Company registration number 5085910 (England and Wales)

FC SHIPPING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FC SHIPPING LIMITED

COMPANY INFORMATION

Directors	S G Thom G P Sheach
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

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FC SHIPPING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

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

Results and dividends
The results for the financial year are set out on page 7.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S G Thom
G P Sheach

Independent auditors
In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

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.

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

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S G Thom
Director
Aberdeen
Date

05 FEB 2024

Independent auditors' report to the members of FC Shipping Limited

Report on the audit of the financial statements

Opinion

In our opinion, FC Shipping Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2022; Statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journals to increase turnover and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring of key management personnel of known or suspected instances of fraud or non-compliance with laws and regulations;
- identifying and testing journal entries, in particular any journals entries posted with unusual account combinations impacting turnover;
- reviewing minutes of meetings of the Board of Directors;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of the relevant laws and regulations described as having a direct effect on the financial statements;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management; and
- challenging assumptions and judgements made by management in their significant accounting estimates that involved considering future events that are inherently uncertain.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Julie Watson

Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
5 February 2024

FC SHIPPING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Revenue		70,248	20,918
Administrative expenses		(895)	(582)
		69,353	20,336
Interest payable and similar expenses	6	(64,851)	(20,597)
Other gains and losses	7	-	70,137
Profit before taxation		4,502	69,876
Tax on profit		(6,200)	(6,200)
(Loss)/profit and total comprehensive (expense)/income for the financial year		(1,698)	63,676

The income statement has been prepared on the basis that all operations are continuing operations.

FC SHIPPING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Non-current Assets			
Finance Lease Receivables	8	2,968,159	3,159,928
Current assets			
Trade and other receivables	10	643,799	380,521
Cash at bank and in hand		931	7,510
		644,730	388,031
Current liabilities			
Trade and other payables	11	(3,559,668)	(3,493,040)
Taxation and social security		(5,892)	(5,892)
		(3,565,560)	(3,498,932)
Net current liabilities		(2,920,830)	(3,110,901)
Net assets		47,329	49,027
Equity			
Called up share capital	12	100	100
Retained earnings		47,229	48,927
Total equity		47,329	49,027

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

The notes on pages 10 to 21 are integral part of these financial statements.

The financial statements on page 7 to 21 were approved by the board of directors and authorised for issue on 05/02/2024 and were signed on its behalf by:

....

S G Thom
Director
Aberdeen
Company Registration No. 5085910

FC SHIPPING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Retained earnings	Accumulated (losses) / Total equity
	£	£	£
Balance at 1 January 2021	100	(14,749)	(14,649)
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	63,676	63,676
Balance at 31 December 2021	100	48,927	49,027
Year ended 31 December 2022:			
Loss and total comprehensive expense for the year	-	(1,698)	(1,698)
Balance at 31 December 2022	100	47,229	47,329

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 Statement of compliance

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 £.

Basis of preparation

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;IFRS 7, 'Financial instruments: Disclosures
- 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 corporate group with Vroon Group Holding B.V. (hereafter: "the Group") as ultimate holding Company. The Company is interrelated with the financing of Vroon Group Holding B.V. through group wide guarantees and common financial, legal and commercial interests.

Completion of restructuring process

On 12 June 2023, the Group successfully completed a difficult and protracted restructuring process. Lenders have refinanced debt to the Group by cancelling their existing loans and providing a new loan structure. They have also assumed majority ownership of the Group including all assets and liabilities. In the 2021 Annual Report, the Group disclosed in detail the events in the restructuring process up to December 2022.

Following the foreseen disposal of the Group's OSV fleet and its Offshore management companies in Genoa and Singapore, outstanding debt will be reduced further. The Group will be financed mainly through a syndicated loan facility with a maturity in the third quarter of 2025. This facility is combined with several separate and ringfenced facilities with similar maturity. It intends to continue its remaining businesses ('NewCo') for the Livestock, Product and High-Heat Tanker and Emergency Response and Rescue Vessels (ERRV) in the years to come.

A large part of the Group's Offshore business is foreseen to be divested during the fourth quarter of 2023

The sale of the 37 Offshore Support Vessels which is described in more detail in 'Events after balance sheet date' in the Financial Statements included in the Group's Annual Report will result in a further and significant reduction of debt and a transfer of two of our Offshore management companies thus avoiding wind down costs for these entities. Unfortunately our management Group based in Den Helder will need to be wound down during 2024 after all sold vessels are delivered. In addition, the Group will implement a restructuring of its central support services, to reduce staff and costs in line with a smaller fleet and footprint. The restructuring costs have been agreed as part of the restructuring plan to be funded from proceeds of OSV vessel disposals.

No material uncertainty related to going concern exists

Implementation of the Group restructuring plan, including the foreseen sale of the Group's OSV fleet has reduced going concern risk considerably. The Group is no longer in default of its obligations towards Lenders, indebtedness has reduced and will further reduce with the completion of the OSV sale in 2023. This relatively quick business sale on the agreed terms compares favourably to the alternative of a long, risky and protracted exit process of individual OSV disposals which was agreed as part of the restructuring plan. By avoiding unnecessary restructuring cost and by reducing execution risk it strengthens the financial position of the Group and further supports the longer-term continuity of the remaining business.

The terms of the new syndicated Group loan facility and of the ringfenced loan facilities reflect customary provisions on debt service and covenants where applicable and are described in further detail in 'Events after balance-sheet date' in the Financial Statements. The current trading and financial outlook reflects improved shipping markets compared to previous years, the headroom in the agreed covenant levels support this trading outlook and sufficient opportunity and headroom exists to manage more adverse market conditions.

1 Accounting policies **(Continued)**

1.2 Going concern (continued..)

The restructuring plan now implemented includes provisions for a refinancing of NewCo debt and recapitalization of its ownership structure ahead of the syndicated loan maturity date in 2025. Together, these steps will allow the Group to return to a more normalized financing and ownership structure and secure longer term growth and continuity.

With the financial restructuring finally completed, financing arrangements in place until maturity by 30 September 2025 and the short and medium term trading outlook as described above management believes that the Group should be able to fulfil its financial obligations for at least a year after the completion of these 2022 accounts and can continue as a going concern.

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.

1.4 Cash and cash equivalents

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

1.5 Equity *instruments*

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

1 Accounting policies **(Continued)**

1.6 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.

1.7 Financial Instruments :

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. (effective 1 January 2018).

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 the statement of comprehensive income and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2021 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)**

1.7 Financial Instruments : [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)**

1.7 Financial Instruments : [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 cancelled 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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

Residual values

Residual values are estimated at the inception of the lease agreements and are subsequently reviewed for impairment during the life of the lease agreements. Appropriate impairment losses are charged to the Statement of comprehensive income.

Impairment loss allowances

Individual impairment loss allowances are made in respect of finance and rental agreements where recovery is considered doubtful. The impairment loss allowances are deducted from the net investment in finance agreements. The charge in the Statement of comprehensive income comprises write offs, recoveries and the net movement in impairment loss allowances in the year.

4 Auditors remuneration

	2022	2021
Fees payable to the company's auditors and associates:	£	£
For audit services		
Audit of the company's financial statements	11,000	8,000
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.

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	5,793
Interest payable to group undertakings	55,820	12,686
Foreign exchange losses /(gains)	9,031	2,118
	64,851	20,597

7 Other gains and losses

	2022	2021
	£	£
Amounts written back to current loans	-	70,137

8 Finance Lease Receivables

	Current		Non-current	
	2022	2021	2022	2021
	£	£	£	£
Amounts receivable under finance lease	337,210	315,162	2,968,159	3,159,928

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.

9 Analysis of Finance lease receivables

	2022	2021
	£	£
Gross amounts receivable under finance leases:		
Within one year	394,627	375,836
In two to five years	1,785,938	1,700,893
In over five years	2,170,819	2,650,491
	4,351,384	4,727,220
Unearned finance income	(1,046,015)	(1,252,130)
Present value of minimum lease payments receivable	3,305,369	3,475,090
The present value is receivable as follows:		
Within one year	337,210	315,162
In two to five years	1,117,046	970,323
In over five years	1,851,113	2,189,605
	3,305,369	3,475,090

Analysed as:	2022	2021
	£	£
Non-current finance lease receivables		
(recoverable after 12 months)	2,968,159	3,159,928
Current finance lease receivables		
(recoverable within 12 months)	337,210	315,162
	-----------	-----------
	3,305,369	3,475,090
	========	========

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 2022 is £nil (31 December 2021 - £nil). The directors consider that the net investment in finance leases is approximately equal to their fair value.

10 Trade and other receivables

	2022	2021
	£	£
Amounts owed by fellow group undertakings	643,799	380,521

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

11 Trade and other payables

	2022	2021
	£	£
Amounts owed to fellow group undertakings	(3,559,668)	(3,493,040)

Interest rate variations due under finance leasing contract:		2022	2021
		£	£
Payable:	on demand or up to 1 month	(177,007)	(110,379)

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.

12 Called up Share capital

	2022	2021
	£	£
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.

13 Events after the reporting date

Restructuring Effective Date (RED)

A final Restructuring Support Agreement with an amended Term Sheet were commercially agreed between Vroon Group and its key Lenders on 9 December 2022, were credit approved on 23 December 2022 and were signed on 31 January 2023 by all FWA Lenders with the exception of one Lender who had indicated it was unable to meet the agreed approval deadline. During the first months of 2023 the final restructuring plan which was negotiated by management, approved by the Supervisory Board and Lenders was implemented through a simultaneous UK Scheme of Arrangement process to align and refinance the debt and a Dutch WHOA process. The restructuring was finally implemented on 12 June 2023. The WHOA process was used among other things to allocate share ownership to Lenders and the former shareholder and the former shareholder was allocated 4.91% of the depository receipts ('DRs') in Vroon Holding BV (through a STAK structure). In return for refinancing the debt, which included waiving part of the accrued interest as described in notes to these financial statements the FWA Lenders were allocated DRs mostly on the basis of reduction of debt (relative to reinstated debt) and partially on the basis of their pro-rated share of total vessel Fair-Market-Values (i.e. 'debt equity swap').

Sale of the Group's Offshore business

On 3 August 2023 the Group signed binding MOAs for the sale of 5 Offshore Support Vessels. These vessels are and will be delivered from late September to November 2023 (one delivery possibly delayed to Q1 2024 depending on charterers consent to novate charter agreement). MOAs for the sale of a further 30 OSVs and the sale of the shares of VOS Srl in Genoa and VOS PTE in Singapore were signed with a buyer on 26 September 2023. MOAs for the sale of 2 SSVs were signed on the same date to another buyer. The required approvals from Lenders and shareholders were obtained prior to this date. Vessel deliveries are underway and expected to complete no later than 30 November 2023 by which date also the sale of the shares of VOS Srl and VOS Pte will expectedly close. The disposal of 37 OSVs is expected to reduce outstanding debt by USD 344m to provide the additional necessary funding for restructuring of the Group following completion of the disposal process.

The waiver on debt repayments was implemented by releasing debt at the level of Vroon Holding BV, except for certain ringfenced facilities where debt was waived at SPV level. These waivers include the accrued interest which will finally no longer be payable. This will result in a signficant positive adjustment in equity for 2023 which will be determined in the course of 2023. The NewCo syndicated loan financing, as agreed in the restructuring plan, include minimum liquidity, leverage ratio, interest- cover ratio, Minimum Security Value and absolute EBITDA covenants. The financial covenants have been set based on the 2023 Budget and longer-term MTP outlook and levels and headroom should be sufficient to allow for downward deviation of results within what can reasonably be expected. The other loan facilities, other than one ringfenced loan facility, will not have any covenants and due to its nature the OSV loan facilities also will not have any covenants attached.

No other events occurred after balance-sheet that could result in significant implication for the Company and its subsidiaries.

14 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.

15 Controlling party

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

The ultimate holding company & ultimate controlling party is Vroon Holding B.V., a company registered in the Netherlands.

The consolidated financial statements of Vroon Holding 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.