

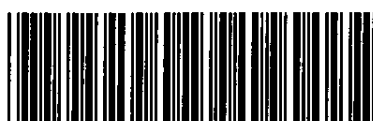
Braemar Financial Holdings Limited

Directors' Report and Financial Statements

Registered number 10917096

28 February 2022

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Directors and advisors

Directors

A T Borthwick
N P Stone

Registered office

One Strand
Trafalgar Square
London
WC2N 5HR

Bankers

HSBC Bank Plc
Surrey and Sussex Corporate Banking Centre
Ground Floor
1 London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Directors' report and statement of Directors' responsibilities

The Directors present their Directors' report and Financial Statements for the year ended 28 February 2022.

Principal activity

The principal activity of Braemar Financial Holdings Limited (the "Company") is that of a holding company.

Results and dividends

The loss for the period after taxation amounted to £36,922 (2021: £472,497). The Directors do not recommend payment of a dividend (2021: £nil).

Political contributions

There were no political contributions during the year ended 28 February 2022 (2021: £nil).

Directors

The Directors who held office during the year and up to the date of signing were as follows:

A T Borthwick (appointed 14 April 2021)

N P Stone

R C Series (resigned 21 April 2021)

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

The directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The Directors' report was approved by the Board on 24 February 2023 and signed on its behalf by



N P Stone

Director

Braemar Financial Holdings Limited (Reg. no. 10917096)

Balance sheet

As at 28 February 2022

	Notes	2022 £	2021 (restated) £
Assets			
Non-current assets			
Investments	6	28,338	28,338
Current assets			
Other receivables	7	29,777,980	30,847,663
Cash at bank		232,760	820,083
		<u>30,010,740</u>	<u>31,667,746</u>
Total assets		30,039,078	31,696,084
Liabilities			
Creditors: amounts falling due within one year			
Other payables	8	30,669,650	32,289,734
Total liabilities		30,669,650	32,289,734
Net liabilities		<u>(630,572)</u>	<u>(593,649)</u>
Equity			
Called up share capital	10	1,000	1,000
Retained earnings		<u>(631,572)</u>	<u>(594,650)</u>
		<u>(630,572)</u>	<u>(593,650)</u>

For the year ending 28 February 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Directors:

- confirm that the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The Financial Statements on pages 3 to 13 were approved by the Board of Directors and on 24 February 2023 and were signed on its behalf by:



N P Stone

Director

Braemar Financial Holdings Limited (Reg. no. 10917096)

The notes on pages 6 to 13 form part of these Financial Statements

Income statement and statement of comprehensive income

For the year ended 28 February 2022

	Notes	2022 £	2021 (restated) £
Turnover		-	-
Administrative expenses		<u>143,180</u>	<u>(3,565)</u>
Operating profit / (loss/0	3	143,180	(3,565)
Interest receivable and similar income	4	654,015	760,360
Interest payable and similar expenses	4	<u>(834,117)</u>	<u>(846,070)</u>
Loss on ordinary activities before taxation		(36,922)	(89,275)
Taxation	5	<u>-</u>	<u>(383,222)</u>
Loss for the year attributable to shareholders		<u>(36,922)</u>	<u>(472,497)</u>
 Total comprehensive loss for the year		 <u>(36,922)</u>	 <u>(472,497)</u>

The notes on pages 6 to 13 form part of these Financial Statements

Statement of changes in equity
For the year ended 28 February 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 March 2020	1,000	(122,153)	(121,153)
Loss for the year	-	(472,497)	(472,497)
Balance at 28 February 2021 (restated)	1,000	(594,650)	(593,650)
Loss for the year	-	(36,922)	(36,922)
Balance at 28 February 2022	1,000	(631,572)	(630,572)

The notes on pages 6 to 13 form part of these Financial Statements

Notes to the Financial Statements

1. Accounting policies

a) Going concern

The Financial Statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

The Company is a wholly owned subsidiary within the Braemar plc (formerly Braemar Shipping Services Plc) Group (the "Group") and participates in the Group's centralised treasury arrangements, and so shares banking arrangements with its ultimate parent undertaking and fellow subsidiaries. Braemar Plc has provided a letter of support confirming its support as is necessary to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the Financial Statements. In reaching its conclusion in respect of going concern the directors of the company have made the necessary enquiries of the directors of Braemar Plc and ensured their ability to provide support should it be necessary.

The Braemar Plc Group has a revolving credit facility ("RCF") which has a number of financial covenant tests that must be adhered to. At the start of the year the financial covenant relating to debt to 12 months rolling EBITDA was 3.0x, after January 2022 the covenant was reduced to 2.5x.

In November 2022 the Group completed the execution of a new RCF, the new RCF is for £30.0 million plus an accordion limit of £10.0 million. Drawdown of the accordion facility is subject to additional credit approval. The facility terms are very similar to the old RCF that it has replaced that was due to expire in September 2023. It has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 August 2022, 31 May 2022 and for the year ended 28 February 2022 the Group met all financial covenant tests.

The Directors have considered the Company's trading and cash flows post year end, which has been resilient, along with forward-looking market data in respect of the shipping market. This includes the forward order book.

The Directors have also assessed the responses of the Directors of Braemar Plc to their enquiries and have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Braemar Plc to continue as a going concern or its ability to continue with the current banking arrangements.

The Braemar Plc Group has prepared cashflow forecasts and stress / reverse stress tests which consider the impact of the conflict in Ukraine and COVID. The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine is not expected to have any material effect on trading FY22/23 nor does the Group have any existing material exposure. The effects of COVID are nothing like those that were the case in the previous two years, despite some disruptions still prevalent, particularly in Asia, however these are not expected to have a material impact on trading in the going concern period. The Directors have concluded therefore that none of these factors are likely to have a significantly adverse impact on the Group's future cash flows. Accordingly, the Company continues to adopt the going concern basis in preparing the Financial Statements.

b) Basis of preparation and forward-looking statements

The Company's Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company transitioned from FRS 102 to FRS 101 as at 1 March 2020. There were no material amendments on the adoption of FRS 101.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's Financial Statements are presented in Sterling and are rounded to the nearest pound (£).

The Financial Statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Certain statements in this Directors' report and Financial Statements are forward-looking. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. These statements involve risks and uncertainties, so actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

FRS 101

The Financial Statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes.
- Comparative period reconciliations for share capital.
- Disclosures in respect of capital management.
- Disclosures of transactions with a management entity that provides management personnel services to the Company.
- Certain disclosures required under IFRS 15 "Revenue from Contracts with Customers".
- Certain disclosures required under IFRS 9 "Financial Instruments".
- IFRS 2 "Share Based Payments" in respect of Group settled share-based payments.
- Certain disclosures required by IFRS 13 "Fair Value Measurement".
- The disclosures required by IFRS 7 "Financial Instrument Disclosures".
- The requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and the exemption to disclose key management compensation.

New and amended standards adopted by the Company

There were no new standards or amendments adopted in the annual Financial Statements for the year ended 28 February 2022 which had a significant effect on the Company.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2021 and not early adopted

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

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

The following amendments are effective for the period beginning 1 March 2023:

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

The adoption of these standards and amendments is not expected to have a material impact on the Financial Statements of the Company in future periods.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

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. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that “settlement” includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of liabilities.

c) Estimates and judgements

The preparation of the Company’s Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

There are no significant estimates or judgements which had an effect on the Financial Statements for the year ended 28 February 2022.

d) Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less accumulated impairment.

e) Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

f) Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them. Acquisition costs include transaction costs.

After initial recognition, financial assets and liabilities are classified into the following categories: fair values through profit or loss; available for sale financial assets and loans and receivables. A description of these measurement bases is as follows.

Financial assets and liabilities at fair value through the profit and loss. These include all financial instruments held for trading, including derivatives, as well as those designated at fair value through profit and loss at inception. The financial assets and liabilities are initially recorded at fair value with changes in fair value charged or credited to the profit and loss account in the period they arise.

Loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The receivables are included with trade and other debtors. Such assets are carried at amortised costs using the effective interest method. Gains and losses are recognised in income when the loans and receivables are sold or impaired, as well as through the amortisation process.

Cash and cash equivalents. These comprise cash in hand and deposits that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Financial liabilities, other than derivative financial instruments or those held for trading are initially recognised at fair value, net of transaction costs as appropriate, and subsequently carried at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

g) Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Staff costs and key management compensation

a) Staff costs

There were no staff costs for the year ended 28 February 2022 (2021: £nil).

b) Average number of full-time employees

The average number of employees during the year was none (2021: none).

c) Key management compensation

None of the Directors received any emoluments during the year or the previous years in respect of services to the Company. There are no other key management employees other than the Directors of the Company. All Directors who served during the year were employed by other Group companies and were remunerated for the qualifying services they provided to them.

Notes to the Financial Statements (continued)

3. Operating (loss)

Operating (loss) represents the results from operations before taxation.

This is stated after charging/(crediting):

	2022 £	2021 £
Foreign exchange (gains) / loss	<u>(143,180)</u>	<u>1,054</u>

4. Net interest expense

Interest receivable and similar income

	2022 £	2021 £
Interest on amounts owed by group companies	<u>654,015</u>	<u>760,360</u>

Interest payable and similar expenses

	2022 £	2021 £
Interest on preference shares	834,117	846,070
Bank interest	-	-
	<u>834,117</u>	<u>846,070</u>

5. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	-	83,041
Adjustments to tax charge in respect of previous periods	-	300,181
Total tax charge for the year	<u>-</u>	<u>383,222</u>

Notes to the Financial Statements (continued)

6. Investments

	Subsidiaries £
Cost	
At 1 March 2021	28,338
Additions	-
At 28 February 2022	<u>28,338</u>
Net book value	
At 28 February 2022	<u>28,338</u>
At 28 February 2021	<u>28,338</u>

In the opinion of the Directors, the value of these investments is not less than their book value.

Incorporated in England and Wales

			Ownership
One Strand, Trafalgar Square, London, WC2N 5HR	Principal activity	Type of share	(%)
Braemar Corporate Finance Limited (Reg. no. 02710842)	Provision of corporate finance advice	Ordinary	100

Incorporated in Germany

Domstr. 17, 20095 Hamburg, Germany	Principal activity	Type of share	Ownership
			(%)
Braemar Financial Holdings Germany GmbH (Reg. no. HRB 146089)	Holding co.	Ordinary	100

The subsidiaries prepare their statutory financial statements to 28 February.

Notes to the Financial Statements (continued)

7. Other receivables

	2022	2021 (restated)
	£	£
Amounts owed by group undertakings	<u>29,777,980</u>	<u>30,847,663</u>

The Directors consider that the carrying value of amounts owed by group undertakings approximates to their fair value. Amounts owed by group undertakings are interest-free, unsecured and repayable on demand.

8. Other payables

	2022	2021
	£	£
Preference shares (see Note 9)	28,012,428	28,267,095
Amounts owed to group undertakings	2,652,861	3,928,827
Corporation tax	-	89,553
Accruals and deferred income	<u>4,361</u>	<u>4,259</u>
	<u>30,669,650</u>	<u>32,289,734</u>

The Directors consider that the carrying amount of other payables approximates to their fair value. Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

The amounts included within other payables are expected to be settled in less than 12 months.

9. Preference shares

An analysis of the maturity of preference shares is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
28,012,428 (2021: 28,267,095) preference shares of €1 each	<u>28,012,428</u>	<u>28,267,095</u>

10. Called up share capital

	2022	2021
	£	£
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Notes to the Financial Statements (continued)

11. Contingent liabilities

Under the terms of its banking arrangements the Company, its ultimate parent, Braemar Plc and its fellow trading subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure Group borrowing facilities and other financial instruments.

12. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking is Braemar Plc, a company incorporated in England and Wales and traded on the London Stock Exchange.

The Company is included in the financial statements that have been prepared by Braemar Plc. The consolidated financial statements of the group are available to the public and may be obtained from Braemar Plc, One Strand, Trafalgar Square, London, WC2N 5HR.

13. Events after the reporting date

In November 2022 the Company entered into a new revolving credit facility with HSBC. The RCF facility limit is similar to the previous facility that was due to expire in September 2023 and totals £40m with £30m available immediately and an accordion limit of £10m. Drawdown of the accordion facility is subject to additional credit approval. The facility is for a three year initial duration but at the Group's option this can be extended by one year on each of the first and second anniversaries of its completion. Therefore, the maximum possible duration is five years.

The RCF has a number of covenants, in particular the ratio of debt to rolling 12-month EBITDA with a limit of 2.5x.



One Strand
Trafalgar Square
London
WC2N 5HR

www.braemar.com