Roosalka Shipping Limited

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

Roosalka Shipping Limited

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Roosalka Shipping Limited

Officers and Professional Advisers

DIRECTORS

Robert Desai
Narayana Prasad Narumanchi Venkata Lakshmi

COMPANY SECRETARY

Addleshaw Goddard (Scotland) Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
Scotland
EH3 8EH
United Kingdom

SOLICITORS

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

INDEPENDENT AUDITOR

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

Roosalka Shipping Limited
(Registered No. SC297846)
Annual Report and Financial Statements - 2019

DIRECTORS' REPORT

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

Principal activities

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

Directors

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

Results and dividends

The profit for the year after taxation was USD 93,580 (2018: USD 22,894). No dividend was proposed or paid during the year (2018: Nil). The profit of USD 93,580 (2018: USD 22,894) has been transferred to reserves.

Going Concern

The Company generates revenue through the lease of vessels to third parties and related parties. The Company incurred profit in 2019 and is in a net assets position, funded by equity but is in a net current liabilities position. This condition raises 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 & Marine Limited, the Directors have sought support from this parent to enable the Company to continue to operate as a going concern for the foreseeable future and to discharge its liabilities to other parties, as they fall due. The intermediate parent Company, Topaz Energy & Marine Limited, Bermuda has confirmed that it will provide such financial support as may be required to enable the Company to meet its debts and obligations for a period of at least 12 months following the date of signing of these financial statements.

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

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

DIRECTORS' REPORT (continued)

Independent auditor

Deloitte LLP were reappointed independent auditor for the year ended 31 December 2019 in accordance with an elective resolution made under section 487 of 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.

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 S418 of the Companies Act 2006.

Small companies' regime

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Directors have also taken the small company exemption from presenting a Strategic report.

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

Narayana Prasad Narumanchi Venkata Lakshmi
Director
28 December 2020

Roosalka Shipping Limited
(Registered No. SC297846)
Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Roosalka Shipping Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

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

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

We have nothing to report in respect of these matters.

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 directors' report.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

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

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

	Notes	2019 USD	2018 USD
Revenue	6	**1,818,430**	1,564,092
Cost of sales	7	**(1,601,162)**	(1,419,038)
Gross profit		**217,268**	145,054
General and administrative expenses		**(81,441)**	(95,974)
Finance cost		**(20)**	-
Profit before income tax		**135,807**	49,080
Income tax expense	8	**(42,227)**	(26,186)
Profit for the year, representing total comprehensive income for the year		**93,580**	22,894

All activities arise in respect of continuing activities.

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

Statement of changes in equity
for the year ended 31 December 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current assets			
Property, plant and equipment	9	**16,138,394**	17,690,831
Deferred tax assets	10	**2,635,146**	2,495,532
Total non-current assets		**18,773,540**	20,186,363
Current assets			
Amount due from related parties	11	**48,645,005**	47,075,946
Cash at bank		**982**	-
Total current assets		**48,645,987**	47,075,946
Total Assets		**67,419,527**	67,262,309
EQUITY AND LIABILITY			
Equity			
Share capital	12	**2**	2
Retained earnings	13	**3,430,070**	3,336,490
Total Equity		**3,430,072**	3,336,492
Current liabilities			
Amount due to related parties	11	**63,984,239**	63,910,709
Accounts payables and accruals		**5,216**	1,114
Income tax payable		**-**	13,994
Total Liabilities		**63,989,455**	63,925,817
Total Equity and Liabilities		**67,419,527**	67,262,309

The financial statements of Roosalka Shipping Limited (registered number: SC297846) were approved by the board of directors on 28 December 2020 and were signed on its behalf by:

....

Narayana Prasad Narumanchi Venkata Lakshmi
Director

....

Robert Desai
Director

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

Statement of changes in equity for the year ended 31 December 2019

	Share capital USD	Retained earnings USD	Total USD
Balance at 1 January 2018	2	3,313,596	3,313,598
Total comprehensive income and profit for the year	-	22,894	22,894
Balance at 31 December 2018	2	3,336,490	3,336,492
Total comprehensive income and profit for the year	-	93,580	93,580
Balance at 31 December 2019	**2**	**3,430,070**	**3,430,072**

Notes to the financial statements
for the year ended 31 December 2019

1. Establishment and operations

Roosalka 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 is a wholly owned subsidiary of BUE Marine Limited, a company registered in Scotland. The Company's ultimate parent undertaking was Renaissance Services SAOG, a Company registered in the Sultanate of Oman. On 19 September 2019, DP World FZE completed the acquisition of the sub-group headed by Topaz Energy and Marine Limited and Dubai World Corporation became the ultimate holding company.

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

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

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

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

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

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company is a lessor, therefore there is no impact on the application of IFRS 16.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*	January 1, 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
The amendment applies to annual periods beginning on or after January 1, 2019,. with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IAS 12 Income Taxes*	January 1, 2019
IAS 12 *Income Taxes*	January 1, 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*	January 1, 2019
The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The èffect of changes in facts and circumstances.	

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

3. Basis of preparation

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements are prepared under FRS 101 'Reduced Disclosure Framework' incorporating the amendments to FRS 101 issued by the FRC in July 2015.

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

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

3. Basis of preparation (continued)

Basis of accounting (continued)

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

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

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

Going Concern

The Company generates revenue through the lease of vessels to third parties and related parties. The Company incurred profit in 2019 and is in a net assets position, funded by equity but is in a net current liabilities position. This condition raises 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 & Marine Limited, the Directors have sought support from this parent to enable the Company to continue to operate as a going concern for the foreseeable future and to discharge its liabilities to other parties, as they fall due. The intermediate parent Company, Topaz Energy & Marine Limited, Bermuda has confirmed that it will provide such financial support as may be required to enable the Company to meet its debts and obligations for a period of at least 12 months following the date of signing of these financial statements.

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

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

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

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.

Finance income and expenses

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss and other comprehensive income.

Financial assets

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

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

Classification of financial assets

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

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

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest rate method

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

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

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

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

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

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

Foreign exchange gains and losses

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

Notes to the financial statements for the year ended 31 December 2019 (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.

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

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

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

(ii) Definition of default

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

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

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

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

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

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

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

Derecognition of financial assets

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

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

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 2019 (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 statement of financial position 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.

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.

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

4. Significant accounting policies (continued)

Income tax (continued)

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.

Items of property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost of marine vessels includes purchase price paid to third parties including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilisation costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. 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:

Marine vessels	7 years to 30 years

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.

The Company disposes of vessels in the normal course of business. Vessels that are held for sale are transferred to inventories at their carrying value. The sale proceeds are accounted for subsequently under revenue.

Dry docking costs

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

Vessel refurbishment costs

Owned assets

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

Provisions

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

Leases *(Policy applicable from 1 January 2019)*

The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

4. Significant accounting policies (continued)

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

The Company as a lessor (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

Leases under IAS 17, applicable before 1 January 2019

Company as a lessee

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

5. Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and 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.

Critical judgements in applying Company's accounting policies

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

Key sources of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of marine vessels

The Company determines whether its vessels are impaired when there are indicators of impairment as defined in IAS 36 Impairment of assets. This requires an estimation of the value in use of the cash-generating unit which is the vessels owning and chartering segment. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from this cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the vessels the year ended 31 December 2019 was US$ 16,138,394 (2018: US$ 17,690,831).

The recoverable amount is determined based on value in use calculations for individual vessels where indicators of impairment were present at the reporting date. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a period of 5 years based on the expected utilisation rates of the individual vessels using a discount rate of 12% (2018: 13%).

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

5. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of marine vessel (continued)

The projection of cash flows related to vessels is complex and requires the use of various estimates including future day rates, vessel utilisation and discount rates. These estimates are based on a number of key assumptions including asset replacement cost, ongoing maintenance and repair costs and estimated asset usage over the relevant period. These factors make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the recoverable amount of the asset. If the discount rate used for the impairment assessment would have been higher by 1% as at 31 December 2019, this would have not resulted in any additional impairment loss.

6. Revenue

	2019 USD	2018 USD
Lease rent from charter of marine vessels (Note 11)	**1,818,430**	1,564,092

The revenue is solely derived from the Caspian region.

7. Cost of sales

	2019 USD	2018 USD
Depreciation of marine vessels (Note 9)	**1,552,437**	1,379,881
Insurance and other costs	**48,725**	39,157
	1,601,162	1,419,038

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

Staff Costs

The Company has no employees other than three directors (2018: three directors), the directors are not remunerated for their service to the Company. This cannot be apportioned to this Company; refer to Group's consolidated financial statements for full directors' remuneration and expense disclosure.

8. Income tax

	2019 USD	2018 USD
Current taxation		
Foreign tax	**181,841**	149,044
Current income tax	**-**	13,994
	181,841	163,038

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

8. Income tax (continued)

	2019 USD	2018 USD
Deferred tax		
Current year	**(138,934)**	(136,852)
Prior year	**(680)**	-
Total deferred tax	**(139,614)**	(136,852)
Tax expense for the year	**42,227**	26,186
Income tax payable	**-**	13,994

UK corporation tax is calculated at 19.00% (2018: 19.25%) of the estimated assessable profit for the financial year.

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

	2019 USD	2018 USD
Profit before income tax	**135,807**	49,080
Tax at the UK corporation tax rate of 19% (2017: 19%)	**25,803**	9,325
Tax effect of expenses that are not deductible in determining taxable profit	**760**	760
Difference in closing DT tax rate	**16,344**	16,101
Prior year adjustment	**(680)**	-
Income tax expense	**42,227**	26,186

Factors affecting future tax charges

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

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

9. Property, plant and equipment

	Marine vessels USD
Cost	
At 1 January 2018, 1 January 2019 and 31 December 2019	**47,734,676**
Accumulated depreciation	
At 1 January 2018	28,663,964
Depreciation charge for the year	1,379,881
At 31 December 2018	30,043,845
Depreciation charge for the year	1,552,437
At 31 December 2019	**31,596,282**
Net carrying amount	
At 31 December 2019	**16,138,394**
At 31 December 2018	17,690,831

The Company determines whether its vessels are impaired when there are indicators of impairment as defined in IAS 36 Impairment of Assets. As a result of the challenging market conditions and excess supply in the market, which is continuing to drive down charter day rates and utilisation rates, the Company has performed an impairment assessment for its marine vessels, which led to the recognition of no impairment loss (2018: Nil) against its vessels.

The Company estimated the value in use of the cash-generating unit which is the vessel owning and chartering segment for the vessels with impairment indicators. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from this cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of all vessels has been determined based on value in use calculations where the indicators of impairment are present at the reporting date. These calculations use pre-tax cash flow projections based on the financial budgets approved by the management covering a period of 3 years based on the expected utilisation rates of the individual vessels using a discount rate of 11-12% (2018: 13%).

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

10. Deferred tax assets

	2019 USD	2018 USD
As at 1 January	**2,495,532**	2,358,680
Utilisation of capital allowances in excess of depreciation	**(24,673)**	(117,356)
Increase in short term temporary differences	**163,607**	254,208
Prior year adjustment	**680**	-
As at 31 December	**2,635,146**	2,495,532

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

10. Deferred tax assets (continued)

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

	Accelerated tax depreciation USD
As at 1 January 2019	2,495,532
Credited to the income statement	138,934
Prior period adjustment	680
As at 31 December 2019	**2,635,146**

The deferred tax asset balance at 31 December 2019 comprises depreciation in excess of capital allowances USD (1,428,852) (2018: USD (1,404,180)) and short term temporary differences of USD 4,063,998 (2018: USD 3,899,711).

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.

11. Related party balances

a) *Amounts due from related parties*

	2019 USD	2018 USD
Immediate parent company:		
BUE Marine Limited, Scotland	**18,513,408**	18,573,407
Company under common ownership and management control		
BUE Aktau LLP, Kazakhstan	**28,502,539**	28,502,539
BUE Bautino LLP, Kazakhstan	**1,629,058**	-
	48,645,005	47,075,946

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 intermediate parent Company.

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

11. Related party balances (continued)

b) Amounts due to related parties

	2019 USD	2018 USD
Companies under common ownership and management control		
BUE Kazakhstan Limited, Scotland	**33,252,665**	33,171,605
Nico World II Limited, Vanuatu	**15,194,867**	15,194,867
BUE Caspian Limited, Scotland	**13,371,157**	13,371,157
BUE Shipping Limited, Scotland	**1,843,335**	1,843,335
BUE Bautino LLP, Kazakhstan		7,531
BUE Cygnet Limited, Scotland	**322,215**	322,215
	63,984,239	63,910,710

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

12. Share capital

	2019 USD	2018 USD
Authorised		
1,000 (2018: 1,000) Ordinary shares of £1 (2018: £1) each	**1,750**	1,750
Allotted, called up and fully paid		
1 (2018: 1) Ordinary share of £1 (2018: £1)	**2**	2

13. Retained earnings

The reserve comprises accumulated profit and losses of the Company less any dividend paid.

14. Non-cancellable leases

Operating leases - receivable

The Company leases its marine vessels under operating lease arrangements. The leases typically run for a period of one to ten years and are renewable for a similar period after the expiry date. The lease rental is usually reviewed to reflect market rentals. Future minimum lease rentals receivable under non-cancellable operating leases are as follows as of 31 December:

	2019 USD	2018 USD
Within one year	**1,818,430**	1,818,430
Between 2 to 5 years	**1,290,338**	3,108,768
	3,108,768	4,927,198

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

15. Event after balance sheet date

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

Whilst the disruption is currently expected to be temporary, economic uncertainties have arisen. There has not been an impact of Covid-19 on the operations of the Company, as the Company only has one long-term contract with a related party ending in September 2021 and operations have continued under the contract as previously, since the emergence of the pandemic, resulting in revenue for the Company. The outbreak is considered as a non-adjusting event for reporting purposes and is therefore not reflected in the recognition and measurement of the assets and liabilities in the Company's financial statements as at 31 December 2019.

There has also been an unprecedented drop in global demand for energy and OPEC+ have already taken steps to mitigate this by agreeing to reduce supply by 10% in April 2020. Management has considered the unique circumstances and the management has concluded that the impact on the financial results of the Company in subsequent periods could be in the form of reduced demand for services, challenges in the collection of receivables, or increased costs due to operational disruptions that affect crew transportation and crew health and safety issues. However, it is not possible to quantify any potential impact of the pandemic going forward.

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.

16. 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.