$'000 | \$'000 |
| At 1 January | 1,262 | 1,615 |
| Liabilities discharged | (209) | (410) |
| Unwinding of discount | 16 | 20 |
| Exchange (gains) / losses | (7) | 37 |
| At 31 December | 1,062 | 1,262 |

Present value of minimum lease payments:

| | | |
|------------------------------------|--------------|--------------|
| Payable within 1 year | 635 | 414 |
| Payable between 1 year and 5 years | 427 | 848 |
| | 1,062 | 1,262 |

17. Other financial assets

| | 31 Dec 2020 | 31 Dec 2019 |
|--------------------|--------------------|--------------------|
| | \$'000 | \$'000 |
| | | (revised) |
| Listed investments | 656 | 4,084 |
| Other investments | 6,373 | 4,786 |
| | 7,028 | 8,870 |

Other financial assets are held for trading as part of a managed portfolio. Listed investments comprise of various instruments including bonds, equities, and other structured products. Other investments comprise of unlisted instruments within the portfolio including cash and other short-term instruments. These are disclosed at the carrying value reported by the investment managers which approximates to the fair value. During the year, the company disposed some of its listed and other investment for total proceeds of £2,259,000.

Notes to the financial statements

for the year ended 31 December 2020

18. Cash and cash equivalents

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 (restated) |
|-----------------|-----------------------|-------------------------------------|
| Cash at bank | 649 | 1,293 |
| Restricted cash | 15 | 15 |
| | 664 | 1,307 |

19. Trade and other payables

| | 31 Dec 2019 \$'000 | 31 Dec 2019 \$'000 |
|--------------------------------|-----------------------|-----------------------|
| Trade payables – third parties | 478 | 246 |
| Other payables | 241 | 245 |
| Accruals | 181 | 390 |
| Contract liabilities | 140 | 95 |
| | 1,040 | 976 |

20. Provisions

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|---------------------------|-----------------------|-----------------------|
| Provision for legal claim | 655 | 655 |
| | 655 | 655 |

| | Legal claim \$'000 | Total \$'000 |
|--|-----------------------|-----------------|
| Carrying amount 1 January 2020 | 655 | 655 |
| Charged to statement of comprehensive income | - | - |
| Carrying amount at 31 December 2020 | 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.

Notes to the financial statements**for the year ended 31 December 2020****21. Loans and borrowings**

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|----------------------------------|-----------------------|-----------------------|
| Lombard Odier | - | 1,400 |
| | <u>-</u> | <u>1,400</u> |
| Current loans and borrowings | - | 1,400 |
| Non-current loans and borrowings | - | - |
| | <u>-</u> | <u>1,400</u> |

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

Lombard Odier

The Group repaid its credit facility with one of its investment portfolio managers, Lombard Odier during the year in full. The facility was secured against assets held in the investment portfolio.

22. Share capital

| | 31 Dec 2020 Number | 31 Dec 2020 \$'000 | 31 Dec 2019 Number | 31 Dec 2019 \$'000 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>Authorised, called up and fully paid</u> | | | | |
| Deferred ("A") shares of £1 each | 12,288,998 | 18,250 | 12,288,998 | 18,250 |
| Ordinary ("B") shares of \$0.0001 each | 12,694,119 | 1 | 12,694,119 | 1 |
| Ordinary ("C") shares of \$0.0001 each | 2,025,655 | - | 2,025,655 | - |
| | <u>27,008,772</u> | <u>18,251</u> | <u>27,008,772</u> | <u>18,251</u> |

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

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

Notes to the financial statements**for the year ended 31 December 2020****23. 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). |

24. 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.

25. Related party transactions

The Group had transactions in the ordinary course of business with related parties during the year ended 31 December 2020:

| | 31 Dec 2020 | 31 Dec 2019 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Invoices paid by or on behalf of related parties | 100 | 473 |
| Management fees charged to related parties | 1,377 | 1,612 |
| Recharge of office overheads | 359 | 253 |
| Cash received from and paid to related parties | (345) | (2,528) |
| Group settlement of related party balances | 749 | (228) |
| Gain on derivative positions held by related party* | 312 | (444) |
| Repayment of loan with related parties | 414 | 1,281 |
| | 2,966 | 419 |
| Amounts owed by related parties at 31 December | 7,516 | 4,550 |
| Amounts owed to related parties at 31 December | - | - |

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

** Amount owed by related party includes intergroup balance of \$3,439,000 (2019: \$3,127,000) measured at fair value.

Notes to the financial statements**for the year ended 31 December 2020****25. Related party transactions (continued)**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
 RB British Marine UK Limited, incorporated in the United Kingdom

RB British Marine UK Limited is a joint venture company entered into with a 50% interest, providing commercial and technical ship management to vessels owned by the shareholders and third parties. The share of profit from the joint venture amounted to \$10k (2019: \$38k) and is included within Other Operating Income.

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

26. Financial instruments, financial risks and capital risk management

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

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

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

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

| | Financial assets at fair value through profit and loss | | Financial assets at amortised cost | |
|-----------------------------|---|---------------|------------------------------------|--------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| <u>Financial assets</u> | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and other receivables | 3,439 | 3,127 | 4,956 | 2,634 |
| Other financial assets | 7,028 | 8,870 | - | - |
| Cash and cash equivalents | - | - | 664 | 1,307 |
| | 10,467 | 11,997 | 5,620 | 3,961 |

Notes to the financial statements**for the year ended 31 December 2020****26. Financial instruments, financial risks and capital risk management (continued)**

| | Financial liabilities at fair value through profit and loss | | Financial liabilities at amortised cost | |
|--------------------------|--|-------------|--|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Financial liabilities | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and other payables | - | - | 900 | 881 |
| Loans and borrowings | - | - | - | 1,400 |
| | - | - | 900 | 2,281 |

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.

26.1 Credit risk

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

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

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

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

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

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

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

Notes to the financial statements

for the year ended 31 December 2020

26. Financial instruments, financial risks and capital risk management (continued)**26.1 Credit risk (continued)**

| | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------------|-------------|-------------|
| | \$'000 | \$'000 |
| Trade receivables – nominal amounts | 274 | 92 |
| Less: allowance for impairment | - | - |
| | <u>274</u> | <u>92</u> |

26.2 Interest rate risk

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

26.3 Foreign exchange risk

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

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

| | 31 Dec 2020 | 31 Dec 2018 |
|--------------------|-------------|-------------|
| | \$'000 | \$'000 |
| Sterling | 483 | 562 |
| Euro | 10 | 47 |
| Indian rupees | 2,798 | 2,555 |
| Australian dollars | 4 | 4 |

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.

The effect of a 20% strengthening of the Indian Rupee against the U.S. Dollar at the reporting date would, all other variables held constant, have resulted in a decrease in post-tax profit for the year and decrease of net assets of \$557k (2019: \$481k). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by similar amount.

Notes to the financial statements**for the year ended 31 December 2020****26. Financial instruments, financial risks and capital risk management (continued)****26.4 Liquidity risks**

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The liquidity risk of each entity within the Group is managed centrally by the group treasury function. 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 \$'000 | 6 to 12 months \$'000 | 1 to 5 years \$'000 | More than 5 years \$'000 | Total \$'000 |
|----------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|-----------------|
| <u>At 31 December 2020</u> | | | | | |
| Trade and other payables | 900 | - | - | - | 900 |
| Loans and borrowings | - | - | - | - | - |
| | 900 | - | - | - | 900 |

26.5 Capital risk management policies and objectives

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

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

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|------------------------------|-------------------------------|-------------------------------|
| Total liabilities | 3,191 | 3,569 |
| Equity | 25,246 | 25,009 |
| Total liabilities and equity | 28,437 | 28,579 |
| Gearing ratio | 0% | 6% |

Notes to the financial statements**for the year ended 31 December 2020****26. Financial instruments, financial risks and capital risk management (continued)****26.6 Fair value of financial assets and financial liabilities**

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

| | Level 1 | Level 2 | Fair value | Carrying value |
|---------------------------------------|---------|-----------|------------|----------------|
| | \$'000 | \$'000 | Total | Total |
| | | (revised) | (revised) | (revised) |
| At 31 December 2020 | | | | |
| Financial assets | | | | |
| Listed investments | 655 | - | 655 | 655 |
| Other investments | - | 6,373 | 6,373 | 6,373 |
| Financial liabilities | | | | |
| Interest bearing loans and borrowings | - | - | - | - |
| | | | | |
| | Level 1 | Level 2 | Fair value | Carrying value |
| | \$'000 | \$'000 | Total | Total |
| | | | \$'000 | \$'000 |
| At 31 December 2019 | | | | |
| Financial assets | | | | |
| Listed investments | 4,084 | - | 4,084 | 4,084 |
| Other investments | - | 4,786 | 4,786 | 4,786 |
| Financial liabilities | | | | |
| Interest bearing loans and borrowings | - | - | - | - |

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

Notes to the financial statements**for the year ended 31 December 2020****27. Reconciliation of liabilities**

| | Current loans and borrowings | Total |
|-----------------------------------|---|---------------|
| | \$'000 | \$'000 |
| At 1 January 2020 | 1,400 | 1,400 |
| Accrual of interest | 29 | 29 |
| Payment of interest | (29) | (29) |
| Repayment of loans and borrowings | (1,400) | (1,400) |
| At 31 December 2020 | - | - |

28. Post balance sheet events

The Group acquired a subsidiary, Diamond Jubilee Limited, from a related party on 23 April 2021. This subsidiary subsequently acquired a vessel from a third party on 19 July 2021.

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. To facilitate this loan, the Companies granted mortgages over their owned vessels. The loan is repayable over a five-year term.

29. Ultimate parent undertaking

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

30. Ultimate controlling party

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

Company statement of financial position**for the year ended 31 December 2020**

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

| | Note | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 (revised) |
|-------------------------------------|------|-----------------------|------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 1 | 2 |
| Investments | 2 | 802 | 792 |
| Lease receivable | 4 | 285 | 600 |
| | | 1,088 | 1,394 |
| Current assets | | | |
| Trade and other receivables | 3 | 7,946 | 6,111 |
| Lease receivable | 4 | 311 | 242 |
| Other financial assets | 5 | 3,593 | 5,259 |
| Corporation tax asset / (liability) | | 126 | (5) |
| Cash and cash equivalents | 6 | 267 | 655 |
| | | 12,242 | 12,262 |
| Current liabilities | | | |
| Trade and other payables | 7 | 449 | 231 |
| Lease liability | 4 | 635 | 414 |
| Deferred tax liability | | 451 | 155 |
| Loans and borrowings | 8 | - | 1,400 |
| | | 1,532 | 2,200 |
| Net current assets | | 10,707 | 10,062 |
| Non-current liabilities | | | |
| Lease liability | 4 | 427 | 848 |
| | | 427 | 848 |
| Net assets | | 11,369 | 10,609 |
| Capital and reserves | | | |
| Share capital | 9 | 18,251 | 18,251 |
| Share premium | | 595 | 595 |
| Retained earnings | | (7,477) | (8,237) |
| Total equity | | 11,369 | 10,609 |

The financial statements on pages 42 to 47 were approved and authorised for issue by the Board of Directors on 10 November 2021 and were signed by:



Joseph Bekhor, Director

Company statement of changes in equity
for the year ended 31 December 2020

| | Share capital \$'000 | Share premium \$'000 | Retained earnings \$'000 | Total \$'000 |
|------------------------------------|----------------------------|----------------------------|--------------------------------|-----------------|
| Balance at 31 December 2019 | 18,251 | 595 | (8,237) | 10,609 |
| Profit for the financial year | - | - | 760 | 760 |
| Balance at 31 December 2020 | 18,251 | 595 | (7,477) | 11,369 |
| Balance at 31 December 2018 | 18,251 | 595 | (7,900) | 10,946 |
| Effect of adoption of IFRS 16 | - | - | (434) | (434) |
| Balance at 1 January 2019 | 18,251 | 595 | (8,334) | 10,512 |
| Profit for the financial year | - | - | 97 | 97 |
| Balance at 31 December 2019 | 18,251 | 595 | (8,237) | 10,609 |

Notes to the Company financial statements

for the year ended 31 December 2020

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 2020

2. Investments in subsidiaries

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 |
|---|-----------------------|-----------------------|
| <u>Shares in subsidiary companies at carrying value</u> | | |
| At 1 January | 792 | 755 |
| Increase in investment | 10 | 37 |
| | 802 | 792 |

3. Trade and other receivables

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 (revised) |
|-----------------------------------|-----------------------|------------------------------------|
| Trade receivables | 35 | 27 |
| Amounts due from related parties | 7,551 | 1,164 |
| Amounts due from subsidiaries | - | 4,552 |
| Other receivables and prepayments | 360 | 368 |
| | 7,946 | 6,111 |

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 2020 \$'000 | 31 Dec 2019 \$'000 |
|---------------------------|-----------------------|-----------------------|
| At 1 January | 842 | 1,092 |
| Receipts | (224) | (317) |
| Unwinding of discount | 10 | 13 |
| Lease modification | (24) | - |
| Exchange gains / (losses) | (8) | 54 |
| At 31 December | 596 | 842 |

Present value of minimum lease payments:

| | | |
|---------------------------------------|------------|------------|
| Receivable within 1 year | 311 | 242 |
| Receivable between 1 year and 5 years | 285 | 600 |
| | 596 | 842 |

Notes to the Company financial statements

for the year ended 31 December 2020

4. Leases (continued)

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

| | 31 Dec 2020 | 31 Dec 2019 |
|---------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| At 1 January | 1,262 | 1,615 |
| Liabilities discharged | (209) | (410) |
| Unwinding of discount | 16 | 20 |
| Exchange (gains) / losses | (7) | 37 |
| At 31 December | 1,062 | 1,262 |

Present value of minimum lease payments:

| | | |
|------------------------------------|--------------|--------------|
| Payable within 1 year | 635 | 414 |
| Payable between 1 year and 5 years | 427 | 848 |
| | 1,062 | 1,262 |

5. Other financial assets

| | 31 Dec 2020 | 31 Dec 2019 |
|--------------------|--------------|---------------------|
| | \$'000 | \$'000 (revised) |
| Listed investments | - | 3,019 |
| Other investments | 3,593 | 2,241 |
| | 3,593 | 5,259 |

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

6. Cash and cash equivalents

| | 31 Dec 2020 | 31 Dec 2019 |
|-----------------|-------------|---------------------|
| | \$'000 | \$'000 (revised) |
| Cash at bank | 252 | 640 |
| Restricted cash | 15 | 15 |
| | 267 | 655 |

Notes to the Company financial statements

for the year ended 31 December 2020

7. Trade and other payables

| | 31 Dec 2020 | 31 Dec 2019 |
|----------------------|-------------|-------------|
| | \$'000 | \$'000 |
| Trade payables | 279 | 25 |
| Other payables | 170 | 154 |
| Contract liabilities | - | 52 |
| | 449 | 231 |

8. Loans and borrowings

| | 31 Dec 2020 | 31 Dec 2019 |
|---------------|-------------|--------------|
| | \$'000 | \$'000 |
| Lombard Odier | - | 1,400 |
| | - | 1,400 |

9. Issued share capital

| | 31 Dec 2020 | 31 Dec 2019 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Allotted, called up and fully paid</u> | | |
| 12,288,998 Class "A" deferred shares of £1 each | 18,250 | 18,250 |
| 12,694,119 Class "B" ordinary shares of \$0.0001 each | 1 | 1 |
| 2,025,655 Class "C" ordinary shares of \$0.0001 each | - | - |
| | 18,251 | 18,251 |

Please refer to Group disclosure note 22 for further details.