

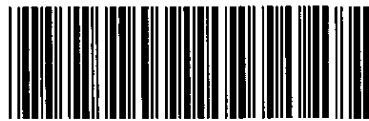
# **Braemar Financial Holdings Limited**

## **Directors' Report and Financial Statements**

Registered number 10917096

28 February 2021

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## **Directors and advisors**

### **Directors**

A T Borthwick  
N P Stone

### **Company secretary**

P T J Mason

### **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 2021.

### **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 £386,787 (2020: £118,953). The Directors do not recommend payment of a dividend (2020: £nil).

### **Political contributions**

There were no political contributions during the year ended 28 February 2021 (2020: £nil).

### **Directors**

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

A T Borthwick (appointed 14.4.21)  
N P Stone  
R C Series (resigned 21.4.21)

### **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.

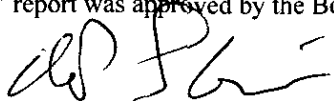
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 23 November 2021 and signed on its behalf by



**N P Stone**

Director

Braemar Financial Holdings Limited (Reg. no. 10917096)

# **Income statement and statement of comprehensive income**

For the year ended 28 February 2021

		2021	Period 1.9.18 to 29.2.20
		£	£
	Notes		
<b>Turnover</b>		-	-
Administrative expenses		<u>(3,565)</u>	<u>31,330</u>
<b>Operating (loss)/profit</b>	3	<b>(3,565)</b>	<b>31,330</b>
Interest receivable and similar income	4	<b>448,594</b>	<b>1,596,377</b>
Interest payable and similar expenses	4	<u>(448,594)</u>	<u>(1,596,377)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(3,565)</b>	<b>31,330</b>
Taxation	5	<u>(383,222)</u>	<u>(150,283)</u>
<b>Loss for the year attributable to shareholders</b>		<u><b>(386,787)</b></u>	<u><b>(118,953)</b></u>
 <b>Total comprehensive loss for the year</b>		 <u><b>(386,787)</b></u>	 <u><b>(118,953)</b></u>

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

## Balance sheet

As at 28 February 2021

	Notes	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	<u>28,338</u>	<u>28,338</u>
		<b>28,338</b>	<b>28,338</b>
<b>Current assets</b>			
Other receivables	7	<b>27,648,216</b>	21,112,161
Cash at bank		<u>820,083</u>	<u>6,246,665</u>
		<b>28,468,299</b>	<b>27,358,826</b>
<b>Total assets</b>		<b>28,496,637</b>	<b>27,387,164</b>
<b>Liabilities</b>			
<b>Creditors: amounts falling due within one year</b>			
Other payables	8	<u>(29,004,577)</u>	<u>(27,508,317)</u>
<b>Total liabilities</b>		<u>(29,004,577)</u>	<u>(27,508,317)</u>
<b>Net liabilities</b>		<u>(507,940)</u>	<u>(121,153)</u>
<b>Equity</b>			
Called up share capital	10	<b>1,000</b>	1,000
Retained earnings		<u>(508,940)</u>	<u>(122,153)</u>
<b>Total equity</b>		<u>(507,940)</u>	<u>(121,153)</u>

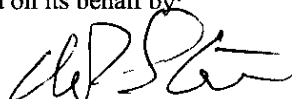
These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the year ending 28 February 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

### Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors 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 23 November 2021 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

**Statement of changes in equity**  
For the year ended 28 February 2021

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
Balance at 1 September 2018	1,000	(3,200)	(2,200)
Loss for the period	<u>-</u>	<u>(118,953)</u>	<u>(118,953)</u>
Balance at 29 February 2020	1,000	(122,153)	(121,153)
Loss for the year	<u>-</u>	<u>(386,787)</u>	<u>(386,787)</u>
<b>Balance at 28 February 2021</b>	<b><u>1,000</u></b>	<b><u>(508,940)</u></b>	<b><u>(507,940)</u></b>

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 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 Shipping Services 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.

The Directors have considered the Company's trading and cash flows over the first six months of the year, 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 Shipping Services 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 Shipping Services Plc to continue as a going concern or its ability to continue with the current banking arrangements.

The Group has prepared cashflow forecasts considering the impact of the COVID pandemic. Although the Group has faced considerable operational challenges as a result of the pandemic, the Group's underlying financial performance from continuing operations for the year is ahead of management's expectations that were set at the beginning of the pandemic. Therefore, the Directors have concluded that COVID is unlikely to have a significantly adverse impact on the Group's future cashflows.

Over the course of the COVID pandemic, the Company has faced unprecedented challenges and has operated successfully despite the various lockdown restrictions. The Company has the benefit of this experience when assessing how COVID may impact future trading but some uncertainty remains over the outlook, and revisions to trade projections are possible. 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).

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 Company's Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting).

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.

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.



## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### *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 2021 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 2020 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 reporting periods beginning on or after 1 January 2022 that the Company has decided not to adopt early. The most significant of these are as follows:

- 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 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 2021.

#### 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 2021 (2020: £nil).

#### b) Average number of full-time employees

The average number of employees during the year was none (2020: 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)/profit

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

This is stated after charging/(crediting):

	Year ended 28.2.21 £	Period 1.9.18 to 29.2.20 £
Auditors' remuneration	-	2,250
Foreign exchange loss/(gain)	<u>1,054</u>	<u>(46,790)</u>

### 4. Net interest expense

*Interest receivable and similar income*

	Year ended 28.2.21 £	Period 1.9.18 to 29.2.20 £
Interest on amounts owed by group companies	<u>448,594</u>	<u>1,596,377</u>

*Interest payable and similar expenses*

	Year ended 28.2.21 £	Period 1.9.18 to 29.2.20 £
Interest on preference shares	<u>(448,594)</u>	<u>(1,596,377)</u>

### 5. Taxation

#### Analysis of the tax charge

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

	Year ended 28.2.21 £	Period 1.9.18 to 29.2.20 £
Current tax:		
UK corporation tax	83,041	102,334
Adjustments to tax charge in respect of previous periods	<u>300,181</u>	<u>47,949</u>
Total tax charge for the year	<u>383,222</u>	<u>150,283</u>

## Notes to the Financial Statements (continued)

### 5. Taxation (continued)

#### Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 28.2.21 £	Period 1.9.18 to 29.2.20 £
(Loss)/profit before tax	<u>(3,565)</u>	<u>31,330</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(677)	5,953
Effects of:		
Expenses not deductible for tax purposes	85,232	303,311
Adjustments to tax charge in respect of previous periods	300,181	47,949
Group relief	-	(206,930)
Group relief claimed from same business division company	(49,555)	-
Payment for group relief in excess of tax saving	<u>48,041</u>	<u>-</u>
Total tax charge for the year	<u>383,222</u>	<u>150,283</u>

In the Spring Budget 2021, the UK Government announced changes to the UK corporation tax rates. The rate of corporation tax from 1 April 2021 would remain at 19%, rising to 25% from 1 April 2023. This was substantively enacted in May 2021 when the Finance Bill 2021 was published. As the proposal to increase the rate to 25% from 1 April 2023 had not been substantively enacted at the balance sheet date, its effects are not included in these Financial Statements.

### 6. Investments

	Subsidiaries £
<b>Cost</b>	
At 1 March 2020	28,338
Additions	<u>-</u>
<b>At 28 February 2021</b>	<u>28,338</u>
<b>Net book value</b>	
At 28 February 2021	<u>28,338</u>
At 29 February 2020	<u>28,338</u>

## Notes to the Financial Statements (continued)

### 6. Investments (continued)

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

#### Incorporated in England and Wales

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

#### Incorporated in Germany

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

The subsidiaries prepare their statutory financial statements to 28 February.

### 7. Other receivables

	2021 £	2020 £
Amounts owed by group undertakings	<u>27,648,216</u>	<u>21,112,161</u>

The Directors consider that the carrying amount 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

	2021 £	2020 £
Preference shares (see Note 9)	24,906,063	26,104,194
Amounts owed to group undertakings	4,004,702	1,293,589
Corporation tax	89,553	102,334
Accruals and deferred income	<u>4,259</u>	<u>8,200</u>
	<u>29,004,577</u>	<u>27,508,317</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.

## Notes to the Financial Statements (continued)

### 9. Preference shares

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

	2021 £	2020 £
Amounts falling due within one year or on demand: 28,661,897 (2020: 26,562,897) preference shares of €1 each	<u>24,906,063</u>	<u>26,104,194</u>

### 10. Called up share capital

Authorised, allotted, called up and fully paid

Number:	Class:	Nominal value:	2021 £	2020 £
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

### 11. Contingent liabilities

Under the terms of its banking arrangements the Company, its ultimate parent, Braemar Shipping Services 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 Shipping Services 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 Shipping Services Plc. The consolidated financial statements of the group are available to the public and may be obtained from Braemar Shipping Services Plc, One Strand, Trafalgar Square, London, WC2N 5HR.