

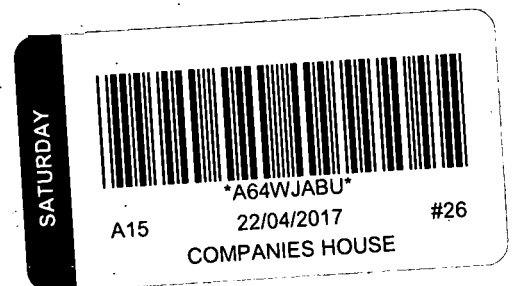
Affinity and Beyond LLP

Members' Report and

Financial Statements

for the year ended

31 December 2016



Affinity and Beyond LLP – Members' Report

Principal activities

Affinity and Beyond LLP was incorporated on 18 November 2014 and commenced trading on 1 January 2015.

The principal activities of Affinity and Beyond LLP ("the LLP") are the provision of ship broking and advisory services to the maritime industry.

Members' capital

All members are required to make capital contributions. The Initial Members were required to contribute capital on incorporation of the LLP in accordance with the provisions of the original Partnership Agreement dated 9 December 2014.

Members' drawings and profit allocations

Members received monthly drawings and bonus drawings during the period. The amount and timing of drawings are fixed by the Designated Members, taking into consideration estimated profits and the cash flow requirements of the LLP.

Profits are firstly applied in the payment of Members Priority Profit Shares which are fixed profit entitlements of the individual members as determined by the Board of the LLP appointed by the Designated Members. Profits are secondly applied in the payment of bonuses to members and employees. The balance of profits is allocated to members after the end of the statutory financial period as determined by the Designated Members. Members are remunerated solely from the profits of the partnership. Unallocated profits and losses are included in other Reserves.

Designated members

The designated members of the LLP during the period were:

Affinity (Shipping) LLP

R Fulford-Smith

N Wood

T White

A Finn

P Arentz

T English

C Chasty

J Leake

T Fairhurst

T Morrison

Affinity and Beyond LLP – Members' Report (continued)**Statement of members' responsibilities**

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006, as applied to Limited Liability Partnerships, requires the members to prepare financial statements for each financial period. Under that law, the members have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law. The financial statements must, in accordance with IFRS as adopted by the EU, present fairly the financial position and performance of the LLP; such references in the Companies Act 2006, as applicable to LLPs, to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

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

Auditors

The financial statements were audited by Moore Stephens LLP. A resolution for the re-appointment of Moore Stephens LLP will be considered at the forthcoming meeting of the LLP Board.



C. Chasty

Partnership Secretary

30 March 2017

Independent Auditor's Report to the Members of Affinity and Beyond LLP

We have audited the financial statements of Affinity and Beyond LLP for the period ended 31 December 2016 which are set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Independent Auditor's Report to the Members of Affinity and Beyond LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink that reads "Michael Simms". The signature is written in a cursive style with a large, stylized 'M' at the beginning.

Michael Simms, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

31 March 2017

Affinity and Beyond LLP – Income Statement
For the year ended 31 December 2016

		Year ended 31 December 2016 £	Period ended 31 December 2015 £
Revenue			
Commissions and fees receivable	2	3,135,144	2,949,973
Other finance income		-	-
		<u>3,135,144</u>	<u>2,949,973</u>
 Personnel costs	4	 420,329	 391,902
 Other operating expenses		 1,287,884	 1,552,457
		<u>1,708,213</u>	<u>1,944,359</u>
 Profit for the year/period before members' payments	3	 1,426,931	 1,005,614
Members' payments	5	(1,407,500)	(1,314,155)
		<u>19,431</u>	<u>(308,541)</u>
Profit/(loss) before taxation		19,431	(308,541)
Tax expense	6	-	-
Profit/(loss) for the financial year/period		<u>19,431</u>	<u>(308,541)</u>

The notes on pages 12 to 24 are an integral part of these financial statements

Affinity and Beyond LLP—Statement of Comprehensive Income
For the year ended 31 December 2016

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Profit/(loss) for the financial year/period	19,431	(308,541)
Other comprehensive income	—	—
Total comprehensive income/(expense) for the year/period	19,431	(308,541)

The notes on pages 12 to 24 are an integral part of these financial statements

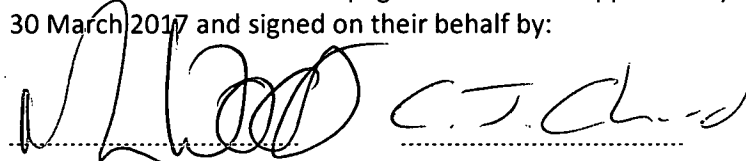
Affinity and Beyond LLP – (Registered No. OC396607)
Statement of Financial Position
At 31 December 2016

		2016	2015
		£	£
Assets			
Current assets			
Trade and other receivables	7	276,979	10,122
Amounts due from group undertakings		-	742,230
Amounts due from members	10	1,408,869	15,642
Cash and cash equivalents	8	10,956	60,422
		<u>1,696,804</u>	<u>828,416</u>
Total assets		<u>1,696,804</u>	<u>828,416</u>
Members' capital	10	590,500	590,500
Other reserves classified as equity	10	19,431	(308,541)
		<u>609,931</u>	<u>281,959</u>
Current liabilities			
Trade and other payables	9	11,083	14,727
Amounts due to members	10	1,075,790	531,730
		<u>1,086,873</u>	<u>546,457</u>
Total equity and liabilities		<u>1,696,804</u>	<u>828,416</u>

Affinity and Beyond LLP - Statement of Financial Position
At 31 December 2016 (continued)

	2016 £	2015 £
Total members' interests		
Members' capital	590,500	590,500
Other reserves	19,431	(308,541)
Amounts due to members	1,075,790	531,730
Amounts due from members	(1,408,869)	(15,642)
	<u>276,852</u>	<u>798,047</u>

The financial statements on pages 5 to 24 were approved by the members and authorised for issue on 30 March 2017 and signed on their behalf by:



Nick Wood

Christopher Chasty

The notes on pages 12 to 24 are an integral part of these financial statements

Affinity and Beyond LLP – Statement of Changes in Equity
For the year ended 31 December 2016

	<u>Members' equity</u>			<u>Members' interests</u>		
	Capital (classified as equity)	Other reserves	Total	Amounts due to members*	Amounts due from members**	Total
	£	£	£	£	£	£
Balance at 1 January 2016	590,500	(308,541)	281,959	531,730	(15,642)	798,047
Members Priority Profit shares treated as an expense	-	-	-	-	1,407,500	1,407,500
Profit for the financial year	-	19,431	19,431	-	-	19,431
Transfers to members' tax provision accounts	-	-	-	1,011,510	-	1,011,510
Tax payments made on behalf of members	-	-	-	(467,450)	-	(467,450)
Advanced to members	-	-	-	-	(72,367)	(72,367)
Drawings	-	-	-	-	(2,419,819)	(2,419,819)
Allocation of losses (Note 5)	-	308,541	308,541	-	(308,541)	-
Balance at 31 December 2016	<u>590,500</u>	<u>19,431</u>	<u>609,931</u>	<u>1,075,790</u>	<u>(1,408,869)</u>	<u>276,852</u>

* included within current liabilities

** included within current assets

The notes on pages 12 to 24 are an integral part of these financial statements

Affinity and Beyond LLP – Statement of Changes in Equity
For the period ended 31 December 2015

	<u>Members' equity</u>			<u>Members' interests</u>		
	Capital (classified as equity)	Other reserves	Total	Amounts due to members*	Amounts due from members**	Total
	£	£	£	£	£	£
Balance at 18 November 2014	-	-	-	-	-	-
Members Priority Profit shares treated as an expense	-	-	-	1,314,155	-	1,314,155
Loss for the financial period	-	(308,541)	(308,541)	-	-	(308,541)
Transfers to members' tax provision accounts	-	-	-	531,730	-	531,730
Advanced to members	-	-	-	-	(15,642)	(15,642)
Introduced by members	590,500	-	590,500	-	-	590,500
Drawings	-	-	-	(1,314,155)	-	(1,314,155)
Allocation of Losses (Note 5)	-	-	-	-	-	-
Balance at 31 December 2015	<u>590,500</u>	<u>(308,541)</u>	<u>281,959</u>	<u>531,730</u>	<u>(15,642)</u>	<u>798,047</u>

* included within current liabilities

** included within current assets

The notes on pages 12 to 24 are an integral part of these financial statements

Affinity and Beyond LLP – Cash flow statement
For the year ended 31 December 2016

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Cash inflows/(outflows) from operating activities		
Profit/(loss) for the financial year/period	19,431	(308,541)
Adjustments for:		
Members' payments	1,407,500	1,314,155
Differences on exchange	(31,908)	-
Decrease/(Increase) in trade and other receivables	475,373	(752,352)
(Decrease)/Increase in trade and other payables	(3,645)	14,727
	<u>1,847,320</u>	<u>576,530</u>
Net cash inflow from operating activities before transactions with members	<u>1,866,751</u>	<u>267,989</u>
Payments to or on behalf of members	(1,948,125)	(782,425)
Net cash outflow from operating activities	(81,374)	(514,436)
Cash flows from financing activities		
Capital introduced by members	-	574,858
Net (decrease)/increase in cash and cash equivalents	(81,374)	60,422
Cash and cash equivalents – beginning of year/period	60,422	-
Effects of exchange rate fluctuations	31,908	-
Cash and cash equivalents – end of year/period	<u><u>10,956</u></u>	<u><u>60,422</u></u>

The notes on pages 12 to 24 are an integral part of these financial statements

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

1. Description of the business

Affinity and Beyond LLP was incorporated in England as a Limited Liability Partnership on 18 November 2014 and commenced business on 1 January 2015. The registered office and principal place of business is located at 122 Leadenhall Street, London EC3V 4AB.

The LLP is domiciled in the United Kingdom and its principal activities are the provision of shipbroking and advisory services to the maritime industry.

2. Accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period.

Basis of accounting

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Revenue

Revenue consists of commission receivable from sale and purchase shipbroking and vessel chartering and fees receivable from advisory services. Revenue is recognised when the LLP has a contractual entitlement to commission, normally at the time of completed contractual periods between the principals in the transaction.

Commissions are shown net of amounts attributable to co-brokers. Obligations to co-brokers are recognised as a liability at the point their commission is collected from the client. Commission is recognised by reference to the stage of completion of the underlying contract. Fees are recognised as services are performed.

Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Foreign currencies

The financial statements are presented in Great Britain pounds ("Sterling"). Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Sterling at the exchange rates ruling at that date. All translation differences are dealt with in the income statement.

Taxation

The taxation payable on profits of the LLP is the personal liability of the members. Consequently neither taxation nor related deferred taxation of the LLP is accounted for in these financial statements.

A retention from all profit distributions is made to fund the members' taxation payments. The amounts retained for tax are treated in the financial statements in the same manner as other profits of the LLP and are therefore included in "Amounts due to members" in the balance sheet.

Non derivative financial instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, interest bearing liabilities, member's capital and amounts due to and from members.

Trade and other receivables

Trade and other receivables are recognised at fair value, being their nominal value less impairment losses. Subsequent to initial recognition they are valued at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise bank current accounts, call deposits with a maturity of less than six months and cash balances and are stated at their nominal values.

Pensions

The LLP operates a defined contribution pension scheme for its employees and premiums are expensed as incurred.

Trade and other payables

Trade and other payables are recognised at fair value, based on the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

Members' capital

The original capital requirements of the LLP were determined by the Initial Members and subsequent requirements by the Designated Members. No interest is paid on capital.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Members' capital is only repayable at the absolute discretion of the Board of Management of the LLP and is therefore considered as equity and is stated at its nominal value.

Amounts due to and from members

Amounts due to and from members are included within current liabilities and current assets respectively and are stated at their nominal values.

Provisions

A provision is recognised when a present legal or constructive obligation has arisen as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Allocation of profits and losses and drawings

Profits of the LLP are firstly applied in the payment to members of fixed profit shares as determined by the Board of Management. Profits are secondly applied in the payment of bonuses to members and employees. The balance is allocated by a resolution of the Designated Members based on recommendations received from the Board following finalisation of the audited statutory financial statements.

As permitted by the Partnership Agreement, allocated profits may not necessarily represent all the profits arising in a particular financial period if the Designated Members consider it appropriate to retain profits or to allocate profits previously retained.

During the financial period, members receive monthly drawings and (depending on cash flow considerations) bonuses and profit distributions. At the discretion of the Designated Members, members also receive additional profit distributions (usually six monthly). The level and timing of the distributions are determined by the Designated Members, taking into account cash requirements for operating and investing activities.

With the exception of Priority Profit Shares and bonuses payable to members, all drawings and profit distributions to members represent payments on account of current period profits and are reclaimable from members until profits have been allocated. Any over-distribution of profits during the period is also recoverable from members. No liabilities to members arising from the leaver provisions within the Partnership Agreement had arisen as at 31 December 2016.

As the LLP has an obligation to pay members' Priority Profit Shares and bonuses, these are treated as an expense in the income statement. However, pending the allocation of profits or losses and their division between members, all other drawings and profit distributions paid on account during the period are shown as "Amounts due from members". Unallocated profits are shown in equity as "Other reserves".

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities, at the reporting date.

However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to these reported amounts in the future.

Trade receivables

Provisions for impairment of trade receivables represent management's best estimate at the reporting date.

New standards and interpretations not applied in issue but not yet effective

The International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') have issued revisions to a number of existing standards and new interpretations with an effective date of implementation after the date of these financial statements.

The members do not anticipate that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application other than the following revisions to existing standards. The LLP has not applied the following new and revised IFRSs that have been issued but are not yet effective, however they are, in accordance with best practice, being disclosed:

IFRS 9 Financial Instruments

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit or loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the LLP will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than the re-categorisation.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial assets.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

The standard is effective for accounting periods beginning on or after 1st January 2018.

IAS 7 – Statement of Cash Flows

This amendment arises from the disclosure initiative, and is effective for annual periods beginning on or after 1 January 2017. On initial application, comparative information does not have to be provided.

Changes in liabilities arising from financing activities will need to be analysed between five categories:

1. changes from financing cash flows;
2. changes due to obtaining or losing control of a subsidiary or other business;
3. the effect of changes in foreign exchange rates;
4. fair value changes; and
5. other changes.

Liabilities arising from financing activities are those for which cash flows have been or will be classified as arising from financing activities in the cash flow statement. The disclosure requirements can also apply to financial assets, if the cash flows arising from them are also so classified.

IAS 12 – Income Taxes

This clarification is intended to reduce diversity in practice in accounting for deferred tax assets arising on unrealised losses and is effective for annual periods beginning on or after 1 January 2017. On initial application, an election can be made to recognise any change in opening equity, for the earliest period presented, in retained earnings or another appropriate component of equity, rather than across equity components.

The amendments clarify that in order to compute a temporary difference; the carrying amount is compared to its tax base. In doing so, the entity should not consider how the related assets will be recovered (such as through sale), or the probability that any resulting deferred tax asset will be recoverable.

The amendments also clarify that the estimation of taxable profit, against which deferred tax assets can be utilised, is a separate step. If it is considered probable that an asset will be realised at more than its carrying amount, this is reflected in the entity's estimate of future taxable profit. The tax deduction arising from the reversal of deferred tax assets will not be included in the estimated future taxable profit which is used to evaluate whether those assets are recoverable.

IFRS 16 - Leases

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their balance sheet as 'right-of-use assets' with a corresponding lease liability. The requirements for lessors are substantially unchanged.

On application of the standard the disclosures are likely to increase for both lessors and lessees. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

The LLP has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, nor the transitional provisions which may be utilised.

The standard is effective for periods beginning on or after 1st January 2019 but as of yet has not been endorsed by the EU.

3. Profit from operations

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Profit has been arrived at after charging:		
Net foreign exchange (gains)	(38,172)	(11,084)

Other operating expenses include charges of £627,447 (2015 - £849,984) from the LLP's parent undertaking, Affinity (Shipping) LLP and £165,729 (2015 - £138,371) from a fellow subsidiary undertaking, Affinity Research LLP, for the provision of office services and facilities and research services, respectively.

Audit fees and expenses for the period amounted to £7,519 (2015 – nil). Non audit services provided by the auditors during the period amounted to £6,500 (2015 - £ nil) and comprised taxation services.

4. Personnel costs

The average number of employees (excluding members) employed by the LLP during the year were:

	Year ended 31 December 2016 No	Period ended 31 December 2015 No
Client serving	5	5
Administration	2	2
	<u>7</u>	<u>7</u>

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

4. Personnel costs (continued)

Staff costs incurred by these employees during the year were:

	Year ended 31 December 2016	Period ended 31 December 2015
Salaries	347,926	320,792
Social security costs	36,784	36,562
Pension costs	27,975	28,995
Other	7,644	5,553
	<u>£ 420,329</u>	<u>£ 391,902</u>

Pension costs relate to amounts payable under a defined contribution pension scheme operated by the LLP's parent undertaking.

5. Members' payments

Members' payments comprise Priority Profit Shares.

Under the terms of the Partnership Agreement dated 9 December 2014, the LLP had an obligation to pay Priority Profit Shares to eight (2015 – nine) individual members during the period. The amount of the Priority Profit Share payable to each member is equivalent to each member's monthly drawings and has been expensed through the income statement. The Agreement also provides for 50% of the LLP's profits to be applied in the payment of bonuses to members and employees.

Profits and losses are shared amongst the members after the end of each financial period in accordance with agreed profit sharing arrangements.

The average profit per member (excluding the corporate member) is calculated by dividing the result for the period attributable to these members (49%) by the average number of members:

	Year ended 31 December 2016	Period ended 31 December 2015
Average number of members	8	8
Average profit / (loss) per member	<u>£ 1,190</u>	<u>£ (18,898)</u>

The total payment made to the Chief Executive Officer, comprising his priority profit share and who was the member with the largest profit entitlement for the period, was £ 300,000 (2015 - £300,000).

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

6. Tax expense

UK limited liability partnerships are not subject to taxation. Their members are subject to personal income tax (or Corporation Tax in the case of corporate members) which is a personal liability of the members individually.

7. Trade and other receivables

	2016 £	2015 £
Trade receivables	329,779	9,944
Provision for impairment of trade receivables	(52,800)	-
	<u>276,979</u>	<u>9,944</u>
Other receivables	-	178
	<u>276,979</u>	<u>10,122</u>

Trade receivables are presumed to be impaired at any point where full recovery of the debt is considered doubtful. The LLP has a policy of providing for all debts to the extent that they are not considered recoverable. In determining the recoverability of trade receivables management also considers any change in the credit quality of the receivable.

Accordingly management believes that no further provision is required in excess of the provision for doubtful debts.

Clients are required to settle invoices on presentation or on such other terms as contractually agreed. Although terms vary, invoices are considered overdue after 30 days have elapsed since the invoice date. Ageing of trade receivables is as follows:

	2016 £	2015 £
Neither past due nor impaired	208,627	-
Past due but not impaired	15,552	9,944
Past due, impaired	52,800	-
	<u>276,979</u>	<u>9,944</u>

8. Cash and cash equivalents

Balances with banks	10,956	60,422
Short term deposits	-	-
	<u>10,956</u>	<u>60,422</u>
Total	<u>10,956</u>	<u>60,422</u>

The fair value of cash at bank and short term deposits is equivalent to their carrying values.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

9. Trade and other payables

	2016 £	2015 £
Other payables	4,583	-
Accruals and deferred income	6,500	14,727
	<u>11,083</u>	<u>14,727</u>

Trade and other payables are non-interest bearing and are normally settled on demand.

10. Equity and members' capital and other interests

Members' capital includes £500,000 which is the amount that Affinity (Shipping) LLP undertook to contribute under the terms of the Partnership Agreement.

Members' other interests comprise amounts due (to)/ from members as follows:

	2016 £	2015 £
Amount due from ultimate parent undertaking	1,175,316	-
Amounts due from members - unpaid capital contributions	10,000	15,642
- advanced to members	72,367	-
- 2015 losses debited to individual members	151,186	-
Amounts due to members - members' tax provision accounts	(1,075,790)	(531,730)
	<u>333,078</u>	<u>(516,088)</u>

In the event of the winding up of the LLP, amounts due to members may be set off against amounts due from members but would otherwise rank as unsecured creditors. These balances, together with members' capital, rank after other unsecured creditors.

11. Financial Instruments

Capital management

The LLP is financed by members' capital, principally from its corporate member, Affinity (Shipping) LLP. The capital structure is reviewed regularly to ensure it remains appropriate for the business and its growth plans.

The principal objective of the LLP's capital management is to maintain prudent capital ratios in order to support the business and maximise member returns. The LLP manages its capital structure and makes adjustments to it in the light of changing market conditions and opportunities. Adjustments may involve increasing members' capital contributions or withholding profit distributions.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

11. Financial Instruments (continued)

For capital management purposes the members consider that capital comprises solely equity capital introduced by the members.

Carrying and fair values

Financial instruments held by the LLP arise directly from its operations and it is the policy of the management that no trading in financial instruments is undertaken. Members' capital and amounts due to and from members are also treated as financial instruments.

The carrying values of the LLP's financial instruments are as follows:

	2016	2015
Loans and receivables		
Client and other receivables	276,979	10,122
Amounts due from group undertakings	-	742,230
Amounts due from members	1,408,869	15,642
Cash and cash equivalents	10,956	60,422
	<u>1,696,804</u>	<u>828,416</u>
Financial liabilities at amortised cost		
Amounts due to members	1,075,790	531,730
Other payables	4,583	-
	<u>1,080,373</u>	<u>531,730</u>
Total net financial instruments	<u>£ 616,431</u>	<u>296,686</u>

The estimated fair values of all the LLP's financial instruments were approximate to their carrying values at 31 December 2016.

Risk

The LLP has exposure to market risk, credit risk and liquidity risk arising from its use of financial instruments.

The Board appointed by the Designated Members has overall responsibility for the setting up and monitoring of the LLP's risk management framework. Risk management policies are established to identify and analyse the risks faced by the LLP, to set up appropriate controls over those risks and to monitor these risks and the effectiveness of the controls. Risk management policies and systems are reviewed regularly to take into account changes in market conditions and the LLP's policies.

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

11. Financial Instruments (continued)

Market risk

Market risk is the risk that changes in market prices, principally foreign exchange rates, will affect the LLP's results or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits but to also optimise the returns available.

Exchange rate risk

The LLP's functional currency is Sterling. The business is exposed to exchange rate risk because all of the LLP's revenues are denominated in US Dollars, whereas outgoings are principally Sterling denominated.

The LLP maintains US Dollar bank accounts in which funds are retained to meet US Dollar obligations, but surplus funds are converted into local operational currencies generally within one month of receipt. The situation is reviewed by management on a regular (at least monthly) basis. The LLP does not use foreign currency swaps or forward exchange contracts.

The net foreign currency denominated monetary assets of the LLP is summarised as follows:

	2016	2015
	£	£
US Dollars	277,551	21,702
Euros	-	-
	<u>277,551</u>	<u>21,702</u>

If the US Dollar had been 10% stronger/weaker during the year ended 31 December 2016, the profit for the period would have increased / decreased by £327,852 and £268,242 respectively (2015 – loss would have decreased/increased by £327,775 and £268,180 respectively).

Credit risk

Credit risk is the risk of financial loss to the business if a customer or counterparty to a financial instrument fails

Exposure to credit risk on trade receivables is monitored on a routine basis and credit evaluations are performed on clients as appropriate. Risk is managed by maintaining close contact with each client and regular billing and cash collection for services provided.

The LLP makes impairment provisions that represent its estimate of losses incurred in respect of trade and other receivables and is made on a specific case by case basis.

There is no concentration of risk for client receivables as the LLP had a large and diversified client base. Trade receivables at 31 December 2016 of £276,979 comprised 6 clients with a maximum outstanding of £100,749 (2015 - £9,944 comprised 2 clients with a maximum amount outstanding of £6,055).

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

11. Financial Instruments (continued)

The credit risk on cash and cash equivalents is limited because the majority of accounts are held by the LLP's principal banker, The Royal Bank of Scotland Plc, which has a BBB+ credit rating from Standard & Poor's.

The carrying amount of the LLP's financial assets recorded in these financial statements, net of any impairment provisions, represents the LLP's maximum exposure to credit risk.

Liquidity risk

Responsibility for liquidity risk management lies with the Board of Designated Members, which has developed appropriate procedures to manage the LLP's short, medium and long term funding and liquidity management requirements. Risk is managed by maintaining adequate borrowing facilities and by the regular monitoring of forecast and actual cash flows.

Liquidity risk arises from the LLP's ongoing financial commitments and obligations, particularly the settlement of financial liabilities and payments to and on behalf of members.

Cash at bank is monitored on a daily basis and surplus amounts placed on short term deposits of no more than six months.

Members' capital is only repayable at the absolute discretion of the Board of Management of the LLP and is therefore classified as equity.

The amount of undiscounted cash outflows from financial liabilities is equal to their carrying amounts as trade payables are non-interest bearing.

The table below summarises the maturity profiles of the LLP's financial liabilities at 31 December 2016 based on contractual undiscounted payments:

At 31 December 2016

		On Demand	Less than 3 months	Total
Amounts due to members	£	1,075,790	-	1,075,790
Other payables		4,583	-	4,583
		<u> </u>	<u> </u>	<u> </u>

At 31 December 2015

		On Demand	Less than 3 months	Total
Amounts due to members	£	531,730	-	531,730
		<u> </u>	<u> </u>	<u> </u>

Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2016

12. Related Parties

The ten individual members of the LLP who were in office during the period are regarded as the LLP's key management personnel and their remuneration is regarded as a related party transaction. The share of profit allocated to them in respect of the year ended 31 December 2016 was £1,407,500 (2015 - £1,314,155) representing their Priority Profit Shares and bonuses as reported in note 5.

Transactions during the period and balances with members and parent group companies at 31 December 2016 are disclosed in Notes 3, 5, 10 and 11.

Balance with parent group companies are interest free and repayable on demand.

In addition to the foregoing, the LLP charged fees totalling £160,480 (2015 - £119,535) to Affinity Valuations Limited, a fellow group undertaking, in respect of services provided during the period.

At 31 December 2016 Affinity (Shipping) LLP, a limited liability partnership incorporated in England, had a 51% interest in the LLP and was therefore the ultimate controlling party of the LLP.