

BUE Caspian Limited

**Annual report and financial statements
for the year ended 31 December 2019**



BUE Caspian Limited

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BUE Caspian Limited**Officers and Professional Advisers****DIRECTORS**

Robert Desai
Narayana Prasad Narumanchi Venkata Lakshmi

COMPANY SECRETARY

Addleshaw Goddard (Scotland) Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH
United Kingdom

SOLICITORS

Addleshaw Goddard (Scotland) Secretarial Limited
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH
United Kingdom

INDEPENDENT AUDITORS

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

BUE Caspian Limited
(Registered No. SC137320)
Annual Report and Financial Statements - 2019
STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2019.

Review of activities and future development

This year the performance of the Company was in line with expectations. The revenue has increased to USD 141,010,190 as compared to USD 130,699,597 in 2018. The Directors will seek appropriate opportunities to improve performance and the net deficit in equity position of the Company in the coming year.

The Directors continue to seek appropriate trading opportunities to improve the results in the forthcoming year.

Results and dividends

The loss for the year after taxation was USD 6,990,473 (2018: USD 16,985,639). No dividend was paid during the year (2018: USD Nil). The directors do not recommend payment of a final dividend. The loss of USD 6,990,473 (2018: USD 16,985,639) has been transferred to reserves. There has also been a decrease in the management fee charged by the Holding Company that amounted to USD 4,100,000 (2018: USD 4,560,000). The increase in revenue is mainly driven by higher utilisation compared to prior year. Also, the Company earned revenue from other streams including catering services and Life Rafts Services during the year. As at 31 December 2019 the Company had net current liabilities of USD 87,846,015 (2018: USD 46,515,972) and net deficit in equity of USD 42,075,233 (2018: USD 35,084,760).

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 operational risk which may arise due to a downturn in economic activity. The Company is directly impacted 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 Company is also exposed to risk where the vessels might breakdown and may not deliver as expected. The Company has young fleet and the management of the Company maintains the vessels by having these dry docked in a timely manner. Consideration of the impact of Covid-19 on the business is set out in the Directors' report.

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 monitored by the Group are revenue, earnings before income tax, depreciation and amortisation (EBITDA), EBITDA margin, return on assets and fleet utilisation. Owing to the way in which the Group companies interact during the normal course of business, these KPIs are measured at the Group level and not measured against each individual subsidiary of Topaz Energy and Marine Limited, hence are not further discussed in this report.

Disclosure under Section 172 of the Companies Act 2006

The directors welcome the new reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped to shape their decisions.

Through working collaboratively with management and listening to feedback from the Company's many stakeholders, the directors believe that BUE Caspian Limited is well positioned to respond to increasing uncertainty. We are embarking on a period of change with the motto to deliver on our purpose and succeed over the long term. This means continuing to deliver our investor proposition, while responding to society's expectations. The directors consider the key stakeholders in the business to be our customers, suppliers, and employees.

BUE Caspian Limited
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Annual Report and Financial Statements - 2019
STRATEGIC REPORT (continued)

Disclosure under Section 172 of the Companies Act 2006 (continued)

Following are the key issues, factors and stakeholders that the directors consider relevant in discharging their duties under Section 172:

a. Business Relationships

i. Customers

BUE Caspian Limited has business interests and customer contracts restricted to Azerbaijan. The market is dominated by a few key oil majors, who form the customer base for BUE Caspian Limited. The Company has succeeded in deriving higher utilisation for its vessels in the financial year 2019 resulting in an increase in turnover to USD 141,010,190 (2018: USD 130,699,597).

The Directors have succeeded in securing further long term contracts in 2019 and have signed contract extensions for 12 of its vessels currently supporting the offshore operations of BP Exploration (Caspian Sea) Limited ("BP") in Azerbaijan. The Company's representative meet customers on a regular basis to understand their needs and act accordingly.

ii. Suppliers

Building strong relationships with suppliers enables the Company to obtain the best value, service and quality. Our procurement and operations teams work hard to understand our supply chain and develop deeper and more strategic relationships with key suppliers.

Directors have a set up mandates and processes to ensure that the suppliers are evaluated and corrective action taken. Annual supplier evaluation exercises are conducted and suppliers are evaluated against various criteria including quality, pricing, timing, environment and safety and ability to cater during emergencies. This is followed up by timely feedback provided to suppliers.

iii. Others

The Directors have signed a long term agreement with Baker Hughes to collaborate on deploying BHGE's lubricant condition monitoring system, VitalyX. The system further improves on Company's ability to predict and prevent breakdowns before they happen, helping to minimise costs and better plan condition-based maintenance for more efficient dry-docking.

b. Employees

BUE Caspian Limited believes that its workforce is key to its success. Our people have a crucial role in delivering against our strategy and creating value. Directors have ensured that employees are able to raise their concerns by conducting quarterly Town Halls, coupled with a half yearly appraisal process which is in place to ensure that employees can provide feedback upwards via their line managers. This assists the Board in recognising issues, if any, and taking corrective action. There is an active ethics line wherein any misconduct or a violation of the Company's Code of Business Conduct can be reported to the Ethics Committee.

c. Community and Environment

i. Corporate Social Responsibility

The Company takes great pride in being a responsible corporate citizen and positively influencing the communities in which we operate. In Azerbaijan, we have created shared values for local communities through employing locally and prioritising use of in-country supply-chains which would result in the long-term community development. The directors have successfully implemented the localisation plan by providing employment opportunities to the local residents of the country where the Company operates.

BUE Caspian Limited
(Registered No. SC137320)
Annual Report and Financial Statements - 2019
STRATEGIC REPORT (continued)

Disclosure under Section 172 of the Companies Act 2006 (continued)

c. Community and Environment (continued)

ii. Environment

The long-term success and growth of Topaz relies upon our continued ability to improve the quality of services and products we deliver, whilst fulfilling effective duties of care to operational safety, human health and environmental well-being. This includes our commitment to environmental performance and prevention of pollution, including targeting “Zero Spills” in all operations. Zero spills refer to no chemicals, fuel, gases, other environmental hazardous waste or pollutants discharged by the vessels resulting in a negative impact on the surrounding environment. The company has ensured safe and environment friendly practices for disposing off waste coupled with stringent best safety practices in vessel operations to ensure zero impact on the environment.

d. Business Conduct

i. Code of Conduct

The Code of Business Conduct (COBC) sets the standards and clarifies the procedures and rules for running our day-to-day operations. It provides practical guidance for dealing professionally with business partners, customers, employees and the communities in which we operate, and includes the promotion of personal integrity and respect for the environment. Understanding the COBC is a mandatory part of our employee induction process and is accessible to all employees on the intranet.

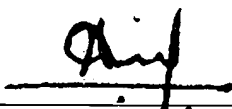
ii. Health and Safety

The Directors have focused relentlessly on ensuring the safety of our operations, employees and contractors across our global organisation. Our unwavering commitment to safety supported through operational excellence has delivered over more than 3 years of LTI-free operations.

Additionally, our fleet management teams continue to work beyond our robust Safety Management System (SMS). They focus on exceeding client expectations and industry standards such as ISO 9001, ISO 14001, ISO 45001, as well as those set by the Oil Companies International Marine Forum (OCIMF) and we ensure that all business locations are constantly monitored and verified against the Topaz SMS.

In September 2019, the group has received re-accreditation by ABS to the Quality Management Standard ISO 9001:2015, the Environmental Management Standard ISO 14001:2015 and the new Occupational Health and Safety Management Standard ISO 45001:2018, which demonstrate our continued commitment to providing the highest levels of quality and services.

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



Narayana Prasad Narumanchi Venkata Lakshmi
Director
28 December 2020

BUE Caspian Limited
(Registered No. SC137320)
DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2019.

Principal activities

The Company's principal activities continued to be management, lease and charter of maritime vessels together with related marine services.

Directors and their interests

The Directors of the Company who were in office during the year 2019 and up to the signing of the financial statements were:

- Rene Kofod-Olsen (resigned 15 March 2020)
- Jay Daga (resigned 22 January 2020)
- Robert Desai
- Narayana Prasad Narumanchi Venkata Lakshmi (appointed 11 February 2020)

Results, dividends and future development

Please refer to "Strategic Report" for details on the results, the payment of dividends and the future development of the Company.

Going concern

The Company generates revenue through the lease of vessels to third parties and related parties. The Company recorded a loss for the year ended 31 December 2019 and, as of that date, the Company had net current liabilities and a net deficit position. These conditions raise doubts as to whether the Company will be able to continue as a going concern. However, in their complementary roles as Directors of the intermediate parent company, Topaz Energy and Marine Limited, the Directors have sought support from this parent to enable the Company to continue to operate as a going concern for the foreseeable future and to discharge its liabilities to other parties, as they fall due. The intermediate parent Company, Topaz Energy & Marine Limited, Bermuda has confirmed that it will provide such financial support as may be required to enable the Company to meet its debts and obligations for a period of at least 12 months following the date of signing of these financial statements.

In seeking this support, the Directors acknowledge that the emergence of Covid-19 in early 2020 has resulted in economic uncertainty across the globe and volatility in all markets, including within the oil and gas market to which the Topaz Marine Group's operations in the Middle East are closely linked. A reduction in the demand for oil has suppressed oil prices and reduced activity for the Group's customers. As such, the Directors have not only considered the intention of the parent Company to provide this financial support, should the need arise, but also its ability to do so. They have reviewed the Group's liquidity and its forecasts for the period in question, as well as the assumptions that underpin them and are satisfied that owing to the long-term contracting nature of the Group's business and the blue chip make up of its client base, the Topaz Group's overall going concern position is assured.

Accordingly, despite the current economic uncertainty, these financial statements are prepared on a going concern basis.

Employee engagement and business relationships

Details of how the Directors have engaged with employees and have had regard to their interests and the effect of that regard, along with details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard are set out within the S172 section of the "Strategic report".

BUE Caspian Limited
(Registered No. SC137320)
DIRECTORS' REPORT (continued)

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 the entities in question are ultimately supported by the group parent, Topaz Energy and Marine Limited, Bermuda. 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 arrangements. The Company's financial liabilities comprise amounts due to related parties, accounts payable and accruals. Amounts due to related parties are payable on demand and accounts payable and accruals are paid as per the contracted term of the payment.

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

Independent auditor

Deloitte LLP were re-appointed independent auditor for the year ended 31 December 2019 and are deemed to be appointed in accordance with an elective resolution made under section 487 of the Companies Act 2006 which continues in force.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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.

Branch offices

The Company operates through a branch in Azerbaijan.

BUE Caspian Limited
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DIRECTORS' REPORT (continued)

Events after the balance sheet date

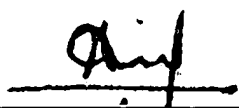
The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activities. The Covid-19 outbreak has caused business disruption through voluntary and mandated closing of businesses by Governmental Authorities. Whilst the disruption is currently expected to be temporary, economic uncertainties have arisen.

There hasn't been an immediate impact of Covid-19 on the operations of the Company, as the Company continues to operate and perform obligations as per its existing contracts. For a short period of time, the admin and support staff moved to a "work from home model" but the crew on fleet continued to operate as normal. The Company hasn't experienced any sort of contract terminations due to Covid-19, although there has been a minor increase in employee cost due to quarantine requirements but they have managed to cut down other costs such as business travels and etc. The outbreak is considered as a non-adjusting event for reporting purposes and is therefore not reflected in the recognition and measurement of the assets and liabilities in the Company's financial statements as at 31 December 2019.

There has also been an unprecedented drop in global demand for energy and while OPEC+ have already taken steps to mitigate this by agreeing to reduce supply by 10% in April 2020. Management has considered the unique circumstances and has concluded that the impact on the financial results of the Company in subsequent periods could be in the form of reduced demand for services but nothing as of the date of this report as the Company continues to provide service under its existing long-term contracts.

Like many other businesses, the Parent Company has taken steps to maintain short-term liquidity and based on the current secured backlog and restructured financing arrangements, the Group has sufficient liquidity available to support the Company.

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



Narayana Prasad Narumanchi Venkata Lakshmi
Director
28 December 2020

BUE Caspian Limited
(Registered No. SC137320)

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 judgments 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 CASPIAN LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally 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 expense;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

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.

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

Other information (continued)

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.

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. 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.

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

Matters on which we are required to report by exception

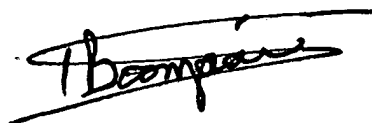
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Ivan Boonzaaier, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London,
United Kingdom
28 December 2020

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2019**

	Notes	2019 USD	2018 USD (restated)
Revenue	6	141,010,190	130,699,597
Cost of sales	7, 23	(84,478,022)	(126,656,681)
Depreciation of right-of-use asset	12	(40,254,800)	-
Gross profit		16,277,368	4,042,916
Other income		-	49,611
General and administrative expenses	8	(9,238,010)	(8,842,086)
Interest expense on lease liability	20	(14,110,219)	-
Finance costs		(395,243)	(370,398)
Loss before income tax		(7,466,104)	(5,119,957)
Tax income / (expense)	9	475,631	(11,865,682)
Loss for the year, representing total comprehensive expense for the year		(6,990,473)	(16,985,639)

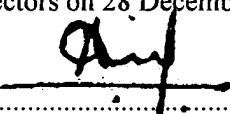
All activities arise in respect of continuing activities.


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

**Statement of financial position
as at 31 December 2019**

	Notes	2019 USD	2018 USD (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	10	10,220,644	11,268,542
Deferred tax assets	11	2,206,330	162,670
Right-of-use asset	12	155,871,524	-
Total non-current assets		168,298,498	11,431,212
Current assets			
Inventories	13	3,009,689	3,209,010
Accounts receivable and prepayments	14	28,693,763	17,029,388
Amounts due from related parties	15	490,791,627	484,943,269
Cash and cash equivalents	16	6,101,097	1,425,300
Total current assets		528,596,176	506,606,967
Total Assets		696,894,674	518,038,179
EQUITY AND LIABILITIES			
Equity			
Share capital	17	175	175
Accumulated losses	18, 23	(42,075,408)	(35,084,935)
Net deficit		(42,075,233)	(35,084,760)
Current liabilities			
Accounts payable and accruals	19, 23	8,259,499	10,210,912
Amounts due to related parties	15	516,497,683	534,106,546
Income tax payable	9	3,976,182	8,805,481
Lease liability - current	20	87,708,827	-
Total current liabilities		616,442,191	553,122,939
Non-current liabilities			
Lease liability - non-current	20	122,527,716	-
Total liabilities		738,969,907	553,122,939
Total Equity and Liabilities		696,894,674	518,038,179

The financial statements of BUE Caspian Limited (registered number: SC137320) were approved by the board of directors on 28 December 2020 and were signed on its behalf by:


Narayana Prasad Narumanchi Venkata Lakshmi
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 2019**

	Share capital USD	Accumulated losses USD	Total USD
Balance at 31 December 2017	175	(18,099,296)	(18,099,121)
Loss for the year, representing total comprehensive expense for the year (restated) (note 23)	-	(16,985,639)	(16,985,639)
Balance at 31 December 2018 (restated)	<u>175</u>	<u>(35,084,935)</u>	<u>(35,084,760)</u>
Loss for the year, representing total comprehensive expense for the year	-	(6,990,473)	(6,990,473)
Balance at 31 December 2019	<u><u>175</u></u>	<u><u>(42,075,408)</u></u>	<u><u>(42,075,233)</u></u>

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

**Notes to the financial statements
for the year ended 31 December 2019****1. Establishment and operations**

BUE Caspian 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, EH3 8EH.

The Company is a wholly owned subsidiary of BUE Marine Limited, a company registered in Scotland. The Company’s ultimate parent undertaking was Renaissance Services SAOG, a Company registered in the 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 management, lease and charter of maritime vessels together with related marine services.

2. Application of new and revised International Financial Reporting Standards (IFRSs)**2.1 New and amended IFRS Standards that are effective for the current year**

In the current year, the Company, for the first time, has adopted IFRS 16 *Leases* (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor. The impact of the adoption of IFRS 16 on the Company’s financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Company does not restate any comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated losses at the date of initial application amounts to USD Nil.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; and
- b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year 31 December 2019.

Impact on profit or loss

	31 December 2019
	USD
Increase in depreciation and amortisation expense (Note 7)	40,254,800
Increase in finance costs (Note 20)	14,110,219
Decrease in other expenses	(47,858,293)
Decrease in profit for the year	6,506,726

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

Impact on assets and liabilities as at 1 January 2019

	As previously reported	Adjustments	As restated
	USD	USD	USD
Right-of-use assets (a)	-	196,126,324	196,126,324
Lease liabilities (a), (b)	-	196,126,324	196,126,324

The off-balance sheet lease obligations as of 31 December 2018 are reconciled as follows to the recognised lease liabilities as of 1 January 2019.

	USD
Operating lease commitments as of 31 December 2018	236,382,959
Discounted using the lessee's incremental borrowing rate of (6.49 to 7.38%), as at January 1, 2019	(40,256,635)
Lease liability recognised as at 1 January 2019	196,126,324
Of which are:	
Current lease liabilities	35,769,513
Non-current lease liabilities	160,356,811
	196,126,324

The associated right-of-use assets were measured on a modified retrospective basis. The Company has used an approach in recognising its right-of-use assets were right-of-use assets are measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the reporting period. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right of use of assets relate to the following types of assets:

	31 December 2019	1 January 2019
	USD	USD
Marine vessels	154,456,396	194,370,908
Office premises and warehouse	1,415,129	1,755,416
Total right-of-use assets	155,871,524	196,126,324

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

Company as a lessee

- a) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation and amortisation expense and in interest expense.
- b) Lease liability on leases previously classified as financing leases under of IAS 17 and previously presented within borrowings is now presenting in the separate line lease liabilities. There has been no change in the liability recognised.

The adoption of IFRS 16 did not have an impact on net cash flows.

2.2 New and amended IFRS 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 1 January 2019, have been adopted in these financial statements.

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities* 1 January 2019

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs* 1 January 2019

IAS 12 *Income Taxes* 1 January 2019

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

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

**2.2 New and amended IFRS applied with no material effect on the financial statements
(continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	1 January 2019
The Annual Improvements include amendments to four Standards.	
IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement	1 January 2019
The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	
<ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances. 	

The application of these 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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)****3. 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, these financial statements are prepared under FRS 101 'Reduced Disclosure Framework' incorporating the amendments to FRS 101 issued by the FRC in July 2015.

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, related party transactions and requirements of the second sentence of paragraph 110 and paragraph 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.

Prior year restatement

In accordance with IAS 8, where the Directors have noted a prior period error that they consider to have a material impact on the reported balances for that year, they have resolved to correct this by re-stating the comparative balances within these financial statements. Further details of the prior year re-statement are given in note 23.

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 derivative activities, and its exposures to risk are described in the Strategic Report on page 2.

The Company generates revenue through the lease of vessels to third parties and related parties. The Company recorded a loss for the year ended 31 December 2019 and, as of that date, the Company had net current liabilities and a net deficit position. These conditions raise doubts as to whether the Company will be able to continue as a going concern. However, in their complementary roles as Directors of the intermediate parent company, Topaz Energy and Marine Limited, the Directors have sought support from this parent to enable the Company to continue to operate as a going concern for the foreseeable future and to discharge its liabilities to other parties, as they fall due. The intermediate parent Company, Topaz Energy & Marine Limited, Bermuda has confirmed that it will provide such financial support as may be required to enable the Company to meet its debts and obligations for a period of at least 12 months following the date of signing of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

3. Basis of preparation (continued)

Going concern (continued)

In seeking this support, the Directors acknowledge that the emergence of Covid-19 in early 2020 has resulted in economic uncertainty across the globe and volatility in all markets, including within the oil and gas market to which the Topaz Marine Group's operations in the Middle East are closely linked. A reduction in the demand for oil has suppressed oil prices and reduced activity for the Group's customers. As such, the Directors have not only considered the intention of the parent Company to provide this financial support, should the need arise, but also its ability to do so. They have reviewed the Group's liquidity and its forecasts for the period in question, as well as the assumptions that underpin them and are satisfied that owing to the long-term contracting nature of the Group's business and the blue chip make up of its client base, the Topaz Group's overall going concern position is assured.

Accordingly, despite the current economic uncertainty, these financial statements are prepared on a going concern basis.

Functional currency and presentation currency

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

4. Significant accounting policies

Revenue recognition

The Company recognises revenue from its major source, charter of marine vessels in accordance with IFRS 16.

Marine charter

Revenue comprises operating lease rent from the charter of marine vessels, mobilisation income, management fee income, revenue from the provision of on-board accommodation, catering services and the sale of fuel and other consumables and other sundry income.

Lease rental income is recognised on a straight line basis over the period of the lease. For the other revenue streams (except for mobilisation and demobilisation, refer below), the Company recognises revenue when it transfers control of a product or service to a customer. The stand-alone selling prices are determined based on the observable price at which the Company sells the products and services on a standalone basis. For items that are not sold separately, the Company estimates standalone selling prices using other methods.

Mobilisation and de-mobilisation

The revenue from mobilisation and de-mobilisation of the vessels is recognised in accordance with IFRS 15. It is considered to be a distinct service as it is available for customers from other providers in the market. The revenue related to this service is recognised over the term of the contract. The transaction price allocated to these services is recognised as a contract liability at the time of initial recognition and is released on a straight-line basis over the period of contract.

Management fees income

Management fees income comprises amounts recharged in respect of technical and professional services provided to the related parties of the Company based on the management discretion. It is recognised in the statement of profit or loss and other comprehensive income in the period when the service is performed.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest rate method.

Finance expense comprises interest expense on borrowings and right-of-use assets. All borrowing costs are recognised in the statement of profit and loss and other 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.

Financial instruments

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.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest rate method (continued)

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.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

(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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets (continued)

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.

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. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

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 exchange rates 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 statement of profit or loss and other comprehensive income.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)****4. Significant accounting policies (continued)****Property, plant and equipment (continued)**

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	3 years to 5 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.

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 statement of profit or loss and other comprehensive income as the expense is incurred.

Dry docking costs

The expenditure incurred on vessel dry docking, a component of property, plant and equipment, is amortised over the period from the date of dry docking, to the date on which the management estimates that the next dry docking is due, which ordinarily is within 2 to 3 years.

Vessel refurbishment costs*Owned assets*

Cost incurred to refurbish owned assets are capitalised within property, plant and equipment and then depreciated over the shorter of the estimated economic life of the related refurbishment or the remaining life of the vessel.

Provisions

A provision is recognised if, as a result of past event, the Company 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.

Inventories

Inventories are measured at lower of cost and net realizable value after making due allowance for any obsolete or slow moving items. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Leases (Policy applicable from 1 January 2019)

The Company as a lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line in the statement of financial position.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

4. Significant accounting policies (continued)

Leases (Policy applicable from 1 January 2019) (continued)

The Company as a lessee (continued)

The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Leases under IAS 17, applicable before 1 January 2019

Company as a lessee

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

5. Critical accounting judgements 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

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR") ranging from 6.49-7.38%. In order to compute the IBR, the Company uses the external credit ratings of the Company and the Group, the interest rates on existing loan facilities within the Group, comparable corporate yield data and the lease tenors.

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.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

6. Revenue

	2019 USD	2018 USD
Lease rent from charter of marine vessels	131,660,463	123,605,192
Management fee income	7,262,175	7,094,405
Other	2,087,552	-
	<u>141,010,190</u>	<u>130,699,597</u>

Revenue is earned on the Company's operations in the Caspian Region.

Other revenue relates to income for the installation of a FuelTrax system on certain marine vessels.

7. Cost of sales

	2019 USD	2018 USD
Insurance and other costs	41,874,324	35,470,261
Bareboat charter expense	34,294,243	83,973,267
Depreciation of property, plant and equipment (Note 10)	8,309,455	7,213,153
	<u>84,478,022</u>	<u>126,656,681</u>

8. General and administrative expenses

	2019 USD	2018 USD
Management fee	4,100,000	4,560,000
Staff costs	2,854,655	2,818,281
Rent	106,088	476,167
Vehicle expenses	192,665	206,972
Depreciation of property, plant and equipment (Note 10)	28,388	55,779
Others	1,956,214	724,887
	<u>9,238,010</u>	<u>8,842,086</u>

During the year, the auditor's remuneration for audit services was borne by Topaz Energy and Marine Limited, a related party. The auditor did not provide any non-audit services to the Company during the year.

Information regarding directors and employees

	2019 USD	2018 USD
Aggregate remuneration of employees		
Wages and salaries	2,670,581	2,721,252
Allowances and other benefits	162,416	80,948
Pension costs	21,658	16,081
	<u>2,854,655</u>	<u>2,818,281</u>

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

8. General and administrative expenses (continued)

	2019 No.	2018 No.
<i>Monthly average number of employees (including executive directors)</i>		
Administration	<u>59</u>	<u>70</u>

Executive Directors – Key management personnel

The Company has three directors (2018: three directors). The Directors are not employees of the Company but are remunerated by Topaz Energy and Marine Limited, a related party for their services. Their total remuneration is disclosed within this Company's consolidated financial statements and cannot be disaggregated in respect of services for BUE Marine Limited.

9. Income tax expense

	2019 USD	2018 USD
<i>Current taxation</i>		
Foreign tax	3,741,582	11,853,131
Group relief surrendered paid for	(2,173,553)	-
Total current tax	<u>1,568,029</u>	<u>11,853,131</u>
<i>Deferred tax</i>		
Current year	56,451	13,175
Prior year (Note 9(i))	(2,100,111)	(624)
Total deferred tax	<u>(2,043,660)</u>	<u>12,551</u>
Tax income / (expense) for the year	<u>(475,631)</u>	<u>11,865,682</u>
Income tax payable	<u>3,976,182</u>	<u>8,805,481</u>

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

	2019 USD	2018 USD
Loss before tax	<u>(7,466,104)</u>	<u>(5,119,957)</u>
Tax at the UK corporation tax rate	(1,418,560)	(666,096)
Tax effect of expenses that are not deductible in determining taxable profit	19,000	19,000
Group relief surrendered not paid for	-	2,471,733
Unrelieved foreign tax	3,030,681	7,697,295
Prior year adjustment (Note 9(i))	(2,100,111)	(971)
Difference in closing DT tax rate	(6,641)	(2,010)
Foreign tax provided but not paid	-	2,350,298
Others	-	(3,567)
Tax (income)/expense for the year	<u>(475,631)</u>	<u>11,865,682</u>

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

9. Income tax expense (continued)

UK corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the financial year. Foreign tax relates to amounts paid or payable to other jurisdictions and is calculated at the rates prevailing in the respective jurisdictions. A significant portion of foreign tax relates to withholding tax at a rate ranging from 5% to 6.25%.

Factors affecting future tax charges

The Finance Bill 2020, substantively enacted on 17 March 2020, announced that the reduction in corporation tax effective from 1 April 2020 of 17% had been scrapped. The corporation tax main rate of 19% will continue to apply from 1 April 2020. However, as 17% remained the substantively enacted rate at the balance sheet date, deferred tax has been calculated at this rate.

(i) The material element of the prior year adjustment relates to management decisions taken in the current year, but prior to the submission of the 2018 tax computation in respect of the allocation of available prior year tax losses and shipping allowances across the Group as part of that submission.

10. Property, plant and equipment

	Vessel dry-docking USD	Plant and machinery USD	Motor vehicles USD	Computer Equipment USD	Total USD
Cost					
At 1 January 2018	41,809,823	635,098	129,069	496,444	43,070,434
Additions for the year	8,775,935	247,518	-	410,229	9,433,682
At 31 December 2018	50,585,758	882,616	129,069	906,673	52,504,116
Additions for the year	7,028,630	200,281	-	61,034	7,289,945
At 31 December 2019	57,614,388	1,082,897	129,069	967,707	59,794,061
Accumulated depreciation					
At 1 January 2018	32,796,262	551,116	129,069	490,195	33,966,642
Depreciation charge for the year	7,213,153	45,703	-	10,076	7,268,932
At 31 December 2018	40,009,415	596,819	129,069	500,271	41,235,574
Depreciation charge for the year	8,309,455	5,900	-	22,488	8,337,843
At 31 December 2019	48,318,870	602,719	129,069	522,759	49,573,417
Net carrying amount					
At 31 December 2019	9,295,518	480,178	-	444,948	10,220,644
At 31 December 2018	10,576,343	285,797	-	406,402	11,268,542

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

10. Property, plant and equipment (continued)

The depreciation charge has been allocated in the income statement as follows:

	2019 USD	2018 USD
Cost of sales (Note 7)	8,309,455	7,213,153
General and administrative expenses (Note 8)	28,388	55,779
	<u>8,337,843</u>	<u>7,268,932</u>

As at 31 December 2019, the Company's assets and undertaking, including bareboat charter's rights, title and interest, present and future in the bareboat charterer's assigned property are charged as security for bank facilities obtained by related parties.

11. Deferred tax assets

	2019 USD	2018 USD
As at 1 January	162,670	175,221
Profit and loss account credit/(debit)	(56,451)	(13,175)
Prior year adjustment (Note 9(i))	2,100,111	624
As at 31 December	<u>2,206,330</u>	<u>162,670</u>

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

	Accelerated tax Depreciation USD	Provisions USD	Tax losses USD	Total USD
As at 31 December 2017	160,987	14,000	234	175,221
Charged to the income statement	(13,175)	-	-	(13,175)
Prior period adjustment	624	-	-	624
As at 31 December 2018	<u>148,436</u>	<u>14,000</u>	<u>234</u>	<u>162,670</u>
Charged to the income statement	(56,451)	-	-	(56,451)
Prior period adjustment	53,984	-	2,046,127	2,100,111
As at 31 December 2019	<u>145,969</u>	<u>14,000</u>	<u>2,046,361</u>	<u>2,206,330</u>

The deferred tax asset balance at 31 December 2019 comprises capital allowances in excess of depreciation USD 152,353 (2018: USD 154,821), short term temporary differences of USD 7,849 (2018: USD 7,849) and carried forward trading losses of USD 2,046,128 (2018: USD nil).

The Directors consider that the deferred tax asset recognised is recoverable on the basis that the benefit to the Company will either unwind in the form of future capital allowances, or in the form of payment from a related party, where trading losses and shipping allowances are surrendered in future years under the Group's loss relief model.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

12. Right-of-use assets

	2019 USD	2018 USD
Recognition of right-of-use assets on initial application of IFRS 16 Leases (Note 2)	196,126,324	-
Less: Depreciation charge for the year (Note 7)	(40,254,800)	-
	<u>155,871,524</u>	<u>-</u>

13. Inventories

	2019 USD	2018 USD
Stocks of spare parts, lubes and consumables	<u>3,009,689</u>	<u>3,209,010</u>

The current valuation of inventories is not materially different from the replacement cost.

Movement in the allowance for slow-moving inventories:

	2019 USD	2018 USD
Balance at the beginning of the year	-	1,725,033
Write-off for the year	-	(1,725,033)
Balance at the end of the year	<u>-</u>	<u>-</u>

The amount of inventories recognised as an expense during the period are as follow;

	2019 USD	2018 USD
Inventories consumed during the year	<u>9,129,290</u>	<u>6,611,714</u>

14. Accounts receivable and prepayments

	2019 USD	2018 USD
Accounts receivable	22,732,900	13,143,483
Prepayments and advances	1,305,416	1,139,640
VAT recoverable	3,223,785	2,024,384
Other receivables	1,431,662	721,881
	<u>28,693,763</u>	<u>17,029,388</u>

As at 31 December 2019, no trade receivables were considered by management to be impaired (2018: Nil).

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majorities are, therefore, unsecured.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

15. Related party balances

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders and key management personnel. The terms and conditions of such transactions are decided by management.

a) Due from related parties

	2019 USD	2018 USD
Immediate parent company:		
BUE Marine Limited, Scotland	373,082,879	364,895,469
Companies under common ownership and management control:		
Topaz Energy and Marine Limited, Bermuda	35,049,011	37,885,267
BUE Kazakhstan Limited, Scotland	22,137,813	22,137,813
Nico World II Limited, Vanuatu	20,146,773	20,146,773
Roosalka Shipping Limited, Scotland	13,371,157	13,371,157
BUE Aktau LLP, Kazakhstan	12,639,879	12,639,879
BUE Marine Turkmenistan Limited, Scotland	6,499,166	6,499,166
Team VII Limited, Scotland	4,383,586	6,059,935
BUE Kyran Limited, Scotland	657,529	657,529
Topaz RIWS Limited	375,550	375,550
BUE Bautino LLP, Kazakhstan	143,877	143,877
BUE Bulkers Limited, Scotland	2,304,407	130,854
	<u>490,791,627</u>	<u>484,943,269</u>

Amounts due from related parties 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 material 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, 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 2019 (continued)**

15. Related party transactions (continued)

b) Due to related parties

	2019 USD	2018 USD
<i>Companies under common ownership and management control:</i>		
BUE Shipping Limited, Scotland	61,911,248	61,911,248
Caspian Pride Limited, St. Vincent	51,413,639	51,090,080
Caspian Server Limited, St. Vincent	50,539,148	51,302,760
Caspian Provider Limited, St. Vincent	45,487,305	45,208,267
Team X Limited, St. Vincent	42,410,970	41,236,670
Team II Limited, St. Vincent	42,130,478	40,111,818
Caspian Protector Limited, St. Vincent	29,302,183	28,451,633
Caspian Citadel Limited, St. Vincent	27,222,236	26,275,986
Caspian Power Limited, St. Vincent	27,200,764	41,135,728
Caspian Fortress Limited, St. Vincent	25,004,861	24,702,833
Team XV Limited, St. Vincent	23,716,556	22,034,839
Team XXVIII Limited, St. Vincent	21,891,179	22,419,337
Caspian Baki Limited, St. Vincent	16,579,761	17,047,862
Team XVII Limited, St. Vincent	15,637,248	14,150,515
Caspian Gala Limited, St. Vincent	14,514,015	14,876,796
Team XVIII Limited, St. Vincent	5,435,798	8,125,222
Caspian Breeze Limited, St. Vincent	4,076,926	4,076,926
Doha Marine Service WLL, State of Qatar	3,745,113	3,745,113
XT Shipping Limited, Scotland	3,289,904	3,289,904
Team XXVII Limited, St. Vincent	3,173,195	11,097,853
Caspian Jura Limited, St. Vincent	829,524	829,524
Caspian Islay Limited, St. Vincent	688,315	688,315
TEAM XXII Limited, Marshall Islands	235,377	235,377
Topaz Astrakhan Limited, Marshall Islands	26,200	26,200
Topaz Marine NIG Ltd, Nigeria	19,675	19,675
BUE Cygnet Limited, Scotland	16,065	16,065
	<u>516,497,683</u>	<u>534,106,546</u>

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

16. Cash and cash equivalents

	2019 USD	2018 USD
Cash in bank	6,099,079	1,422,634
Cash on hand	2,018	2,666
	<u>6,101,097</u>	<u>1,425,300</u>

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

17. Share capital

	2019 USD	2018 USD
<i>Authorised</i>		
1,000 (2018: 1,000) ordinary shares of £1 (2018: £1) each	1,750	1,750
<i>Allotted, called up and fully paid</i>		
100 (2018: 100) ordinary share of £1 (2018: £1)	175	175

18. Accumulated losses

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

19. Accounts payable and accruals

	2019 USD	2018 USD
Accruals	5,194,705	4,748,398
Trade payables	475,256	2,438,213
Social insurance contribution	2,120,503	1,614,191
Other payables	469,035	1,410,109
	<u>8,259,499</u>	<u>10,210,912</u>

20. Lease liability

	2019 USD	2018 USD
Recognition of lease liability on initial application of IFRS 16 Leases (note 2)	196,126,324	-
Interest	14,110,219	-
	<u>210,236,543</u>	<u>-</u>
<i>Disclosed in the financial statements as:</i>		
Current portion of lease liability	87,708,827	-
Non-current portion of lease liability	122,527,716	-
	<u>210,236,543</u>	<u>-</u>

There has been no payment made during the year for these leases. The Company does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's treasury function. The table below shows the undiscounted lease payments to be made;

	2019 USD	2018 USD
Due within one year	97,060,302	-
Due between one and five years	136,032,451	-
More than five years	3,290,206	-
	<u>236,382,959</u>	<u>-</u>

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

21. Event after balance sheet date

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activities. The Covid-19 outbreak has caused business disruption through voluntary and mandated closing of businesses by Governmental Authorities. Whilst the disruption is currently expected to be temporary, economic uncertainties have arisen.

There hasn't been an immediate impact of Covid-19 on the operations of the Company, as the Company continues to operate and perform obligations as per its existing contracts. For a short period of time, the admin and support staff moved to a "work from home model" but the crew on fleet continued to operate as normal. The Company hasn't experienced any sort of contract terminations due to Covid-19, although there has been a minor increase in employee cost due to quarantine requirements but they have managed to cut down other costs such as business travels and etc. The outbreak is considered as a non-adjusting event for reporting purposes and is therefore not reflected in the recognition and measurement of the assets and liabilities in the Company's financial statements as at 31 December 2019.

There has also been an unprecedented drop in global demand for energy and while OPEC+ have already taken steps to mitigate this by agreeing to reduce supply by 10% in April 2020. Management has considered the unique circumstances and has concluded that the impact on the financial results of the Company in subsequent periods could be in the form of reduced demand for services but nothing as of the date of this report as the Company continues to provide service under its existing long-term contracts.

Like many other businesses, the Parent Company has taken steps to maintain short-term liquidity and based on the current secured backlog and restructured financing arrangements, the Group has sufficient liquidity available to support the Company.

22. 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 are prepared is DP World PLC. The address of the registered office of the Company is P.O. Box 17000, Dubai, United Arab Emirates. Copies of that company's accounts can be obtained from the same address. Dubai World Corporation is the Ultimate Parent Company, a company owned by Dubai government.

23. Restatement of comparative figures

During the current year, the management of the Company noted that there has been an understatement of Social Insurance Contributions ("SIC") liability in the prior year due to crew catering expenses being wrongly excluded from employees' SIC taxable base. In accordance with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has rectified the error by retrospective adjustment to the comparative numbers for the year ended 31 December 2018 as follows:

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

23. Restatement of comparative figures (continued)

Statement of financial position

Balance for the year ended 31 December 2018

	<i>As previously reported USD</i>	<i>Restatements USD</i>	<i>As restated USD</i>
Accumulated losses	(33,470,744)	(1,614,191)	(35,084,935)
Accounts payable and accruals	8,596,721	1,614,191	10,210,912
	<u> </u>	<u> </u>	<u> </u>

Statement of profit or loss and other comprehensive expense

Balance for the year ended 31 December 2018

	<i>As previously reported USD</i>	<i>Restatements USD</i>	<i>As restated USD</i>
Cost of sales	125,042,490	1,614,191	126,656,681
	<u> </u>	<u> </u>	<u> </u>

Statement of changes in equity

Balance for the year ended 31 December 2018

	<i>As previously reported USD</i>	<i>Restatements USD</i>	<i>As restated USD</i>
Loss for the year, representing total comprehensive expense for the year	(15,371,448)	(1,614,191)	(16,985,639)
	<u> </u>	<u> </u>	<u> </u>