



BUE Caspian Limited

**Annual report and financial statements
for the year ended 31 December 2021**



BUE Caspian Limited

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

Martin Helweg
Narayana Prasad Narumanchi Venkata Lakshmi

COMPANY SECRETARY

Narayana Prasad Narumanchi Venkata Lakshmi

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

Just Audit & Assurance Ltd
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES
United Kingdom

BUE Caspian Limited
(Registered No. SC137320)
Annual Report and Financial Statements - 2021
STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2021.

Review of activities and future development

In the current year, revenue has decreased to USD 121,580,531 as compared to USD 132,779,788 in 2020 due to lower utilisation compared to prior year mainly due to the scheduled maintenance and drydocking of vessels in the current year. The Directors continue to seek appropriate trading opportunities to improve the results in the forthcoming year.

Results and dividends

The profit for the year after taxation was USD 3,497,043 (2020: loss of USD 461,649). No dividend was paid during the year (2020: USD Nil). The directors do not recommend payment of a final dividend. The profit of USD 3,497,043 (2020: loss of USD 461,649) has been transferred to reserves. The decrease in revenue is mainly driven by lower utilisation compared to prior year due to the scheduled maintenance of vessels and higher off-hire period due to the drydocking of vessels. Also, the Company earned revenue from other streams including catering services and Life Rafts Services during the year. As at 31 December 2021 the Company was in a net current liability position of USD 79,816,885 (2020: USD 80,452,522) and net deficit in equity of USD 39,039,839 (2020: USD 42,536,882).

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.

The Company has no operations within United Kingdom or the European Union and therefore there has been no impact of Brexit on its operations. As the Company's vessels are not operating under Russian flags, the Russia-Ukraine conflict has no direct impact on them.

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
(Registered No. SC137320)
Annual Report and Financial Statements - 2021
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 Directors succeeded in securing long term contracts in 2020 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 meets 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.

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 - 2021
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.

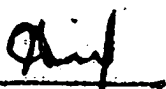
ii. Health and Safety

The Directors have focused relentlessly on ensuring the safety of our operations and contractors across our global organization. Our unwavering commitment to safety supported through operational excellence has delivered over 1 year of LTI and Serious Injuries -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 POML Corporate Standards through our robust Corporate Assurance Program led by our Corporate Assurance Manager.

The company 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
21st December 2022

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

The Directors present their report and audited financial statements for the year ended 31 December 2021.

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 2021 and up to the signing of the financial statements were:

- Narayana Prasad Narumanchi Venkata Lakshmi
- Martin Helweg (appointed 18 August 2021)
- Robert Desai (resigned 18 August 2021)

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 profit after taxation for the year amounting to USD 3,497,043 (2020: loss of USD 461,649) and, as of that date, the Company was in a net current liability position of USD 79,816,885 (2020: USD 80,452,522) and a net deficit position of USD 39,039,839 (2020: USD 42,536,882). 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 and the business disruptions caused by the Russia-Ukraine war since February 2022, have resulted in economic uncertainty across the globe and volatility in all markets, including oil and gas, to which the Company's operation are closely linked. 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 revenue transactions are denominated in US Dollars hence the Directors consider the currency 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

Just Audit & Assurance Ltd were appointed as independent auditors for the year ended 31 December 2021 in accordance with section 485 of the Companies Act 2006.

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.

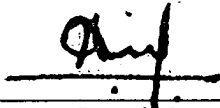
BUE Caspian Limited
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DIRECTORS' REPORT (continued)

Events after the balance sheet date

Subsequent to the year end, Russia launched a large-scale military invasion in Ukraine (Ukrainian crisis). The Company is continuously monitoring risks, uncertainties, and potential impacts on its operations in light of this event. As the situation is fast evolving, the effect of the crisis is subject to significant levels of uncertainty, with the full range of possible effects unknown. These uncertainties have been treated as a non-adjusting event as these events evolved after the reporting date. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2021 have not been adjusted to reflect this impact.

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
21st December 2022

BUE Caspian Limited
(Registered No. SC137320)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of BUE Caspian Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of BUE Caspian Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularities included, but was not limited to, the following:

- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit work over the risk of management override of controls including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing estimates for bias.

Independent Auditor's Report to the Members of BUE Caspian Limited (continued)

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.



Jonathan Russell (Senior Statutory Auditor)
For and on behalf of Just Audit & Assurance Ltd, Statutory Auditor
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

21 December 2022

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2021**

| | Notes | 2021 USD | 2020 USD |
|---|-------|-------------------|-------------------|
| Revenue | 6 | 121,580,531 | 132,779,788 |
| Cost of sales | 7 | (100,702,505) | (107,881,499) |
| Gross profit | | 20,878,026 | 24,898,289 |
| General and administrative expenses | 8 | (4,681,261) | (7,139,183) |
| Finance costs | 9 | (6,765,287) | (9,866,806) |
| Other income | | - | 457,465 |
| Gain/ (loss) before income tax | | 9,431,478 | 8,349,765 |
| Tax (expense)/ income | 10 | (5,934,435) | (8,811,414) |
| Profit /(Loss) for the year, representing total comprehensive expense for the year | | 3,497,043 | (461,649) |

All activities arise in respect of continuing activities.

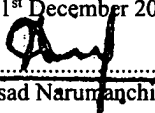
The accompanying notes from pages 15 to 37 form an integral part of these financial statements.

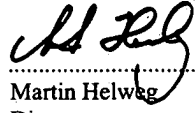
The independent auditors' report on financial statements is set out on pages 9 to 11.

Balance Sheet
as at 31 December 2021

| | Notes | 2021 USD | 2020 USD |
|-------------------------------------|-------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 10,882,522 | 7,243,052 |
| Deferred tax assets | 12 | 98,241 | 95,597 |
| Right-of-use asset | 13 | 75,041,761 | 112,177,218 |
| Total non-current assets | | 86,022,524 | 119,515,867 |
| Current assets | | | |
| Inventories | 14 | 991,451 | 3,373,781 |
| Trade and other receivables | 15 | 33,526,218 | 26,827,303 |
| Amounts due from related parties | 16 | 450,593,899 | 530,422,944 |
| Cash and cash equivalents | 17 | 5,399,796 | 16,660,893 |
| Total current assets | | 490,511,364 | 577,284,921 |
| Total assets | | 576,533,888 | 696,800,788 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 18 | 175 | 175 |
| Accumulated losses | 19 | (39,040,014) | (42,537,057) |
| Net deficit | | (39,039,839) | (42,536,882) |
| Current liabilities | | | |
| Trade and other payables | 20 | 10,280,805 | 10,746,310 |
| Amounts due to related parties | 16 | 525,359,723 | 610,351,297 |
| Income tax payable | 10 | 1,335,374 | 1,806,241 |
| Lease liability – current | 21 | 33,352,347 | 34,833,596 |
| Total current liabilities | | 570,328,249 | 657,737,444 |
| Non-current liabilities | | | |
| Lease liability – non-current | 21 | 45,245,478 | 81,600,226 |
| Total liabilities | | 615,573,727 | 739,337,670 |
| Total equity and liabilities | | 576,533,888 | 696,800,788 |

The financial statements of BUE Caspian Limited (registered number: SC137320) were approved by the board of directors on 21st December 2022 and were signed on its behalf by:


Narayana Prasad Narumanchi Venkata Lakshmi
Director


Martin Helweg
Director

The accompanying notes from pages 15 to 37 form an integral part of these financial statements.

The independent auditors' report on financial statements is set out on pages 9 to 11.

**Statement of changes in equity
for the year ended 31 December 2021**

| | Share capital USD | Accumulated losses USD | Total USD |
|---|----------------------------------|---------------------------------------|----------------------|
| Balance at 31 December 2019 | 175 | (42,075,408) | (42,075,233) |
| Loss for the year, representing total comprehensive expense for the year | - | (461,649) | (461,649) |
| Balance at 31 December 2020 | 175 | (42,537,057) | (42,536,882) |
| Loss for the year, representing total comprehensive expense for the year | - | 3,497,043 | 3,497,043 |
| Balance at 31 December 2021 | 175 | (39,040,014) | (39,039,839) |

The accompanying notes from pages 15 to 37 form an integral part of these financial statements.

The independent auditors' report on financial statements is set out on pages 9 to 11.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

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 (the "Intermediate Parent Company"). Accordingly, as at 31 December 2020 and 31 December 2021, the Company is fully owned by DP World FZE (the "Parent Company"). Dubai World Corporation, registered in Dubai, is the Ultimate Parent 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

During the current year, the company adopted the below amended International Financial Reporting Standards ("IFRS") that are effective for the financial year ended 31 December 2021:

| | Effective date |
|---|-----------------------|
| Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2021 |
| IFRS 16 Leases – COVID 19 Rent Concessions – Relief for Lessees | 1 January 2021 |
| COVID-19-Related Rent Concessions – (Amendment to IFRS 16) | 1 January 2021 |

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Group has put in place a plan to oversee the approach to LIBOR transition in coordination with international developments. The transition has implications for the Group's borrowing and its stakeholders ranging from legal, financial, technical and operational considerations. The Group has undertaken IBOR transition and have applied the Phase 2 amendments in 2021.

Other amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16 which are effective from 1 January 2021 did not result in any change to Group's accounting policies or accounting adjustments.

2.2 New and amended IFRS applied with no material effect on the financial statements

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted in annual period beginning on 1 January 2021. However, the company has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the company's financial statements:

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

| | Effective for annual periods beginning on or after |
|---|---|
| Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37) | 1 January 2022 |
| Annual improvements to IFRS Standards 2018-2020 | 1 January 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) | 1 January 2022 |
| Reference to the Conceptual Framework (Amendments to IFRS 3) | 1 January 2022 |
| IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts | 1 January 2023 |
| Classification of Liabilities as Current and Non-current (Amendments to IAS 1) | 1 January 2023 |
| Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) | 1 January 2023 |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023 |
| Definition of Accounting Estimate (Amendments to IAS 8) | 1 January 2023 |

Management does not expect that the adoption of the above new and amended standards will have a significant impact on the company's financial statements.

3. Basis of preparation

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

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

The financial statements have been prepared under the historical cost convention, except for financial instruments which are measured at fair value.

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.

Going concern

The Company generates revenue through the lease of vessels to third parties and related parties. The Company recorded a profit after taxation for the year amounting to USD 3,497,043 (2020: USD 461,649) and, as of that date, the Company was in a net current liability position of USD 79,816,885 (2020: USD 80,452,522) and a net deficit position of USD 39,039,839 (2020: USD 42,536,882). This is primarily due to the payables from its related parties which is repayable by the Company at the demand of the related

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****3. Basis of preparation (Continued)**

parties at any time. 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, business disruptions caused by the Russia-Ukraine and volatility in all markets, including within the oil and gas market to which the Topaz Marine Group's operations in the Middle East has resulted in economic uncertainty across the globe. A reduction in the demand for oil has suppressed oil prices and reduced activity for the Company'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.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

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.

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 Balance Sheet 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.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Amortised cost and effective interest rate method

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

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

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

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

Financial assets (continued)

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables (excluding prepaid expenses). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade and other receivables (excluding prepaid expenses). The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

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

(i) Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

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).

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(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.

(vi) Measurement and recognition of expected credit losses (continued)

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

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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 Balance Sheet.

Derecognition of financial assets

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

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

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.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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 Balance Sheet when the Company has become a party to the contractual provisions of the instrument.

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.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

Income tax

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

Current tax

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

Deferred tax

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

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

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

Property, plant and equipment

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

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

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

| | |
|---------------------|--------------------|
| Plant and machinery | 3 to 15 years |
| Computer equipment | 3 years to 5 years |
| Motor vehicles | 3 years |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

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 7.5 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 2021 (continued)**

4. Significant accounting policies (continued)

Leases

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 Balance Sheet.

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 Balance Sheet.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

4. Significant accounting policies (continued)

Leases

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.

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 recognised 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 2021 (continued)**

6. Revenue

| | 2021 USD | 2020 USD |
|--|--------------------|--------------------|
| Lease rent from charter of marine vessels | 113,011,707 | 123,101,301 |
| Management fee income | 6,135,393 | 6,953,260 |
| Other (refer (i) below) | 2,433,431 | 2,725,227 |
| | <u>121,580,531</u> | <u>132,779,788</u> |
| Revenue recognized: | | |
| Services transferred over the period of time | 115,445,138 | 125,826,528 |
| Services transferred at a point in time | 6,135,393 | 6,953,260 |
| | <u>121,580,531</u> | <u>132,779,788</u> |

- (i) This relates to revenue from the provision of on-board accommodation, catering services and mobilisation revenue.

7. Cost of sales

| | 2021 USD | 2020 USD |
|--|--------------------|--------------------|
| Insurance and other costs | 40,052,901 | 40,364,950 |
| Bareboat charter expense | 23,748,079 | 22,037,515 |
| Depreciation on property, plant and equipment (refer to note 11) | 3,010,725 | 7,586,924 |
| Depreciation on right-of-use asset (refer to note 13) | 33,890,800 | 37,892,110 |
| | <u>100,702,505</u> | <u>107,881,499</u> |

8. General and administrative expenses

| | 2021 USD | 2020 USD |
|--|------------------|------------------|
| Management fee | 1,061,646 | 3,593,296 |
| Staff costs | 2,670,757 | 2,791,397 |
| Rent | 151,551 | 176,093 |
| Vehicle expenses | 173,633 | 173,177 |
| Depreciation of property, plant and equipment (refer to note 11) | 67,555 | 55,290 |
| Others | 556,119 | 349,930 |
| | <u>4,681,261</u> | <u>7,139,183</u> |

Information regarding directors and employees

| | 2021 No. | 2020 No. |
|--|-------------|-------------|
| <i>Monthly average number of employees</i> | | |
| Administration | <u>52</u> | <u>49</u> |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

8. General and administrative expenses (continued)

| | 2021 USD | 2020 USD |
|--|------------------|-------------------|
| <i>Aggregate remuneration of employees</i> | | |
| Wages and salaries | 2,532,144 | 2,596,213 |
| Allowances and other benefits | 138,613 | 195,184 |
| | <u>2,670,757</u> | <u>2,791,397</u> |
| Auditors' fee | <u>7,500</u> | <u>11,250</u> |

The auditor did not provide any non-audit services to the Company during the year.

Executive Directors – Key management personnel

The Company has two directors (2020: two directors). The directors are remunerated for their service by the related party.

9. Finance costs

| | 2021 USD | 2020 USD |
|---------------------------------------|------------------|------------------|
| Interest expense on lease liabilities | 6,453,053 | 9,390,673 |
| Bank charges | 229,364 | 371,153 |
| Exchange loss/ (gain) | 82,870 | 104,980 |
| | <u>6,765,287</u> | <u>9,866,806</u> |

10. Tax expense/(income)

| | 2021 USD | 2020 USD |
|------------------------------------|------------------|------------------|
| <i>Current taxation</i> | | |
| Foreign tax | 5,937,079 | 6,700,681 |
| Group relief surrendered paid for | - | - |
| Total current tax | <u>5,937,079</u> | <u>6,700,681</u> |
| <i>Deferred tax</i> | | |
| Current year | 16,293 | 49,541 |
| Prior year (refer (i) below) | 8,550 | 2,076,470 |
| Impact of change of rate | (27,487) | (15,278) |
| Total deferred tax | <u>(2,644)</u> | <u>2,110,733</u> |
| Tax income/ (expense) for the year | <u>5,934,435</u> | <u>8,811,414</u> |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

10. Income tax expense (continued)

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

| | 2021 USD | 2020 USD |
|---|-------------|-------------|
| Profit before tax | 9,431,478 | 8,349,765 |
| Tax at the UK corporation tax rate | 1,791,981 | 1,586,455 |
| Tax effect of expenses that are not deductible in determining taxable profit | 19,000 | 19,000 |
| Difference in foreign tax claimed by deduction (refer Note 10 (iii)) | 4,138,482 | 5,144,767 |
| Prior year adjustment (refer (i) below) | 8,550 | 2,076,470 |
| Difference in closing DT tax rate (ii) | (23,578) | (15,278) |
| Tax (income)/expense for the year | 5,934,435 | 8,811,414 |

UK corporation tax is calculated at 19% (2020: 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%.

| | 2021 USD | 2020 USD |
|--------------------|-------------|-------------|
| Income tax payable | 1,335,374 | 1,806,241 |

Factors affecting future tax charges

- (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 2020 tax computation in respect of the allocation of available prior year tax losses and shipping allowances across the Group as part of that submission.
- (ii) As per The Finance Bill 2021, the corporate tax rate in UK will increase to 25% effective from April 2023 from the current rate of 19%.
- (iii) This relates to remaining portion of the double taxation relief after deducting the 19% of it.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

11. Property, plant and equipment

| | Vessel dry-docking USD | Plant and machinery USD | Computer Equipment USD | Total USD |
|----------------------------------|------------------------------|-------------------------------|------------------------------|-------------------|
| Cost | | | | |
| At 1 January 2020 | 57,614,388 | 1,211,966 | 967,707 | 59,794,061 |
| Additions for the year | 4,551,718 | - | 112,904 | 4,664,622 |
| At 31 December 2020 | 62,166,106 | 1,211,966 | 1,080,611 | 64,458,683 |
| Deletion during the year | (5,976,998) | (741,637) | (15,262) | (6,733,897) |
| Additions for the year | 6,648,801 | 52,389 | 16,560 | 6,717,750 |
| At 31 December 2021 | 62,837,910 | 522,718 | 1,081,909 | 64,442,536 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | 48,318,870 | 731,788 | 522,759 | 49,573,417 |
| Depreciation charge for the year | 7,586,924 | 5,666 | 49,624 | 7,642,214 |
| At 31 December 2020 | 55,905,794 | 737,454 | 572,383 | 57,215,631 |
| Deletion during the year | (5,976,998) | (741,637) | (15,262) | (6,733,897) |
| Depreciation charge for the year | 2,871,895 | 4,221 | 202,163 | 3,078,280 |
| At 31 December 2021 | 52,800,691 | 38 | 759,285 | 53,560,014 |
| Net carrying amount | | | | |
| At 31 December 2021 | 10,037,219 | 522,680 | 322,624 | 10,882,522 |
| At 31 December 2020 | 6,260,312 | 474,512 | 508,227 | 7,243,052 |

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

| | 2021 USD | 2020 USD |
|---|------------------|------------------|
| Cost of sales (refer to note 7) | 3,010,725 | 7,586,924 |
| General and administrative expenses (refer to note 8) | 67,555 | 55,290 |
| | 3,078,280 | 7,642,214 |

12. Deferred tax assets

| | 2021 USD | 2020 USD |
|---|---------------|---------------|
| As at 1 January | 95,597 | 2,206,330 |
| Profit and loss account credit/(debit) | (16,293) | (49,541) |
| Prior year adjustment (refer (i) below) | (8,550) | (2,076,470) |
| Impact of change in rate on opening balance | 27,487 | 15,278 |
| As at 31 December | 98,241 | 95,597 |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

The movement is 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 2019 | 145,969 | 14,000 | 2,046,361 | 2,206,330 |
| Charged to the income statement | (49,541) | - | - | (49,541) |
| Prior period adjustment | (30,109) | - | (2,046,361) | (2,076,470) |
| Impact of change in rate on opening balance | 14,354 | 923 | - | 15,278 |
| As at 31 December 2020 | 80,674 | 14,923 | - | 95,597 |
| Charged to the income statement | (16,293) | - | - | (16,293) |
| Prior period adjustment | - | (8,550) | - | (8,550) |
| Impact of change in rate on opening balance | 27,487 | - | - | 27,487 |
| As at 31 December 2021 | 91,868 | 6,373 | - | 98,241 |

The deferred tax asset balance at 31 December 2021 comprises capital allowances in excess of depreciation USD 91,868 (2020: USD 80,674), short term temporary differences of USD 6,373 (2020: USD 14,923) and carried forward trading losses of USD Nil (2020: 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.

13. Right-of-use assets

The Company leases marine vessels from a related party. The average lease term is 2 to 7 years (2020: 2 to 7 years).

| | 2021 USD | 2020 USD |
|--|-------------------|--------------------|
| 1 January | 112,177,218 | 155,871,524 |
| Less: Impact of remeasurement of lease during the year | (3,244,658) | (5,802,196) |
| Less: Depreciation charge for the year | (33,890,799) | (37,892,110) |
| 31 December | 75,041,761 | 112,177,218 |

14. Inventories

| | 2021 USD | 2020 USD |
|--|----------------|------------------|
| Stocks of spare parts, lubes and consumables | 991,451 | 3,373,781 |

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

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

15. Trade and other receivables

| | 2021 USD | 2020 USD |
|--------------------------|-------------------|-------------------|
| Trade receivable | 26,071,304 | 20,635,893 |
| Prepayments and advances | 2,465,844 | 1,734,209 |
| VAT recoverable | 3,963,756 | 2,340,248 |
| Other receivables | 1,025,314 | 2,116,953 |
| | <u>33,526,218</u> | <u>26,827,303</u> |

As at 31 December 2021, no trade receivables were considered by management to be impaired (2020: 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.

The recoverable VAT amount includes USD 3,406,347 which is subject to an ongoing legal dispute with Azerbaijan Tax Authority. The company's professional advice is that the amount is fully recoverable, but the authorities continue to dispute.

16. 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

| | 2021 USD | 2020 USD |
|---|--------------------|--------------------|
| Immediate parent company: | | |
| BUE Marine Limited, Scotland | 368,524,653 | 432,700,505 |
| Companies under common ownership and management control: | | |
| Topaz Energy and Marine Limited, Bermuda | 21,883,136 | 38,179,578 |
| BUE Kazakhstan Limited, Scotland | 22,243,115 | 22,243,115 |
| Nico World II Limited, Vanuatu | - | - |
| Roosalka Shipping Limited, Scotland | 13,371,157 | 13,371,157 |
| BUE Aktau LLP, Kazakhstan | 12,736,552 | 12,736,552 |
| BUE Marine Turkmenistan Limited, Scotland | 6,663,522 | 6,663,522 |
| Team VII Limited, Scotland | 3,459,106 | 1,626,383 |
| BUE Kyran Limited, Scotland | 657,529 | 657,529 |
| Topaz RIWS Limited (formerly River Till Shipping Limited) | 375,550 | 375,550 |
| BUE Bautino LLP, Kazakhstan | 185,525 | 185,525 |
| BUE Bulkers Limited, Scotland | 494,054 | 1,683,528 |
| | <u>450,593,899</u> | <u>530,422,944</u> |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

16. Related party transactions (continued)

a) Due from related parties (continued)

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.

b) Due to related parties

| | 2021 USD | 2020 USD |
|--|--------------------|--------------------|
| <i>Companies under common ownership and management control:</i> | | |
| BUE Shipping Limited, Scotland | - | 61,911,248 |
| Caspian Server Limited, St. Vincent | 58,120,872 | 59,322,145 |
| Caspian Pride Limited, St. Vincent | 57,853,547 | 59,131,945 |
| Caspian Power Limited, St. Vincent | 32,803,313 | 33,967,343 |
| Caspian Provider Limited, St. Vincent | 54,302,068 | 54,087,934 |
| Caspian Fortress Limited, St. Vincent | 26,367,427 | 25,825,621 |
| Caspian Citadel Limited, St. Vincent | 30,523,923 | 30,134,178 |
| Team XV Limited, St. Vincent | 23,354,401 | 27,825,999 |
| Team X Limited, St. Vincent | 52,812,159 | 56,683,052 |
| Caspian Baki Limited, St. Vincent | 17,112,547 | 17,857,262 |
| Team II Limited, St. Vincent | 50,724,396 | 55,223,021 |
| Team XXVII Limited, St. Vincent | 4,952,928 | 9,888,937 |
| Team XXVIII Limited, St. Vincent | 26,412,863 | 29,779,888 |
| Team XVIII Limited, St. Vincent | 5,448,173 | 4,839,204 |
| Team XVII Limited, St. Vincent | 20,308,015 | 19,604,786 |
| Caspian Breeze Limited, St. Vincent | 4,076,926 | 4,076,926 |
| XT Shipping Limited, Scotland | 3,289,904 | 3,289,904 |
| Caspian Gala Limited, St. Vincent | 21,084,402 | 21,499,391 |
| Caspian Jura Limited, St. Vincent | 827,886 | 829,524 |
| Caspian Islay Limited, St. Vincent | 686,298 | 688,315 |
| Topaz Astrakhan Limited, Marshall Islands | 26,200 | 26,200 |
| BUE Cygnet Limited, Scotland | 16,065 | 16,065 |
| Caspian Protector Limited, St. Vincent | 34,255,412 | 33,842,409 |
| | <u>525,359,723</u> | <u>610,351,297</u> |

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

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

17. Cash and cash equivalents

| | 2021 USD | 2020 USD |
|--------------|------------------|-------------------|
| Cash in bank | 5,398,851 | 16,658,148 |
| Cash on hand | 945 | 2,745 |
| | <u>5,399,796</u> | <u>16,660,893</u> |

18. Share capital

| | 2021 USD | 2020 USD |
|---|--------------|--------------|
| <i>Authorised</i> | | |
| 1,000 (2020: 1,000) ordinary shares of £1 (2020: £1) each | <u>1,750</u> | <u>1,750</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 100 (2020: 100) ordinary share of £1 (2020: £1) | <u>175</u> | <u>175</u> |

19. Accumulated losses

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

20. Trade and other payables

| | 2021 USD | 2020 USD |
|-------------------------------|-------------------|-------------------|
| Accruals | 6,080,840 | 5,857,213 |
| Trade payables | 328,709 | 456,892 |
| Social insurance contribution | 1,278,875 | 2,775,763 |
| Other payables | 2,592,381 | 1,656,442 |
| | <u>10,280,805</u> | <u>10,746,310</u> |

21. Lease liability

| | 2021 USD | 2020 USD |
|--|-------------------|--------------------|
| At 1 January | 116,433,822 | 210,236,543 |
| Remeasurement of lease | (3,244,658) | (6,596,500) |
| Interest | 6,453,053 | 9,318,782 |
| Payments | (41,044,393) | (96,525,003) |
| 31 December | <u>78,597,824</u> | <u>116,433,822</u> |
| <i>Disclosed in the financial statements as:</i> | | |
| Current portion of lease liability | 33,352,347 | 34,833,596 |
| Non-current portion of lease liability | <u>45,245,477</u> | <u>81,600,226</u> |
| | <u>78,597,824</u> | <u>116,433,822</u> |

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

21. Lease liability (continued)

The table below shows the undiscounted lease payments to be made;

| | 2021 USD | 2020 USD |
|--------------------------------|-------------------|--------------------|
| Due within one year | 36,618,500 | 41,686,500 |
| Due between one and five years | 45,244,500 | 88,045,500 |
| More than five years | | - |
| | <u>81,863,000</u> | <u>129,732,000</u> |

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. Subsequent events

Impact of the Ukrainian crisis and Russian sanctions

Subsequent to the year end, Russia launched a large-scale military invasion in Ukraine (Ukrainian crisis). The Company is continuously monitoring risks, uncertainties, and potential impacts on its operations in light of this event. As the situation is fast evolving, the effect of the crisis is subject to significant levels of uncertainty, with the full range of possible effects unknown. These uncertainties have been treated as a non-adjusting event as these events evolved after the reporting date. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2021 have not been adjusted to reflect this impact.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issuance and signed by the management on behalf of the shareholders on 21st December 2022