LONDON FORFAITING
International Limited

ANNUAL REPORT
2019

www.forfaiting.com
London Forfaiting International Limited
15-18 Austin Friars
London EC2N 2HE
Registered Number 1920986

LONDON FORFAITING
International Limited

Contents

LONDON FORFAITING
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Strategic Report

Principal activity
London Forfaiting International Limited's ("LFI" or the 'Company') sole principal activity is to act as an intermediate holding company for London Forfaiting Company Limited group of companies. The business strategy of continuing to be the intermediate holding company is not expected to change in the future. The company has no employees.

Results & Performance
LFI reported a nil profit for 2019 (2018: USD 33,698 loss). Financial and non-financial Key Performance Indicators are not analysed as LFI is a holding company.

Funding
LFI is a holding company and therefore all of its funding requirements are met by its parent company, London Forfaiting Company Ltd. LFI has no external borrowings and it is very likely that it will not have any external borrowings in the foreseeable future.

Administrative expenses
The company does not incur any administrative expenses. Staff costs and other expenses (including audit and the preparation of these accounts) amount to USD 15,000 which are borne by the parent company.

Financial risk management

The financial risk management objectives and policies and exposures to various risks, including market risk, liquidity risk, credit risk and operational risk are covered in note 10 of the financial statements.

Outlook
The company's principal activity of an intermediate holding company is likely to remain in place for the foreseeable future. The impact of Brexit on LFI's UK activities has been reviewed and is considered to have a minimal impact upon the activities and performance of the Company.

Simon Lay
Director

26 August 2020

LONDON FORFAITING
International Limited

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Results and dividends

The result for the year is a nil profit, (2018: USD 33,698 loss). Details of the results for the year are set out in the statement of profit or loss and other comprehensive income on page 6.
The Directors do not recommend any proposed dividend.

No dividend was paid during the year (2018: nil).

Going Concern

The directors have considered the financial, operating and other business risks that could individually or collectively impact the going concern assumption on which the financial statements are prepared, including the economic uncertainties associated with the United Kingdom's departure from the European Union and the COVID-19 Coronavirus pandemic

While the ultimate impact of the COVID-19 coronavirus pandemic both in the short and longer term is far from clear, there appears to be no direct threat to the survival of the company or the broader group of companies. The company is participating successfully in implementation of the business continuity plan both internationally and at the local level. Although there is currently widespread disruption to business activity with consequential effects on market prices and business development opportunities, it is not anticipated any major changes to business strategy will be necessitated over at least the medium term

Directors

The Directors who held office during the year were as follows:

Simon Lay
William Ramzan

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the company. According to the register of Directors' interests, no right to subscribe for shares in or debentures of the company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

The Directors benefited from qualifying third party indemnity provisions during the year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Report of the Directors (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Simon Lay
Director
26 August
London Forfaiting International Limited
15-18 Austin Friars
London EC2N 2HE

Statement of Directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of London Forfaiting International Limited

Opinion

We have audited the financial statements of London Forfaiting International Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its nil profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

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

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

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

Independent Auditor's Report to the Members of London Forfaiting International Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Richard Pinks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 August 2020

LONDON FORFAITING International Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2019

	Note	2019 USD	2018 USD
Impairment of investments in subsidiaries	*6*	-	(33,698)
Operating loss		-	(33,698)
Loss before tax		-	(33,698)
Income tax	*5*	-	-
Loss for the year		-	(33,698)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		-	(33,698)
Loss attributable to equity holders of the company		-	(33,698)
Total comprehensive loss attributable to equity holders of the company		-	(33,698)

All of the losses for the current year and prior year were derived from continuing activities.

The notes on pages 9 to 16 are integral part of these financial statements.

LONDON FORFAITING International Limited

Statement of financial position

As at 31 December 2019

	Note	**2019 USD**	**2018 USD**
Assets			
Investments in subsidiaries	*6*	-	-
Total assets		-	-
Equity			
Issued capital	*8*	1,000	1,000
Retained (loss) / earnings		(1,000)	(1,000)
Total equity		-	-
Liabilities			
Trade and other payables	*7*	-	-
Total liabilities		-	-
Total equity and liabilities		-	-

The notes on pages 9 to 16 are integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 August 2020 and signed on its behalf by:

Simon Lay
Director

Registered Number 1920986

LONDON FORFAITING International Limited

Statement of changes in equity

For the year ended 31 December 2019

	Share Capital USD	Retained earnings USD	Total equity USD
Balance at 1 January 2018	1,000	32,698	33,698
Total comprehensive loss for the year	-	(33,698)	(33,698)
Transactions with owners of the company Contributions and distributions	-	-	-
Total transactions with owners of the company	-	-	-
Balance at 31 December 2018	1,000	(1,000)	-
Balance at 1 January 2019	1,000	(1,000)	-
Total comprehensive loss for the year	-	-	-
Transactions with owners of the company **Contributions and distributions**	-	-	-
Total transactions with owners of the company	-	-	-
Balance at 31 December 2019	1,000	(1,000)	-

The notes on pages 9 to 16 are integral part of these financial statements.

LONDON FORFAITING International Limited

Notes to the financial statements
Year ended 31 December 2019

1. Reporting entity
London Forfaiting International Limited (the "Company") is a company domiciled in the United Kingdom. The address of the company's registered office is 15-18 Austin Friars, London, EC2N 2HE. The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

2. Basis of preparation
The company's financial statements have been prepared on a going concern basis. The Directors confirm the use of the going concern basis of accounting is appropriate because there are no significant uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern and are satisfied about the company's ability to meet obligations as they fall due.

The directors have considered the financial, operating and other business risks that could individually or collectively impact the going concern assumption on which the financial statements are prepared, including the economic uncertainties associated with the United Kingdom's departure from the European Union and the COVID-19 Coronavirus pandemic

While the ultimate impact of the COVID-19 coronavirus pandemic both in the short and longer term is far from clear, there appears to be no direct threat to the survival of the company or the broader group of companies. The company is participating successfully in implementation of the business continuity plan both internationally and at the local level. Although there is currently widespread disruption to business activity with consequential effects on market prices and business development opportunities, it is not anticipated any major changes to business strategy will be necessitated over at least the medium term

The company did not prepare a cash flow statement as there were no cash receipts or cash payments during the year. All expenses were paid on its behalf by the immediate parent company.

(a) Statement of compliance
The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The financial statements were authorised for issue by the Directors on 26 August 2020.

(b) Basis of measurement
The financial statements have been prepared on the historical cost basis.

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

(d) Use of estimates and judgements
The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Notes to the financial statements (continued)
Year ended 31 December 2019

2. Basis of preparation (continued)

(e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to USD at foreign exchange rates ruling at the dates the fair value was determined.

(f) Investments in subsidiaries

Investments in subsidiaries are shown in the statement of financial position of the Company at cost less impairment losses (see accounting policy h).

(g) Trade and other payables

Trade and other payables are stated at their cost.

(h) Impairment

The Company's assets are individually assessed at each reporting date to determine whether there is any evidence that it is impaired. Investments in subsidiaries are assessed under IAS36. A trigger for impairment is considered to have arised if one or more events have had a negative effect on the estimated cash flows of the asset; Impairment is measured at the higher of fair value less costs to sell or value in use.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis.

(j) Net financing costs

Net financing costs comprise interest receivable, interest payable and foreign exchange gains and losses. Interest receivable and interest payable is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements (continued)
Year ended 31 December 2019

2. Basis of preparation (continued)

(l) Leases (policy applicable from 1 January 2019)
The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

-As a lessee
At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.
The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

The Company does not and has not recognised right-of-use assets and lease liabilities for lease of low-value assets and short-term leases.

Notes to the financial statements (continued)
Year ended 31 December 2019

2. Basis of preparation (continued)
(m) New standards and interpretations adopted
The Company initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed (l). Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease
Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.
On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee
The Company does not lease any property or equipment.

C. As a lessor
The Company does not lease out property or equipment, including own property and right-of-use assets.

D. Impact on financial statements
i. Impact on transition
On transition to IFRS 16, the Company recognised all additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. As the Company is neither a lessee or a lessor, the impact on transition is nil.

(n) New standards and interpretations not yet adopted
Other standards
A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.
- Amendments to References to Conceptual Framework in IFRS Standards, (effective date 1 January 2020).
- Definition of a Business (Amendments to IFRS 3), (effective date to be confirmed).
- Definition of Material (Amendments to IAS 1 and IAS 8), (effective date 1 January 2020).
- IFRS 17-Insurance Contracts, (effective date to be confirmed).

3. Directors' emoluments and employees
Directors' emoluments for the year were nil (2018: nil). The number of employees was nil (2018: nil). The parent company employees provide services to the Company which approximate to USD 6,559 (2018: USD 7,389) for which the parent company does not charge.

Notes to the financial statements (continued)
Year ended 31 December 2019

4. Auditor's Remuneration
Audit fees are borne by the parent company. The parent company has allocated an amount of USD 7,871 (2018: USD 7,611) for the audit of 2019 financial statements.

5. Income Tax

Tax reconciliation
There was no charge to UK or overseas taxation in respect of the results for 2019 and 2018. There was no transfer to or from deferred taxation. The tax income for the year and the result of the accounting profit multiplied by the tax rate applicable in the United Kingdom, the Company's country of incorporation, are reconciled as follows:

	2019 USD	2018 USD
Loss before tax	-	(33,698)
Tax using the UK corporation tax rate of 19% (2018: 19%)	-	(6,403)
Effects of:		
Non deductible expenses	-	-
Recognition of previously unrecognised tax losses	-	6,403
	-	-

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items as it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

Company	Gross amount		Tax value	
	2019 USD	2018 USD	2019 USD	2018 USD
Tax losses carried forward	**5,560,651**	5,560,651	**1,000,917**	1,000,917

Notes to the financial statements (continued)
Year ended 31 December 2019

6. Investments in subsidiaries

Cost

	2019 USD	2018 USD
As at 1 January	1,733,615	1,733,615
Additions	-	-
	1,733,615	1,733,615

Impairment

	2019 USD	2018 USD
As at 1 January	(1,733,615)	(1,699,917)
Provided in the year	-	(33,698)
	(1,733,615)	(1,733,615)

Net Book Value

	2019 USD	2018 USD
As at 31 December	-	-

6. Investments in subsidiaries (continued)

The company has the following investments in subsidiaries:

	Country of incorporation and operation	Nature of business	Issued ordinary share capital	Ownership 2017	Interests 2016
London Forfaiting Americas Inc.	United States of America	Marketing	$250,000	100%	100%
London Forfaiting do Brasil Ltda.	Brazil	Marketing	BRL4,045,656 ($1,483,615)	100%	100%

7. Amounts due to parent company

There were no amounts due to parent company in 2019 (2018: USD nil).

8. Issued Capital

	Number of ordinary shares of USD 1 each 2019	2018
In issue at 1 January and 31 December – fully paid	**1,000**	1,000

At 31 December 2019, the authorised share capital comprised 1,000 ordinary shares (2018: 1,000), of USD 1 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9. Dividends

The company made no dividend payment during the year.

Notes to the financial statements (continued)
Year ended 31 December 2019

10. Financial Instruments

The company acts as an intermediate holding company for its overseas subsidiaries. In the normal course of business the company is exposed to the following risks:

- Interest rate risk
- Credit risk
- Foreign currency risk
- Liquidity risk and
- Operational risks

Interest rate risk
The Company is entirely funded through equity from its parent company at rates linked to the London Interbank Offered Rate (LIBOR). The Company is not exposed to changes in the fair value of its assets and liabilities as a result of changes in interest rates.

As at the reporting date company did not have any borrowing or lending and thus the company is unaffected by changes in the interest rates.

Credit risk
The Company follows the group's credit policy and exposure to credit risk is monitored on an ongoing basis. At the reporting date, there were no significant concentrations of credit risk except for balances with the parent company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Foreign currency risk
From time to time the Company has financial assets and financial liabilities that are denominated, to a certain extent, in currencies other than US Dollars. Consequently the Company may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the Company's assets or liabilities in currencies other than US Dollars. As at 31 December 2019 there were no assets and liabilities in currencies other than USD.

Liquidity Risk
The company has no liabilities as at 31 December 2019 and consequently has no liquidity risk.

Operational risks
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. As a holding company, there is little exposure to operational risk.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Notes to the financial statements (continued)
Year ended 31 December 2019

10. Financial Instruments (continued)

Capital management

The company's investments are funded through shareholder's equity. There are no externally imposed capital requirements.

11. Ultimate Parent Undertaking and Controlling Party

The company is a subsidiary undertaking of London Forfaiting Company Limited which is a subsidiary of FIMBank plc, incorporated in Malta.

The smallest Company in which the results of the company are consolidated is that headed by London Forfaiting Company Limited, incorporated in UK. The consolidated accounts of London Forfaiting Company Limited are available from Companies House.

The largest Company in which the results of the company are consolidated is that headed by Kuwait Projects Company Holding K.S.C.P. (KIPCO) incorporated in Kuwait. The consolidated accounts of KIPCO are available to the public and may be obtained from the following address:

P.O. Box 23982,
Safat 13100
State of Kuwait

12. Related parties

Related parties transactions

The Company has a related party relationship with its parent, its subsidiaries, ultimate parent and other group entities. The Company has had no related party transactions during the year (2018: nil) with the Group's key management personnel or related parties.

13. Subsequent events

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak, the financial effect of which is considered to be immaterial for the Company. The Company continues to operate in line with management's expectations.