

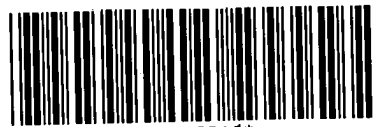
Magenta Shipping Limited

Consolidated financial statements

For the year ended 31st December 2018

Registered number: 11013849

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Magenta Shipping Limited

Strategic Report for the year ended 31st December 2018

Directors

G.N. Georgiou
E. Kouligkas
A. Boehme

Registered office

13-14 Hobart Place
London SW1W 0HH

Registered number

11013849

Principal activities

The Group's principal activity is the ownership and operation of a vessel.

Incorporation

The Company was incorporated on 16th October 2017 and commenced trading in December 2017.

Review of the business and future prospects

The containership charter market saw an improvement in 2018, however underperformed towards the second half of the year, charter rates trended downwards especially for the smaller sized container vessels due to limited scrapping. Trade war fears resulted in increasing downtime but are now reversing as the effect on the volumes has been much less than expected. According to market forecasts, 2019 is expected to show improvements.

The Directors continue to monitor the Brexit negotiations but in view of the uncertainties cannot predict the impact any eventual resolution will have on the Group's financial position.

The key performance indicators of the Group's performance can be seen below:

	2018 US\$'000	Period from 16 th October 2017 to 31 st December 2017 US\$'000
Revenue	4,746	49
Total operating days	365	10
EBITDA	2,592	2

**EBITDA is defined as earnings before interest, tax, depreciation, impairment and amortisation and any other non-operating costs or income and is broadly reflective of the Group's ability to generate positive cash flows from its operations.*

The directors anticipate that the market will continue to show signs of improvement in the forthcoming year which is expected to have a positive impact on charter rates.

Financial risk management

The Group's operations expose it to varying levels of financial risk. Liquidity risk is mitigated by a policy of fixing long-term time charters where markets permit. The policies set out by the Board are implemented by the accounting department of an associated company. See further details in Note 17.

Magenta Shipping Limited

Strategic Report for the year ended 31st December 2018 continued...

Going concern

The financial statements have been prepared on a going concern basis. In applying this basis, the directors have reviewed the projections of cash flows and compliance with banking covenants over the 12 months from the approval of the financial statements and concluded that the Group will be able to meet its liabilities as they fall due. The Group's current liabilities exceeded its current assets by US\$2,101,000 (2017: US\$1,887,000). In addition, the intermediate parent company Orchard Marine Holdings Limited, has undertaken to provide support to enable the Group to meet its obligations as they fall due.

By order of the Board on 08/11/2019

A handwritten signature in black ink, appearing to be 'G.N. Georgiou', written over a horizontal line.

G.N. Georgiou
Director

Magenta Shipping Limited

Directors' Report for the year ended 31st December 2018

The directors present their report and the consolidated financial statements for the year ended 31st December 2018.

Please refer to the Strategic Report on pages 1 and 2 for the names of the directors, activities and the likely further developments of the Group and a discussion of the risks and uncertainties. Please refer to Note 17 of the consolidated financial statements for future disclosure of the financial risks.

Results and dividends

The profit for the year ended 31st December 2018 for the Group was US\$247,000 (Period from 16th October 2017 to 31st December 2017: a loss of US\$ 77,000). The directors do not propose the payment of a dividend (2017: US\$ nil).

Independent Auditor

On 1 February 2019, Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as the Group's auditor. In their place, BDO LLP has indicated its willingness to continue in office.

Disclosure of information to auditors

At the time when this report is approved the directors have confirmed that:

- (a) so far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and
- (b) they have taken all the steps that ought to have been taken as directors, including making appropriate enquiries of the Group's auditors for that purpose, in order to be aware of any information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

By order of the Board on 08/11/2019



G.N. Georgiou
Director

Magenta Shipping Limited

Statement of directors' responsibilities For the year ended 31st December 2018

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Group; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements, the directors are required to:

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

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

Independent Auditors' Report to the Member of Magenta Shipping Limited

Opinion

We have audited the financial statements of Magenta Shipping Limited ("the Parent Company") and its subsidiary ("the Group") for the year ended 31 December 2018 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity, Company statement of cash flows and notes to the consolidated financial statements, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or 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.

Independent Auditors' Report to the Member of Magenta Shipping Limited continued...

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, Directors report and financial statements, 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 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.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

Independent Auditors' Report to the Member of Magenta Shipping Limited continued...

Responsibilities of Directors continued...

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Simms (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 11th November 2019

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

Magenta Shipping Limited

Consolidated statement of comprehensive income

For the year ended 31st December 2018

Expressed in thousands of United States dollars

			Period from 16 th October 2017 to 31 st December 2017
	Note	2018	
Revenue	4.3, 5	4,746	49
Direct costs	5	(298)	(3)
Gross profit	5	4,448	46
Operating expenses:			
- Vessel running costs		(1,816)	(42)
- Depreciation and amortisation	11	(1,093)	(37)
- Admin expenses		(40)	(2)
		(2,949)	(81)
Operating profit/(loss)		1,499	(35)
Finance costs	8	(1,252)	(42)
Profit/(loss) before taxation		247	(77)
Taxation	9	-	-
Profit/(loss) after taxation		247	(77)
Total comprehensive income/(expense) for the year/period		247	(77)

There are no items of other comprehensive income during the year/period.

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited

Consolidated statement of financial position

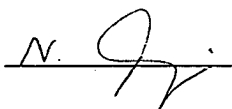
As at 31st December 2018

Expressed in thousands of United States dollars

	Note	2018	2017
Non-current assets			
Vessel	11	<u>28,594</u>	<u>29,687</u>
Current assets			
Inventories	12	66	-
Trade and other receivables	13	73	181
Cash and cash equivalents	14	<u>13</u>	<u>260</u>
		<u>152</u>	<u>441</u>
Total assets		<u><u>28,746</u></u>	<u><u>30,128</u></u>
Current liabilities			
Trade and other payables	15	866	959
Finance lease	16	<u>1,387</u>	<u>1,369</u>
		<u>2,253</u>	<u>2,328</u>
Non-current liabilities			
Finance lease	16	<u>16,533</u>	<u>18,087</u>
Total liabilities		<u><u>18,786</u></u>	<u><u>20,415</u></u>
Shareholder's equity			
Share capital	18	-*	-*
Contributed surplus	19	9,790	9,790
Retained earnings/(accumulated deficit)		<u>170</u>	<u>(77)</u>
Total equity		<u><u>9,960</u></u>	<u><u>9,713</u></u>
Total liabilities and equity		<u><u>28,746</u></u>	<u><u>30,128</u></u>

*Total share capital is US\$1

Signed on behalf of the Board on 08/11/2019



G.N. Georgiou
Director

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited

Consolidated statement of changes in equity
For the year ended 31st December 2018
Expressed in thousands of United States dollars

	Share capital	Contributed surplus	(Accumulated deficit)/retained earnings	Total
At date of incorporation	-*	-	-	-*
Issue of shares	-	-	-	-
Shareholder contributions	-	9,790	-	9,790
Total comprehensive expense	-	-	(77)	(77)
At 31 st December 2017	-*	9,790	(77)	9,713
Total comprehensive income	-	-	247	247
At 31st December 2018	-*	9,790	170	9,960

*Total share capital is 1 share of US\$1 each.

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited

Consolidated statement of cash flows

For the year ended 31st December 2018

Expressed in thousands of United States dollars

	Note	2018	Period from 16 th October 2017 to 31 st December 2017
Operating activities			
Profit/(loss) before taxation		247	(77)
Depreciation and amortisation	11	1,093	37
Finance costs	8	1,252	42
Changes in:			
- Inventories		(66)	-
- Trade and other receivables		108	(181)
- Trade and other payables		(93)	959
Cash inflow from operating activities		2,541	780
Investing activities			
Purchase of vessel	11	-	(29,724)
Proceeds from disposal of vessel	11	-	19,500
Cash outflow from investing activities		-	(10,224)
Financing activities			
Equity contribution from shareholder		-	9,790
Finance lease repayments	16	(1,536)	(44)
Interest paid		(1,252)	(42)
Cash (outflow)/inflow from financing activities		(2,788)	9,704
Net change in cash and cash equivalents		(247)	260
Cash and cash equivalents at start of the year/period		260	-
Cash and cash equivalents at end of the year/period	14	13	260

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited**Company statement of financial position**As at 31st December 2018*Expressed in thousands of United States dollars*

	Note	2018	2017
Non-current assets			
Investment in a subsidiary	10	9,790	9,790
		<u>9,790</u>	<u>9,790</u>
Total assets		<u>9,790</u>	<u>9,790</u>
Current liabilities			
Trade and other payables	15	1	1
		<u>1</u>	<u>1</u>
Total liabilities		<u>1</u>	<u>1</u>
Shareholder's equity			
Share capital	18	-*	-*
Contributed surplus	19	9,790	9,790
Accumulated deficit		(1)	(1)
		<u>9,789</u>	<u>9,789</u>
Total equity		<u>9,789</u>	<u>9,789</u>
Total liabilities and equity		<u>9,790</u>	<u>9,790</u>

*Total share capital is US\$1

Signed on behalf of the Board on

G.N. Georgiou
Director*The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.*

Magenta Shipping Limited**Company statement of changes in equity**For the year ended 31st December 2018*Expressed in thousands of United States dollars*

	Share capital	Contributed surplus	Accumulated deficit	Total
At date of incorporation	-*	-	-	-*
Shareholder contributions	-	9,790	-	9,790
Total comprehensive expense	-	-	(1)	(1)
At 31 st December 2017	-*	9,790	(1)	9,789
At 31st December 2018	-*	9,790	(1)	9,789

*Total share capital is 1 share of US\$1 each.

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited

Company statement of cash flows

For the year ended 31st December 2018

Expressed in thousands of United States dollars

	2018	Period from 16 th October 2017 to 31 st December 2017
Operating activities		
Loss before taxation	-	(1)
Changes in:		
- Other payables	-	1
Cash inflow from operating activities	<u>-</u>	<u>-</u>
Investing activities		
Purchase of investments	-	(9,790)
Cash outflow from investing activities	<u>-</u>	<u>(9,790)</u>
Financing activities		
Equity contributions from shareholder	-	9,790
Cash inflow from financing activities	<u>-</u>	<u>9,790</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at start of the year/period	-	-
Cash and cash equivalents at end of the year/period	<u>-</u>	<u>-</u>

The accompanying notes on pages 16 to 31 form an integral part of the consolidated financial statements.

Magenta Shipping Limited

Notes to the consolidated financial statements

For the year ended 31st December 2018

1. General

The Company is a private limited company domiciled and incorporated on 16th October 2017 under the laws of the United Kingdom. Its registered office is situated at 13-14 Hobart Place, London SW1W 0HH.

The immediate parent company is Orchard Marine Limited, a company incorporated in the British Virgin Islands. The Company's intermediate parent company is Orchard Marine Holdings Limited, which is controlled equally, under a joint venture agreement, by two shareholders and therefore there is no ultimate controlling party.

The principal activity of the Group is the ownership and operation of a vessel.

2. Basis of preparation

2.1. Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

2.2. Consolidation

The consolidated financial statements include the audited financial statements of the Company for the year ended 31st December 2018 and its subsidiary company.

The parent company has elected not to include its own individual statement of comprehensive income in the annual accounts in accordance with Section 408 of the Companies Act 2006.

All intercompany balances and transactions are eliminated on consolidation.

Details of the Group's subsidiary at 31st December 2018 and 2017, respectively are as follows:

Company name	Country of incorporation	Principal activity	Percentage ownership (ordinary shares)
Kalamoti Trader Shipping Limited	United Kingdom	Vessel owner and operator	100%

2.3. Going concern

During the financial year ended 31st December 2018, the Group incurred a total comprehensive income of US\$247,000 (2017: a loss of US\$ 77,000), as at that date, the Group's current liabilities exceed its current assets by US\$2,101,000 (2017: US\$1,887,000). The consolidated financial statements of the Group have been prepared on a going concern basis as the intermediate parent company, Orchard Marine Holdings Limited, has undertaken to provide support to enable the Group to meet its obligations as they fall due.

3. Recent accounting pronouncements

3.1. New interpretations and revised standards effective for the year ended 31st December 2018

The Group has adopted the new interpretations and revised standards effective for the year ended 31st December 2018. The adoption of these interpretations and revised standards had the following impact on the disclosures and presentation of the financial statements:

Notes to the consolidated financial statements

For the year ended 31st December 2018

3. Recent accounting pronouncements continued ...

3.1. New interpretations and revised standards effective for the year ended 31st December 2018 continued...

IFRS 9 Financial Instruments

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There are now only three categories of financial assets, whereby financial assets are measured at either fair value through profit or loss, fair value through other comprehensive income or at amortised cost. On adoption of the standard, the Group re-termed "Loans and receivables" to "Financial assets at amortised cost"; however, no reclassifications or changes to the accounting method were required. All of the Group's financial liabilities were already stated at amortised cost, hence no change was required in the classification of financial liabilities.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments are recognised on an expected loss basis, as opposed to the previous incurred loss approach. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- (1) Amounts due from related parties at amortised cost;
- (2) Lease receivables; and
- (3) Trade receivables and other contract assets.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial assets.

The Group has elected to adopt the transition as provided by IFRS 9 which permits an entity not to restate prior periods on initial application of IFRS 9 *Financial Instruments* and any adjustments to be made in the current year. The adoption of this standard as of 1st January 2018 resulted in US\$nil impact to the Group's reserves.

IFRS 15 Revenue from Contracts with Customers

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognise revenue when a performance obligation is satisfied.

In applying the standard there has been a significant increase in disclosure in relation to the nature, amount, timing and uncertainty of revenue, balances and cash flows arising from contracts with customers.

As a result of the increased disclosure requirements the Group has disaggregated (and thus reclassified) certain revenue, receivable and payable amounts reported in the prior year financial statements. The application of the standard did not however have any impact on the financial results and position reported in the primary financial statements.

Magenta Shipping Limited

Notes to the consolidated financial statements

For the year ended 31st December 2018

3. Recent accounting pronouncements continued ...

3.1. New interpretations and revised standards effective for the year ended 31st December 2018 continued...

IFRS 15 Revenue from Contracts with Customers continued...

The Group primarily earns its income by entering into time charter arrangements for its vessel. A time charter entails hiring of the Group's vessel to its customers together with a responsibility to provision of crew and maintenance of the vessel. In the past, time charter arrangements have been classified as lease contracts by the Group. However, based on the guidance provided in IFRS 16 *Leases*, the Group has disaggregated its time charter arrangement into lease and non-lease components and has applied IFRS 15 *Revenue from Contracts with Customers* on the non-lease component whereby the lease component represents the hire of vessel and non-lease component represents provision of vessel management services as part of the time charter arrangement.

A residual approach has been used to estimate the standalone price for lease and non-lease components in accordance with the guidance provided by IFRS 15 *Revenue from Contracts with Customers* as the time charter revenue has high fluctuation due to volatility in the shipping market. Accordingly, management has estimated standalone price for non-lease component of vessel management services and any residual contract price is allocated to lease component.

3.2. Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31st December 2018. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 16 Leases

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their statement of financial position as 'right-of-use assets' with a corresponding lease liability. The requirements for lessors are substantially unchanged.

The Group will apply the modified retrospective approach. In this respect, all existing contracts with customers as at 1st January 2018 meet the definition of an operating lease. The Group is a lessee through a transaction entered as at 1st January 2018. The contract is classified as a finance lease under the previous standard. Accordingly, management concluded that the implementation of the new standard will not have any material effect on the Group's consolidated financial statements apart from additional disclosures requirements.

The standard is effective for periods beginning on or after 1st January 2019.

4. Summary of significant accounting policies

4.1. Foreign currencies

The functional and presentational currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Revenue, costs and non-monetary assets and liabilities are translated at the exchange rates ruling at the dates of transactions. Foreign exchange gains and losses are included in the statement of comprehensive income.

4.2. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the consolidated financial statements

For the year ended 31st December 2018

4. Summary of significant accounting policies continued...

4.3. Revenue

Revenue derived from vessel leases is recognised on a straight-line basis over the period of the lease.

Contract revenue from the Group's shipping operations primarily relates to the charter hire allocated to the operation and maintenance of the vessel, which is implicit in time charter agreements. This is regarded as the service element of the time charter and it is separated from the asset lease element. The latter is based on the charter rate for an equivalent bareboat charter, assessed by reference to the operating costs incurred in relation to each vessel. Vessel operation revenue is recognised on a straight-line basis over the period of the charter (load to discharge) on the basis that this accurately reflects the manner in which the service is rendered. Charter revenue is receivable in accordance with the terms of each charter, but is generally payable by the charterer on receipt of the invoices issued every 15 days, in advance.

Although a number of contracts in force for the Group's shipping operations cover a period in excess of one year, the nature of the contracts is such that the consideration receivable arises in direct correlation to the value provided to the customers. As such, the aggregate transaction prices allocated to partially or wholly unsatisfied contractual obligations have not been disclosed.

Contract liabilities and deferred lease revenue are recognised either upon collection of the hire or when the invoice is due, whichever is earlier.

4.4. Income tax

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Group operates within the U.K tonnage tax regime, under which ship owning and operating activities are taxed based on the net tonnage of vessels operated.

4.5. Vessels

Vessels are stated at cost less accumulated depreciation and impairment losses (refer to accounting policy 4.7). Charges for depreciation are calculated on a straight-line basis to write-down the carrying value of the vessels over their expected useful life, being 25 years from build date, to an estimated residual value based on prevailing scrap rates at each reporting date. Depreciation commences when the vessel is ready for its intended use.

4.6. Dry-docking and special survey costs

Dry-docking and special survey costs are capitalised and written off over the estimated period to the next dry-docking or special survey. Unamortised costs are written off to profit or loss on disposal of the vessel.

4.7. Impairment of assets

Assets subject to depreciation or amortisation and vessels under construction are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income whenever the carrying value of an asset or a cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows of an asset or a CGU 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Fair value is assessed by the directors and reflects the underlying economic value of the assets in normal market conditions, with a willing buyer and seller and assumes adequate time for sale.

Notes to the consolidated financial statements

For the year ended 31st December 2018

4. Summary of significant accounting policies continued...

4.8. Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for any credit losses expected over the lifetime of the asset. The Group reviews the ageing and credit risk of receivables regularly.

4.9. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and deposits maturing within three months of the date of deposit.

4.10. Financial instruments

Financial assets and liabilities are initially recognised on the statement of financial position at fair value when the Group has become party to the contractual provisions of the instruments. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Group's financial assets other than marketable securities and derivative financial instruments are categorised as financial assets held at amortised cost. Such assets are subsequently carried at amortised cost using the effective interest method, if the time value of money may have a significant impact on their value, less allowances for any expected lifetime credit losses. Marketable securities are measured at fair value through profit or loss. The Group has no financial assets classified as FVTOCI.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost including lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted

Notes to the consolidated financial statements

For the year ended 31st December 2018

4. Summary of significant accounting policies continued...

4.10. Financial instruments continued...

for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group assesses at the reporting date whether there is objective evidence that there has been an increase in the credit risk of its financial assets. The Group uses criteria such as significant financial difficulty of the counterparty, the disappearance of an active market for that financial asset because of financial difficulties and breaches of contract as objective evidence.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4.11. Financial liabilities

The Group's financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group's financial liabilities include trade and other payables and obligations under finance leases.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Magenta Shipping Limited

Notes to the consolidated financial statements

For the year ended 31st December 2018

4. Summary of significant accounting policies continued...

4.12. Significant accounting judgements

In the process of applying the Group's accounting policies, the directors have made the following accounting judgements which have the most significant effect on the amounts recognised in the financial statements.

Leases

The Group is party to leasing arrangements as both lessee and lessor. Accounting for leases is mainly determined by the judgement of whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction and the terms and conditions of the leasing arrangements in judging whether all the risks and rewards of ownership are transferred.

Classification of revenue

The time charter revenues of the Group's shipping operations contain both lease revenue and revenue from contracts with customers. The Group uses judgement in determining the amount of revenue classified as lease revenue and the amount classified as revenue from contracts with customers based on observable bareboat charter rates, the level of operating costs incurred by the vessel and the level of operating costs that would be expected based on industry benchmarks.

4.13. Significant accounting estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the end of the reporting period, that may cause amounts recognised or disclosed to change in following accounting periods are:

Revenue recognition

The Group has made provisions for partially completed contracts and for losses on voyages in progress at the reporting date. Management believe that provisions made are adequate but as these estimates are based upon information available at the reporting date they are subject to change as further information becomes available.

Asset impairment testing

The Group reviews its non-current assets for impairment at each reporting date. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount, which is the higher of fair value less costs to sell and estimated value in use (refer to accounting policy 4.7). Any impairment is recognised in the statement of comprehensive income.

Residual values and estimated remaining lives

The carrying value of vessels is depreciated over their expected useful life of 25 years from date of build to an estimated residual value. Changes in the remaining useful life of the vessels and the residual value, determined based on year end scrap rates, would result in an adjustment to the current and future rate of depreciation through the statement of comprehensive income.

Loss allowances

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions as well as forward looking estimates at the end of each reporting period.

Magenta Shipping Limited

Notes to the consolidated financial statements
For the year ended 31st December 2018

5. Gross profit

	2018 US\$'000	Period from 16 th October 2017 to 31 st December 2017 US\$'000
Contract revenue	2,001	49
Lease revenue	2,745	-
Total revenue	<u>4,746</u>	<u>49</u>
Direct costs	(298)	(3)
	<u>4,448</u>	<u>46</u>

6. Operating profit/(loss)

	2018 US\$'000	Period from 16 th October 2017 to 31 st December 2017 US\$'000
Operating profit/(loss) is stated after charging:		
Auditors' remuneration – audit services	-	1
Consumption of inventories	<u>29</u>	<u>3</u>

During 2018, the audit fees of US\$11,000 allocated to the Group were borne by the intermediate parent company.

7. Operating leases

The minimum future lease rentals receivable under non-cancellable operating leases as of 31st December 2018 and 2017, respectively are as follows:

	2018 US\$'000	2017 US\$'000
Less than one year		
Contract revenue	343	2,033
Lease revenue	<u>471</u>	<u>-</u>
	<u>814</u>	<u>2,033</u>

The minimum future lease rentals receivables are assigned to the bank as security to the finance lease (Note 16).

Magenta Shipping Limited

Notes to the consolidated financial statements For the year ended 31st December 2018

8. Finance costs

	2018 US\$'000	Period from 16 th October 2017 to 31 st December 2017 US\$'000
Interest payable on finance lease	(1,252)	(42)
	<u>(1,252)</u>	<u>(42)</u>

9. Taxation

The Group is engaged in shipping activities and has entered the U.K. tonnage tax regime, under which its ship owning and operating activities are taxed based on the net tonnage of vessels operated. Any income and profits outside the tonnage tax regime are taxed under the normal U.K. Corporation Tax rules at 19% (2017: 19%).

Current tax

A reconciliation of the expected tax charge to the actual tax charge is as follows:

	2018 US\$'000	Period from 16 th October 2017 to 31 st December 2017 US\$'000
Profit/(loss) before taxation	247	(77)
Taxation at applicable rates	47	(15)
Effect of U.K. tonnage tax regime	(47)	15
Current tax charge	<u>-</u>	<u>-</u>

10. Investment in a subsidiary

Details of the Group's subsidiary at 31st December 2018 and 2017 respectively, are as follows:

Company name	Country of incorporation	Principal activity	Percentage ownership (ordinary shares)
Kalamoti Trader Shipping Limited	U.K.	Vessel owner and operator	100%

Magenta Shipping Limited

Notes to the consolidated financial statements

For the year ended 31st December 2018

11. Vessel

	Vessel under finance lease US\$'000	Dry-docking US\$'000	Total US\$'000
Cost			
At date of incorporation	-	-	-
Additions	29,224	500	29,724
At 31 st December 2017	29,224	500	29,724
At 31st December 2018	29,224	500	29,724
Accumulated depreciation and amortisation			
At date of incorporation	-	-	-
Charge for the period	(29)	(8)	(37)
At 31 st December 2017	(29)	(8)	(37)
Charge for the year	(994)	(99)	(1,093)
At 31st December 2018	(1,023)	(107)	(1,130)
Net book value			
At 31st December 2018	28,201	393	28,594
At 31 st December 2017	29,195	492	29,687

The vessel with a net book value of US\$28,594,000 (2017: US\$29,687,000) is mortgaged as security against the finance lease (Note 16).

During the 2017, the vessel was sold and leased back and proceeds received amounted to US\$19,500,000.

The Group has performed an impairment test for its vessel by comparing the carrying amount of the vessel to its recoverable amount, being the greater of its value in use and its fair value less cost to sell. In assessing value in use, a discount rate of 6.72% (2017: 5.89%) as used for the container vessel. The Group defines its cash generating unit as a single vessel.

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

The main assumptions used in performing the value in use calculation at the reporting date are as follows:

- contracted hire rates until the expiry of the current agreement;
- hire rate estimates up until the end of the useful life based on forecasts, provided by a broker;
- operating expenses – crew and technical costs, based on the approved operating budget for 2019 and increasing at a flat rate of 2.3% (2017: 2.8%) annually;
- annual utilisation of 355 days (2017: 355 days); and
- use of the vessel until the end of their useful economic life, unless the vessel is sold or planned to be sold.

Sensitivity analysis was performed on the value in use of the vessel at the reporting date. A decrease in projected hire rates of 10% over the remaining life of the vessels and an increase in the discount rate of 1% across the annual assessment would result in no additional impairment provision.

Magenta Shipping Limited

Notes to the consolidated financial statements

For the year ended 31st December 2018

12. Inventories

	2018 US\$'000	2017 US\$'000
Bunkers and lubricants	<u>66</u>	<u>-</u>

The cost of inventories recognised as an expense during the year amounts to US\$29,000 (Period from 16th October 2017 to 31st December 2017:US\$3,000).

13. Trade and other receivables

Group	2018 US\$'000	2017 US\$'000
Trade receivable from contracts with customers	1	-
Lease and other trade receivables	1	-
Prepayments	71	-
Contract assets	-	135
Amounts due from immediate parent company	-	46
	<u>73</u>	<u>181</u>

The amounts due from the immediate parent company were unsecured, interest-free and repayable on demand.

In accordance with the recent changes to IFRS 15 *Revenue from contracts with customers*, and for better comparability year on year, the trade receivables balance disclosed in the prior year financial statements has been split in to trade receivables from contracts with customers and lease and other receivables. Similarly, the previously reported accrued income balance has been split into contract assets and accrued income in the above note.

The following table summarises the movements in trade receivables from contracts with customers and contract assets for the year/period ended 31st December 2018 and 2017:

	2018 Contract receivables US\$'000	2018 Contract assets US\$'000	2017 Contract receivables US\$'000	2017 Contract assets US\$'000
At 1 st January	-	135	-	-
Excess if revenue recognised over cash received	1	(135)	-	135
At 31 st December	<u>1</u>	<u>-</u>	<u>-</u>	<u>135</u>

14. Cash and cash equivalents

Group	2018 US\$'000	2017 US\$'000
Current accounts	13	260
	<u>13</u>	<u>260</u>

Cash and cash equivalents are secured against the finance lease (Note 16).

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Notes to the consolidated financial statements

For the year ended 31st December 2018

15. Trade and other payables

Group	2018 US\$'000	2017 US\$'000
Trade payables	477	169
Accruals	4	84
Amounts due to immediate parent company	379	704
Amounts due to associated companies	-	1
Other payables	6	1
	<u>866</u>	<u>959</u>

Company	2018 US\$'000	2017 US\$'000
Amounts due to immediate parent company	1	1
	<u>1</u>	<u>1</u>

The amounts due to the immediate parent company and associated companies were unsecured, interest-free and repayable on demand.

16. Finance lease

The amounts outstanding under finance lease at 31st December 2018 and 2017 are due as follows:

	2018 US\$'000	2017 US\$'000
At 1 st January	19,456	-
Finance lease additions	-	19,500
Finance lease repayments	(1,536)	(44)
At 31 st December	<u>17,920</u>	<u>19,456</u>

Minimum lease payments	2018 US\$'000	2017 US\$'000
Within one year	2,535	2,573
Between one and five years	9,056	9,409
Over five years	13,446	15,577
	<u>25,037</u>	<u>27,559</u>
Unearned finance income	(7,117)	(8,103)
Present value of lease obligations	<u>17,920</u>	<u>19,456</u>

Present value of minimum lease payments	2018 US\$'000	2017 US\$'000
Within one year	1,387	1,369
Between one and five years	5,352	5,465
Over five years	11,181	12,622
	<u>17,920</u>	<u>19,456</u>
Current portion	(1,387)	(1,369)
Non-current portion	<u>16,533</u>	<u>18,087</u>

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Notes to the consolidated financial statements

For the year ended 31st December 2018

17. Risk and financial instruments

The Group's key financial risks arising from its operating activities and its financial instruments are:

- Credit risk;
- Liquidity risk; and
- Market risk (including interest rate risk and currency risk).

The key management of the Group have overall responsibility for the establishment and oversight of the risk management framework.

Categories of financial instruments:

	2018 US\$'000	Fair value US\$'000	2017 US\$'000	Fair value US\$'000
Financial assets				
At amortised cost:				
- Trade and other receivables	2	2	181	181
- Cash and cash equivalents	13	13	260	260
	<u>15</u>	<u>15</u>	<u>441</u>	<u>441</u>
	2018 US\$'000	Fair value US\$'000	2017 US\$'000	Fair value US\$'000
Financial liabilities				
At amortised cost:				
- Trade and other payables	866	866	959	959
- Finance lease	17,920	17,920	19,456	19,456
	<u>18,786</u>	<u>18,786</u>	<u>20,415</u>	<u>20,415</u>

The following methods were used to estimate the fair value of each class of financial instrument:

The carrying values of trade and other receivables, trade and other payables approximate fair values because of the short term maturity of these instruments.

The carrying value of cash and cash equivalents, which are highly liquid, is a reasonable estimate of fair value.

The estimated fair value of the Group's finance lease is considered to be equal to the carrying value since it bears variable Interest rate which is reset on a quarterly basis.

17.1. Credit risk

The Group services the shipping industry as it leases its vessels to third party charterers. The shipping industry is cyclical, economically sensitive and highly competitive. A key determinant of the Group's success is the financial strength of its counterparties and their ability to react to and cope with the environment in which they operate.

If a lessee experiences financial difficulties this may result in default or the early termination of the lease. The directors mitigate this risk by only leasing to reputable companies and conducting comprehensive credit reviews of counterparties both prior to and during the course of a lease.

The credit risk on liquid funds is limited because the significant counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

At 31st December 2018 and 2017, there was no concentration of credit risk to the extent that no trade and other receivables were due from the immediate parent company.

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Notes to the consolidated financial statements

For the year ended 31st December 2018

17. Risk and financial instruments continued...

17.1. Credit risk continued...

At 31st December 2018, trade receivables of US\$2,000 were past due but not impaired.

At 31st December 2018 the lifetime expected credit loss provisions for current trade and other receivables, excluding prepayments, is as follows:

31 st December 2018	Current US\$'000	More than 30 days past due US\$'000	More than 60 days past due US\$'000	More than 90 days past due US\$'000	Total US\$'000
Gross carrying amount	-	-	-	2	2
Loss provision	-	-	-	-	-
Total	-	-	-	2	2

Given the heterogeneity and nature of the Group's trading partners, determination of the lifetime expected credit losses has been assessed on a case-by-case basis. This assessment has been made based on past trading history, usual payment periods and publically available information about the counterparties.

17.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims to mitigate liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group is in a net current liability position at the year end and management have received support from a shareholder to enable it to pay its current liabilities in the foreseeable future.

The following table represents the maturity of financial liabilities:

31 st December 2018	Carrying amount US\$'000	Contractual cash flow US\$'000	Less than one year US\$'000	One to five years US\$'000	Over five years US\$'000
Trade and other payables	866	866	866	-	-
Finance lease	17,920	25,067	2,565	9,056	13,446
Total	18,786	25,933	3,431	9,056	13,446

31 st December 2017	Carrying amount US\$'000	Contractual cash flow US\$'000	Less than one year US\$'000	One to five years US\$'000	Over five years US\$'000
Trade and other payables	959	959	959	-	-
Finance lease	19,456	27,559	2,573	9,409	15,577
Total	20,415	28,518	3,532	9,409	15,577

17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has no significant assets or liabilities denominated in currencies other than United States dollars and was therefore not exposed to currency risk at the reporting date.

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Notes to the consolidated financial statements For the year ended 31st December 2018

17. Risk and financial instruments continued...

17.3 Market risk continued...

Interest rate risk

The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the Group's financial assets and liabilities (excluding short-term receivables and payables) as at 31st December 2018 and 2017 was:

	Fixed rate items US\$'000	Floating rate items US\$'000	Items on which no interest is paid US\$'000	Total carrying value US\$'000
31st December 2018				
Financial assets				
Cash and cash equivalents	-	13	-	13
Financial liabilities				
Finance lease	17,920	-	-	17,920
31st December 2017				
Financial assets				
Cash and cash equivalents	-	260	-	260
Financial liabilities				
Finance lease	19,456	-	-	19,456

17.4 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group reviews and monitors its capital structure on a regular basis to ensure its objectives are met.

The capital structure of the Group consists of finance lease of US\$17,920,000 (2017: US\$19,456,000) and all components of equity aggregating to an amount of US\$9,960,000 (2017: US\$9,713,000).

18. Share capital

	2018 US\$	2017 US\$
Authorised, issued and fully paid:		
1 ordinary shares of GB£1 each	<u>1</u>	<u>1</u>

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19. Contributed surplus

Contributed surplus represents funds received from shareholder in addition to their subscription to the issued share capital of the Group.

20. Related party transactions

In addition to the matters referred to in Notes 1, 13, 15 and 19, below are the related party transactions:

The Group was charged management fees of US\$90,000 (Period from 16th October 2017 to 31st December 2017: US\$3,000) by Lomar Shipping Limited, a company controlled by the family M.G. Logothetis.

The directors of the Company or its subsidiary did not receive any remuneration during the financial year/period ended 31st December 2018 and 2017, respectively.

21. Events after the reporting period

There have been no significant events subsequent to the reporting date which are outside of the Group's normal trading activities.