Company number. 08257782

Global Prime Limited

Report and Financial Statements

For the year ended 31 December 2021

Corporate information

Director
Dan David Ungar

Company Secretary
Robin Woods

Registered office
6 Bloomsbury Square
London
United Kingdom
WC1A 2LP

Bankers
Sumitomo Mitsui Trust Bank Limited
Nordea Bank Norge ASA

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Strategic Report

The director presents the Strategic Report for the year ended 31 December 2021.

Principal activity

The principal activity of the Company from when it commenced trading has been the ownership and operation of a 54,500 Dwt dry bulk carrier.

Review of the business

Results for the year under review

The performance of the business during the year was in line with expectations. The company maintains a strong net asset position, finishing the year with net assets of US$9.7m (2020: US$7.4m). The profit for the year is US$2.3m (2020: US$0.5m).

The Company's results are reflected in detail in the financial statements and the Company's key performance indicators across the year and prior year are shown in the table below:

	2021	2020	% Change
	US$	US$	
Revenue	4,456,166	4,538,557	-1.8
Operating expenses	3,116,614	3,100,064	0.5
Net cash inflow from operating activities	2,688,350	2,686,260	0.1

Operating expenses are US$0.017m higher and net cash inflow from operating activities is higher than the previous year. Revenue and cash generation remain level.

Future developments

The director is confident that the nature of the Time Charter the vessel has in place will help the Company continue to deliver a quality service to the charterer whilst still focusing on cost management.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are broadly grouped as currency, interest rate, credit and liquidity risks as detailed below:

Currency risk

The Company can be exposed to foreign exchange risk. The majority of the Company's revenue and expenses are in the same currency, i.e. the US dollar.

Interest rate risk

The Company loan is subject to variable interest rates, which may be affected by markets movements, increasing the cost of servicing the debt if rates go up.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Credit risk

No material exposure is considered to exist in respect of trade and other receivables, as is typical in the shipping industry hire for the Company's vessel is contractually required to be paid by the charterers in advance. The charter contract contains rights under which the Company may cancel trading arrangements should non-payment occur. The Company also has a lien over cargo should a charterer default under an agreement.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its loan and other obligations. The Company aims to mitigate its liquidity risk by managing cash generation from its operation. The Company closely monitors its cash balances and loan obligations and maintains a rolling cash flow forecast to ensure that there are sufficient funds available to meet all financial obligations. The Company loan covenants are also monitored closely on a current and forecast basis.

This report was approved by the board on 4th November 2022 and signed on its behalf.

Dan David Ungar
Director

Director's Report

The director presents his report for the year ended 31 December 2021.

Director of the Company

The director who served during the year and up to the date of signing the financial statements is Dan David Ungar.

Dividends

The director does not recommend any payment of a dividend.

Events since the balance sheet date

During September the Company entered into a sale and lease back transaction, selling the vessel to a third party and bare boat chartering the vessel back in for 12 years, with purchase obligations. The loan with Sumitomo Mitsui Trust Bank Limited was prepaid in full.

Going concern

The Company has net current liabilities at the year-end amounting to US$5.1m (2020: US$6.0m), in addition the Company is subject to minimum security cover ratio requirements based on the market values of its vessels at a consolidated Group level, which were met as at 31 December 2021. The ultimate parent has undertaken to provide financial support to enable the Company to meet its obligations as they fall due, for a period of at least twelve months from the date of signing of these financial statements.

Covid-19 continues to affect crew travel and port stays; with the Company mitigating the risk with forward planning and working on crew welfare. Similar to prior years and based on the assessment performed by the directors, it is not expected to have a significant impact on the financial statements for the foreseeable future. Furthermore, the directors do not anticipate a significant impact on the financial statements arising from the Russian invasion of Ukraine.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint BDO LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 4th November 2022 and signed on its behalf.

Dan David Ungar
Director

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Strategic Report, Director's Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the director must not approve the financial statements unless he is 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 those financial statements, the director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make suitable judgements and estimate that reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis and it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL PRIME LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

We have audited the financial statements of Global Prime Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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.

Conclusions relating to going concern

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.

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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL PRIME LIMITED *(continued)*

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL PRIME LIMITED *(continued)*

Responsibilities of Directors (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding of the Company and industry, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax. The Company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, maritime law, employment law and certain aspects of relevant applicable legislation in the countries where the Company operates.

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 inappropriate journal entries to revenue, management bias in accounting estimates and the adoption of inappropriate accounting policies.

Audit procedures performed by the engagement team included:

- inspecting correspondence with tax authorities and lawyers;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- inspecting legal and professional fees for indications of non-compliance with laws and regulations;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- challenging assumptions and judgements made by management in their critical accounting estimates.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL PRIME LIMITED *(continued)*

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Michael Simms
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Michael Simms (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 07 November 2022

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

Income Statement

for the year ended 31 December 2021

	Notes	2021 US$	2020 US$
Turnover	2	4,456,166	4,538,557
Cost of sales		(3,155,420)	(3,057,340)
Gross profit		1,300,746	1,481,217
Administrative expenses		38,806	(42,724)
Other operating income		19,423	37,493
Operating profit	3,15	1,358,975	1,475,986
Profit/(loss) on foreign exchange translation of bank loan		1,182,574	(678,370)
Interest receivable	5	-	171
Interest payable and similar charges	5	(256,983)	(315,561)
Profit on ordinary activities before taxation		2,284,566	482,226
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation for the financial year		2,284,566	482,226

All amounts relate to continuing activities.

Statement of Comprehensive Income

for the year ended 31 December 2021

There is no other comprehensive income for both periods presented.

Statement of Changes in Equity

for the year ended 31 December 2021

	Called-up share capital	*Retained earnings*	*Total shareholders' equity*
	US$	*US$*	*US$*
At 1 January 2020	2	6,957,095	6,957,097
Profit for the year	-	482,226	482,226
At 31 December 2020	2	7,439,321	7,439,323
Profit for the year	-	2,284,566	2,284,566
At 31 December 2021	2	9,723,887	9,723,889

Called-up share capital

Called-up share capital represents the issued and fully paid up equity share capital of the Company.

Retained earnings

Retained earnings represent the cumulative total comprehensive income attributable to the Company.

Statement of Financial Position

at 31 December 2021

	Notes	31 December 2021 US$	31 December 2020 US$
Assets			
Non-current assets			
Tangible fixed assets	7	23,888,671	25,090,287
Current assets			
Stocks	8	57,476	105,033
Debtors	9	5,257	16,628
Cash at bank and in hand	10	570,309	470,055
Total current assets		633,042	591,716
Creditors: amounts falling due within one year	11	(5,771,904)	(6,563,583)
Net current liabilities		(5,138,862)	(5,971,867)
Total assets less current liabilities		18,749,809	19,118,420
Creditors: amounts falling due after more than one year	12,13	(9,025,920)	(11,679,097)
Net assets		9,723,889	7,439,323
Capital and reserves			
Called up share capital	14	2	2
Retained earnings		9,723,887	7,439,321
Total equity attributable to the owners of the company		9,723,889	7,439,323

These financial statements were approved by the board on 4th November 2022 and signed on its behalf by:

Dan David Ungar
Director

Statement of Cash Flows

for the year ended 31 December 2021

	Notes	31 December 2021 *US$*	31 December 2020 *US$*
Net cash inflow from operating activities	*15*	2,688,350	2,686,260
Investing activities			
Purchase of tangible fixed assets		-	(54)
Interest received		-	171
Interest paid		(267,580)	(318,078)
Net cash outflows from investing activities		(267,580)	(317,961)
Financing activities			
Bank loan repayments		(1,637,094)	(1,501,352)
Parent company loan drawn down		(683,422)	(731,564)
Net cash outflows from financing activities		(2,320,516)	(2,232,916)
Increase in cash and cash equivalents		100,254	135,383
Cash and cash equivalents 1 January		470,055	334,672
Cash and cash equivalents 31 December	*10*	570,309	470,055

Notes to the financial statements
for the year ended 31 December 2021

1. Principal accounting Policies

Statement of compliance

Global Prime Limited is a limited company incorporated in England. The registered office is 6 Bloomsbury Square, London, WC1A 2LP.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2021.

Basis of preparation

The financial statements for Global Prime Limited were authorised for issue by the Board of Directors on 4th November 2022. The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The accounts are prepared in United States Dollars (US$). The financial statements are presented on a rounded basis to the nearest US Dollar, unless otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis. The director has, at the time of issuing the financial statements, an expectation that the Company will generate sufficient working capital and have adequate resources to continue in operational existence for the foreseeable future.

During the year ended 31 December 2021, the Company generated profit after tax of US$2.3m (2020: US$0.5m); at the balance sheet date the Company has net current liabilities of US$5.1m (2020: US$6.0m) with net assets of US$9.7m (2020: net assets of US$7.4m).

The director has received the ultimate parent undertaking's commitment to provide adequate financial support to the company, if required, for a period of at least twelve months from the approval date of the balance sheet to enable it to meet its liabilities as and when they fall due.

Covid-19 continues to affect crew travel and port stays; with the Company mitigating the risk with forward planning and working on crew welfare. Similar to prior years and based on the assessment performed by the directors, it is not expected to have a significant impact on the financial statements for the foreseeable future. Furthermore, the directors do not anticipate a significant impact on the financial statements arising from the Russian invasion of Ukraine.

Judgement and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Time charters

Management have considered whether the time charter arrangement contains or is expected to be treated as a lease, and in doing so whether such a lease is a finance or an operating lease. They have concluded that the arrangement does not meet the definition of a finance lease.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Notes to the financial statements

for the year ended 31 December 2021

1. Principal accounting policies *(continued)*

Impairment of non-financial assets (continued)

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used.

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment charge in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent year if and only if the reasons for the impairment loss have ceased to apply.

Turnover

Revenues are recorded when services are rendered when the Company has signed charter agreements or other evidence of an arrangement, the price is fixed and collection is reasonably assured.

Deferred revenues relate to amounts received prior to being earned. These amounts are recognised as revenues over the related charter period to which they relate and are included within deferred income.

The Company employs its vessel on time charter, for which it receives a fixed hire rate per day. The hire income is recognised on an accruals basis in line with the provision of the vessel to the charterer. Due allowance is made for off hire when the vessel is unavailable for to the charter and no income is being earned under the contractual arrangements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided to write off the cost of each vessel, after allowing for an estimated residual (scrap) value, over its estimated useful life of 25 years from the date the asset becomes available for use, which is normally the year in which it is constructed.

The carrying values of tangible fixed assets are reviewed for impairments when events or changes in circumstances indicate the carrying value may not be recoverable.

Estimating residual values

The residual value of the asset at the reporting date is calculated as if the asset were already of the age and in the condition that it will be in when the Company expects to dispose of it. Residual value does not include expected future inflation. The estimated residual value is based on the two dominant scrap markets (for bulkers) in Bangladesh and India.

Dry docking

The vessel is subject to a major service (dry dock) typically every 60 months dependent on its specification and age. These costs are treated as periodic overhaul costs and are required to be incurred if the vessel is to trade and receive regulatory approval. Dry docking costs are capitalised as a short life asset and written off to the income statement on a straight line basis over the estimated period to the next scheduled dry dock. The vessel underwent its first special survey and dry dock during the year.

Notes to the financial statements
for the year ended 31 December 2021

1. Principal accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in first out basis. Stocks represent spares, stores and victuals and are included at purchase cost and represent consumable items with no sales value.

Provisions for liabilities

A provision is recognised when the Company has a 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 of the time value of money is material the provisions are discounted using an appropriate risk adjusted discount rate.

Foreign currencies

Transactions in foreign currencies are converted into U.S. Dollars at the rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into U.S. Dollars at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

Cash and cash equivalents

Cash and short term deposits in the statement of financial position normally comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, if the term is longer to qualify as cash and cash equivalents the deposit must be subject to insignificant penalties on early termination.

For the purpose of the Company cash flow statement cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Interest-bearing loans

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance expenses in the income statement.

Debt issuance costs

The cost incurred in raising debt finance is capitalised and offset against the loan balance and written off over the life of the debt on a systematic basis so as to produce a systematic charge approximating to interest.

Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence.

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals.

Notes to the financial statements

for the year ended 31 December 2021

2. Turnover

Turnover represents the amounts derived from the provision of services, being the time chartering of the vessel, which falls within the Company's ordinary and continuing activities.

3. Operating profit

Operating profit is stated after charging/(crediting):

	31 December 2021 US$	*31 December 2020 US$*
Depreciation of owned tangible fixed assets	1,201,616	1,274,954
(Gain)/loss on foreign exchange transactions	(52,625)	36,161
Auditors' remuneration – audit services	5,000	(3,818)

4. Staff costs

The director received no remuneration in respect of his services as a director of the Company during the year (2020: US$ Nil).

There were no employees during the year (2020: none), all crew are employed by an independent third party and recharged to the Company.

The Company have been charged US$nil (2020: US$ 51,600) in respect of management services provided by a related party, Unity Team Limited, a company incorporated in United Kingdom of which Dan David Ungar is also a Director. All fees related to the management services provided by Unity Team Limited to DAO Shipping subsidiaries are recharged to and paid by the fellow subsidiary companies.

5. Interest payable and similar charges

	31 December 2021 US$	*31 December 2020 US$*
Interest received	-	171
Interest on bank loans, overdrafts	(256,983)	(315,561)

Notes to the financial statements
for the year ended 31 December 2021

6. Tax on profit on ordinary activities

The Company's vessel is held in a United Kingdom ('UK') company which is entered in the UK tonnage tax regime, under which its vessel owning and operating activities are taxed based on the net tonnage of the vessel operated and not on profits. Any income and profits outside the tonnage tax regime are taxed under the normal UK corporation tax rules however no such income or profits arose in the year. Therefore, no reconciliation of an expected tax charge based on the profits for the year has been presented.

The tax charge may be summarised as follows:

	31 December 2021	*31 December 2020*
	US$	*US$*
Amounts due under UK Tonnage Tax	-	-
Total tax charge	-	-

The tonnage tax charge for the year ended 31 December 2021 was included in administrative expenses on the Income Statement.

7. Tangible fixed assets

	Vessels	*Dry dock costs*	*Total*
	US$	*US$*	*US$*
Cost:			
At 1 January 2021	32,406,908	660,382	33,067,290
Additions during the year	-	-	-
At 31 December 2021	32,406,908	660,382	33,067,290
Depreciation:			
At 1 January 2021	7,738,330	238,673	7,977,003
Charge for the year	1,069,623	131,993	1,201,616
At 31 December 2021	8,807,953	370,666	9,178,619
Net book value:			
At 31 December 2021	23,598,955	289,716	23,888,671
At 1 January 2021	24,668,578	421,709	25,090,287

The vessel is subject to legal mortgages and charges as set out in note 13.

Notes to the financial statements
for the year ended 31 December 2021

8. Stocks

	31 December 2021 US$	31 December 2020 US$
Spares, stores and victuals	57,476	105,033

The purchase price and replacement cost of stocks are not significantly different. Stocks recognised as an expense in the year were US$64,505 (2020: US$102,675).

9. Debtors

	31 December 2021 US$	31 December 2020 US$
Prepayments and accrued income	5,257	16,628
	5,257	16,628

10. Cash at bank and in hand

Cash at bank and in hand included the following amounts:

	31 December 2021 US$	31 December 2020 US$
Cash at bank and in hand	570,309	470,055
	570,309	470,055

11. Creditors: amounts falling due within one year

	31 December 2021 US$	31 December 2020 US$
Trade creditors	15,091	11,741
Tax creditor	6,386	6,454
Current instalments on bank loans (note 13)	1,451,099	1,617,590
Accruals and deferred income	82,635	27,683
Parent company loan with no fixed repayment terms	4,216,693	4,900,115
	5,771,904	6,563,583

The parent company loan is unsecured and interest free.

Notes to the financial statements
for the year ended 31 December 2021

12. Creditors: amounts falling due after more than one year

	31 December 2021	*31 December 2020*
	US$	*US$*
Bank loans repayable by instalments (note 13)	9,025,920	11,679,097
	9,025,920	11,679,097

13. Loans
Bank loans and related party loans are as follows:

	31 December 2021	*31 December 2020*
	US$	*US$*
Within one year	1,451,099	1,617,590
Between one and two years	1,451,099	1,617,590
Between two and five years	7,574,821	10,061,507
More than five years	-	-
	10,477,019	13,296,687
Less amounts due within one year (note 11)	(1,451,099)	(1,617,590)
Total non-current loans	9,025,920	11,679,097

In a prior period, the Company obtained a Japanese Yen loan under a secured bank loan facility provided by Sumitomo Mitsui Trust Bank. The loan balance as at 31 December 2021 amounted to JPY1,205,750,000 (2020: JPY1,327,750,000). The loan is repayable in 39 quarterly instalments of JPY 41,750,000 commencing on 9 May 2014 and a final repayment of JPY 871,750,000 comprising last instalment of JPY 41,750,000 and a balloon instalment of JPY 830,000,000 which falls due in 2024. The loan bears interest at JPY LIBOR plus 2.3% and is secured by first preferred legal charges over the Company's vessels along with assignment of earnings and insurance policies. The loan was fully prepaid in September 2022.

14. Share capital

	31 December 2021	*31 December 2020*
Authorised	*US$*	*US$*
1ordinary shares of £1 each	2	2
	2	2
Ordinary shares issued, called up and fully paid		
1 ordinary shares of £1 each	2	2
	2	2

Notes to the financial statements
for the year ended 31 December 2021

15. Notes to the statement of cash flows

Reconciliation of profit to net cash inflow from operating activities

	31 December 2021 US$	*31 December 2021 US$*
Operating profit	1,358,975	1,475,986
Depreciation of tangible assets	1,201,616	1,274,954
Decrease/(increase) in debtors	11,371	(5,974)
Increase/(decrease) in creditors	68,899	(7,953)
Decrease(increase) in stocks	47,556	(51,136)
Tax paid	(67)	383
Net cash inflows from operating activities	2,688,350	2,686,260

16. Commitments and contingencies

As at the balance sheet date the Board is not aware of any claims or contingent liabilities that warrant disclosure within the financial statements, other than the security related to the Company's bank loans set out in note 13.

The Company has the following contracted future income under non-cancellable operating leases on its vessels falling due:

	Year ended 31 December 2021 US$	*Year ended 31 December 2020 US$*
within 1 year	4,342,200	4,636,573
within 2 - 5 years	4,044,789	8,955,573

17. Financial instruments

	31 December 2021 US$	*31 December 2020 US$*
Financial assets that are debt instruments measured at amortised cost		
Cash at bank	570,309	470,055
Financial liabilities that are debt instruments measured at amortised cost		
Trade creditors and accruals	54,950	57,198
Bank loans and related party loans	10,477,019	13,296,687
Parent company loans	4,216,693	4,900,115

Notes to the financial statements
for the year ended 31 December 2021

18. Post balance sheet events
During September the Company entered into a sale and lease back transaction, selling the vessel to a third party and bare boat chartering the vessel back in for 12 years, with purchase obligations. The loan with Sumitomo Mitsui Trust Bank Limited was prepaid in full.

19. Related party transactions
All relevant related party transactions are reported in notes 4, 5, 7, 11 and 13.

20. Immediate and ultimate holding company and controlling shareholder
The immediate and ultimate holding company is DAO Shipping Limited (Isle of Man Company). The controlling shareholder is Dan David Ungar. Financial statements of the parent company are not publicly available.