Registered number 07109295

Affinity Valuations Limited

Financial Statements

for the year ended

31 December 2018

Affinity Valuations Limited – Directors' Report for the year ended 31 December 2018

Principal activitiy

The principal activity of Affinity Valuations Limited is the provision of ship valuation services to the maritime industry.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are foreign exchange, credit and liquidity. Narrative on these risks is included in Note 9 to the financial statements.

Brexit

The Directors continue to monitor the Brexit negotiations but in view of the uncertainties cannot predict the impact any eventual resolution will have on the Company's financial position.

Directors

Mr R Fulford-Smith, Mr C Chasty, Mr N Wood and Mr A Finn held office throughout the year. All the directors offer themselves for re-election at the forthcoming Annual General Meeting.

Dividend

The directors do not recommend the payment of a dividend.

Result for the year

The profit for the year was £74 (2017: £1,123) which has been carried forward. The Company has no employees and utilises the resources of its shareholder in order to fulfil its main purpose of providing ancillary services to its shareholder's clients.

The Directors consider the result for the year to be satisfactory and in line with expectations. They do not expect any significant change in the current financial year.

Small Companies Exemption

The report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006.

Statement of Directors' responsibilities

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

The Companies Act 2006 requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU 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 year. 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; and

Statement of Directors' Responsibilities (continued)

- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Auditor

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

Each of the persons who are Directors at the time when this report is approved has confirmed that:

a) so far as each Director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

C. J. Chasty

C J Chasty

Secretary

29 April 2019

Independent Auditor's Report to the Members of Affinity Valuations Limited

Opinion

We have audited the financial statements of Affinity Valuations Limited ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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.

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 Affinity Valuations Limited (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 this regard.

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 period 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.

Matters on which we are required to report by exception

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 material misstatements in the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Michael Simms

Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
150 Aldersgate Street
London
EC1A 4AB

29 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Affinity Valuations Limited – Income Statement

For the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Revenue	2	310,953	313,291
Personnel costs	3	-	-
Other operating expenses		310,861	311,677
		310,861	311,677
Profit for the year before taxation	4	92	1,614
Taxation	5	(18)	(491)
Profit for the financial year		74	1,123

The notes on pages 11 to 18 form an integral part of these financial statements.

Affinity Valuations Limited – Statement of Comprehensive Income

For the year ended 31 December 2018

	2018	2017
	£	£
Net income recognised directly In equity		
Profit for the financial year	74	1,123
Total comprehensive income for the year	74	1,123

The notes on pages 11 to 18 form an integral part of these financial statements.

Affinity Valuations Limited (Registered No. 07109295) - Statement of Financial Position
As at 31 December 2018

	Note	2018 £	2017 £
Current assets			
Trade receivables	6	10,101	12,732
Amount due from group companies	10	-	5,041
Total assets		10,101	17,773
Equity and reserves			
Share capital	7	100	100
Accumulated profits		1,137	1,063
		1,237	1,163
Current liabilities			
Other payables	8	4,868	16,610
Amounts due to group companies	10	3,996	-
		8,864	16,610
Total equity and liabilities		10,101	17,773

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small entities regime.

The financial statements on pages 6 to 18 were approved by the directors and authorised for issue on 29 April 2019 and signed by:

C. J. Cl...

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Christopher Chasty

The notes on pages 11 to 18 form an integral part of these financial statements.

Affinity Valuations Limited – Statement of Changes in Equity
For the year ended 31 December 2018

	Shareholders' Interests		
	Share capital	**Accumulated Profits**	**Total**
	£	**£**	**£**
Balance at 1 January 2018	100	1,063	1,163
Total comprehensive income for the year	-	74	74
Balance at 31 December 2018	100	1,137	1,237

	Shareholders' Interests		
	Share capital	Accumulated Profits	Total
	£	£	£
Balance at 1 January 2017	100	(60)	40
Total comprehensive income for the year	-	1,123	1,123
Balance at 31 December 2017	100	1,063	1,163

The notes on pages 11 to 18 form an integral part of these financial statements.

Affinity Valuations Limited – Statement of Cash flows
For the year ended 31 December 2018

	2018	2017
	£	£
Cash inflows from operating activities		
Profit for the financial year	74	1,123
Adjustments for:		
Decrease in trade receivables	2,631	1,304
Increase/(decrease) in amount due to group companies	9,037	(7,432)
(Decrease)/increase in other payables	(11,742)	5,005
Net cash inflow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents – beginning of year	-	-
Cash and cash equivalents – end of year	-	-

The notes on pages 11 to 18 form an integral part of these financial statements.

Affinity Valuations Limited – Notes forming part of the financial statements for the year ended 31 December 2018

1. Description of the business

The registered office and principal place of business of Affinity Valuations Limited is located at 122 Leadenhall Street, London, EC3V 4AB.

The principal activity of the Company is the provision of ship valuation services to the maritime industry.

2. Accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year.

Basis of accounting

The financial statements, prepared on the going concern basis, assume that the Company will generate sufficient working capital to continue operation existence for the foreseeable future. The Directors have, at the time of approving the financial statements, an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue consists of fees receivable for ship valuations. Fees are recognised as services are performed.

On adoption of IRFS 15 for the period ended 31 December 2018, there was a significant increase in the required disclosure relating to the nature, amount, timing and uncertainty of revenue, balances and cash flows arising from contracts with customers. The application of the standard did not have any impact on the financial results and position reported in the primary financial statements.

Foreign currencies

The financial statements are presented in Great Britain pounds ("Sterling").

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Sterling, the company's functional and presentation currency, at the exchange rates ruling at that date. All translation differences are dealt with in the income statement.

Non derivative financial instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, shareholders' capital and amounts due to and from shareholders.

2. Accounting policies (continued)

Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Trade and other receivables

The Company recognises its trade receivables initially at fair value and subsequently measures at amortised cost, using the effective interest rate method, less an allowance for doubtful debts. Lifetime expected credit losses are recognised from the point at which a trade receivable is initially recognised based on past events, current conditions and expectations of future economic conditions.

On a periodic basis, the Company evaluates its trade receivables and establishes an allowance for doubtful accounts, based on collections and current credit conditions. The Company will not normally grant any credit terms to its customers. The Company does not generally charge interest on past-due accounts unless the accounts are subject to legal action, and accounts are written off as uncollectable when all reasonable collection efforts have failed. Accounts are deemed as past-due based on contractual terms.

On adoption of IFRS 9 for the period ended 31 December 2018, trade receivables were examined for lifetime expected losses however, no impairments or reclassifications was required. The application of the standard did not have any impact on the financial results and position reported in the primary financial statements.

Other payables

Other payables are recognised at fair value, based on the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to these reported amounts in the future.

Affinity Valuations Limited – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

2. Accounting policies (continued)

New interpretations and revised standards effective from the year ended 31 December 2018

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 31 December 2018 and which have given rise to changes in the Company's accounting policies and are as follows:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).

These standards have not had any impact on the Company's results. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

New standards and interpretations in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") with an effective date of implementation after the date of these financial statements. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective, however they are, in accordance with best practice, being disclosed:

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019.

The changes for lessors, and for lessees under current finance leases, will be limited, but the standard will significantly affect the treatment by lessees of what are currently treated as operating leases. With some exceptions, lessees under current operating leases will be required to record a liability for the payments under the lease, which remains discounted at the rate implicit in the lease (or if not known, the lessee's incremental borrowing rate), and record a corresponding right of use asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payment made prior to commencement of lease, minus any lease incentives already received).

IFRIC 23 Uncertainty over Income Tax Positions

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments.

Neither of the above Standards will have any impact on the results or financial position of the Company.

Affinity Valuations Limited – Notes forming part of the financial statements for the year ended 31 December 2018

3. Personnel costs

The Company did not employ any members of staff during the year. Management fees paid to the parent undertaking during the year include the provision of personnel to enable the company to perform its revenue generating activities.

4. Profit from operations

	2018	2017
	£	£
Operating profit has been arrived at after charging:		
Net foreign exchange losses	129	5,882

Audit fees and expenses for the year amounted to £2,850 (2017 - £2,300). Non audit services provided by the auditors during the year amounted to £2,755 (2017 - £5,800) and comprised taxation compliance services.

5. Taxation

	2018	2017
	£	£
Corporation tax payable for the year at 19% (2017 - 19%)	17	310
Underprovision in respect of previous periods	1	181
	18	491

The tax charge can be reconciled as follows:

Profit before taxation	92	1,614
Tax at 19%	17	310
Underprovision in previous periods	1	181
Tax expense in income statement	18	491

6. Trade receivables

	2018	2017
	£	£
Trade receivables	17,351	12,732
Provision for impairment of trade receivables	(7,250)	-
	10,101	12,732

6. Trade receivables (continued)

Trade receivables are expected to be recovered within one year. The Company's credit policy is set out in note 9.

Clients are required to settle invoices on presentation or on such other terms as contractually agreed. Although terms vary, invoices are considered overdue after 30 days have elapsed since the invoice date. Ageing of trade receivables is as follows:

	2018	2017
	£	£
Neither past due nor impaired	7,063	1,495
Past due but not impaired	3,038	11,237
Past due, impaired	7,250	-
	17,351	12,732

7. Share capital

	2018	2017
	£	£
Authorised, allotted, called up and fully paid:		
100 ordinary shares of £1 (2017 – 100)	100	100

8. Other payables

	2018	2017
	£	£
Accruals and deferred income	4,850	5,750
Other payables	-	10,550
Provision for taxation	18	310
	4,868	16,610

9. Financial instruments

Capital management

The Company is financed by its share capital and short term funding from its shareholder. This capital structure is reviewed regularly to ensure it remains appropriate for the business and its growth plans.

The principal objective of the Company's capital management is to maintain prudent capital ratios in order to support the business and maximise shareholder returns. The Company manages its capital structure and makes adjustments to it in the light of changing market conditions and opportunities. Adjustments may involve increasing issued capital or obtaining additional shareholder funding. The capital structure of the Company consists of all components of equity aggregating to a surplus of £1,237.

Affinity Valuations Limited – Notes forming part of the financial statements for the year ended 31 December 2018

9. Financial instruments (continued)

Carrying and fair values

Financial instruments held by the Company arise directly from its operations and it is the policy of the management that no trading in financial instruments is undertaken. The carrying values of the Company's financial instruments are as follows:

	2018	2017
Financial assets	**£**	£
Loans and receivables		
Trade receivables	10,101	12,732
Amounts due from group companies	-	5,041
	10,101	17,773
Financial liabilities at amortised cost		
Amounts due to group companies	3,996	-
Other payables	-	10,550
	3,996	10,550
Total net financial instruments	6,105	7,223

The estimated fair values of all the Company's financial instruments were approximate to their carrying values at 31 December 2018 and at 31 December 2017.

Risk

The Company has exposure to market risk, credit risk and liquidity risk arising from its use of financial instruments.

The Board of Directors has overall responsibility for the setting up and monitoring of the Company's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company, to set up appropriate controls over those risks and to monitor these risks and the effectiveness of the controls. Risk management policies and systems are reviewed regularly to take into account changes in market conditions and the Company's policies.

Market risk

Market risk is the risk that changes in market prices, principally foreign exchange rates, will affect the Company's results or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits but to also optimise the returns available.

9. Financial instruments (continued)

Exchange rate risk

The functional currency of the Company is Sterling. The business is exposed to exchange rate risk because 100% of the Company's revenues are denominated in US Dollars, whereas outgoings are wholly Sterling denominated.

The Company does not have a bank account and revenues and expenses are collected and paid on its behalf by the Company's shareholder. Surplus US Dollar funds are normally converted into Sterling on receipt and neither the Company nor its shareholder use foreign currency swaps or forward exchange contracts.

The net foreign currency denominated monetary assets is summarised as follows:

	2018	2017
	£	£
US Dollars	10,101	12,732

If the US Dollar had been 10% stronger/weaker during the year ended 31 December 2018, the profit for the year would have increased/decreased by £35,072 (2017 – £32,761) and £28,695 (2017 - £26,805) respectively.

Credit risk

Credit risk is the risk of financial loss to the business if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from its clients.

Exposure to credit risk on trade receivables is monitored on a routine basis and credit evaluations are performed on clients as appropriate. Risk is managed by maintaining close contact with each client and regular billing and cash collection for services provided.

The Company makes impairment provisions that represent its estimate of losses incurred in respect of trade and other receivables and is made on a specific case by case basis.

The carrying amount of the Company's financial assets recorded in these financial statements, net of any impairment provisions, represents the Company's maximum exposure to credit risk.

At 31 December 2018, trade receivables of £10,101 were past due but not impaired.

At 31 December 2018, no expected credit losses are envisaged for current trade receivables and amounts due from group companies.

Given the nature of the Company's trading partners, determination of the 12 month expected credit losses has been assessed on a case-by-case basis. This assessment has been made based on past trading history, past write offs, unusual payment periods and publicly available information about the

Affinity Valuations Limited – Notes forming part of the financial statements for the year ended 31 December 2018

9. **Financial instruments (continued)**

counterparties. As permitted by the transitional provisions of IFRS 9 Financial Instruments, any loss allowances required have been accounted for as at 31 December and accordingly, no comparative information has been presented for 31 December 2017.

Liquidity risk

Responsibility for liquidity risk management lies with the Board of Directors, which has developed appropriate procedures to manage the Company's short, medium and long term funding and liquidity management requirements. Risk is managed by maintaining adequate borrowing facilities and by the regular monitoring of forecast and actual cash flows. Liquidity risk arises from the company's ongoing financial commitments and obligations, particularly the settlement of financial liabilities. All financial liabilities are current and payable within 12 months of the reporting date.

10. Related parties

Management fees payable to group companies during the year amounted to £299,200 (2017 - £296,910). Amounts owing to group companies at 31 December 2018 were £3,996 (2017 – owing by group companies - £5,041).

Balances with group parent companies are interest free and repayable on demand.

The Company is a wholly owned subsidiary of Affinity (Shipping) LLP, a limited liability partnership incorporated in the United Kingdom.