Company Registration No. 5085910 (England and Wales)

FC SHIPPING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FC SHIPPING LIMITED

COMPANY INFORMATION

Directors	G P Sheach C Harvie
Secretary	Endeavour Secretary Limited Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW
Company number	5085910
Registered office	Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW
Independent Auditors	PricewaterhouseCoopers LLP The Capitol, 431 Union Street Aberdeen Aberdeenshire AB11 6DA
Bankers	ABN Amro Bank Coolsingel 119 Postbus 949 Rotterdam The Netherlands 3000 DD ROTTERDAM
Solicitors	Endeavour Partnership LLP Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW

FC SHIPPING LIMITED

CONTENTS

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

C Harvie
Director
Aberdeen
11 July 2019

FC SHIPPING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Non-current Assets			
Finance Lease Receivables	6	3,570,008	3,660,023
Current assets			
Trade and other receivables	8	257,946	241,972
Cash at bank and in hand		4,037	2,698
		261,983	244,670
Current liabilities			
Borrowings	9	25,000	125,354
Trade and other payables	10	3,705,013	3,776,405
Taxation and social security		6,203	6,282
		3,736,216	3,908,041
Net current liabilities		(3,474,233)	(3,663,371)
Total assets less current liabilities		95,775	(3,348)
Non-current liabilities			
Borrowings	9	100,392	-
Net liabilities		(4,617)	(3,348)
Equity			
Called up share capital	11	100	100
Retained earnings		(4,717)	(3,448)
Total equity		(4,617)	(3,348)

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 11 July 2019 and are signed on its behalf by:

C Harvie
Director
Aberdeen
Company Registration No. 5085910

FC SHIPPING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2017	100	(3,279)	(3,179)
Year ended 31 December 2017:			
Loss and total comprehensive expense for the year	-	(169)	(169)
Balance at 31 December 2017	100	(3,448)	(3,348)
Year ended 31 December 2018:			
Loss and total comprehensive expense for the year	-	(1,269)	(1,269)
Balance at 31 December 2018	100	(4,717)	(4,617)

1 Accounting policies

Company information

FC SHIPPING LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is Tobias House, St. Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

The principal activity of the company continued to be that of lessor and financier of assets for the shipping sector.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to companies subject to small companies regime and under the historic cost accounting rules.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), making amendments where necessary in order to comply with the Companies Act 2006. The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's: and;
- Disclosures in respect of the compensation of Key Management Personnel

The Company proposes to continue to adopt the reduced disclosure framework in its next financial statements.

The Company's ultimate parent, Vroon Group B.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Vroon Group B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

No judgments, made by the directors, in the application of these accounting policies, are considered to have a significant effect on the financial statements. No estimates have a significant risk of material adjustment in the next year.

1 Accounting policies **(Continued)**

1.2 Going concern

The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") being the ultimate holding Company.

In the late summer of 2016, VGBV, also on behalf of the Company, advised its stakeholders that it was encountering difficulties generating sufficient cash flow to meet future repayment obligations. VGBV and the Company did not comply with their loan covenants as from year-end 2016. Following the unilateral loan-repayment halt ('standstill') announcement in December 2016, the Company ceased its contractual repayments on its loans, although did continue paying interest (including interest-rate derivative payments) to its Lenders. All other creditors have been paid in a timely manner, in the normal course of business and creditor payments will be made when due. The 'standstill', although announced unilaterally, and therefore being a breach in covenants and loan agreements, has been respected by all Lenders.

In January 2017 VGBV, on behalf of itself and the Company, presented all Lenders and their advisors a restructuring plan, including a Business plan and Term Sheet outlining a financial-restructuring proposal. Both the Business Plan and Term Sheet were further refined during the year, in close consultation with Lenders and advisors.

In March 2018, VGBV and the Company agreed a Term Sheet with its Lenders, outlining in extensive detail the conditions for amendment of the financing and repayment arrangements up to 31 March 2021. This Term Sheet formed the basis for a Framework Agreement (FWA) between all obligors, including VGBV and the Company (hereafter: the Group) and all lenders. The Framework Agreement was signed on 13 November 2018, with the restructuring effective date set at 30 November 2018. By signing this agreement, a cross-guarantee is created between all obligors, whereby they become liable for the total outstanding debt of the Group. The Framework Agreement imposes requirements on the Group for 2019 and 2020, in respect of divestments, operations, financial performance and debt reduction on which the Group is diligently working in accordance with its Business plan. These requirements are laid down in a number of (non-)financial covenants that will become stricter during this two-year period. In case the Group fails to meet these requirements, Lenders' approval is required to solve (potential) default situations.

In response to changed circumstances (expected timing of divestments and current financial performance), related to the assumptions in the Business Plan, the Group has received majority Lender consent to adjust the leverage ratios for 31 March and 30 June 2019. Given the financial developments throughout the second quarter of 2019 it has become unlikely that the Group will be able to comply with the interest coverage ratio as per the end of Q2 of which Lenders have been informed. A breach of covenants provides Lenders, after a remedy period, formally the right to declare loans due and payable. The Group is in a constructive dialogue with its Lenders hereon as well as on adjustments of the leverage and interest cover ratio for the third and fourth quarter of 2019. With reference hereto the Group does not expect loans to be declared due and payable.

1 Accounting policies **(Continued)**

1.2 Going concern (continued...)

In the years to come, the Group must significantly improve its financial performance, generate increased EBITDA and cash flows, and realise planned divestments to reduce debt, in order to meet the requirements set by the Framework Agreement, but also to ensure it can refinance its activities in 2021. To that extent, it is also essential that shipping markets will show a noticeable improvement from the levels witnessed in recent years.

Uncertainty remains with respect to complying with all requirements included in the Framework Agreement which interrelates with the successful execution of the Group's Business Plan. This Business Plan anticipates on noticeable improvement of the shipping markets impacting divestments, operations, financial performance and debt reduction. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the current business performance and outlook, the current shipping markets' developments and the constructive dialogue with the Lenders, the Managing Board of VGBV and the management of the Company, are confident that this new Framework Agreement will provide a sound base and adequate period of time to significantly reduce debt and restore financial health. As a result, the Financial Statements of the Company, are prepared on a going-concern basis.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Revenue from finance leases is recognised in accordance with the company's policy on leases (see below).

Finance income and finance costs

Income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through the statement of profit or loss are determined using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument excluding future credit losses. The calculation includes all amounts paid or received by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of the financial instrument and all other premiums or discounts. Interest income on assets classified as loans and receivables, interest expense on liabilities classified at amortised cost and interest income are recognised in the Statement of Comprehensive income.

Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases and hire purchase contracts.

If the lease agreement transfers the risk and rewards of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and depreciated over the lower of the estimated useful life and the life of the lease. The corresponding rental obligations are recorded as borrowings. The aggregate benefit of incentives, if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1 Accounting policies **(Continued)**

1.4 Cash and cash equivalents

Cash is represented by cash in hand and in the bank.

1.5 Financial assets

Financial Instruments:

Accounting policy prior to 1 January 2018 :

The company classifies its financial assets as: financial assets at fair value through the statement of profit or loss and loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market and which are not classified as available-for-sale or fair value through the Statement of profit or loss.

Loans and advances to customers are classed as Loans and Receivables. 'Net investment in finance leases' are treated in accordance with the company's policy on finance lease agreements.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest rate method, less any impairment. Interest calculated using the effective interest rate method is recognised in the Statement of profit or loss. They are derecognised when the rights to receive cash flows have expired or the company has transferred substantially all of the risks and rewards of ownership.

1 Accounting policies **(Continued)**

Financial Instruments:

Accounting policy prior to 1 January 2018 :

Impairment of financial assets

At each reporting date the company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted, are experiencing significant financial difficulty, or the debt has been restructured to reduce the burden to the borrower. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the company about the following loss events:

a. significant financial difficulty of the issuer or obligor;
b. a breach of contract, such as a default or delinquency in interest or principal payments;
c. the company, for economic or legal reasons relating to the borrowers' financial difficulty, granting to the borrower a concession that the company would not otherwise consider;
d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e. the disappearance of an active market for that financial asset because of financial difficulties; or
f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    - adverse changes in the payment status of borrowers in the group; or
    - national or local economic conditions that correlate with defaults on the assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is not objective evidence of impairment for an individually assessed financial asset it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Impairment is calculated based on the probability of default, exposure at default and the loss of given default, using recent data. An adjustment is made for the effect of discounting cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measure as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable.

1.6 Financial liabilities

Financial liabilities are initially recognised when the company becomes contractually bound to the transfer of economic benefits in the future. Financial liabilities are derecognised when extinguished.

Non-trading financial liabilities are initially recognised at fair value net of transaction costs incurred. They are subsequently stated at amortised cost and the redemption value recognised in the Statement of Profit or Loss over the period of the liability using the effective interest rate method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1 Accounting policies **(Continued)**

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Ordinary shares are classified as equity.

1.8 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

Current taxation, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company's profits from vessel operations are taxed under the UK Tonnage tax regime.

1 Accounting policies **(Continued)**

1.9 Financial Instruments :

Accounting policy from 1 January 2018

The Company's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial assets

It is the Company's policy to initially recognize financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in the statement of comprehensive income.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortized cost, fair value through statement of comprehensive income and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2018 satisfy the conditions for classification at amortized cost under IFRS 9.

The Company's financial assets include cash and cash equivalents, finance lease receivables and trade and other receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of comprehensive income and presented in finance income/costs.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortized cost net of directly attributable transaction costs.

The Company's financial liabilities include Borrowings and Trade and other payables.

1 Accounting policies **(Continued)**

1.9 Financial Instruments : [continued..]

Accounting policy from 1 January 2018 [continued..]

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortized cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for accounts receivable while the general approach is applied to cash and bank balances.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period.

These three components are multiplied together and adjusted for forward-looking information to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in the statement of comprehensive income.

c) Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

1 *Accounting policies* **(Continued)**

1.9 Financial Instruments : [continued..]

Accounting policy from 1 January 2018 [continued..]

Furthermore, financial assets that have been identified to be more than 45 days past due for accounts receivable on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 365 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized as finance income/costs.

Financial liabilities

The Company derecognizes a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of comprehensive income.

e) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

The following new and revised Standards and Interpretations have been issued and are effective for the current financial period of the company. The application of these new and revised Standards and Interpretations has not had any material impact on the amounts reported for the current and prior years :

Standard or interpretation	Effective for annual periods commencing on or after
IFRS 9 Financial Instruments	*1 January 2018*
IFRS 15 Revenue from Contracts with Customers	*1 January 2018*

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

4 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the company's financial statements	2,000	2,000
For other services		
Tax services	2,000	2,000

Auditors' remuneration was borne by another group company in the current and preceding year.

5 Employees

The company had no employees in either the current year or the preceding year.

The directors are employed by and receive remuneration from other group companies. In the opinion of the directors it is not possible to apportion directors' remuneration to subsidiaries on the basis of level of service and accordingly no allocation has been made.

Retirement benefits are accruing to two directors under a defined contribution scheme (2017 - two).

6 Finance Lease Receivables

	Current		Non-current	
	2018	2017	2018	2017
	£	£	£	£
Amounts receivable under finance lease	257,946	241,180	3,570,008	3,660,023

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

7 Analysis of Finance lease receivables

	2018	2017
	£	£
Gross amounts receivable under finance leases:		
Within one year	324,660	309,201
In two to five years	1,469,295	1,399,329
In over five years	3,956,757	4,351,383
	5,750,712	6,059,913
Unearned finance income	(1,922,758)	(2,158,710)
Present value of minimum lease payments receivable	3,827,954	3,901,203
The present value is receivable as follows:		
Within one year	257,946	241,180
In two to five years	601,851	500,095
In over five years	2,968,157	3,159,928
	3,827,954	3,901,203

7 Analysis of Finance lease receivables **(Continued)**

Analysed as:	2018	2017
	£	£
Non-current finance lease receivables		
(recoverable after 12 months)	3,570,008	3,660,023
Current finance lease receivables		
(recoverable within 12 months)	257,946	241,180
	-------------	-------------
	3,827,954	3,901,203
	========	========

In November 2011, the company made changes in the contracts for the leasing of its vessels. The lease terms were adjusted and are now contracted with related parties. Under the new lease terms, the company received additional rentals totalling £33,271,278 in November 2011. Accordingly, the remaining annual rentals are adjusted to be lower amounts than in the original payment scheme; but are receivable over the same time period and on the same payment dates. The company's finance leases are scheduled to be repaid in full in April 2031.

Residual values of assets leased under finance leases at 31 December 2018 is £nil (31 December 2017 - £nil). The directors consider that the net investment in finance leases is approximately equal to their fair value.

8 Trade and other receivables

	2018	2017
	£	£
Amounts due from fellow group undertakings	257,946	241,972

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

9 Borrowings

Unsecured borrowings at amortised cost & Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018	2017
	£	£
Current liabilities		
Bank loans	25,000	125,354
Non-current liabilities		
Bank loan	100,392	-
	125,392	125,354

Total principal borrowings of £250,000 (2017 £250,000) with interest accrued on a monthly and paid on a six monthly basis @ the GBP LIBOR plus 2%.

In November 2018, a Framework Agreement between all obligors, within the Vroon Group, including the Company (hereafter: the Group) and all Lenders was signed and the restructuring effective date was set at 30 November 2018. Within this Framework Agreement, the Group needs to comply with a number of financial covenants on a quarterly basis, starting at 31 December 2018. The financial covenants consist of ratios for leverage, interest cover, minimum liquidity and a group maintenance cover. As per 31 December 2018, the Group complies with these financial covenants. Besides the financial covenants, there are also obligations applicable for the sale of certain assets.

By signing the Framework Agreement, the Company's financing and repayment arrangements up to 31 March 2021 have been agreed. At 31 December 2018, the Company is no longer in default with its loan covenants and confident in complying with the requirements as included in the Framework Agreement. Consequently mortgage loans are classified as long-term liabilities. The Framework Agreement includes a fixed repayment of USD 50.0m per year at group level and a variable cash balance sweep on a quarterly basis. Allocation of the repayments per obligor is done on a trading result basis.

In response to changed circumstances (expected timing of divestments and current financial performance), related to the assumptions in the Business Plan, the Group has received majority Lender consent to adjust the leverage ratios for 31 March and 30 June 2019. Given the financial developments throughout the second quarter of 2019 it has become unlikely that the Group will be able to comply with the interest coverage ratio as per the end of Q2 of which Lenders have been informed. A breach of covenants provides Lenders, after a remedy period, formally the right to declare loans due and payable. The Group is in a constructive dialogue with its Lenders hereon as well as on adjustments of the leverage and interest cover ratio for the third and fourth quarter of 2019. With reference hereto the Group does not expect mortgage loans to be declared due and payable.

Maturity Analysis of Bank loan :

				2018	2017
Bank loan:				£	£
	Payable:	1-3 months		1,783	-
		3-12 months		25,000	125,354
		1-5 years		111,675	-
		Over 5 years		-	-
				138,458	125,354

10 Trade and other payables

	Current 2018 £	2017 £
Amounts due to fellow group undertakings	3,705,013	3,776,405

Interest rate variations due under finance leasing contract:		2018 £	2017 £
Payable:	on demand or up to 1 month	56,761	57,958

The loan due to the company's parent undertaking attracts interest at 0.28% above LIBOR per annum and interest is payable quarterly. There is no fixed repayment schedule for the loan capital.

11 Share capital

	2018 £	2017 £
Ordinary share capital		
75 "A" ordinary shares of £1 each	75	75
25 "B" ordinary shares of £1 each	25	25
	100	100

All issued share capital is classified as equity.

The "A" ordinary shares carry one vote each with no entitlement to appoint or remove directors.

The "B" ordinary shares carry 20 votes each with the entitlement to appoint or remove directors.

12 Contingent liabilities

In 2017, the company received tax assessments from HM Revenue & Customs related to the disallowance of £6.7 Million of capital allowances. The company is not in agreement with the basis of assessments and has submitted formal appeals disputing the amounts. The company has engaged Counsel and is confident that the assessments will be cancelled in due course. Accordingly, the company is of the opinion that it would not be appropriate to make provision for the tax impact of these assessments.

13 Related party transactions

The company has taken advantage of exemptions available under FRS 101 paragraph 8(K) from disclosing the related party transactions entered between two or more members of a company within the same group (wholly owned subsidiaries within the same group).

14 Events after the reporting date

In response to changed circumstances (expected timing of divestments and current financial performance), related to the assumptions in the Business Plan, the Group has received majority Lender consent to adjust the leverage ratios for 31 March and 30 June 2019. Given the financial developments throughout the second quarter of 2019 it has become unlikely that the Group will be able to comply with the interest coverage ratio as per the end of Q2 of which Lenders have been informed. A breach of covenants provides Lenders, after a remedy period, formally the right to declare loans due and payable. The Group is in a constructive dialogue with its Lenders hereon as well as on adjustments of the leverage and interest cover ratio for the third and fourth quarter of 2019. With reference hereto the Group does not expect mortgage loans to be declared due and payable.

15 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The audit report was unqualified but contained a "material uncertainty related to going concern" section as follows:

In forming our opinion on the company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern.

Given the financial developments throughout the second quarter of 2019 it has become unlikely that the Group will be able to comply with the interest coverage ratio as per the end of Q2 of which Lenders have been informed. A breach of covenants provides Lenders, after a remedy period, formally the right to declare loans due and payable. The Group is in a constructive dialogue with its Lenders hereon as well as on adjustments of the leverage and interest cover ratio for the third and fourth quarter of 2019. With reference hereto the Group does not expect loans to be declared due and payable, however this does remain a possibility.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The senior statutory auditor was Kevin Reynard, the auditor was PricewaterhouseCoopers LLP and the audit report was dated 11 July 2019.

16 Controlling party

The company's immediate parent undertaking is Vroon Shipping U.K. Ltd, a company registered in England.

The ultimate holding company is Vroon Group B.V., a company registered in the Netherlands.

The consolidated financial statements of Vroon Group B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.