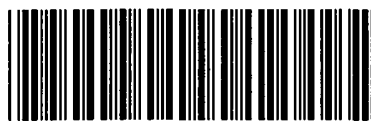


BUE Shipping Limited

**Report and financial statements
for the year ended 31 December 2016**

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BUE Shipping Limited

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

Rene Kofod-Olsen

Jay Daga

Robert Desai

SECRETARY

Addleshaw Goddard (Scotland) Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

SOLICITORS

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

INDEPENDENT AUDITORS

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

BUE Shipping Limited
(Registered No. SC 297845)
Annual Report and Financial Statements - 2016

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2016.

Review of activities and future development

The Company did not trade in the year, however, the Directors will continue to seek appropriate trading opportunities to improve the results in the forthcoming year.

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 Note 20 to the financial statements.

Key performance indicators

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

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


Jay Daga
Director

04-Dec-2017

BUE Shipping Limited
(Registered No. SC 297845)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activities

The Company did not trade in the year but continues to seek management, lease and charter of maritime vessels opportunities together with related marine services.

Directors and their interests

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

- Rene Kofod-Olsen
- Jay Daga
- Robert Desai

Financial risk management policies and objectives

The Company's principal financial assets are due from related parties. The Company's credit risk is primarily attributable to its due from related parties. The amounts presented in the statement of financial position are net of provisions for doubtful debts. The concentration of credit risk on these due from related parties is monitored on an ongoing basis by the management. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprises of amounts due to related parties and accounts payable and accruals.

Going Concern

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

The Company did not trade during the year, however has access to funds from related parties. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The company did not trade and accordingly no profit or loss has been recognised . No dividend was paid during the period (2015: nil).

Independent auditors

Deloitte LLP were appointed independent auditors for the year ended 31 December 2016 and are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

BUE Shipping Limited
(Registered No. SC 297845)

DIRECTORS' REPORT (continued)

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. No indemnity is provided for the Company's auditor.

Disclosure of information to auditors

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

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

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

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


Jay Daga
Director

04-Dec-2017

BUE Shipping Limited
(Registered No. SC 297845)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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



Jay Daga
Director

04-Dec-2017

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

We have audited the financial statements of BUE Shipping Limited for the year ended 31 December 2016, which comprise the statement of financial position and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 has been prepared in accordance with applicable legal requirements.

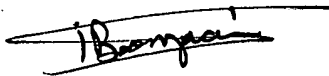
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and Directors' report.

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

Matters on which we are required to report by exception

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; or



Ivan Boonzaaier, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
04 December 2017

**Statement of financial position
as at 31 December 2016**

	Notes	2016 USD	2015 USD
ASSETS			
Current assets			
Due from related parties	6	79,612,449	80,304,593
Total Assets		<u>79,612,449</u>	<u>80,304,593</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	2	2
Retained earnings		36,202,237	36,202,237
Total equity		<u>36,202,239</u>	<u>36,202,239</u>
Liabilities			
Current liabilities			
Accounts payable and accruals	8	-	347,447
Due to related parties	6	43,410,210	43,754,907
Total Liabilities		<u>43,410,210</u>	<u>44,102,354</u>
Total Equity and Liabilities		<u>79,612,449</u>	<u>80,304,593</u>


Any administrative expenses, including auditors remuneration, incurred by the Company have been borne by related parties and not recharged to the Company (refer to Note 6 to the financial statements).

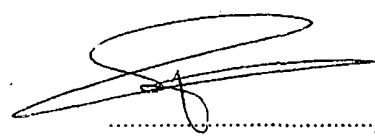
As the Company has been dormant in both 2015 and 2016, no statement of profit or loss and other comprehensive income has been presented.

As the Company has no bank account, there has been no cash flows during the years ended 31 December 2016 or 2015. As such, no statement of cash flows has been presented.

As there has been no movement in equity during the years ended 31 December 2016 or 2015, no statement of changes in equity has been presented.

The financial statements of BUE Shipping Limited (registered number: SC297845) were approved by the board of directors on 4 DEC 17 and were signed on its behalf by:


Jay Daga
Director


Robert Desai
Director

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

Notes to the financial statements for the year ended 31 December 2016

1. Establishment and operations

BUE Shipping 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 has a Branch, incorporated in Azerbaijan with a registered address of 69 Nizami Street, Baku, Azerbaijan AZ1005.

The Company is a wholly owned subsidiary of BUE Marine Limited, a Company registered in Scotland, United Kingdom. The Company's ultimate parent undertaking is Renaissance Services SAOG, a Company registered in the Sultanate of Oman, for which consolidated financial statements are available from Renaissance Services SAOG, P.O. Box 1676, Muttrah, Postal Code 114, Sultanate of Oman.

The Company's principal activities are the management, lease and charter of maritime vessels together with related marine services, however during the years ended 31 December 2016 and 2015 the Company had no ongoing contracts therefore has remained dormant during this period.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRS applied with no material effect on the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

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

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealised losses.	1 January 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> The interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the Company recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an Company shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

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

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

When IFRS 9 is first applied

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an Company's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

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

IFRS 15 *Revenue from Contracts with Customers*

1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an Company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Under IFRS 15, an Company recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

1 January 2018

IFRS 16 *Leases* specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

1 January 2019

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Effective date deferred indefinitely

**Notes to the financial statements
for the year ended 31 December 2016 (continued)****2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)****2.2 New and revised IFRS in issue but not yet effective (continued)**

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments will have no material impact on the financial statements of the Company in the year of initial application.

3. Basis of preparation**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of measurement

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

Functional and presentation currency

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

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. For the years ended 31 December 2016 and 2015, the Company had no revenue generating activities. The continuation of the Company's operation is dependent upon future profitable operations and the continued financial support of the shareholder.

These conditions raise doubts whether the Company will be able to continue as a going concern. However, Company's management has confirmed that a plan has already been put in place 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 Parent Company has resolved to provide such financial support as may be required to enable the Company to meet its debts and obligations as they fall due. Accordingly, these financial statements are prepared on a going concern basis.

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

4. Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

Financial instruments

Non-derivative financial assets

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

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

Recognition and measurement

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

Non-derivative financial liabilities

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

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

Effective interest method

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

Offsetting

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

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.

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

4. Significant accounting policies (continued)

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuer and economic conditions that correlate with defaults.

The Company considers evidence of impairment of financial assets at both a specific asset and collective level.

All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

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

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 judgments 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. There are no estimates or assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties

There were no transactions undertaken with related parties in the years ended 31 December 2016 or 2015. In both years, the auditors' remuneration for audit services was borne by Topaz Energy and Marine Limited, the immediate parent undertaking of BUE marine Limited.

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

6. Related party transactions (continued)

b) Due from related parties

	2016 USD	2015 USD
<i>Companies under common ownership and management control:</i>		
BUE Caspian Limited, Scotland	61,911,248	61,911,248
Caspian Islay Limited, St. Vincent	7,928,933	7,928,933
Caspian Jura Limited, St. Vincent	7,928,933	7,928,933
Roosalka Shipping Limited, Scotland	1,843,335	1,843,335
BUE Standby Limited, Cayman Islands	-	302,197
BH Islay Limited, Cayman Islands	-	199,292
BH Jura Limited, Cayman Islands	-	190,655
	<u>79,612,449</u>	<u>80,304,593</u>

Outstanding balances at the year-end arise in the normal course of business. As at 31 December 2016, due from related parties is not impaired. 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 inter-company receivables and the balances are therefore, unsecured.

c) Due to related parties

	2016 USD	2015 USD
<i>Parent company:</i>		
Topaz Energy & Marine Limited, Bermuda	347,447	-
<i>Immediate parent company:</i>		
BUE Marine Limited, Scotland	39,035,220	39,727,364
<i>Company under common ownership and management control:</i>		
BUE Kazakhstan Limited, Scotland	4,027,543	4,027,543
	<u>43,410,210</u>	<u>43,754,907</u>

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

d) Staff costs

The Company has no employees other than three directors (2015: three), the directors are not remunerated for their service to the Company.

7. Share capital

	2016 USD	2015 USD
<i>Authorised</i>		
1,000 (2015: 1,000) Ordinary shares of £1 (2015: £1) each	<u>1,750</u>	<u>1,750</u>
<i>Allotted, called up and fully paid</i>		
1 (2015: 1) Ordinary share of £1 (2015: £1)	<u>2</u>	<u>2</u>

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

8. Accounts payable and accruals

	2016	2015
	USD	USD
Sundry creditors	-	347,447

9. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the financial statements.

(b) Categories of financial instruments

	2016	2015
	USD	USD
<i>Financial assets</i>		
Loans and receivables	79,612,449	80,304,593
<i>Financial liabilities</i>		
Loans and payables	43,410,210	44,102,354

(c) Fair value of financial instruments

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

10. Risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk, and
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management are responsible for developing and monitoring the Company's risk management policies. The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

The Company's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

10. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises from the Company's due from related parties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always secure related party funding to enable it to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by securing funding from related parties. All financial assets and liabilities are interest free and maturing within one year.

11. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a positive capital ratio in order to support its business model by securing funding from related parties.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2016 and 2015. Capital comprises of share capital, additional paid-in capital and retained earnings and is measured at USD 36,202,239 as at 31 December 2016 (2015: USD 36,202,239).

12. Ultimate parent company

The immediate parent company is BUE Marine Limited, a company incorporated in Scotland. 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. Copies of that company's accounts can be obtained from Level 58, Almas Tower, Jumeirah Lakes Towers, Dubai, UAE. The largest group for which consolidated accounts are prepared are Renaissance Services SOAG of which company is also a member, copies of that company's accounts can be obtained from 114, Muttrah, Sultanate of Oman.