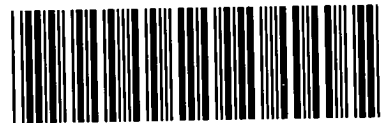


REGISTERED NUMBER: 06527449 (ENGLAND AND WALES)

BNK (UK) LIMITED

REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

SATURDAY



A9DG2FJ6

A21

12/09/2020

#93

COMPANIES HOUSE

BNK (UK) LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Company Information	1
Strategic Report	2
Report of the Director	4
Director's Responsibilities	5
Independent Auditor's Report	6
Consolidated Statement of Comprehensive Income	9
Company Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated and Company Statement of Changes in Equity	13
Consolidated and Company Statement of Cash Flows	14
Notes to the Financial Statements	15

BNK (UK) LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

Director: A Dashutin

Secretary: Harmer Slater Limited

Registered office: Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

Registered number: 06527449 (England and Wales)

Independent Auditor: Wilkins Kennedy Audit Services
Statutory Auditor
2nd Floor, Regis House
45 King William Street
London
EC4R 9AN

BNK (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Director presents his strategic report with the audited financial statements of the Group and the Company for the year ended 31 December 2019.

The principal activity of the Group is the wholesale trading of fuels and other oil products.

The Group provides intermediate services to oil sector companies in the Republic of Belarus. It negotiates contracts for the supply of fuels and other oil products to national and international oil trading companies in North West Europe, negotiates trade finance with banks and other financial institutions and arranges contracts with shipping and oil terminal companies.

Business review

The Group's operating profit before exceptional items for the year decreased to €2.1m from €2.4m in 2018. The decline in operating profit is partially due to the volume of products sold during the year which decreased by over 10% from 6.4m ton in 2018 to 5.7m ton in 2019 with simultaneous decreases in petroleum products prices during 2019, additionally less effective foreign currency hedging contributed to the decrease. The reported profit for the year decreased to €0.3m after exceptional items which relate to a fuel shortage of €1.2m identified in April 2019 and written off in the books of SIA TransBaltic Oil. Notwithstanding this, the average sales margin per metric ton remained at an acceptable level and overall results are considered to be satisfactory.

Future developments

Despite the developing situation related to Covid-19 (coronavirus) pandemic and its impact on global economy, the Director is satisfied that the Group will be able to retain the annual level of physical volume sales, which is around 5.5 to 6.6 million metric tons. Additionally, in the first quarter of 2020, BNK (UK) Ltd became the final supplier of crude to Belarusian refineries; it is believed this status will be retained with regular monthly sales, with total expected sales volume of up to of 1 million metric ton.

Key performance indicators

The Director monitors the progress of the Group by reference to certain key performance indicators, as set out below:

	2019	2018	2017
Turnover - €'000	2,224,085	2,743,435	2,263,444
Gross profit - €'000	1,753	3,403	4,294
Freight and shipping costs - €'000	94,171	117,040	173,918
Profit before tax - €'000	686	2,086	2,813
Equity - €'000	8,000	8,215	7,550

Principal risks and uncertainties

The key business risks and uncertainties affecting the Group are considered to relate to international trade, the tax policy on the oil products in the Russian Federation and the relevant regime within the economic union of Russia, Kazakhstan and Belarus. Disruption of oil supply from the Russian Federation to the Republic of Belarus may result in a loss of sales to the Group

Financial risk management objectives and policies

Commodity price risk

The Group is exposed to commodity price risk as its future revenues will be derived based on contracts with customers at prices that will be determined by reference to market prices of fuel and other oil products at the delivery date. The risk is mitigated as the Group purchases most of its inventory from its Parent Company at the price formula which transfers the Group's losses arising from commodity price changes to its Parent Company.

BNK (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Financial risk management objectives and policies (continued)

Foreign exchange risk

The Group's policy in relation to the translation of foreign currency assets and liabilities is set out in Note 2(e) 'Foreign Currency' to the group financial statements. The Group trades petroleum products which are sold and purchased in Euros and in consequence has very limited exposure to foreign exchange risk in respect of petroleum products and sales. The Group generally holds the majority of its cash resources in Euros given that the majority of the Group's outgoings are denominated in this currency. Other costs, such as transportation costs, can be incurred in currencies other than the Euro.

The Group has not hedged its exposure to foreign exchange fluctuations at the Statement of Financial Position date as it considers its exposure to foreign exchange risk to be low.

Liquidity risk

The Group finances its operations through a mixture of retained profits and short term bank borrowings. The liquidity risk is extremely low as contracts are usually implemented on a prepayment basis from the buyer of almost 100% of the value of the oil.

The Group had adequate financial resources to meet its obligations existing at 31 December 2019.

Credit risk

There is little perceived credit risk in respect of trade and other receivables (see Note 17). Trade receivable are due from large businesses, with whom the Group has a long standing relationship, with no significant bad debt history, and contracts are usually implemented on a prepayment basis.

Interest rate risk

Details of the Group's borrowings are described in Note 21 and comprise of short term secured bank loans to facilitate payments to suppliers. There is no significant interest rate risk at 31 December 2019.

Director's Section 172 statement

The following disclosure describes how the Director has had regard to the matters set out in section 172(1)(a) to (f) and forms the Director's statement required under section 414CZA of The Companies Act 2006. This new reporting requirement is made in accordance with the new corporate governance requirements identified in The Companies (Miscellaneous Reporting) Regulations 2018, which apply to group reporting on financial years starting on or after 1 January 2019.

The matters set out in section 172(1)(a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term.
- (b) the interests of the Group's employees.
- (c) the need to foster the Group's business relationships with suppliers, customers and others.
- (d) the impact of the Group's operations on the community and the environment.
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Group.

In the above Strategic Report section of this Annual Report, the Director has set out the short to long term strategic priorities and described the plans to support their achievement.

BNK (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Director's Section 172 statement (continued)

Our employees remain fundamental to the achievement of our business plan. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business. Our employees regularly engage with other teams across global offices to share knowledge and best practices etc.

The Director's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards of business conduct and good governance expected of a business of our nature and size and in full alignment with the rules and guidelines of Regulators. In doing so, he believes the Group will achieve long-term business strategy and also further develop our reputation in our sector. The Group strives to strike the right balance between engagement and communication. Within the limitations of what can be disclosed to its stakeholders maintaining confidentiality of the market and/or commercially sensitive information.

Events after reporting period

In March 2020, the UK along with many other countries entered into forced restrictions related to the spread of Covid-19. Current global situation continues to bring uncertainties for businesses as the economy suffers significant slowdown. At the time of approval of these financial statements the management anticipates a level of decline in sales, mainly due to unstable international crude oil and other petroleum products prices. The Directors will continue to review the situation and its impact on the company's business.

The Directors are of an opinion, however, that at the time of approval of these financial statements there were no indications suggesting that the company would not be able to continue as a going concern in the foreseeable future and have therefore prepared these financial statements on a going concern basis.

There were no other significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

Approved and authorised for issue by the Director on 5 May 2020.



A Dashutin
Director
5 May 2020

BNK (UK) LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 DECEMBER 2019

The Director presents his report with the audited financial statements of the Group and the Company for the year ended 31 December 2019.

Director

A Dashutin was the sole Director who held office during the year and continued to hold office to the date of signing of these financial statements.

Dividends

An interim dividend of €500,000 was paid during the year (2018: €1,000,000). No final dividends were declared or paid after the statement of financial position date but prior to the date of this report (2018: €nil).

Strategic report

The Group has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Report of the Director:

- Future developments
- Principal risks and uncertainties
- Financial risk management objectives and policies

Statement as to disclosure of information to auditor

The Director has taken all the steps that he ought to have taken to make himself aware of any relevant information needed by the Group's Auditor for the purposes of their audit and to establish that the Auditor is aware of that information. The Director is not aware of any relevant audit information of which the Auditor is unaware.

Auditor

The auditor, Wilkins Kennedy Audit Services, has indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

Approved and authorised for issue by the Director on 5 May 2020.



A Dashutin
Director

BNK (UK) LIMITED

DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the Group and the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable him to ensure that the financial statements comply with the requirements of the Companies Act 2006. He is also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BNK (UK) LIMITED

Opinion

We have audited the financial statements of BNK (UK) Limited (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the Notes to the Financial Statements, which include a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's and the Parent Company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because the impact of COVID-19 cannot be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. We draw attention to the going concern note in the accounting policies of these financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify any such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BNK (UK) LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Director's responsibilities statement, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is 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 Director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located 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 MEMBER OF BNK (UK) LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Ian Jefferson (Senior Statutory Auditor)

For and on behalf of:

Wilkins Kennedy Audit Services,

Statutory Auditor

2nd Floor, Regis House, 45 King William Street

London, EC4R 9AN

5 May 2020

BNK (UK) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Continuing operations			
Revenue	3	2,224,085	2,743,435
Cost of sales	4	(2,222,332)	(2,740,032)
Gross profit		1,753	3,403
Administrative expenses		(1,227)	(1,109)
Other operating income		275	109
Operating profit	5	801	2,403
Finance income	7	3	12
Finance costs	8	(118)	(329)
Net financing expense		(115)	(317)
Profit before tax		686	2,086
Income tax expense	9	(401)	(421)
Profit and total comprehensive income for the year attributable to the owners of the Parent Company		285	1,665

Earnings per share

	Note	2019 €	2018 €
Basic and diluted earnings per share	10	0.95	5.55

The accompanying accounting policies and notes form an integral part of the financial statements.

BNK (UK) LIMITED

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Continuing operations			
Revenue	3	2,087,121	2,575,356
Cost of sales	4	(2,084,327)	(2,572,222)
Gross profit		2,794	3,134
Administrative expenses		(887)	(758)
Other operating income		275	118
Operating profit	5	2,182	2,494
Finance income	7	3	12
Finance costs	8	(104)	(281)
Net financing expense		(101)	(269)
Profit before tax		2,081	2,225
Income tax expense	9	(396)	(419)
Profit and total comprehensive income for the year attributable to the owners of the Parent Company		1,685	1,806

Earnings per share

	Note	2019 €	2018 €
Basic and diluted earnings per share	10	5.62	6.02

The accompanying accounting policies and notes form an integral part of the financial statements.

BNK (UK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Assets			
Software licences	12	244	282
Property, plant and equipment	13	39	50
Right-of-use assets	14	150	-
Total non-current assets		433	332
Inventory	16	71,885	40,269
Trade and other receivables	17	67,190	182,079
Current tax receivables			6
Cash and cash equivalents	18	1,555	31,417
Total current assets		140,630	253,771
Total assets		141,063	254,103
Equity			
Issued capital	19	300	300
Retained earnings		7,700	7,915
Total equity		8,000	8,215
Liabilities			
Lease liabilities	14	96	-
Provision	20	83	82
Total non-current liabilities		179	82
Interest-bearing loans and borrowings	21	769	1,655
Trade and other payables	22	130,900	243,264
Contract liabilities	3	977	197
Lease liabilities	14	55	-
Derivative financial liabilities	23	3	504
Current tax liabilities		180	186
Total current liabilities		132,884	245,806
Total liabilities		133,063	245,888
Total equity and liabilities		141,063	254,103

These financial statements were approved and authorised for issue by the Director on 5 May 2020



A Dashutin
Director

The accompanying accounting policies and notes form an integral part of the financial statements


BNK (UK) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Assets			
Software	12	4	5
Property, plant and equipment	13	20	23
Right-of-use assets	14	100	-
Investments	15	6	6
Total non-current assets		130	34
Inventory	16	71,885	38,683
Trade and other receivables	17	66,900	177,508
Cash and cash equivalents	18	1,507	30,455
Total current assets		140,292	246,646
Total assets		140,422	246,680
Equity			
Issued capital	19	300	300
Retained earnings		8,703	7,518
Total equity		9,003	7,818
Liabilities			
Lease liabilities	14	61	-
Provision	20	83	82
Total non-current liabilities		144	82
Loans and borrowing	21	500	-
Trade and other payables	22	130,556	238,090
Lease liabilities	14	40	-
Derivative financial liabilities	23	3	504
Current tax liability		176	186
Total current liabilities		131,275	238,780
Total liabilities		131,419	238,862
Total equity and liabilities		140,422	246,680

ON BEHALF OF THE BOARD:


 A Dashutin
 Director

Approved and authorised for issue by the Board on 5 May 2020

The accompanying accounting policies and notes form an integral part of the financial statements.

BNK (UK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Balance at 1 January 2018

Comprehensive income

Profit for the year

Total comprehensive income for the year

Transactions with owners

Dividends

Total transactions with owners

Balance at 31 December 2018

Share capital €'000	Retained earnings €'000	Total €'000
300	7,250	7,550
-	1,665	1,665
-	1,665	1,665
-	(1,000)	(1,000)
-	(1,000)	(1,000)
300	7,915	8,215

Balance at 1 January 2019

Comprehensive income

Profit for the year

Total comprehensive income for the year

Transactions with owners

Dividends

Total transactions with owners

Balance at 31 December 2019

300	7,915	8,215
-	285	285
-	285	285
-	(500)	(500)
-	(500)	(500)
300	7,700	8,000

COMPANY STATEMENT OF CHANGES IN EQUITY

Balance at 1 January 2018

Comprehensive income

Profit for the year

Total comprehensive income for the year

Transactions with owners

Dividends

Total transactions with owners

Balance at 31 December 2018

Share capital €'000	Retained earnings €'000	Total €'000
300	6,712	7,012
-	1,806	1,806
-	1,806	1,806
-	(1,000)	(1,000)
-	(1,000)	(1,000)
300	7,518	7,818

Balance at 1 January 2019

Comprehensive income

Profit for the year

Total comprehensive income for the year

Transactions with owners

Dividends

Total transactions with owners

Balance at 31 December 2019

300	7,518	7,818
-	1,685	1,685
-	1,685	1,685
-	(500)	(500)
-	(500)	(500)
300	8,703	9,003

The accompanying accounting policies and notes form an integral part of the financial statements.

BNK (UK) LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Cash flows from operating activities				
Operating profit	801	2,182	2,403	2,494
Profit on sale of property, plant and machinery			(6)	(6)
Amortisation of software licences	38	1	37	-
Depreciation	11	3	13	2
Depreciation of right-of-use assets	59	24	-	-
Changes in fair value of derivative financial assets and liabilities	(501)	(501)	(116)	(116)
Decrease / (increase) in inventory	(31,616)	(33,202)	60,357	59,488
Decrease / (increase) in receivables	114,889	110,608	7,382	8,118
(Decrease) / Increase in payables	(111,585)	(107,535)	(42,234)	(41,521)
(Decrease) in provisions	1	1	(26)	(26)
Cash utilised in operations	(27,903)	(28,419)	27,810	28,433
Interest paid	(115)	(101)	(329)	(281)
Tax paid	(403)	(408)	(212)	(367)
Net cash utilised in operating activities	(28,421)	(28,928)	27,275	27,785
Cash flows from investing activities				
Acquisition of intangible fixed assets	-	-	(5)	(5)
Acquisition of property, plant and equipment	-	-	(26)	(25)
Proceeds from sale of property, plant and equipment	-	-	6	6
Interest received	3	3	12	12
Net cash generated from / (utilised in) investing activities	3	3	(13)	(12)
Cash flows from financing activities				
Dividends paid	(500)	(500)	(1,000)	(1,000)
Bank loans received		500		-
Bank loans repaid	(886)	-	(12,514)	(13,700)
Principal paid on lease	(61)	(26)		
Interest paid on lease liabilities	3	3		
Net cash generated from / (utilised in) financing activities	(1,444)	(23)	(13,514)	(14,700)
Net increase / (decrease) in cash and cash equivalents	(29,862)	(28,948)	13,742	13,073
Cash and cash equivalents at beginning of period	31,417	30,455	17,675	17,382
Cash and cash equivalents at end of period	1,555	1,507	31,417	30,455

The accompanying accounting policies and notes form an integral part of the financial statements.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Company information and going concern

BNK (UK) Limited (the "Company") is a private company limited by share capital and incorporated in England and Wales under the Companies Act. The address of its registered office is disclosed on page 1. The principal activity of the Group is described in Strategic Report on page 2.

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiary (together referred to as the "Group").

The Group is dependent on its parent company, CJSC Belarusian Oil Company, for the supply of goods and continuance of trade and has received a letter of support confirming that supply of goods will continue for the foreseeable future. However, there is a potential risk arising from possible changes in international trade and the political environment in the Russian Federation and Republic of Belarus that could lead to a disruption in the end supply to the Group.

The Director does not consider this risk to be so significant as to prevent the Group and Company from continuing in operational existence for the foreseeable future.

The Director has considered the potential emerging impact of the COVID-19 virus on the future viability of the company. At the date of preparing these financial statements, the full impact on the business cannot be quantified which gives rise to a material uncertainty as to whether the financial statements should be prepared on a going concern basis. The Director continues to take all available steps to maintain sufficient resources in order that the business can continue. Consequently, the Director has a reasonable expectation that the company will have sufficient funds to continue to meet its liabilities as they fall due for the foreseeable future and therefore has prepared the financial statements on a going concern basis.

2. Significant accounting policies

The accounting policies set out below have been applied consistently by the Group and the Company to all periods presented in these financial statements.

(a) Basis of preparation and statement of compliance

The financial statements of BNK (UK) Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and under the historical cost convention, modified to include derivative financial instruments at fair value.

These financial statements are presented in Euros, rounded to the nearest thousand unless otherwise stated, which is also the functional currency of the Company and its subsidiary. At 31 December 2019, the closing rate of exchange of Euros to GB Pounds was 1.17 (2018: 1.11) and the average rate of Euros to GB Pounds for the year ended 31 December 2019 was 1.14 (2018: 1.13).

(b) Critical judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 26.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(c) New Standards, Amendments and Interpretations

The Group and Company applied for the first time certain Standards and Amendments which are effective for annual periods commencing on or after 1 January 2019. The Group and Company has not early adopted any other Standards, Interpretations or Amendments that have been issued but are not yet effective.

The nature of these changes is disclosed below. Although these new Standards and Amendments applied for the first time in 2019, they did not have a material impact on the Group's or Company's financial statements.

• IFRS 16 Leases

On January 1, 2019, the Group and the Company adopted IFRS 16, "Leases". The new standard replaces IAS 17 "Leases" and eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. The standard, which has been endorsed by the EU, provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed.

The Group and the Company applied the modified retrospective approach and did not restate comparative figures for prior periods. The company has elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019. IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less. The impact of IFRS 16 has been disclosed in note 14.

• IAS 12 Income Taxes

The Amendments result from the Annual Improvements 2015-2017 cycle and address the income tax consequences of dividends.

The adoption of IAS 12 has not resulted in any change to the calculations of the income tax.

• IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is to be applied in determining the taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. It is to be applied where there is uncertainty over the income tax treatment under IAS 12.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(c) New Standards, Amendments and Interpretations

- Adoption of IFRIC 23 has not resulted in any change to these financial statements.

At the date of authorisation of these financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published but are not yet effective and have not been adopted early by the Group and Company.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2022

Management anticipates that all of the pronouncements will be adopted in the accounting periods for the first period beginning after the effective date of the pronouncement. Information on new Standards, Amendments and Interpretations that are expected to be relevant to the financial statements is provided below. Certain other new Standards, Amendments and Interpretations have been issued but are not expected to have a material impact on the financial statements.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

(e) Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(f) Current versus non-current classification

The Group and Company present assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- held primarily for the purpose of trading; or
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The Group and Company recognise the cost of replacing an item within property, plant and equipment when the item's cost can be measured reliably and when future economic benefits embodied in the item will flow to the Group and Company. All other costs are recognised in the Statement of Comprehensive Income as an expense when incurred.

(iii) Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are 4 years and the depreciation rates are as follows:

- | | |
|---------------------|-----|
| • motor vehicles | 25% |
| • office equipment | 25% |
| • software licences | 25% |

The estimated useful lives and residual values of the assets are considered annually for impairment and restated as required.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(h) Investments in subsidiaries

Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

(i) Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a FIFO basis. Net realisable value is based on selling price less selling costs.

(j) Trade and other receivables

Trade and other receivables are generally stated at their cost less impairment losses. Receivables with a short duration are not discounted.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's and Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(l) Impairment

The carrying amounts of the Group's and Company's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(m) Fair value measurement

The Group and Company measures financial instruments such as derivatives at fair value at each Statement of Financial Position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The Group and Company use valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(n) Financial instruments

Financial assets and liabilities are recognised in the Group's and Company's Statement of Financial Position when it becomes a party to the contractual provisions of the instrument. The Group's and Company's financial instruments comprise derivative financial instruments, cash, trade and other receivables, loans and borrowings and trade and other payables.

(i) Loans and receivables

Loans and receivables are initially stated at their fair value plus transaction costs, then subsequently stated at amortised cost using the effective interest method, if applicable, less impairment losses. Provisions against trade receivables are made when there is objective evidence that the Group and Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows.

(ii) Cash and cash equivalents

The Group and Company manage short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible in to cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash or cash equivalents.

(iii) Loans and borrowings

Interest-bearing loans and borrowings are initially stated at their fair value plus transaction costs, then subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as a finance cost in the Statement of Comprehensive Income.

(iv) Trade payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group or Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially stated at their fair value plus transaction costs, then subsequently measured at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the Statement of Comprehensive Income.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(n) Financial instruments (continued)

(v) Derivative financial instruments

The Group and Company enter into derivative financial instruments such as swap agreements in order to manage risks arising from its trading activities. Derivative financial instruments are initially recorded at fair value and re-measured to fair value as calculated by the counterparties based on market prices at subsequent Statement of Financial Position dates. The Group and Company do not apply hedge accounting to their derivative financial instruments and hence any change in the fair value of such derivatives is recognised immediately in the Statement of Comprehensive Income.

(o) Provisions

Provisions are recognised when the Group or Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Equity

Equity comprises the following:

- Share capital represents the nominal value of the equity shares; and
- Retained earnings represent accumulated profits and losses from incorporation.

(q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of fuel and oil products in the ordinary course of the Group's and Company's activities. Revenue is shown net of sales tax.

The Group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the Group or Company and when specific criteria have been met as described below:

Sale of fuel and oil products

Revenue associated with the sale of fuel and oil products is recognised in accordance with contract terms negotiated with the customer and when the control of the assets sold is transferred to the customer. Contract terms are either Free on Board or Delivered at Frontier and revenue is recognised on the date of the bill of lading or the date of the dispatch from the oil refinery.

Sale of intermediate services

Revenue associated with the sale of intermediate services is recognised when services are delivered.

(r) Segment reporting

The accounting policy for identifying segments is based on internal management reporting information which is reviewed by the chief operating decision maker. The Group and Company are considered to have a sole business segment, being the wholesale trading of fuel and other oil products.

(s) Cost of sales

Cost of sales comprise of inventory purchases, transportation, storage, inspection, swap derivative gains and losses, foreign exchange gains and losses and customer claims provisions relating to sales during the year.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(t) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of twelve months or less.

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised using the straight line basis so as to write the cost of assets over the lease term.

(u) Borrowing costs

Borrowing costs are recognised in the Statement of Comprehensive Income where they do not meet the criteria for capitalisation.

(v) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to the investment in the subsidiary to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Operating segments

The Group's and Company's operations relate to the wholesale trading of fuel and other oil products purchased from its parent undertaking in the Republic of Belarus and, as such, the Group has only one operating segment.

Information about geographical areas

	2019				2018			
	UK	Europe	Rest of the world	Total	UK	Europe	Rest of the world	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group sales of goods	162,077	737,007	1,325,001	2,224,085	243,500	677,647	1,822,288	2,743,435

	2019				2018			
	UK	Europe	Rest of the world	Total	UK	Europe	Rest of the world	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Company sales of goods	162,077	638,536	1,286,508	2,087,121	243,500	684,256	1,647,600	2,575,356

The Group recognised liabilities of €977,000 (2018: €197,000) in relation to contracts with customers. These represent payments received from customers in advance of the delivery of goods. No revenue was recognised in the current reporting period relating to contract liabilities carried forward.

Information about major customers – Group and Company

Revenues from transactions with single customers exceeding 10% of total revenues were as follows:

	2019
	€'000
Customer A	730,691
Customer B	357,582
Customer C	337,443
Customer D	181,592

	2018
	€'000
Customer A	580,054
Customer B	536,511
Customer C	444,312
Customer D	269,403

4. Cost of sales

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Freight and shipping costs	94,171	94,169	117,040	110,728
Purchases	2,127,354	1,991,025	2,620,201	2,458,703
Commodity price swap (gains)/ losses	(1,816)	(1,816)	2,686	2,686
Foreign currency gains	93	93	(30)	(30)
Other direct costs	2,530	856	135	135
	2,222,332	2,084,327	2,740,032	2,572,222

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Operating profit

The operating profit is after charging/(crediting):

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Amortisation of software licences	38	1	37	-
Depreciation of owned assets	11	3	13	2
Amortisation of right-of-use-assets	59	24	-	-
Exceptional fuel shortage (see Note 16)	1,277	-	-	-
Foreign currency gains	94	94	(30)	(30)
Director's emoluments (see Note 25)	120	120	118	118
Auditor's remuneration:				
Company audit fees	39	39	35	35
Fees for non-audit services	1	1	1	1

6. Personnel expenses

Salary costs

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Short term employee benefits	669	297	600	298
Compulsory social security contributions	108	35	102	33
	777	332	702	331

Number of employees

The average number of employees during the year was as follows:

	2019		2018	
	Group	Company	Group	Company
	Number	Number	Number	Number
Administration and support	15	3	15	3

7. Finance income

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Bank interest received and similar income	3	3	12	12

8. Finance costs

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Interest on bank borrowings and similar expenses	118	104	329	281

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Income tax expense

Recognised in the Statement of Comprehensive Income

(a) Current tax expense

UK corporation tax

Overseas corporation tax

2019		2018	
Group	Company	Group	Company
€'000	€'000	€'000	€'000
396	396	419	419
5	-	2	-
401	396	421	419

(b) Reconciliation of effective tax rate

The tax assessed below for the year is higher (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below.

Profit before tax

Income tax using the UK corporation tax rate of 19%
(2018: 19%)

Effect of overseas tax rates

Other adjustments and rounding differences

Income tax charge

2019		2018	
Group	Company	Group	Company
€'000	€'000	€'000	€'000
688	2,084	2,086	2,225
131	396	396	423
270	-	33	-
-	-	(8)	(4)
401	396	421	419

(c) UK corporation tax rates

The UK Corporation tax rate was frozen at 19% for the tax years beginning 1 April 2020 and 1 April 2021.

The Group and Company have no material deferred tax assets or liabilities.

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, calculated as follows:

Profit for the period - €'000

Weighted average number of shares in issue - number

Earnings per share - €

2019		2018	
Group	Company	Group	Company
285	1,685	1,665	1,806
300,000	300,000	300,000	300,000
0.95	5.62	5.55	6.02

There is no difference between the basic and diluted earnings per share as there are no potentially dilutive options, warrants or similar items in issue at 31 December 2019 or 31 December 2018.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Dividends

An interim dividend totalling €500,000 was paid during the year (2018: €1,000,000). No final dividends were declared for the current and the prior year.

12. Software Licences – Group

Cost

Balance at 1 January 2018

Additions

Balance at 31 December 2018

Balance at 1 January 2019

Additions

Balance at 31 December 2019

Amortisation and impairment losses

Balance at 1 January 2018

Amortisation charge for the year

Balance at 31 December 2018

Balance at 1 January 2019

Amortisation charge for the year

Balance at 31 December 2019

Carrying amounts

At 1 January 2018

At 31 December 2018

At 1 January 2019

At 31 December 2019

Software licences €'000	Total €'000
350	350
5	5
355	355
355	355
355	355
36	36
37	37
73	73
73	73
38	38
111	111
314	314
282	282
282	282
244	244

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Software Licences - Company

Cost

Balance at 1 January 2018

Additions

Balance 31 December 2018

Balance at 1 January 2019

Additions

Balance at 31 December 2019

Amortisation and impairment losses

Balance at 1 January 2018

Balance at 31 December 2018

Balance at 1 January 2019

Amortisation charge for the year

Balance at 31 December 2019

Carrying amounts

At 1 January 2018

At 31 December 2018

At 1 January 2019

At 31 December 2019

Software licences €'000	Total €'000
-	-
5	5
5	5
5	5
-	-
5	5
-	-
-	-
-	-
1	1
1	1
-	-
5	5
5	5
4	4

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment - Group

	Motor vehicles	Office equipment	Total
	€000	€000	€000
Cost			
Balance at 1 January 2018	19	101	120
Additions	23	3	26
Disposals	(19)	-	(19)
Balance at 31 December 2018	23	104	127
Balance at 1 January 2019	23	104	127
Balance at 31 December 2019	23	104	127
Depreciation and impairment losses			
Balance at 1 January 2018	19	64	83
Depreciation charge for the year	1	12	13
Elimination of depreciation charge at disposal	(19)	-	(19)
Balance at 31 December 2018	1	76	77
Balance at 1 January 2019	1	76	77
Depreciation charge for the year	3	8	11
Balance at 31 December 2019	4	84	88
Carrying amounts			
At 1 January 2018	-	37	37
At 31 December 2018	22	28	50
At 1 January 2019	22	28	50
At 31 December 2019	19	20	39

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment – Company

	Motor vehicles €'000	Office equipment €'000	Total €'000
Cost			
Balance at 1 January 2018	19	2	21
Additions	23	2	25
Disposals	(19)	-	(19)
Balance at 31 December 2018	23	4	27
Balance at 1 January 2019	23	4	27
Balance at 31 December 2019	23	4	27
Depreciation and impairment losses			
Balance at 1 January 2018	19	2	21
Depreciation charge for the year	2	-	2
Elimination of depreciation charge at disposal	(19)	-	(19)
Balance at 31 December 2018	2	2	4
Balance at 1 January 2019	2	2	4
Depreciation charge for the year	3	-	3
Balance at 31 December 2019	5	2	7
Carrying amounts			
At 1 January 2018	-	-	-
At 31 December 2018	21	2	23
At 1 January 2019	21	2	23
At 31 December 2019	18	2	20

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Leases

The Group and the Company right-of-use assets are in relation to office leases with an average term of three years. There are no options to purchase the property at the end of the lease. In all cases, the lease obligations are secured by the lessor's title to the leased assets.

The Group and the Company had a short term leases that expired during the year, as disclosed below.

There were no leases of low value in place during the year nor did their office leases contain variable payment terms.

A) Group

Right-of-use assets

	Offices €'000	Total €'000
Cost		
Balance at 1 January 2019	85	85
Additions	124	124
Balance at 31 December 2019	209	209
Depreciation		
Balance at 1 January 2019	-	-
Depreciation charge for the year	59	59
Balance at 31 December 2019	59	59
Carrying amounts		
At 1 January 2019	85	85
At 31 December 2019	150	150

Lease liabilities

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Consolidated Statement of Financial Position at the date of initial application was 4.18%. This is a judgemental rate applied by management.

There are no leases with a term more than five years. The maturity analysis for lease liabilities is presented below:

Lease liabilities – maturity analysis (contractual undiscounted cash flows)

	2019 €'000
Less than one year	81
One to five years	78
	159

Lease liabilities included in the statement of financial position

	2019 €'000
Current	55
Non-current	96
	151

The amounts recognised in the Statement of Comprehensive income for the year to 31 December 2019 are presented below:

	2019 €'000
Interest on lease liabilities	3
Expense related to short term leases	16

During the year, an office lease expired. This has been treated as a short term lease and expensed.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Leases (continued)

A) Group (continued)

Amounts recognised in the statements of cash flows

Cash flows from operating activities
Cash flows from financing activities

2019
€'000
16
58

B) Company

Right-of-use assets

Cost

Balance at 1 January 2019
Additions
Balance at 31 December 2019

Offices	Total
€'000	€'000
124	124
124	124

Depreciation

Balance at 1 January 2019
Depreciation charge for the year
Balance at 31 December 2019

24	24
24	24

Carrying amounts

At 1 January 2019
At 31 December 2019

100	100

Lease liabilities

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Company Statement of Financial Position at the date of initial application was 5.90%. This is a judgemental rate applied by management.

There are no leases with a term more than five years. The maturity analysis for lease liabilities is presented below:

Lease liabilities – maturity analysis (contractual undiscounted cash flows)

Less than one year
One to five years

2019
€'000
45
63
108

Lease liabilities included in the statement of financial position

Current
Non-current

2019
€'000
40
61
101

The amounts recognised in the Statement of Comprehensive income for the year to 31 December 2019 are presented below:

Interest on lease liabilities
Expense related to short term leases

2019
€'000
3
16

During the year, an office lease expired. This has been treated as a short term lease and expensed.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Leases (continued)

B) Company (continued)

Amounts recognised in the statements of cash flows

Cash flows from operating activities
Cash flows from financing activities

2019
€'000
16
23

15. Investment in subsidiary - Company

Investment in
subsidiary company
€'000

Cost or valuation

Balance at 1 January 2018 and 31 December 2018

6

Balance at 1 January 2019 and 31 December 2019

6

Carrying amounts

At 31 December 2018 and 31 December 2019

6

BNK (UK) Limited holds a 100% equity stake in SIA TransBaltic Oil, a company registered in the Republic of Latvia which trades in oil products and provides transport services.

16. Inventory

Oil inventory
Oil inventory in transit

2019		2018	
Group	Company	Group	Company
€'000	€'000	€'000	€'000
65,942	65,942	30,242	28,656
5,943	5,943	10,027	10,027
71,885	71,885	40,269	38,683
2,127,354	1,991,025	2,620,201	2,458,703

Inventory recognised as an expense in the
Statement of Comprehensive Income

During the year inventory totalling €1,277,391 was written off in the books of SIA TransBaltic Oil as a result of identifying a fuel shortage at a third party warehouse. Despite undertaking a thorough investigation it has not been possible to confirm the circumstances and the investigation is on-going in an attempt to recover the losses incurred. At this stage the Director considers that he cannot be sufficiently certain of recovery to recognise an asset at the balance sheet date.

There were no other adjustments to inventory valuation during the year (2018: €nil), to reflect the lower of cost and net realisable value.

17. Trade and other receivables

Trade receivables
Amount owed by Parent Company
Amount owed by Related Company
Other receivables
Prepayments and accrued income

2019		2018	
Group	Company	Group	Company
€'000	€'000	€'000	€'000
21,621	21,613	126	171
42,967	42,967	175,977	175,977
-	-	57	57
2,019	1,830	1,034	932
582	490	4,885	371
67,190	66,900	182,079	177,508

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other receivables (continued)

Included within other receivables are deposits paid in respect of commodity price swap agreements entered into during the year amounting to €1,812,000 (2018: €900,130).

18. Cash and cash equivalents

	2019		2018	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Bank balances	1,555	1,507	31,417	30,455
Cash and cash equivalents in the statement of cash flows	1,555	1,507	31,417	30,455

19. Capital and reserves

Share capital

	2019		2018	
	No. '000	€'000	No. '000	€'000
Authorised, allotted, called up and fully paid Ordinary shares of €1 each	300	300	300	300

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital management

The capital structure of the Group consists of equity attributable to shareholders of the Parent Company, retained earnings and cash.

The Group's policy is to maintain a strong capital base and sufficient liquidity within the Group to ensure that all working capital commitments are met on time.

The Group used various short-term loans during the current and prior year to ensure sufficient liquidity is available to meet financial commitments as the fall due.

These capital management policies remain unchanged from the prior year. The Group's capital was as follows:

	2019	2018
	€'000	€'000
Cash and cash equivalents	1,555	31,417
Net funds	1,555	31,417
Equity	8,000	8,215
Capital and net funds	9,555	39,632

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Provision – Group and Company

Customer claims

Opening balance
Additions
Utilised during the year
Reversals
Closing balance

2019	2018
€'000	€'000
82	108
1	-
	(28)
	2
83	82

The customer claims provision has been made in respect of claims from customers due to late arrival of fuel purchases. These claims have been recognised as a provision rather than a liability due to the fact that the settlements are under negotiation and therefore the amounts and timing are uncertain.

21. Interest-bearing loans and borrowings

Short term loans and borrowings were taken to facilitate payment to suppliers. Loans held by the Company are secured against the oil products purchased and are repayable within one year. Loans held by the subsidiary company totalling €469k are secured via a charge over the assets of the subsidiary company as well as a guarantee from the ultimate parent company and are repayable within one year. For more information about the Group's and Company's exposure to interest rate risk, see Note 24.

Current liabilities

Bank loans and borrowings

2019	2018
Group Company	Group Company
€'000 €'000	€'000 €'000
769 500	1,655 -

22. Trade and other payables

Trade payables
Amount owed to fellow subsidiary
Other payables
Accruals and deferred income

2019	2018
Group Company	Group Company
€'000 €'000	€'000 €'000
129,665 129,664	240,311 235,262
797 796	1,913 1,913
207 27	65 25
231 69	975 890
130,900 130,556	243,264 238,090

23. Derivative financial instruments

Derivative financial liabilities not classified as hedging instruments:
Commodity price swaps

2019	2018
Group Company	Group Company
€'000 €'000	€'000 €'000
3 3	504 504

Derivative financial instruments not designated as hedging instruments reflect the positive and negative changes in fair value of commodity price swaps that are not designated in hedge relationships but are, nevertheless, intended to reduce the level of commodity price risk. Note 2(m) sets out the fair value hierarchy for assets and liabilities recognised at fair value. The commodity price swaps are classified as level 2.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Financial risk management and financial instruments

The Group's principal financial assets comprise: cash and cash equivalents, amounts due from the parent company, trade and other receivables and commodity price swaps. The Group's principal financial liabilities comprise trade payables, bank loans, amount due to fellow subsidiary undertakings, other payables and commodity price swaps.

All of the Group's financial assets are classified as loans and receivables and measured at amortised cost with the exception of commodity price swaps, which are measured at fair value through profit and loss. All of the Group's financial liabilities are measured at amortised cost with the exceptions of commodity price swaps, which are measured at fair value through profit and loss.

Credit risk

There is little perceived credit risk in respect of trade and other receivables (see Note 16). Trade receivables are due from large businesses with whom the Group has a long standing relationship, with no significant bad debt history, and contracts are usually implemented on a prepayment basis. The Group's maximum exposure to credit risk at 31 December 2019 is summarised below:

	2019 €'000	2018 €'000
Financial assets		
Loans and receivables:		
Trade receivables	21,621	126
Amount owed by Parent Company	42,967	175,977
Amount owed by related company		-
Other receivables	2,019	1,040
Cash at bank	1,555	31,417
Total financial assets classified as loans and receivables	68,162	208,560

Financial assets at fair value through profit and loss:

Commodity price swaps	-	-
-----------------------	---	---

Liquidity risk

The Group finances its operations through a mixture of retained profits and short term bank borrowings. The liquidity risk is extremely low as contracts are usually implemented on a prepayment basis from the buyer of approximately 100% of the value of the oil.

The Group had adequate financial resources to meet its obligations existing at 31 December 2019.

The Group's financial liabilities are all due within one year and are summarised below:

Liabilities at amortised cost:

	2019 €'000	2018 €'000
Trade payables	129,665	240,312
Amount owed to group undertakings	797	1,913
Other payables	207	262
Loans and borrowings	769	1,655
Total financial liabilities classified as at amortised cost	132,590	244,142

Liabilities at fair value through profit and loss:

Commodity price swaps	3	504
-----------------------	---	-----

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Financial risk management and financial instruments (continued)

Foreign exchange risk

The Group's policy in relation to the translation of foreign currency assets and liabilities is set out in Note 2(e) 'Foreign Currency' to the Group financial statements.

The Group trades petroleum products which are sold and purchased in Euros and in consequence has very limited exposure to foreign exchange risk in respect of petroleum products and sales. Other costs, such as transportation costs, can be incurred in currencies other than the Euro. The Group has not hedged its exposure to foreign exchange fluctuations at the statement of financial position date as it considers its exposure to foreign exchange risk to be low. A sensitivity analysis of the Group's exposure to the main foreign exchange affecting its results and the financial position at the year-end is set out below.

The table below details the Group's sensitivity to a 10% strengthening and weakening in the GB pound against the Euro. GB pound represents the main foreign currency exposure and 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	2019	2018
	€'000	€'000
10% strengthening of GB pound	96	47
10% weakening of GB pound	(79)	(38)

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on contracts with customers at prices that will be determined by reference to market prices of fuel and other oil products at the delivery date. The risk is mitigated as the Group purchases most of its inventory from its Parent Company at the price formula which transfers the Group's losses arising from commodity price changes to its Parent Company. In addition, commodity price swaps are entered into to mitigate the risk arising from movements in the commodities' market price.

Interest rate risk

Details of the Group's borrowings are described in Note 21. All borrowings are repayable within one year. As such, there is no significant interest rate risk at 31 December 2019.

25. Related parties

Identity of related parties

The Company is controlled by CJSC Belarusian Oil Company, an undertaking registered in Belarus, by virtue of its 100% interest in the issued share capital of the Company. The major controlling party (52%) of the Parent Company is Belarusneft Production Association, a State owned entity in Belarus. The Company has a related party relationship with its ultimate and intermediate Parent Company, subsidiary Company, fellow subsidiary companies, shareholders of the ultimate parent company and with its Director. Transactions with its subsidiary are eliminated on consolidation.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Related parties (continued)

Transactions with key management personnel

The Director is considered to be key management personnel and his remuneration is as follows:

	2019 €'000	2018 €'000
Short term employee benefits	120	118
Compulsory social security contributions	16	15
	<u>136</u>	<u>133</u>

Transactions with Group entities

	2019			2018		
	Purchases €'000	Sales €'000	Balance €'000	Purchases €'000	Sales €'000	Balance €'000
CJSC Belarusian Oil Company	2,001	-	42,967	2,451,299	-	175,977
BNK Ukraine	-	4,409	-	-	9,867	-
European Trade Company	168	13,545	(796)	113	6,191	(1,913)
Beloil Polska	-	-	-	-	8,699	-

Transactions with Shareholders of the Ultimate Parent Company

	2019			2018		
	Purchases €'000	Sales €'000	Balance €'000	Purchases €'000	Sales €'000	Balance €'000
JSC Naftan	80	233	-	877	1,456	-

26. Critical accounting estimates and judgements

The details of the Group's accounting policies are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and are set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the year.

The Group's inventory is oil products which, as commodities, are subject to changes in market prices. Inventory held at the year-end is required to be stated at the lower of cost and net realisable value and management is therefore required to estimate net realisable value. As disclosed in Note 15, there was no adjustment to the carrying value of inventory in the current year (2018: €nil) to ensure the lower of cost and net realisable value is correctly applied.

The judgements made with respect to applying the going concern assumption are set out in Note 1 to the financial statements.

The value of the customer claims provision also requires a degree of estimation. Note 20 sets out the movements on this provision since the prior year Statement of Financial Position date.

BNK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Smallest and largest group accounts

CJSC Belarusian Oil Company is the smallest and largest group of undertakings for which consolidated financial statements are drawn up. The consolidated financial statements of the Parent Company and ultimate controlling party are not publicly available.

28. Events after the financial period

In March 2020, the UK along with many other countries entered into forced restrictions related to the spread of Covid-19. Current global situation continues to bring uncertainties for businesses as the economy suffers significant slowdown. At the time of approval of these financial statements the management anticipates a level of decline in sales, mainly due to unstable international crude oil and other petroleum products prices. The Director will continue to review the situation and its impact on the company's business. However, the Director is of an opinion that at the time of approval of these financial statements there were no indications suggesting that the company would not be able to continue as a going concern in the foreseeable future and have therefore prepared these financial statements on a going concern basis.

There were no other significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.