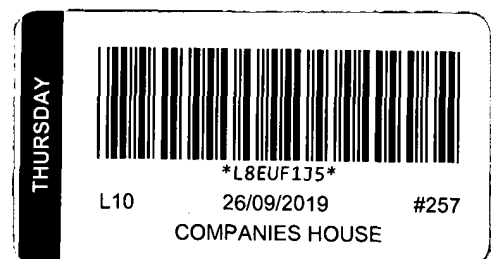

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | A Dinkov V Atanasov K Terziev |
| Registered number | 00871726 |
| Registered office | Black Sea House 72 Wilson Street London EC2A 2DH |
| Auditor | Barnes Roffe LLP Chartered Accountants Statutory Auditor Leytonstone House Leytonstone London E11 1GA |

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

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| Statement of income and retained earnings | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 - 13 |
| The following pages do not form part of the statutory financial statements: | |
| Detailed profit and loss account and summaries | 14 - 16 |

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

A Dinkov
V Atanasov
K Terziev

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

The company paid a dividend of £1.14m after the year end date.

There have been no other significant events affecting the Company since the year end.

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Auditor

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *14. 05. 2019* and signed on its behalf.



A. Dinkov
Director

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

Opinion

We have audited the financial statements of Balkan & Black Sea Shipping Company Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 14 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BALKAN & BLACK SEA SHIPPING COMPANY LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BALKAN & BLACK SEA SHIPPING
COMPANY LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Stuart Moon

Stuart Moon (Senior statutory auditor)
for and on behalf of

Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
Leytonstone House
Leytonstone
London
E11 1GA

Date: 14 May 2019

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Note | 2018 £ | 2017 £ |
|---|------|------------------|------------------|
| Turnover | | 465,565 | 407,280 |
| Gross profit | | 465,565 | 407,280 |
| Administrative expenses | | (317,614) | (430,845) |
| Other operating income | 4 | 229,200 | 229,825 |
| Operating profit | | 377,151 | 206,260 |
| Interest payable and similar charges | | (18) | (9) |
| Profit before tax | | 377,133 | 206,251 |
| Tax on profit | | (73,438) | (41,833) |
| Profit after tax | | 303,695 | 164,418 |
| Retained earnings at the beginning of the year | | 1,556,338 | 1,391,920 |
| Profit for the year | | 303,695 | 164,418 |
| Retained earnings at the end of the year | | 1,860,033 | 1,556,338 |

The notes on pages 8 to 13 form part of these financial statements.

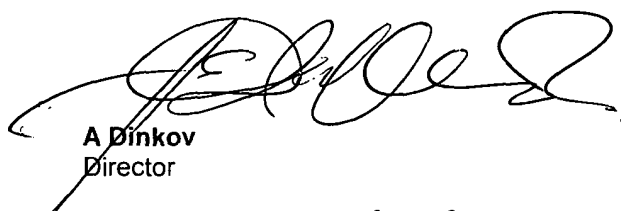
BALKAN & BLACK SEA SHIPPING COMPANY LIMITED
REGISTERED NUMBER: 00871726

BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 634,341 | 644,436 |
| Investments | 8 | 100 | 100 |
| | | <u>634,441</u> | <u>644,536</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 2,387,711 | 1,119,552 |
| Cash at bank and in hand | | 1,390,916 | 1,418,698 |
| | | <u>3,778,627</u> | <u>2,538,250</u> |
| Creditors: amounts falling due within one year | 10 | (2,503,035) | (1,576,448) |
| Net current assets | | <u>1,275,592</u> | <u>961,802</u> |
| Net assets | | <u><u>1,910,033</u></u> | <u><u>1,606,338</u></u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 50,000 | 50,000 |
| Profit and loss account | | 1,860,033 | 1,556,338 |
| | | <u><u>1,910,033</u></u> | <u><u>1,606,338</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A Dinkov
 Director

Date: 14.05.2019

The notes on pages 8 to 13 form part of these financial statements.

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Balkan & Black Sea Shipping Company Limited ("the company") is a private company limited by shares, incorporated in England and Wales. Its registered office is Black Sea House, 72 Wilson Street, London, EC2A 2DH.

The company's principal activity is that of shipping services, forwarding freight and chartering brokers.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company continues to adopt the going concern basis in preparing its financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Where the company acts as agent commissions are recognised on inception of the contract in respect of brokerage services and on completion of the contract in respect of voyage charter services.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual basis:

| | |
|---------------------------------------|-------------------------------|
| Freehold property | - 1.67% - 8.90% straight line |
| Plant, furniture, fixtures & fittings | - 5 - 25% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

2.8 Creditors

Short term creditors are measured at the transaction price.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Other operating income

| | 2018 £ | 2017 £ |
|---------------|-----------|-----------|
| Rental income | 229,200 | 229,825 |

5. Employees

The average monthly number of employees, including directors, during the year was 4 (2017 - 4).

6. Directors' remuneration

| | 2018 £ | 2017 £ |
|----------------------------------|-----------|-----------|
| Directors' emoluments | 143,091 | 146,665 |
| Directors' pension contributions | 7,342 | 7,399 |
| | 150,433 | 154,064 |

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Tangible fixed assets

| | Freehold property £ | Plant, furniture and fixtures & fittings £ | Total £ |
|-------------------------------------|---------------------------|--|------------------|
| Cost | | | |
| At 1 January 2018 | 1,128,086 | 18,426 | 1,146,512 |
| Additions | 3,212 | 6,824 | 10,036 |
| At 31 December 2018 | <u>1,131,298</u> | <u>25,250</u> | <u>1,156,548</u> |
| Depreciation | | | |
| At 1 January 2018 | 487,432 | 14,644 | 502,076 |
| Charge for the year on owned assets | 18,739 | 1,392 | 20,131 |
| At 31 December 2018 | <u>506,171</u> | <u>16,036</u> | <u>522,207</u> |
| Net book value | | | |
| At 31 December 2018 | <u>625,127</u> | <u>9,214</u> | <u>634,341</u> |
| At 31 December 2017 | <u>640,654</u> | <u>3,782</u> | <u>644,436</u> |

8. Fixed asset investments

| | Investments in subsidiary companies £ |
|----------------------------------|--|
| Cost & Net Book Value | |
| At 1 January 2018 | 100 |
| At 31 December 2018 | <u>100</u> |

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 727,539 | 48,982 |
| Amounts owed by group undertakings | 26,077 | 36,202 |
| Other debtors | 6,982 | 6,396 |
| Prepayments and accrued income | 1,627,113 | 1,027,972 |
| | <u>2,387,711</u> | <u>1,119,552</u> |

10. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 132,132 | 8,011 |
| Amounts owed to group undertakings | 694,942 | 384,004 |
| Corporation tax | 73,848 | 42,519 |
| Other taxation and social security | 3,207 | 4,537 |
| Other creditors | 992 | 4,661 |
| Accruals and deferred income | 1,597,914 | 1,132,716 |
| | <u>2,503,035</u> | <u>1,576,448</u> |

11. Share capital

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 50,000 (2017 - 50,000) Ordinary shares of £1 each | <u>50,000</u> | <u>50,000</u> |

12. Pension commitments

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the funds in respect of the year.

The assets of the scheme are held separately from those of the company in independently managed funds. There were no outstanding contributions owed to the scheme at the year end (2017 - £1,433). The pension charge for the year amounted to £10,490 (2017 - £12,816).

BALKAN & BLACK SEA SHIPPING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Related party transactions

The company has taken the exemption available under FRS 102 Section 33 'Related Party Transactions' not to disclose inter-group information.

14. Provisions available for audits of small entities

In common with many other businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements and management accounts.

15. Controlling party

The company is a wholly owned subsidiary of Navigation Maritime Bulgare, a company incorporated in Bulgaria. The consolidated financial statements of this company are available to the public and can be obtained by contacting the main office at Navibulgar House, 1 Primorski Boulevard, 9000 Varna, Bulgaria.

The company's ultimate parent company as at 31 December 2018 was Advance Properties OOD, incorporated in Sofia, Bulgaria.