

SEYCHELLES PRELUDE LIMITED

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CORPORATE INFORMATION

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- DIRECTORS** : F Racombo (Chairman)  
U Romain  
R Hoareau  
S Romain
- SECRETARY** : Döhle Corporate and Trust Services Limited  
Forte Anne, South Quay  
Douglas  
Isle of Man  
IM1 5PD
- REGISTERED OFFICE** : Forte Anne, South Quay  
Douglas  
Isle of Man  
IM1 5PD
- PRINCIPAL PLACE OF BUSINESS** : Seychelles Petroleum Company Limited  
New Port, Mahé  
Seychelles
- AUDITORS** : BDO Associates  
Chartered Accountants  
P O Box 18, Mahé  
Seychelles

## DIRECTORS' REPORT - DECEMBER 31, 2022

The Directors have pleasure in submitting their report on Seychelles Prelude Limited together with the audited financial statements of the Company for the year ended December 31, 2022.

**PRINCIPAL ACTIVITY**

The Company is engaged in the rental of its double hull tanker to its holding Company, Seychelles Petroleum Company Limited, under a bareboat charter agreement for the transportation of petroleum products and chemicals.

There has been no significant change in the nature of this principal activity during the financial year under review.

**RESULTS**

	€
Profit for the year	354,365
Revenue deficit brought forward	<u>(6,457,677)</u>
Revenue deficit carried forward	<u><u>(6,103,312)</u></u>

**DIVIDENDS**

The Directors did not recommend the payment of any dividend for the year under review (2019: Nil).

**EQUIPMENT**

The equipment of the Company and the movements therein are detailed in note 5 to the financial statements.

The Board is of the opinion that the fair value of the double hull tanker as at December 31, 2022 does not differ materially from its carrying amount at the end of the reporting period.

**DIRECTORS AND DIRECTORS' INTEREST:**

The Directors of the Company from the date of the last report to-date are as follows:

F Racombo (Chairman)  
 U Romain  
 R Hoareau  
 S Romain

None of the Directors has any direct or indirect interest in the shares of the Company.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for the overall management of the affairs of the Company including the operations and investment decisions.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONT'D)**

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Isle of Man Companies Acts, 1931 to 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Group; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

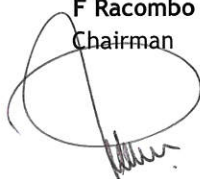
The Directors consider they have met their aforesaid responsibilities.

**AUDITORS**

The retiring auditors, BDO Associates being eligible offer themselves for re-appointment.

**BOARD APPROVAL**

**F Racombo**  
Chairman



**R Hoareau**  
Director



**U Romain**  
Director



**S Romain**  
Director

Date: 31 MAY 2023  
Victoria, Seychelles

## SEYCHELLES PRELUDE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

#### Report on the audit of the Financial Statements

##### Opinion

We have audited financial statements of **SEYCHELLES PRELUDE LIMITED** (hereafter referred to as "the Company") on pages 4 to 18 which comprise the Statement of Financial Position as at December 31, 2022, the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 18 give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the provisions of the Isle of Man Companies Acts, 1931 to 2004.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the provisions of the Isle of Man Companies Acts, 1931 to 2004 and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

##### 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)****Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements*****The provisions of the Isle of Man Companies Acts***

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.



SEYCHELLES PRELUDE LIMITED

3(b)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal and Regulatory Requirements (Cont'd)

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with the provisions of the Isle of Man Companies Acts, 1931 to 2004. Our audit work has been undertaken so that we might state to the Company's members those matters which 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 or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dated: 31 MAY 2023  
Victoria, Seychelles

*BDO Associates*

**BDO ASSOCIATES**  
*Chartered Accountants*

## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2022

	Notes	2022 €	2021 €
<b>ASSET</b>			
<b>Non-current asset</b>			
Equipment and Total asset	5	<u>12,413,698</u>	<u>13,665,490</u>
<b>EQUITY / (DEFICIT) AND LIABILITIES</b>			
<b>Shareholders' equity / (deficit)</b>			
Share capital	6	2,900	2,900
Revenue deficit		<u>(6,103,312)</u>	<u>(6,457,677)</u>
		<u>(6,100,412)</u>	<u>(6,454,777)</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Borrowing	7	<u>18,511,254</u>	<u>20,117,661</u>
<b>Current liabilities</b>			
Other payables		<u>2,856</u>	<u>2,606</u>
<b>Total liabilities</b>		<u>18,514,110</u>	<u>20,120,267</u>
<b>Total equity and liabilities</b>		<u>12,413,698</u>	<u>13,665,490</u>

These financial statements have been approved for issue by the Board of Directors on: **31 MAY 2023**



**F Racombo**  
Chairman



**R Hoareau**  
Director



**U Romain**  
Director



**S Romain**  
Director

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31,  
2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		€	€
Revenue	2(i)	1,580,066	1,406,725
Other income	9	34,491	-
Depreciation charge	5	(1,251,792)	(1,251,792)
Administrative expenses	8	(8,400)	(18,103)
<b>Profit and total comprehensive income for the year</b>		<b><u>354,365</u></b>	<b><u>136,830</u></b>

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2022

	Share capital €	Revenue deficit €	Total €
At January 1, 2022	2,900	(6,457,677)	(6,454,777)
Total comprehensive income for the year	-	354,365	354,365
At December 31, 2022	<u>2,900</u>	<u>(6,103,312)</u>	<u>(6,100,412)</u>
At January 1, 2021	2,900	(6,594,507)	(6,591,607)
Total comprehensive income for the year	-	136,830	136,830
At December 31, 2021	<u>2,900</u>	<u>(6,457,677)</u>	<u>(6,454,777)</u>

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2022

	<u>Notes</u>	<u>2022</u> €	<u>2021</u> €
<b>Cash generated from operations</b>			
Profit for the year		354,365	136,830
<i>Adjustment for:</i>			
Depreciation charge	5	1,251,792	1,251,792
<b>Cash inflow from operations</b>		<u>1,606,157</u>	<u>1,388,622</u>
<i>Changes in working capital</i>			
Increase in other payables		250	-
<b>Net cash inflow from operating activities</b>		<u>1,606,407</u>	<u>1,388,622</u>
<b>Cash flows from financing activity</b>			
Repayment of borrowing and Net cash outflow from financing activity	7	<u>(1,606,407)</u>	<u>(1,388,622)</u>
<b>Net movement in cash and cash equivalents</b>		<u>-</u>	<u>-</u>
At January 1 and At December 31,		<u>-</u>	<u>-</u>

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## 1. GENERAL INFORMATION

**Seychelles Prelude Limited** is a limited liability company incorporated and domiciled in the Isle of Man. The Company rents its double hull tanker to its holding Company, (Seychelles Petroleum Company Limited), on a bareboat charter agreement for the transportation of chemicals and petroleum products. Its registered office is situated at Forte Anne, South Quay, Douglas, Isle of Man, IM1 5PD.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and are in compliance with the Isle of Man Companies Acts, 1931 to 2004.

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed relevant accounting standards. Where necessary, comparative figures have been amended to conform with the change in presentation in the current period.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

### (b) New and amended standards and interpretations

#### ***New standards and amendments effective for annual periods beginning January 1, 2022***

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS 2018-2020 (Amendments to IFRS 1, IFRS 9 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

#### ***i) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)***

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) New and amended standards and interpretations (Cont'd)****i) Onerous Contracts - Cost of Fulfilling a Contract. (Cont'd)**

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract - e.g., direct labour and material; and
- An allocation of other costs that relate directly to fulfilling the contract: e.g. allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This resulted in accounting policy change for performing an onerous contract assessment. Previously, the Company included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy includes both incremental costs and an allocation of other costs incurred to fulfil the agreement.

*The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Company analysed contracts existing on January 1, 2022, and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there was no impact on opening equity balance as at January 1, 2022 as a result of the change.*

**ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).**

The amendment to IAS 16 prohibits an entity deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced whilst the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after construction but before commencement of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in Statement of Profit or Loss.

*These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.*

**iii) Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9 & IAS 41)**

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities; and
- IAS 41: Taxation in Fair Value Measurements.

*None of the amendments had an impact on the financial statements of the Company as it was neither a first-time adopter, nor had modifications to the consolidated and separate financial instruments during the period nor had assets under IAS 41 as at the reporting date.*

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

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**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) New and amended standards and interpretations (Cont'd)****iv) References to Conceptual Framework**

In May 2020, the IASB issued amendments to IFRS 3, which updated a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

*These amendments had no impact on the financial statements as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.*

**(c) New standards and amendments not yet effective at the reporting date**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

**i) The following amendments are effective for the period beginning January 1, 2023:**

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023.

**ii) The following amendments are effective for the period beginning January 1, 2024:**

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

*The Company is currently assessing the impact of these new accounting standards and amendments and does not expect any other standards issued by the IASB but not yet effective, to have a material impact on its financial statements.*

**(d) Equipment**

Equipment is initially stated at cost. Subsequent to initial recognition, equipment is stated at historical cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(d) Equipment (Cont'd)**

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the asset, to its residual value over its estimated useful life as follows:

Double hull tanker	25 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

**(e) Financial instruments**

Financial assets and 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. The Company's accounting policies in respect of the main financial instruments are set out below.

**(i) Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

**(ii) Other payables**

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**(iii) Share capital**

Ordinary shares are classified as equity.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(f) Foreign currencies****(i) *Functional and presentation currency***

Items included in the financial statements are measured using Euro, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

**(ii) *Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit or Loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**(g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(h) Operating leases - Company is the lessor**

Assets leased out under operating leases are recognised as equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets.

**(i) Revenue recognition**

Revenue represents rental income from the lease of the Company's double hull tanker. Rental income is recognised on a straight line basis over the lease term.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(j) Provisions**

Provisions are recognised when the Company has a present or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**3. FINANCIAL RISK MANAGEMENT****3.1 Financial Risk Factors**

The Company's activity exposes it to a variety of financial risks, including:

- Currency risk;
- Liquidity risk;
- Interest rate risk; and
- Credit risk

A description of the significant risk factors is given below together with the risk management policies applicable.

**(i) Currency risk**

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars.

The Company is predominantly exposed to currency risk on bareboat fees denominated in USD from the Holding Company. Foreign currency risk is not hedged.

**(ii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000	No fixed repayment term €'000	Total €'000
<b>At December 31, 2022</b>						
<b>Borrowing from shareholder</b>	-	-	-	-	18,511	18,511
<b>Other payables</b>	3	-	-	-	-	3

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial Risk Factors (Cont'd)****(ii) Liquidity risk (Cont'd)**

	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000	No fixed repayment term €'000	Total €'000
At December 31, 2021						
Borrowing from shareholder	-	-	-	-	20,118	-
Other payables	3	-	-	-	-	3

**(iii) Interest rate risk**

The Company's income and operating cash flows are not exposed to interest rate risk as borrowing from its Holding Company is interest free.

**(iv) Credit risk**

The Company is not exposed to credit risk since its only customer is its Holding company which is financially sound and the receivable is set off against monthly fees from the Holding company.

**3.2 Fair value estimation**

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

**3.3 Capital Risk Management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Company was created as a special purpose vehicle, for the provision of vessels to the Holding company, in return for interest free loan. Return to the shareholders will be in the form of dividends or economic benefits derived from the use of vessels.

As at December 31, 2022, all of the Company's debt was towards its Holding Company and the debt/borrowings were unsecured and interest free.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continuously 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 accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives and residual values**

Determining the carrying amounts of equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Company and the relevant industry in which it operates in order to best determine the useful lives and residual values of its tanker.

**(b) Functional currency**

The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the EURO.

**5. EQUIPMENT**

	<u>Double hull tanker</u>	
	<u>2022</u>	<u>2021</u>
	€	€
<b>COST</b>		
At January 1, and At December 31,	<u>42,495,178</u>	<u>42,495,178</u>
<b>ACCUMULATED DEPRECIATION</b>		
At January 1,	28,829,688	27,577,896
Charge for the year (note 9)	<u>1,251,792</u>	<u>1,251,792</u>
At December 31,	<u>30,081,480</u>	<u>28,829,688</u>
<b>NET BOOK VALUE</b>		
At December 31,	<u>12,413,698</u>	<u>13,665,490</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

**6. SHARE CAPITAL**

	<u>2022 &amp; 2021</u>	
	€	
Authorised, issued and fully paid up 2,000 ordinary shares of 1 UK Pound (£) each	<u>2,900</u>	

**7. BORROWING**

	<u>2022</u>	<u>2021</u>
	€	€
<b>Non current</b>		
At January 1,	20,117,661	21,506,283
Repayment during the year	<u>(1,606,407)</u>	<u>(1,388,622)</u>
At December 31,	<u>18,511,254</u>	<u>20,117,661</u>

- (a) The amount payable to the shareholder were unsecured, non-interest bearing and has no fixed repayment terms. The Directors have estimated that this should be recognised as a non-current liability.
- (b) The carrying amount of borrowings is denominated in Euro and is not materially different from its amortised costs.

**8. ADMINISTRATIVE EXPENSES**

	<u>2022</u>	<u>2021</u>
	€	€
Legal and professional fees	<u>8,400</u>	<u>18,103</u>

**9. PROFIT FOR THE YEAR**

Profit for the year is arrived at after:

	<u>2022</u>	<u>2021</u>
	€	€
<b>Crediting:</b>		
Rental income	1,580,066	1,406,725
Insurance claim	34,491	-
<b>and (charging):</b>		
Depreciation on equipment (note 5)	(1,251,792)	(1,251,792)
Auditor's remuneration	(2,750)	(2,500)
Directors' remuneration	<u>-</u>	<u>-</u>

**10. TAXATION**

No provision is required for the current year as the Company's income is taxed at 0% as per the provisions of the Isle of Man Income Tax Act, 1970 (2021: 0%).

**11. COMMITMENTS****(a) Capital commitment**

There was no capital commitment as at December 31, 2022 (2021: Nil).

**(b) Operating lease commitments - where the Company is the lessor**

The future minimum lease payments receivable under operating lease:

The Company is entitled to monthly bareboat charter fees from the Holding company. The lease is for a period of 12 years from January 2006 or until the total outstanding indebtedness is repaid in full.

**12. RELATED PARTY TRANSACTIONS****(a) Holding company**

	<u>2022</u>	<u>2021</u>
	€	€
Amount payable to shareholder (note 7)	<b>18,511,254</b>	20,117,661
Rental income	<b>1,580,066</b>	1,406,725

(b) The Company was created as a special vehicle for the provision of vessels to the Holding company at a monthly fee. The Holding company in return, financed the Company through unsecured interest free loan. There has been no guarantees provided for any related party payables as at year end.

(c) There is no key management personnel at Company's level.

**13. Holding Company**

The company considers Seychelles Petroleum Company Limited as its Holding company and the Government of Seychelles as the Ultimate Holding Company, both Companies are incorporated and domiciled in Seychelles.

**14. GOING CONCERN**

The Company had accumulated deficit of **Euro 6.1m** (2021: Euro 6.5m) and, as of that date, the Company's current liabilities exceeded its current assets by **Euro 2.9k** (2021: Euro 2.6k).

Notwithstanding the aforesaid, these financial statements have been prepared on going due to the following:

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

**14. GOING CONCERN (CONT'D)**

- The Company's asset, the vessel/boat is being rented by the parent / the Holding Company for monthly bareboat fees;
- The Ultimate holding Company relies on the subsidiary's vessels for its operations and Management of the Holding Company do not have any intention to close the subsidiaries;
- The Holding Company advanced an interest free loan, with no terms to the subsidiary. The Holding company will not recall the debt within the next 12 months; and
- As per Bareboat Charter agreement, the vessels will be rented to the Holding Company until the outstanding indebtedness is repaid in full.

Accordingly, based on the above Holding company's financial support, the Directors are of the opinion that the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of these financial statements and therefore it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

**15. FIVE YEAR FINANCIAL SUMMARY**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	€'000	€'000	€'000	€'000	€'000
Profit for the year	354	137	232	204	109
Revenue deficit brought forward	<u>(6,458)</u>	<u>(6,595)</u>	<u>(6,827)</u>	<u>(7,031)</u>	<u>(7,140)</u>
Revenue deficit carried forward	<u>(6,104)</u>	<u>(6,458)</u>	<u>(6,595)</u>	<u>(6,827)</u>	<u>(7,031)</u>
<b>OWNERS' DEFICIT:</b>					
Share capital	3	3	3	3	3
Revenue deficit	<u>(6,104)</u>	<u>(6,458)</u>	<u>(6,595)</u>	<u>(6,827)</u>	<u>(7,031)</u>
	<u>(6,101)</u>	<u>(6,455)</u>	<u>(6,592)</u>	<u>(6,824)</u>	<u>(7,028)</u>