

SEYCHELLES PROGRESS LIMITED

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CORPORATE INFORMATION

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, 2021

The Directors have pleasure in submitting their report on Seychelles Progress Limited together with the audited financial statements of the Company for the year ended December 31, 2021.

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

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Profit for the year	290,223
Revenue deficit brought forward	(3,468,279)
Revenue deficit carried forward	<u>(3,178,056)</u>

DIVIDENDS

The Directors did not recommend the payment of any dividend for the year under review (2020: 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, 2021 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.

DIRECTORS' REPORT - DECEMBER 31, 2021

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: 17 JUN 2022
Victoria, Seychelles

SEYCHELLES PROGRESS LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **SEYCHELLES PROGRESS LIMITED** (hereafter referred to as "the Company") on pages 4 to 17 which comprise the Statement of Financial Position as at December 31, 2021, 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 17 give a true and fair view of the financial position of the Company as at December 31, 2021 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.

Emphasis of matter

Shareholders' deficit

The Company had Shareholders' deficit of €3.2m (2020: €3.5m).

The Directors of the Company together with Management are confident that they will continue to have the financial and otherwise support from their ultimate Shareholder, and are therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

Our opinion is not qualified in respect of the above matter.

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 Public Enterprise Monitoring Commission Act, 2013, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)**Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Cont'd)**

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. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

SEYCHELLES PROGRESS LIMITED

3(b)

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

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

Public Enterprise Monitoring Commission Act, 2013

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

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.


BDO ASSOCIATES
Chartered Accountants

Dated: 17 JUN 2022
Victoria, Seychelles

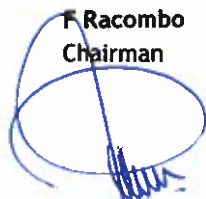
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2021

	Notes	2021 €	2020 €
ASSETS			
Non-current asset			
Equipment and Total assets	5	<u>7,228,781</u>	<u>8,077,217</u>
EQUITY / (DEFICIT) AND LIABILITIES			
Shareholders' equity / (deficit)			
Share capital	6	2,662	2,662
Revenue deficit		<u>(3,178,056)</u>	<u>(3,468,279)</u>
		<u>(3,175,394)</u>	<u>(3,465,617)</u>
LIABILITIES			
Non-current liability			
Borrowing	7	<u>10,401,675</u>	<u>11,540,334</u>
Current liabilities			
Other payables - accruals		<u>2,500</u>	<u>2,500</u>
Total liabilities		<u>10,404,175</u>	<u>11,542,834</u>
Total equity and liabilities		<u>7,228,781</u>	<u>8,077,217</u>

These financial statements have been approved for issue by the Board of Directors on: 17 JUN 2022



F Racombo
Chairman



R Hoareau
Director



U Romain
Director



S Romain
Director

The notes on pages 8 to 17 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, 2021

	Notes	2021 €	2020 €
Revenue	2(i)	1,154,777	1,225,888
Depreciation	5	(848,436)	(848,436)
		306,341	377,452
Administrative expenses	8	(16,118)	(9,445)
Profit and total comprehensive income for the year	9	290,223	368,007

The notes on pages 8 to 17 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, 2021

	Share capital €	Revenue deficit €	Total €
At January 1, 2021	2,662	(3,468,279)	(3,465,617)
Total comprehensive income for the year	-	290,223	290,223
At December 31, 2021	<u>2,662</u>	<u>(3,178,056)</u>	<u>(3,175,394)</u>
At January 1, 2020	2,662	(3,836,286)	(3,833,624)
Total comprehensive income for the year	-	368,007	368,007
At December 31, 2020	<u>2,662</u>	<u>(3,468,279)</u>	<u>(3,465,617)</u>

The notes on pages 8 to 17 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, 2021

	Notes	2021 €	2020 €
Cash generated from operations			
Profit for the year		290,223	368,007
<i>Adjustment for:</i>			
Depreciation	5	848,436	848,436
Net cash inflow from operating activities		<u>1,138,659</u>	<u>1,216,443</u>
Cash flows from financing activity			
Repayment of borrowing and Net cash outflow from financing activity	7(a)	<u>(1,138,659)</u>	<u>(1,216,443)</u>
Net movement in cash and cash equivalents		<u>-</u>	<u>-</u>
At January 1 and At December 31,		<u>-</u>	<u>-</u>

The notes on pages 8 to 17 form an integral part of these financial statements.
Auditor's report on pages 3 to 3(b).

1. GENERAL INFORMATION

Seychelles Progress 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**(i) Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments have no impact on the Company's financial statements. The Company intends to use the practical expedients in future periods if they become applicable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(b) New and amended standards and interpretations (Cont'd)****(ii) Covid-19-Related Rent Concessions beyond June 30, 2021 Amendments to IFRS 16**

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Company has not received Covid-19-related rent concessions.

(c) Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2022 or later periods and are not likely to have an impact on the Company's financial statements.

(i) The following amendments are effective for the period beginning January 1, 2022:

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

(ii) 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.

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

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.

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

(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.

If the Euro had weakened/strengthened against the US Dollar by $\pm 5\%$ with all other variables remaining constant, the impact on the results for the year would have been $\pm \text{€ } 57,739$ (2020: $\pm \text{€ } 61,294$) mainly as a result of foreign exchange losses/gains on translation of US dollar denominated transactions.

(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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	No fixed repayment term	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At December 31, 2021						
Borrowing from shareholder	-	-	-	-	10,402	10,402
Other payables	3	-	-	-	-	3
At December 31, 2020						
Borrowing from shareholder	-	-	-	-	11,540	11,540
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.

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 objective when managing capital is to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio which is the net debt divided by total capital plus debt. Net debt is calculated as total debts (as shown in the Statement of Financial Position) less cash at bank.

During 2021, the Company's strategy, which was unchanged from 2020, was to maintain the gearing ratio at a reasonable level in order to secure access to finance at a reasonable cost.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.3 Capital Risk Management (Cont'd)**

The net debt at December 31, 2021 and at December 31, 2020 were as follows:

	THE COMPANY	
	2021	2020
	€'000	€'000
Total debt	10,402	11,540
Total capital	3	3
Net debt	10,402	11,540
Total capital plus debt	10,405	11,543
Gearing ratio	99.97%	99.97%

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. However, in the financial statements, there are no 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

5. EQUIPMENT

	Double hull tanker	
	2021	2020
	€	€
Cost		
At January 1, and at December 31,	<u>35,676,010</u>	<u>35,676,010</u>
Accumulated depreciation		
At January 1,	27,598,793	26,750,357
Charge for the year (note 9)	848,436	848,436
At December 31,	<u>28,447,229</u>	<u>27,598,793</u>
Net book value		
At December 31,	<u>7,228,781</u>	<u>8,077,217</u>

6. SHARE CAPITAL

	2021 & 2020
	€
Authorised, issued and fully paid up - 2,000 ordinary shares of 1 UK Pound (£) each	<u>2,662</u>

7. BORROWING

(a) Amount payable to shareholder

	2021	2020
	€	€
At January 1,	11,540,334	12,756,777
Repayment during the year	(1,138,659)	(1,216,443)
At December 31,	<u>10,401,675</u>	<u>11,540,334</u>

- (i) The amount payable to shareholder is unsecured, non-interest bearing and has no fixed repayment term. The Directors have estimated that this should be recognised as a non-current liability.
- (ii) The carrying amount of borrowings is not materially different from their amortised cost.
- (iii) The carrying amount of the Company's borrowing is denominated in Euro.

8. EXPENSES BY NATURE

	2021	2020
	€	€
Legal and professional fees	<u>16,118</u>	<u>9,445</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

9. ADMINISTRATIVE EXPENSES

Profit for the year is arrived at after:

	2021	2020
	€	€
Crediting:		
Rental income	1,154,777	1,225,888
and (charging):		
Depreciation on equipment - owned (note 5)	(848,436)	(848,436)
Auditor's remuneration	(2,500)	(2,500)
Directors' remuneration	-	-

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 (2020: 0%).

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

There were no capital commitments as at December 31, 2021 (2020: Nil).

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

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2021	2020
	€	€
Not later than one year	1,154,777	1,225,888
Later than one year and not later than five years	4,619,108	4,903,552
	<u>5,773,885</u>	<u>6,129,440</u>

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

	2021	2020
	€	€
Amount payable to shareholder (note 7)	10,401,675	11,540,334
Rental income	<u>1,154,777</u>	<u>1,225,888</u>

(b) The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

(c) Outstanding balances at the year-end are unsecured and interest free. There has been no guarantees provided for any related party payables.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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. FIVE YEAR FINANCIAL SUMMARY

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	€'000	€'000	€'000	€'000	€'000
Profit for the year	291	368	345	265	298
Revenue deficit brought forward	(3,469)	(3,837)	(4,182)	(4,447)	(4,745)
Revenue deficit carried forward	<u>(3,178)</u>	<u>(3,469)</u>	<u>(3,837)</u>	<u>(4,182)</u>	<u>(4,447)</u>
OWNERS' DEFICIT					
Share capital	3	3	3	3	3
Revenue deficit	(3,178)	(3,469)	(3,837)	(4,182)	(4,447)
	<u>(3,175)</u>	<u>(3,466)</u>	<u>(3,834)</u>	<u>(4,179)</u>	<u>(4,444)</u>