

**BUE Marine Limited**

**Annual report and separate financial statements  
for the year ended 31 December 2018**



## **BUE Marine Limited**

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**BUE Marine Limited**  
**(Registered No. SC132816)**  
**Annual Report and Separate Financial Statements - 2018**

**STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2018.

***Review of activities and future development***

The Company is a holding company and a cost centre that recharges cost to related parties. The performance of the Company is dependent on the performance of other companies in the Group. Directors will seek appropriate opportunities to improve performance and the net asset position of the Company in the coming year.

***Results and dividends***

The profit for the year after taxation was USD 298,658 (2017: USD 124,044). No dividend was paid during the period (2017: Nil). The profit of USD 298,658 (2017: USD 124,044) has been transferred to reserves.

***Principal risks and uncertainties***

A summary of the Company's policies and objectives relating to financial risk management, including exposure to associated risks, is included in the Directors' report to the financial statements.

The Company is also exposed to indirect operational risk which may arise due to a downturn in economic activity as it impacts the performance of its related parties by a decrease in the demand of the offshore support vessels, which results in lower deployment of the vessels and thereby impacting the company negatively. The group is also exposed to a risk where the vessels might breakdown and may not deliver as expected but the management maintains the vessels by having these dry docked in a timely manner.

The Company has no operations within United Kingdom or the European Union and therefore there is not expected to be any impact of Brexit on its operations.

***Key performance indicators***

The key performance indicators used by the Company are revenue, earnings before income tax, depreciation and amortisation (EBITDA), EBITDA margin, return on assets and fleet utilisation. These KPIs are measured at the group level and not measured against each individual entity, hence are not discussed further in this report.

Approved by the Board of Directors  
and signed on behalf of the Board

  
Jay Daga  
Director

29 November 19

**BUE Marine Limited**  
**(Registered No. SC132816)**

**DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

***Principal activities***

The Company's principal activities continued to be holding investments in and provision of management services to its subsidiaries whose principal activities are the management, lease and charter of maritime vessels together with related marine services.

***Directors***

The Directors of the Company who were in office during the year and up to the date of signing the separate financial statements were:

- Samir Fancy (resigned 3 September 2019)
- Rene Kofod-Olsen
- Jay Daga
- Robert Desai

***Future developments***

Please refer to "Strategic Report" for details on the future development of the Company.

***Financial risk management policies and objectives***

The Company's principal financial assets are cash and cash equivalents, amounts due from related parties and other receivables. The Company's credit risk is primarily attributable to its amounts due from related parties. The directors consider the credit risk associated with these balances to be acceptable as they are ultimately supported by the group parent. The credit risk of liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise amounts due to related parties, accounts payable and accruals. Amounts due to related parties, accounts payable and accruals are paid on the standard terms of payment.

The Company is exposed to interest rate risk on its bank borrowings which are subject to floating interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. Based on the analysis performed, the Directors consider the risk to be low and hence have not hedged the risk.

Most of the Company's transactions are denominated in US Dollars and UAE Dirham. As the UAE Dirham is pegged to the US Dollar, balances in UAE Dirham are not considered to represent significant currency risk. Transactions in other foreign currencies entered into by the Company are short-term in nature. The Directors consider the risk to be low and hence have not hedged the risk.

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**BUE Marine Limited**  
**(Registered No. SC132816)**

**DIRECTORS' REPORT**

***Going Concern***

The Company's business activities, together with the factors likely to affect its future development, its financial position and dividend are described in the Strategic Report on page 2.

The Company incurred profit in 2018 and is in a net current assets and a net assets position, funded by equity. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

***Independent auditors***

Deloitte LLP were reappointed independent auditors for the year ended 31 December 2018 and in accordance with section 487 of the Companies Act 2006 have expressed their willingness to continue in office as auditor.

***Directors' indemnity***

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

***Disclosure of information to auditors***

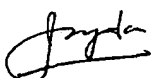
Each of the persons who is a director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

***Events after the balance sheet date***

The Board of Directors of Renaissance Services SAOG (the Ultimate Holding Company) has received and accepted a final binding offer from DP World FZE for acquiring 100% shares in Topaz Energy and Marine Limited, Bermuda, the holding company of the immediate parent company. The acquisition was completed on 19 September 2019, at which point Dubai World Corporation became the ultimate holding company.

Approved by the Board of Directors  
and signed on behalf of the Board



Jay Daga  
Director

29 November 2019

**BUE Marine Limited**  
**(Registered No. SC132816)**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of BUE Marine Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

#### **Other information**

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

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 respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED (continued)**

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

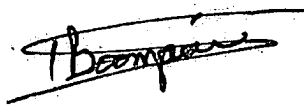
We have nothing to report in respect of these matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED**  
**(continued)**

**Use of our report**

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

A handwritten signature in black ink, appearing to read 'I Boonzaaier', is written over a horizontal line.

Ivan Boonzaaier, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
29 November 2019

**Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2018**

	Notes	2018 USD	2017 USD
Revenue	7	10,960,000	9,460,000
Cost of sales	8	(10,810,370)	(9,376,734)
<b>Gross profit</b>		<b>149,630</b>	<b>83,266</b>
Other income		3,918	-
Finance costs		(25,922)	(27,782)
<b>Profit before income tax</b>		<b>127,626</b>	<b>55,484</b>
Income tax credit	10	171,032	68,560
<b>Profit for the year, representing total comprehensive income for the year</b>		<b>298,658</b>	<b>124,044</b>

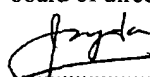
All activities arise in respect of continuing activities.

The accompanying notes form an integral part of these financial statements.


**Statement of financial position**  
**As at 31 December 2018**

	Notes	2018 USD	2017 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	199,555	169,538
Intangible assets	12	1,297,906	2,037,670
Deferred tax assets	13	515,988	344,956
Investment in subsidiaries	14	-	-
<b>Total non-current assets</b>		<b>2,013,449</b>	<b>2,552,164</b>
<b>Current assets</b>			
Other receivables and prepayments	15	1,006,542	729,201
Due from related parties	16	573,646,453	499,916,235
Cash and cash equivalents	17	13,655,661	4,475,456
<b>Total current assets</b>		<b>588,308,656</b>	<b>505,120,892</b>
<b>Total Assets</b>		<b>590,322,105</b>	<b>507,673,056</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	20,282	20,282
Share premium	18	432,338	432,338
Equity reserve	19	35,005,642	35,005,642
Retained earnings	20	12,354,748	12,056,090
<b>Total equity</b>		<b>47,813,010</b>	<b>47,514,352</b>
<b>Non-current liability</b>			
Provision for employees' end-of-service benefits	21	977,855	2,268,761
<b>Current liabilities</b>			
Accounts payable and accruals	22	4,634,223	3,088,826
Due to related parties	16	500,166,520	418,070,620
Term loans	16	36,730,497	36,730,497
<b>Total current liabilities</b>		<b>541,531,240</b>	<b>457,889,943</b>
<b>Total liabilities</b>		<b>542,509,095</b>	<b>460,158,704</b>
<b>Total Equity and Liabilities</b>		<b>590,322,105</b>	<b>507,673,056</b>

The financial statements of BUE Marine Limited (registered number: SC132816) were approved by the board of directors on 29 November 2019 and were signed on its behalf by:



Jay Daga  
Director



Robert Desai  
Director

The accompanying notes form an integral part of these financial statements.

**Statement of changes in equity  
for the year ended 31 December 2018**

	<b>Share capital USD</b>	<b>Share premium USD</b>	<b>Equity reserve USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
Balance at 1 January 2017	20,282	432,338	35,005,642	11,932,046	47,390,308
Total comprehensive income for the year	-	-	-	124,044	124,044
Balance at 31 December 2017	20,282	432,338	35,005,642	12,056,090	47,514,352
Total comprehensive income for the year	-	-	-	298,658	298,658
<b>Balance at 31 December 2018</b>	<b>20,282</b>	<b>432,338</b>	<b>35,005,642</b>	<b>12,354,748</b>	<b>47,813,010</b>

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**1. Establishment and operations**

BUE Marine Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office of the Company is Exchange Tower, 19 Canning Street, Edinburgh, Scotland, EH3 8EH.

The Company's immediate parent undertaking is Topaz Energy and Marine Limited, a Company registered in Bermuda. Group consolidated financial statements are prepared for Topaz Energy and Marine Limited, which is the smallest group for which consolidated accounts are prepared of which the Company is a member. Copies of the consolidated financial statements are available from Topaz Energy and Marine Limited, P.O. Box 282800, Level 58, Almas Tower, Jumeirah Lakes Towers, Sheikh Zayed Road, Dubai, UAE and is available at [www.topazworld.com](http://www.topazworld.com).

The Company's ultimate parent undertaking was Renaissance Services SAOG, a Company registered in the Sultanate of Oman. Group consolidated financial statements are prepared for Renaissance Services SAOG, which was the largest group for which the Company was also a member, and are available from Renaissance Services SAOG, P.O. Box 1676, Muttrah, Postal Code 114, Sultanate of Oman. On 19 September 2019, DP World FZE completed the acquisition of the sub-group headed by Topaz Energy and Marine Limited and Dubai World Corporation became the ultimate holding company.

The Company's principal activities are the investment in subsidiaries, management, lease and charter of maritime vessels together with related marine services.

**2. Subsidiary companies**

The extent of the Company's shareholding in the subsidiaries is as follows:

Company	Registered address	Registered percentage shareholding		Principal activities
		2018	2017	
BUE Caspian Limited*	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Kazakhstan Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Cygnet Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Bulkers Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
Roosalka Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Aktau LLP	Microregion 14, building 80, 2nd floor Republic of Kazakhstan, Aktau 130000	100%	100%	Vessel management
BUE Bautino LLP	Microregion 14, building 80, 2nd floor Republic of Kazakhstan, Aktau 130000	100%	100%	Vessel management
BUE Kyran Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
XT Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Marine Turkmenistan Limited*	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
Topaz Riws Limited [formerly River Till Shipping Limited]	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**2. Subsidiary companies (continued)**

\*BUE Caspian Limited owns the entire issued share capital of BUE Marine Turkmenistan Limited, a company incorporated and registered in Scotland.

**3. Application of new and revised International Financial Reporting Standards (IFRSs)**

**3.1 New and amended IFRSs that are effective for the current year**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2018, have been adopted in these financial statements.

The Company applies, for the first time, IFRS 9 Financial Instruments (as revised in July 2014) and IFRS 15 Revenue from contracts with customers and the related consequential amendments to other IFRSs that are effective for annual period that begins on or after 1 January 2018. The impact of the initial application of these standards is disclosed as below:

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

**Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRSs that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow the Company not to restate comparatives.

Additionally, the Company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures about 2018.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The management of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement;

- financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**3. Application of new and revised International Financial Reporting Standards ("IFRSs")  
(continued)**

**3.1 New and amended IFRSs that are effective for the current year (continued)**

**Impact of initial application of IFRS 9 *Financial Instruments* (continued)**

*(b) Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company 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 Company to recognise a loss allowance for expected credit losses on:

- 1) Other receivables (excluding prepayments)
- 2) Cash and cash equivalents
- 3) Due from related parties

In particular, IFRS 9 requires the Company 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 Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also provides 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.

*(c) Classification and measurement of financial liabilities*

The application of IFRS 9 has had no material impact on the classification and measurement of the Company's financial liabilities.

*(d) Disclosures in relation to the initial application of IFRS 9*

The adoption of IFRS 9 has changed the Company's accounting for impairment losses of financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Company assessed the impact of IFRS 9 and have concluded that the impairment loss under a credit loss model had no material impact on retained earnings as at 1 January 2018. As a result, the Company has not restated any comparative figures.

Below note tabulates the change in classification and the related adjustments arising from such reclassifications and re-measurement of the Company's financial assets upon initial application of IFRS 9 as of 1 January 2018.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**3. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**3.1 New and amended IFRSs that are effective for the current year (continued)**

**Impact of initial application of IFRS 9 *Financial Instruments* (continued)**

				<i>Original carrying amount under IAS 39 USD</i>	<i>Additional loss allowance recognised under IFRS 9 USD</i>	<i>New carrying amount under IFRS 9 USD</i>
<i>Financial assets</i>	<i>Original measurement category under IAS 39</i>	<i>New measurement category under IFRS 9</i>				
1. Other receivables	Loans and receivables	Financial assets at amortised cost		280,579	-	280,579
2. Due from related parties	Loans and receivables	Financial assets at amortised cost		499,916,235	-	499,916,235
3. Cash and bank balances	Loans and receivables	Financial assets at amortised cost		4,475,456	-	4,475,456

**Impact of initial application of IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue*, and related Interpretations and applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model, to account for revenue arising from contracts with customers and requires revenue to be recognised at an amount that reflects the considerations to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances, when applying each step of the model to contracts with their customers. The Standard also specifies accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company has adopted IFRS 15 using the modified retrospective method of adoption, with the date of initial application as at 1 January 2018. As permitted, the Company elected to apply the Standard to all contracts as at 1 January 2018, which are within the scope of IFRS 15.

The Company’s revenue from contracts with customers is mainly derived from the charter of marine vessels, project management, mobilisation and demobilisation of vessels, providing messing and accommodation services, maintenance and sundry income. The charter of marine vessels is currently treated as an operating lease and is accounted for under IAS 17 *Leases*. IFRS 15 has therefore been applied for the remaining revenue streams. There is no change in revenue recognition for these performance obligations. Revenue from project management, mobilisation, messing and accommodation services and maintenance are recognised over time, when the performance obligations are satisfied based on the use of vessels by customers on a daily basis.

The application of IFRS 15 has not had any material impact on the amounts reported for the prior year.



**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**3. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**3.2 New and revised IFRSs applied with no material effect on the financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2018, have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> The interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> <li>▪ there is consideration that is denominated or priced in a foreign currency;</li> <li>▪ the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and</li> <li>▪ the prepayment asset or deferred income liability is non-monetary.</li> </ul>	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018

**4. Basis of preparation**

**Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 ‘Application of Financial Reporting Requirements’ issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2018 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 ‘Reduced Disclosure Framework’. This transition is considered to have had no material effect on the financial statements.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**4. Basis of preparation (continued)**

**Basis of accounting (continued)**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Exemption from the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where relevant, equivalent disclosures have been given in the group accounts of Topaz Energy and Marine Limited.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

**Consolidation**

The Company was, at the end of the year, a wholly owned subsidiary of Topaz Energy and Marine Limited, a Company incorporated in Bermuda. Topaz Energy and Marine Limited prepare consolidated accounts in accordance with International Financial Reporting Standards which consolidates BUE Marine Limited and its subsidiaries. The consolidated financial statements of Topaz Energy and Marine Limited are available at [www.topazworld.com](http://www.topazworld.com). As a result in accordance with section 401 of the Companies Act 2006 BUE Marine Limited is not required to produce, and has not published, consolidated accounts.

**Basis of measurement**

The separate financial statements are prepared on a going concern basis under the historical cost convention, unless otherwise stated.

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to risk are described in the Strategic Report on page 2.

The Company generates revenue through providing management and admin support to its related parties. The Company incurred a profit in 2018 and is in a current asset and net assets position, funded by equity.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Functional currency and presentation currency**

The separate financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies**

**Revenue recognition**

***Management fees income***

Management fees income comprises amounts recharge in respect of technical and professional services provided to the subsidiaries of Topaz Energy and Marine Limited, Bermuda as per the contractual terms. It is recognised in the statement of profit or loss and other comprehensive when it transfers control of a product or service to a customer. In determining the transfer price, a promised amount of consideration is adjusted for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

**Financial instruments**

***Upon adoption of IFRS 9 - applicable from 1 January 2018***

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. 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 statement of profit or loss and other comprehensive income.

***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**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).

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

**Financial assets (continued)**

*Amortised cost and effective interest rate method*

(i) The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the statement of profit or loss and other comprehensive income and is included in the "finance income - interest income" line item.

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

***Financial assets (continued)***

***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables (excluding prepaid expenses). 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 Company always recognises lifetime ECL for trade and other receivables (excluding prepaid expenses). The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted 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 Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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.

***(i) Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company’s core operations.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

**Financial assets (continued)**

**Impairment of financial assets (continued)**

**(i) Significant increase in credit risk (continued)**

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- 1) The financial instrument has a low risk of default,
- 2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- 3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

***Financial assets (continued)***

***Impairment of financial assets (continued)***

***(i) Significant increase in credit risk (continued)***

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

***(ii) Definition of default***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate:

***(iii) Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

***(iv) Write-off policy***

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss and other comprehensive income.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

**Financial assets (continued)**

*Impairment of financial assets (continued)*

*(v) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 *Leases*.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Derecognition of financial assets*

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.



**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

*Upon adoption of IFRS 9 - applicable from 1 January 2018 (continued)*

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

***Financial liabilities measured subsequently at amortised cost***

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently 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.

***Foreign exchange gains and losses***

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company'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 the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

***Financial instruments under IAS 39, applicable before 1 January 2018***

***Non-derivative financial assets***

The Company classifies its financial assets, which comprises amounts due from related parties, accounts receivable and cash and cash equivalents, as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

***Recognition and measurement***

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Financial instruments under IAS 39, applicable before 1 January 2018 (continued)***

***Non-derivative financial liabilities***

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company's non-derivative financial liabilities comprise of balances due to related parties, term loans and trade payable and accruals. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on 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 asset, or, where appropriate, a shorter period.

***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment**

***Financial assets***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables both at specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss and other comprehensive income.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Financial instruments under IAS 39, applicable before 1 January 2018 (continued)***

**Impairment (continued)**

***Non-financial assets***

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Finance expenses**

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of property, plant and equipment are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**4. Significant accounting policies (continued)**

**Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except items that are recognised directly in equity or in other comprehensive income.

*Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

*Deferred tax*

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

**Property, plant and equipment**

Items of property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Capital work in progress is not depreciated. Assets in the course of construction are depreciated from the date that the related assets are ready for commercial use. Depreciation method, useful lives and residual values are reviewed at each reporting date.

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less any estimated residual value, of each asset, excluding vessels under construction, over its expected useful life as follows:

Plant and machinery	3 to 15 years
Computer equipment (including software)	3 years
Motor vehicles	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**5. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income or other expense in the statement of profit or loss and other comprehensive income.

**Intangible assets**

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in the Statement of profit or loss and other comprehensive income as incurred.

Amortisation is charged on a straight line basis over the estimated useful life of three years, from the date they are available for use. Amortisation method, useful lives and residual values are reviewed at each reporting date.

**Investment in subsidiaries**

Investment in subsidiaries is accounted for at cost less provision to reflect any diminution in value which is regarded as other than temporary.

Subsidiary undertakings are those entities in which the Company directly or indirectly has an interest of more than one half of the voting rights and/or has the power to exercise control over their operations.

**Provisions**

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Retirement Benefit Costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

**6. Critical accounting judgments and key sources of estimation uncertainty**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Critical judgements in applying Company's accounting policies***

There are no critical judgements made by the management in applying the accounting policies during the year.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**6. Critical accounting judgments and key sources of estimation uncertainty (continued)**

***Key sources of estimation uncertainty***

There are no estimates made by the management that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**7. Revenue**

	2018 USD	2017 USD
Management fees (Note 16)	<u>10,960,000</u>	<u>9,460,000</u>

The revenue is solely derived from Caspian region.

**8. Cost of sales**

	2018 USD	2017 USD
Staff costs	3,054,324	3,467,265
Allowances and benefits	2,822,730	2,813,899
IT expenses	1,800,431	811,399
Depreciation and amortisation (Note 11 and Note 12)	931,459	766,043
Legal and professional	491,882	208,621
Employees' end-of-service benefits (Note 21)	265,638	192,634
Communication	178,062	194,594
Rent	104,763	104,763
Audit fee	30,704	90,000
Business development	21,582	81,248
General expenses	132,978	72,552
Others	975,817	573,716
	<u>10,810,370</u>	<u>9,376,734</u>

**9. Information regarding directors and employees**

	2018 USD	2017 USD
<b><i>Aggregate remuneration of employees</i></b>		
Wages and salaries	3,054,324	3,467,265
Allowances and benefits	2,822,730	2,813,899
	<u>5,877,054</u>	<u>6,281,164</u>
<b><i>Monthly average number of employees</i></b>		
Administration	<u>No. 65</u>	<u>No. 69</u>

The Company has four (2017: four) directors. The directors are not remunerated for their service to the Company. This cannot be apportioned to this Company, refer to Group's consolidated financial statements for full directors remuneration and expense disclosure.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**10. Income tax credit**

	2018 USD	2017 USD
<i>Deferred tax</i>		
Current year	(53,628)	(130,227)
Prior year	(117,404)	61,667
Total deferred tax	<u>(171,032)</u>	<u>(68,560)</u>
Tax credit for the year	<u>(171,032)</u>	<u>(68,560)</u>

UK corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable profit for the financial year.

The relationship between the tax expense and the accounting profit can be explained as follows:

	2018 USD	2017 USD
Profit before tax	127,626	55,484
Tax at the UK corporation tax rate	24,249	10,681
Expenses not deductible for tax purposes	47,500	48,125
Group relief claimed not paid for	(122,212)	(206,269)
Prior year adjustment	(117,404)	61,667
Difference in tax rate	6,309	17,236
Impact of corporate rate restriction	(9,474)	-
Tax credit for the year	<u>(171,032)</u>	<u>(68,560)</u>

The UK corporation tax rate will reduce from 19% to 17% over a period of 2 years from 2018. The UK corporation tax rate fell from 20% to 19% effective from 1 April 2017 and is due to be followed by a reduction from 19% to 17% effective 1 April 2020. Deferred tax as at 31 December 2018 is recognised at a rate of 17% as this is the rate substantively enacted at the year end.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**11. Property, plant and equipment**

	<b>Plant and machinery USD</b>	<b>Motor vehicles USD</b>	<b>Computer equipment USD</b>	<b>Total USD</b>
<b>Cost</b>				
At 1 January 2018	70,575	157,553	1,713,385	1,941,513
Additions	-	-	72,240	72,240
<b>At 31 December 2018</b>	<b>70,575</b>	<b>157,553</b>	<b>1,785,625</b>	<b>2,013,753</b>
<b>Accumulated depreciation</b>				
At 1 January 2018	70,575	157,553	1,543,847	1,771,975
Depreciation charge during the year	-	-	42,223	42,223
<b>At 31 December 2018</b>	<b>70,575</b>	<b>157,553</b>	<b>1,586,070</b>	<b>1,814,198</b>
<b>Net carrying amount</b>				
At 31 December 2018	-	-	199,555	199,555
At 31 December 2017	-	-	169,538	169,538

**12. Intangible assets**

	<b>Computer Software CWIP USD</b>
<b>Cost</b>	
At 1 January 2018	2,741,419
Additions	149,472
<b>At 31 December 2018</b>	<b>2,890,891</b>
<b>Accumulated amortisation</b>	
At 1 January 2018	703,749
Amortisation charge during the year	889,236
<b>At 31 December 2018</b>	<b>1,592,985</b>
<b>Net carrying amount</b>	
At 31 December 2018	1,297,906
At 31 December 2017	2,037,670



**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**13. Deferred tax assets**

	2018 USD	2017 USD
As at 1 January	344,956	276,396
Credit to profit or loss	53,628	130,227
Prior year adjustments	117,404	(61,667)
<b>As at 31 December</b>	<b>515,988</b>	<b>344,956</b>

The movement is deferred tax assets during the year can be broken down as follows:

	Accelerated tax depreciation USD	Provisions USD	Others USD	Total USD
As at 1 January 2018	196,291	60,910	87,755	344,956
Credited to the income statement	53,628	-	-	53,628
Prior period adjustment	179	117,225	-	117,404
<b>As at 31 December 2018</b>	<b>250,098</b>	<b>178,135</b>	<b>87,755</b>	<b>515,988</b>

**14. Investment in subsidiaries**

	2018 USD	2017 USD
<b>Cost</b>		
At 1 January and 31 December	269	269
<b>Provision</b>		
At 1 January and 31 December	269	269
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

Please refer to note 2 to the financial statements for the list of subsidiaries.

**15. Other receivables and prepayments**

	2018 USD	2017 USD
Prepaid expenses	742,017	431,924
Other receivables	237,632	280,579
Advance to suppliers	26,893	16,698
	<b>1,006,542</b>	<b>729,201</b>

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**16. Related party transactions**

**a) Due from related parties**

	2018 USD	2017 USD
<b>Immediate parent company:</b>		
Topaz Energy and Marine Limited, Bermuda	43,670,711	33,197,152
<b>Joint Ventures:</b>		
Caspian Power Limited, St. Vincent	25,840,666	25,822,613
Caspian Pride Limited, St. Vincent	34,450,090	32,769,748
Caspian Server Limited, St. Vincent	31,507,563	29,666,717
Team II Limited, St. Vincent	41,407,961	26,961,644
Caspian Protector Limited, St. Vincent	23,665,250	22,390,829
Caspian Provider Limited, St. Vincent	24,994,704	19,750,854
Team X Limited, St. Vincent	33,022,489	22,120,671
Caspian Fortress Limited, St. Vincent	16,260,308	14,776,921
Caspian Breeze Limited, St. Vincent	12,888,189	12,248,285
Caspian Citadel Limited, St. Vincent	16,690,730	12,341,117
Caspian Baki Limited, St. Vincent	13,150,800	10,289,460
Team XXVII Limited, St. Vincent	761,804	3,261,804
Team XV Limited, St. Vincent	7,429,205	5,872,113
Team XVIII Limited, St. Vincent	2,442,333	2,429,312
Team XXVIII Limited, St. Vincent	14,017,308	18,588,434
<b>Subsidiaries:</b>		
BUE Kyran Limited, Scotland	129,331,906	124,186,321
BUE Shipping Limited, Scotland	39,035,220	39,035,220
BUE Bulkers Limited, Scotland	14,608,321	15,643,862
XT Shipping Limited, Scotland	11,163,289	11,143,278
BUE Bautino LLP, Kazakhstan	1,765,246	1,765,246
BUE Aktau LLP, Kazakhstan	88,537	88,537
Topaz Riws Limited	19,887,726	-
<b>Companies under common ownership and management control:</b>		
Team XLI Limited & Team XLII Limited, Marshall Islands	14,880,049	14,880,049
Topaz Marine Saudi Arabia Limited, Saudi Arabia	611,631	611,631
Topaz Astrakhan Limited, Marshall Islands	74,417	74,417
	<u>573,646,453</u>	<u>499,916,235</u>

Outstanding balances at the year-end arise in the normal course of business. It is not the practice of the Company to obtain collateral over inter-company receivables and the balances are therefore, unsecured.

The Group has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Group has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set off on a Group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances are guaranteed by Topaz Energy & Marine Limited, Bermuda, the Parent Company.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**16. Related party transactions (continued)**

**b) Due to related parties**

	2018 USD	2017 USD
<b>Joint Ventures:</b>		
Caspian Jura Limited, St. Vincent	18,335,105	20,521,024
Caspian Gala Limited, St. Vincent	10,244,688	11,526,642
Caspian Islay Limited, St. Vincent	12,136,695	14,134,074
Team VII Limited, Scotland	9,741,136	10,603,617
Team XVII Limited, St. Vincent	419,890	4,494,173
Caspian Protector Limited, St. Vincent		
<b>Subsidiaries:</b>		
BUE Caspian Limited, Scotland	364,895,469	263,862,191
BUE Kazakhstan Limited, Scotland	37,697,419	37,697,419
BUE Marine Turkmenistan Limited, Scotland	26,957,177	26,957,177
Roosalka Shipping Limited, Scotland	18,573,407	18,637,239
Topaz Riws Limited, Scotland	-	8,471,530
BUE Cygnet Limited, Scotland	1,165,534	1,165,534
	<u>500,166,520</u>	<u>418,070,620</u>

Due to related parties are non-interest bearing, unsecured and repayable on demand.

**c) Loan from Parent Company**

	2018 USD	2017 USD
Topaz Energy and Marine Limited, Bermuda	36,730,497	36,730,497

The balance of USD 36.7 million is unsecured, interest free, does not have any fixed repayment term and is payable on demand.

**17. Cash and cash equivalents**

	2018 USD	2017 USD
Cash in bank	13,654,072	4,475,068
Cash on hand	1,589	388
	<u>13,655,661</u>	<u>4,475,456</u>

**18. Share capital**

	2018 USD	2017 USD
<b>Authorised equity shares</b>		
14,463 (2017: 14,463) ordinary shares of £1 (2017: £1) each	25,310	25,310
<b>Allotted, called up and fully paid</b>		
11,618 (2017: 11,618) ordinary shares of £1 (2017: £1) each	20,282	20,282

The shares were issued at a premium amounting to USD 432,338.

**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

**19. Equity reserve**

The reserve comprises interest free capital contributions by the Parent Company.

**20. Retained earnings**

The reserve comprises accumulated profits and losses of the company less any dividends paid.

**21. Provision for employees' end-of-service benefits**

	2018 USD	2017 USD
As at 1 January	2,268,761	1,705,103
Provided during the year	265,638	192,634
Transferred (to) / from related parties	(1,428,115)	803,248
End-of-service benefits paid	(128,429)	(432,224)
<b>As at 31 December</b>	<b>977,855</b>	<b>2,268,761</b>

The Company provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**22. Accounts payable and accruals**

	2018 USD	2017 USD
Trade payables	1,777,182	305,187
Accruals	2,857,041	2,783,639
	<b>4,634,223</b>	<b>3,088,826</b>

**23. Event after the balance sheet date**

The Board of Directors of Renaissance Services SAOG (the Ultimate Holding Company) has received and accepted a final binding offer from DP World FZE for acquiring 100% shares in Topaz Energy and Marine Limited, Bermuda, the holding company of the immediate parent company. The acquisition was completed on 19 September 2019.

**24. Ultimate parent company**

The immediate parent company is BUE Marine Limited, a company incorporated in Scotland, the registered address of the immediate parent company is Exchange Tower, 19 Canning Street, Edinburgh, Scotland EH3 8EH. Group financial statements are prepared for Topaz Energy and Marine Limited, which is the smallest group for which consolidated accounts are prepared of which the company is a member. The address of the registered office of the Company is P.O. Box 1022, Clarendon House, Church Street - West, Hamilton HM DX, Bermuda. Copies of that company's accounts can be obtained from Level 58, Almas Tower, Jumeirah Lake Towers, Dubai, UAE. The largest group for which consolidated accounts were prepared is Renaissance Services SOAG of which company was also a member, copies of that company's accounts can be obtained from its registered address 114, Muttrah, Sultanate of Oman.

On 19 September 2019, DP World FZE completed the acquisition of the sub-group headed by Topaz Energy and Marine Limited and Dubai World Corporation became the ultimate holding company.