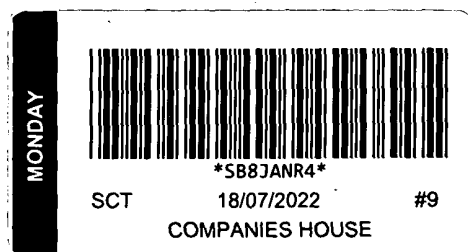


XT Shipping Limited

**Annual Report and Financial statements
for the year ended 31 December 2020**



XT Shipping Limited

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XT Shipping Limited**Officers and Professional Advisers****DIRECTORS**

Narayana Prasad Narumanchi Venkata Lakshmi
Martin Helweg

COMPANY SECRETARY

Narayana Prasad Narumanchi Venkata Lakshmi

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH
United Kingdom

SOLICITORS

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

INDEPENDENT AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

XT Shipping Limited
(Registered No. SC320140)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activities

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

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

- Rene Kofod-Olsen (resigned 15 March 2019)
- Jay Daga (resigned 22 January 2019)
- Robert Desai (resigned 18 August 2021)
- Narayana Prasad Narumanchi Venkata Lakshmi (appointed 11 February 2019)
- Martin Helweg (appointed 18 August 2021)

Results and dividends

The loss for the year after taxation was USD 77,178 (2019: loss of USD 12,017). No dividend was paid during the period (2019: Nil). The loss of USD 77,178 (2019: loss of USD 12,017) has been transferred to reserves.

The primary driver for the loss as explained above was the lack of opportunities in our operating sector which resulted in none of the vessels being on-hire during the year (2019: None).

Independent auditor

KPMG LLP were appointed as independent auditors for the year ended 31 December 2020 in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors' indemnity

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. No indemnity is provided for the Company's auditor.

XT Shipping Limited
(Registered No. SC320140)

DIRECTORS' REPORT (continued)

Going concern

For the year ended 31 December 2020, the Company incurred a net loss of USD 77,178 (2019: loss of USD 12,017). However, the Company is in a net current asset and net asset position as at 31 December 2020.

Whilst the financial performance and position of the Company do not raise doubts around its ability to continue as a going concern, the Directors acknowledge that the business disruptions caused by the emergence of COVID-19 pandemic in early 2020 and Russia-Ukraine conflict since February 2022, have resulted in economic uncertainty across the globe and volatility in all markets, including oil and gas. However, there are no immediate impacts on the Company, and the Directors believe it is unlikely that this will have any significant impact on the future operations of the Company.

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

Branch offices

In Azerbaijan, the Company operates through a branch which is located at 69 Nizami Street, Baku, Azerbaijan.

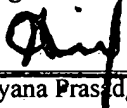
Events after the balance sheet date

Subsequent to the yearend, Russia launched a large-scale military invasion in Ukraine (Ukrainian crisis). The Company is continuously monitoring risks, uncertainties, and potential impacts on its operations in light of this event. As the situation is fast evolving, the effect of the crisis is subject to significant levels of uncertainty, with the full range of possible effects unknown. These uncertainties have been treated as a non-adjusting event as these events evolved after the reporting date. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2020 have not been adjusted to reflect this impact.

Small companies' regime

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

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



Narayana Prasad Narumanchi Venkata Lakshmi
Director
06 July 2022

XT Shipping Limited
(Registered No. SC320140)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of XT Shipping Limited ("the Company") for the year ended 31 December 2020, which comprise the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the entity did not generate any revenue during the year.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual accounts and unusual pairings to revenue and cash
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is 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 or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Tom Eve (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 15 Canada Square
 London
 E14 5GL,
 United Kingdom
 06 July 2022

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2020**

	Notes	2020 USD	2019 USD
General and administrative expenses	6	(42,637)	(25,994)
Loss before income tax		(42,637)	(25,994)
Income tax (expense) / credit	7	(34,541)	13,977
Loss for the year, representing total comprehensive loss for the year		(77,178)	(12,017)

All activities arise in respect of continuing activities.

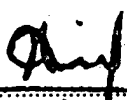
The accompanying notes from pages 11 to 27 form an integral part of these financial statements.

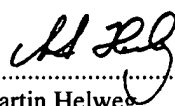
The independent auditors' report on financial statements is set out on pages 5 to 7.

**Statement of financial position
as at year ended 31 December 2020**

	Notes	2020 USD	2019 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	187,303	201,291
Deferred tax asset	9	-	12,258
Total non-current assets		187,303	213,549
Current asset			
Amounts due from related parties	13	15,505,459	15,505,459
Total Assets		15,692,762	15,719,008
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2	2
Retained earnings	11	2,887,167	2,964,345
Total equity		2,887,169	2,964,347
Non-current liabilities			
Deferred tax liabilities	9	28,830	-
Total non-current liabilities		28,830	-
Current liabilities			
Other payables and accruals	12	3,190	3,190
Amounts due to related parties	13	12,773,573	12,751,471
Total current liabilities		12,776,763	12,754,661
Total liabilities		12,805,593	12,754,661
Total Equity and Liabilities		15,692,762	15,719,008

The financial statements of XT Shipping Limited (registered number: SC320140) were approved by the board of directors on 06 July 2022 and were signed on its behalf by:


 Narayana Prasad Narumanchi Venkata Lakshmi
 Director


 Martin Helweg
 Director

The accompanying notes from pages 11 to 27 form an integral part of these financial statements.

The independent auditors' report on financial statements is set out on pages 5 to 7.

**Statement of changes in equity
for the year ended 31 December 2020**

	Share capital USD	Retained earnings USD	Total USD
Balance at 1 January 2019	2	2,976,362	2,976,364
Total comprehensive loss and loss for the year	-	(12,017)	(12,017)
Balance at 31 December 2019	2	2,964,345	2,964,347
Total comprehensive loss and loss for the year	-	(77,178)	(77,178)
Balance at 31 December 2020	2	2,887,167	2,887,169

The accompanying notes from pages 11 to 27 form an integral part of these financial statements.

The independent auditors' report on financial statements is set out on pages 5 to 7.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

1. Establishment and operations

XT Shipping Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office of the Company is Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH.

The Company is a wholly owned subsidiary of BUE Marine Limited, a company registered in Scotland. The Company's ultimate parent undertaking was Renaissance Services SAOG, a Company registered in the Sultanate of Oman. On 19 September 2019, DP World FZE completed the acquisition of the sub-group headed by Topaz Energy and Marine Limited (the "Intermediate Parent Company"). Accordingly, as at 31 December 2019 and 31 December 2020, the Company is fully owned by DP World FZE (the "Parent Company"). Dubai World Corporation, registered in Dubai, is the Ultimate Parent Company.

The Company's principal activities are the management, lease and charter of maritime vessels together with related marine services. The Company does not operate a bank account. All transactions are done through related parties.

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

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

During the current year, the Company adopted the below amended International Financial Reporting Standards ("IFRS") that are effective for the financial year ended 31 December 2020:

	Effective date
Covid-19 Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Definition to Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Definition of Business (Amendments to IFRS 3)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020

The adoption of these amendments had no significant impact on the Company's financial statements.

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

The below new and amended IFRSs which are effective for annual periods beginning after 1 January 2021 are available for early adoption, however; the Company has not early applied the following in preparing these financial statements:

	Effective date
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Classification of Liabilities as Current and Non-current (Amendments to IAS 1)	1 January 2023
Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and 28)	Effective date deferred indefinitely

Management does not expect that the adoption of the above new and amended standards will have a significant impact on the Company's financial statements.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)****3. Basis of preparation****Basis of accounting**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

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

The financial statements have been prepared under the historical cost convention, except for financial instruments which are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Going concern

For the year ended 31 December 2020, the Company incurred a net loss of USD 77,178 (2019: loss of USD 12,017). However, the Company is in a net current asset and net asset position as at 31 December 2020.

Whilst the financial performance and position of the Company do not raise doubts around its ability to continue as a going concern, the Directors acknowledge that the business disruptions caused by the emergence of COVID-19 pandemic in early 2020 and Russia-Ukraine conflict since February 2022, have resulted in economic uncertainty across the globe and volatility in all markets, including oil and gas. However, there are no immediate impacts on the Company, and the Directors believe it is unlikely that this will have any significant impact on the future operations of the Company.

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

Functional currency and presentation currency

The financial statements are presented in United States Dollars (USD) which is the Company's functional and presentation currency.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies

Revenue recognition

The Company recognises revenue from its major source, charter of marine vessels in accordance with IFRS 16.

Marine charter

Lease rental income is recognised on a straight line basis over the period of the lease. For the other revenue streams (except for mobilisation and demobilisation, refer below), the Company recognises revenue when it transfers control of a product or service to a customer. The stand-alone selling prices are determined based on the observable price at which the Company sells the products and services on a standalone basis. For items that are not sold separately, the Company estimates standalone selling prices using other methods.

Mobilisation and de-mobilisation

The mobilisation and de-mobilisation of the vessels is considered to be a distinct service as it is available for customers from other providers in the market. The revenue related to this service is recognised in accordance with IFRS 15, over the term of the contract. The transaction price allocated to these services is recognised as a contract liability at the time of initial recognition and is released on a straight-line basis over the period of contract.

Finance expenses

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

Financial instruments

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

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

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

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Classification of financial assets

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

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

Amortised cost and effective interest rate method

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

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

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

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

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

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

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

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables (excluding prepaid expenses). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade and other receivables (excluding prepaid expenses). The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

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

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

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

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss and other comprehensive income.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

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

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

Derecognition of financial assets

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

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of profit or loss and other comprehensive income.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except items that are recognised directly in equity or in other comprehensive income.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Property, plant and equipment

Items of property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost of marine vessels includes purchase price paid to third parties including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilisation costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

Capital work in progress is not depreciated. Assets in the course of construction are depreciated from the date that the related assets are ready for commercial use. Depreciation method, useful lives and residual values are reviewed at each reporting date.

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less any estimated residual value, of each asset, excluding vessels under construction, over its expected useful life as follows:

Marine vessels	7 years to 30 years
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The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

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

Dry docking costs

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

Vessel refurbishment costs

Owned assets

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

Provisions

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Significant accounting policies (continued)

Leases

The Company as a lessor

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

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

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

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

5. Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying Company's accounting policies

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

Key sources of estimation uncertainty

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

Impairment of marine vessel

The Company determines whether its vessels are impaired when there are indicators of impairment as defined in IAS 36 Impairment of assets. This requires an estimation of the value in use of the cash-generating unit which is the vessel owning and chartering segment. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from this cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the vessels the year ended 31 December 2020 was US\$ 187,303 (2019: US\$ 201,291).

The recoverable amount is determined based on value in use calculations for individual vessels where indicators of impairment were present at the reporting date. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a period of 5 years based on the expected utilisation rates of the individual vessels using a discount rate of 9% (2019: 11% - 12%).

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

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

Key sources of estimation uncertainty (continued)

Impairment of marine vessel (continued)

The projection of cash flows related to vessels is complex and requires the use of various estimates including future day rates, vessel utilisation and discount rates. These estimates are based on a number of key assumptions including asset replacement cost, ongoing maintenance and repair costs and estimated asset usage over the relevant period. These factors make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the recoverable amount of the asset. If the discount rate used for the impairment assessment would have been higher by 1% as at 31 December 2020, this would have not resulted in any additional impairment loss.

6. General and administrative expenses

	2020 USD	2019 USD
Legal fee	-	966
Depreciation	13,988	11,317
Other	28,649	13,711
	<u>42,637</u>	<u>25,994</u>

Staff costs

The Company has no employees other than the two directors (2019: three). The directors are not remunerated for their service to the Company.

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

7. Income tax expense

	2020 USD	2019 USD
<i>Current taxation</i>		
Group relief surrendered and paid for	(6,547)	(2,409)
<i>Deferred tax</i>		
Current year	(1,174)	(1,924)
Adjustment for previous year (note 7(i))	39,104	(9,644)
Impact of change of rate	3,158	-
Total deferred tax	<u>41,088</u>	<u>(11,568)</u>
Tax expense / (benefit) for the year	<u>34,541</u>	<u>(13,977)</u>

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

7. Income tax expense (continued)

UK corporation tax is calculated at 19.00% (2019: 19.00%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2020 USD	2019 USD
Loss before income tax	<u>(42,637)</u>	<u>(25,994)</u>
Tax at the UK corporation tax rate 19% (2019: 19%)	(8,101)	(4,939)
Tax effect of expenses that are not deductible in determining taxable profit	380	380
Prior year adjustment (i)	39,104	(9,644)
Difference in closing DT tax rate/ Impact of change of rate (ii)	3,158	226
Tax charge / (benefit) for the year	<u>34,541</u>	<u>(13,977)</u>

(i) The material element of the prior year adjustment relates to management decisions taken in the current year, but prior to the submission of the 2019 tax computation in respect of the allocation of available prior year tax losses and shipping allowances across the Group as part of that submission.

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

8. Marine vessels

	USD
Cost	
At 31 December 2019 and 2020	<u>360,370</u>
Accumulated depreciation	
At 1 January 2019	147,762
Depreciation charge for the year	11,317
At 31 December 2019	159,079
Depreciation charge for the year	13,988
At 31 December 2020	<u>173,067</u>
Net carrying amount	
At 31 December 2020	<u>187,303</u>
At 31 December 2019	<u>201,291</u>

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

8. Marine vessels (continued)

Depreciation charge has been allocated in the income statement as follows:

	2020 USD	2019 USD
General and administrative expenses	<u>13,988</u>	<u>11,317</u>

As at 31 December 2020, the Company's assets and undertaking including bareboat charter's rights, title and interest, present and future in the bareboat charterer's assigned property are charged as security for bank facilities obtained by related parties.

9. Deferred tax asset / (Liability)

	2020 USD	2019 USD
As at 1 January	12,258	690
Profit and loss account credit/(debit)	1,174	1,924
Prior year adjustments (note 7(i))	(39,104)	9,644
Impact of change of rate	(3,158)	-
As at 31 December	<u>(28,830)</u>	<u>12,258</u>

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

	Accelerated tax depreciation USD	Losses USD	Total USD
As at 1 January 2020	2,614	9,644	12,258
Debited to the income statement	(29,460)	(9,644)	(39,104)
Prior period adjustment (note 7(i))	1,174	-	1,174
Impact of change of rate	(3,158)	-	(3,158)
As at 31 December 2020	<u>(28,830)</u>	<u>-</u>	<u>(28,830)</u>

10. Share capital

	2020 USD	2019 USD
<i>Authorised</i>		
1,000 (2019: 1,000) Ordinary shares of £1 (2019: £1) each	<u>1,750</u>	<u>1,750</u>
<i>Allotted, called up and fully paid</i>		
1 (2019: 1) Ordinary share of £1 (2019: £1)	<u>2</u>	<u>2</u>

11. Retained earnings

The reserve comprises accumulated profits and losses to the company less any dividends paid.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

12. Other payables and accruals

	2020 USD	2019 USD
Sundry creditors	3,190	3,190

13. Related party transactions

a) Amounts due from related parties

	2020 USD	2019 USD
<i>Company under common ownership and management control</i>		
BUE Bautino LLP, Kazakhstan	479,309	479,309
BUE Aktau LLP, Kazakhstan	2,085,216	2,085,216
BUE Caspian Ltd, Scotland	3,289,904	3,289,904
BUE Marine Turkmenistan, Scotland	9,651,030	9,651,030
	<u>15,505,459</u>	<u>15,505,459</u>

Outstanding balances at the year-end are unsecured, non-interest bearing and arise in the normal course of business. It is not the practice of the Company to obtain collateral over inter-company receivables and the balances are therefore, unsecured.

The Group has determined that the amounts due from related parties do not carry a material credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Group has considered the terms underlying these balances, the ability of the related parties to settle these balances when due and the right of set off on a Group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances are guaranteed by Topaz Energy & Marine Limited, Bermuda, the Parent Company.

b) Amounts due to related parties

	2020	2019
<i>Immediate parent company</i>		
BUE Marine Limited, Scotland	11,212,051	11,210,251
<i>Company under common ownership and management control</i>		
BUE Bulkers Limited, Scotland	10,760	17,307
BUE Kazakhstan Limited, Scotland	1,550,762	1,523,913
	<u>12,773,573</u>	<u>12,751,471</u>

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

**Notes to the financial statements
for the year ended 31 December 2020 (continued)****14. Ultimate parent company**

The immediate parent company is BUE Marine Limited, a company incorporated in Scotland, the registered address of the immediate parent company is Exchange Tower, 19 Canning Street, Edinburgh, Scotland EH3 8EH. Group financial statements are prepared for Topaz Energy and Marine Limited, which is the smallest group for which consolidated accounts are prepared of which the company is a member and within which its results are included. The address of the registered office of the Company is P.O. Box 1022, Clarendon House, Church Street - West, Hamilton HM DX, Bermuda. Copies of that company's accounts can be obtained from Level 58, Almas Tower, Jumeirah Lake Towers, Dubai, UAE. The largest group for which consolidated accounts are prepared is DP World PLC. The address of the registered office of the Company is P.O. Box 17000, Dubai, United Arab Emirates. Copies of that company's accounts can be obtained from the same address. Dubai World Corporation is the Ultimate Parent Company, a company owned by Dubai government.

15. COVID-19 IMPACT

On 11 March 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) should be characterised as a pandemic. In addition, oil prices dropped significantly in Q1/2020 due to a number of political and economic factors. Businesses have subsequently seen reduced customer traffic and, where governments have so mandated, temporary suspension of travel and closure of recreation and other public facilities.

These events had impacted the economic and risk environment in which the Company operates. The impact to the Company was in the form of reduced demand for services, curtailment of projects for drilling and rigging by major oil companies etc.

As of today, the Company believes that its operations have normalised, and Covid-19 has no adverse effects on its business.

16. SUBSEQUENT EVENTS***Impact of the Ukrainian crisis and Russian sanctions***

Subsequent to the yearend, Russia launched a large-scale military invasion in Ukraine (Ukrainian crisis). The Company is continuously monitoring risks, uncertainties, and potential impacts on its operations in light of this event. As the situation is fast evolving, the effect of the crisis is subject to significant levels of uncertainty, with the full range of possible effects unknown. These uncertainties have been treated as a non-adjusting event as these events evolved after the reporting date. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2020 have not been adjusted to reflect this impact.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issuance and signed by the management on behalf of the shareholders on 06 July 2022.