



Partnership number OC396607

**Affinity and Beyond LLP**

**Members' Report and**

**Financial Statements**

**for the year ended**

**31 December 2018**

WEDNESDAY



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22/05/2019  
COMPANIES HOUSE

## **Affinity and Beyond LLP – Members’ Report**

### **Principal activities**

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 year. 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 year are:

Affinity (Shipping) LLP

R Fulford-Smith

N Wood

T White

A Finn

P Arentz

T English

C Chasty

J Leake

T Fairhurst

T Morrison

L Pirro (appointed 1 January 2019)

## **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 year. 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 year. 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;
- 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.

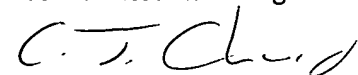
The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP’s website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

### **Brexit**

The members continue to monitor the Brexit negotiations but in view of the uncertainties cannot predict the impact any eventual resolution will have on the LLP’s financial position.

### **Auditor**

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the members have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.



Christopher Chasty

Partnership Secretary

30 April 2019

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

### **Opinion**

We have audited the financial statements of Affinity and Beyond LLP ("the Partnership") for the year ended 31 December 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2018 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 qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

### **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 Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership'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 Members 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.

## **Independent Auditor's Report to the Members of Affinity and Beyond LLP (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.

## **Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships**

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

- the information given in the Members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' 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 Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying 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.

## **Responsibilities of Members**

As explained more fully in the Statement of Members' Responsibilities, the Members 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 Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the Members are responsible for assessing the Partnership'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 Members either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

**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:

<https://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 Partnership's members, as a body, in accordance with Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Simms (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
150 Aldersgate Street  
London  
EC1A 4AB

30 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Affinity and Beyond LLP – Income Statement**  
**For the year ended 31 December 2018**

|                                                     |   | <b>2018</b> | <b>2017</b> |
|-----------------------------------------------------|---|-------------|-------------|
|                                                     |   | <b>£</b>    | <b>£</b>    |
| <b>Revenue</b>                                      |   |             |             |
| Commissions and fees receivable                     | 2 | 6,741,841   | 5,170,696   |
|                                                     |   | <hr/>       | <hr/>       |
|                                                     |   | 6,741,841   | 5,170,696   |
|                                                     |   | <hr/>       | <hr/>       |
| Personnel costs                                     | 4 | 683,521     | 567,866     |
| Other operating expenses                            |   | 1,306,301   | 1,531,874   |
|                                                     |   | <hr/>       | <hr/>       |
|                                                     |   | 1,989,822   | 2,099,740   |
|                                                     |   | <hr/>       | <hr/>       |
| <b>Profit for the year before members' payments</b> | 3 | 4,752,019   | 3,070,956   |
| Members' payments                                   | 5 | (2,912,140) | (2,078,333) |
|                                                     |   | <hr/>       | <hr/>       |
| <b>Profit for the year before taxation</b>          |   | 1,839,879   | 992,623     |
| Tax expense                                         | 6 | -           | -           |
|                                                     |   | <hr/>       | <hr/>       |
| <b>Profit for the financial year</b>                |   | 1,839,879   | 992,623     |
|                                                     |   | <hr/>       | <hr/>       |

The notes on pages 13 to 25 are an integral part of these financial statements

**Affinity and Beyond LLP –Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

|                                                | <b>2018</b>             | <b>2017</b>           |
|------------------------------------------------|-------------------------|-----------------------|
|                                                | <b>£</b>                | <b>£</b>              |
| Profit for the financial year                  | 1,839,879               | 992,623               |
| Other comprehensive income                     | -                       | -                     |
|                                                | <hr/>                   | <hr/>                 |
| <b>Total comprehensive income for the year</b> | <u><u>1,839,879</u></u> | <u><u>992,623</u></u> |

The notes on pages 13 to 25 are an integral part of these financial statements

**Affinity and Beyond LLP – (Registered No. OC396607)**  
**Statement of Financial Position**  
**At 31 December 2018**

|                                     |    | <b>2018</b>             | <b>2017</b>             |
|-------------------------------------|----|-------------------------|-------------------------|
|                                     |    | <b>£</b>                | <b>£</b>                |
| <b>Assets</b>                       |    |                         |                         |
| <b>Current assets</b>               |    |                         |                         |
| Trade and other receivables         | 7  | 270,879                 | 593,893                 |
| Investment                          | 8  | -                       | 148,690                 |
| Amounts due from members            | 10 | 3,060,008               | 2,013,247               |
| Cash and cash equivalents           |    | 391,070                 | 323,251                 |
|                                     |    | <u>3,721,957</u>        | <u>3,079,081</u>        |
| <b>Total assets</b>                 |    | <u><u>3,721,957</u></u> | <u><u>3,079,081</u></u> |
| <b>Equity and Liabilities</b>       |    |                         |                         |
| Members' capital                    | 10 | 581,000                 | 590,500                 |
| Other reserves classified as equity | 10 | 1,839,879               | 992,623                 |
|                                     |    | <u>2,420,879</u>        | <u>1,583,123</u>        |
| <b>Current liabilities</b>          |    |                         |                         |
| Trade and other payables            | 9  | 263,534                 | 215,893                 |
| Amounts due to members              | 10 | 1,037,544               | 1,280,065               |
|                                     |    | <u>1,301,078</u>        | <u>1,495,958</u>        |
| <b>Total equity and liabilities</b> |    | <u><u>3,721,957</u></u> | <u><u>3,079,081</u></u> |



**Affinity and Beyond LLP - Statement of Financial Position**  
**At 31 December 2018 (continued)**

|                                 | <b>2018</b>    | <b>2017</b>    |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| <b>Total members' interests</b> |                |                |
| Members' capital                | 581,000        | 590,500        |
| Other reserves                  | 1,839,879      | 992,623        |
| Amounts due to members          | 1,037,544      | 1,280,065      |
| Amounts due from members        | (3,060,008)    | (2,013,247)    |
|                                 | <u>398,415</u> | <u>849,941</u> |

The financial statements on pages 6 to 25 were approved by the members and authorised for issue on 30 April 2019 and signed on their behalf by:

**Nick Wood**

**Christopher Chasty**

The notes on pages 13 to 25 are an integral part of these financial statements

**Affinity and Beyond LLP – Statement of Changes in Equity**  
**For the year ended 31 December 2018**

|                                                     | <u>Members' equity</u> |                  |                  | <u>Members' interests</u> |                    |                |
|-----------------------------------------------------|------------------------|------------------|------------------|---------------------------|--------------------|----------------|
|                                                     | Capital                | Other            | Total            | Amounts due               | Amounts due        | Total          |
|                                                     | (classified as equity) | reserves         |                  | to members*               | from members**     |                |
|                                                     | £                      | £                | £                | £                         | £                  | £              |
| <b>Balance at 1 January 2018</b>                    | 590,500                | 992,623          | 1,583,123        | 1,280,065                 | (2,013,247)        | 849,941        |
| <b>Members payments treated as an expense</b>       | -                      | -                | -                | -                         | 2,912,140          | 2,912,140      |
| <b>Profit for the financial year</b>                | -                      | 1,839,879        | 1,839,879        | -                         | -                  | 1,839,879      |
| <b>Transfers to members' tax provision accounts</b> | -                      | -                | -                | 1,591,138                 | -                  | 1,591,138      |
| <b>Advances to member</b>                           | -                      | -                | -                | -                         | (2,242,214)        | (2,242,214)    |
| <b>Tax payments made on behalf of members</b>       | -                      | -                | -                | (1,798,039)               | -                  | (1,798,039)    |
| <b>Repaid by members</b>                            | -                      | -                | -                | -                         | 202,830            | 202,830        |
| <b>Repaid to members</b>                            | (9,500)                | -                | (9,500)          | (35,620)                  | -                  | (45,120)       |
| <b>Drawings</b>                                     | -                      | -                | -                | -                         | (2,912,140)        | (2,912,140)    |
| <b>Allocation of profits (Note 5)</b>               | -                      | (992,623)        | (992,623)        | -                         | 992,623            | -              |
| <b>Balance at 31 December 2018</b>                  | <u>581,000</u>         | <u>1,839,879</u> | <u>2,420,879</u> | <u>1,037,544</u>          | <u>(3,060,008)</u> | <u>398,415</u> |

\* included within current liabilities

\*\* included within current assets

The notes on pages 13 to 25 are an integral part of these financial statements

**Affinity and Beyond LLP – Statement of Changes in Equity  
For the year ended 31 December 2017**

|                                                 | <u>Members' equity</u>            |                   |                  | <u>Members' interests</u>  |                               |                |
|-------------------------------------------------|-----------------------------------|-------------------|------------------|----------------------------|-------------------------------|----------------|
|                                                 | Capital<br>(classified as equity) | Other<br>reserves | Total            | Amounts due<br>to members* | Amounts due<br>from members** | Total          |
|                                                 | £                                 | £                 | £                | £                          | £                             | £              |
| Balance at 1 January<br>2017                    | 590,500                           | 19,431            | 609,931          | 1,075,790                  | (1,408,869)                   | 276,852        |
| Members payments<br>treated as an expense       | -                                 | -                 | -                | -                          | 2,078,333                     | 2,078,333      |
| Profit for the financial<br>year                | -                                 | 992,623           | 992,623          | -                          | -                             | 992,623        |
| Transfers to members'<br>tax provision accounts | -                                 | -                 | -                | 961,846                    | -                             | 961,846        |
| Advances to member                              | -                                 | -                 | -                | -                          | (635,012)                     | (635,012)      |
| Tax payments made on<br>behalf of members       | -                                 | -                 | -                | (757,571)                  | -                             | (757,571)      |
| Advanced to members                             | -                                 | -                 | -                | -                          | (1,062)                       | (1,062)        |
| Repaid by members                               | -                                 | -                 | -                | -                          | 12,265                        | 12,265         |
| Drawings                                        | -                                 | -                 | -                | -                          | (2,078,333)                   | (2,078,333)    |
| Allocation of<br>profits (Note 5)               | -                                 | (19,431)          | (19,431)         | -                          | 19,431                        | -              |
| Balance at 31<br>December 2017                  | <u>590,500</u>                    | <u>992,623</u>    | <u>1,583,123</u> | <u>1,280,065</u>           | <u>(2,013,247)</u>            | <u>849,941</u> |

\* included within current liabilities

\*\* included within current assets

The notes on pages 13 to 25 are an integral part of these financial statements

**Affinity and Beyond LLP – Statement of Cash flows**  
**For the year ended 31 December 2018**

|                                                                                   | <b>2018</b>           | <b>2017</b>           |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                   | <b>£</b>              | <b>£</b>              |
| <b>Cash inflows from operating activities</b>                                     |                       |                       |
| Profit for the financial year                                                     | 1,839,879             | 992,623               |
| Adjustments for:                                                                  |                       |                       |
| Members' payments                                                                 | 2,912,140             | 2,078,333             |
| Increase in bad debt provision                                                    | 33,000                | -                     |
| Differences on exchange                                                           | 43,577                | (15,247)              |
| Decrease/(increase) in trade and other receivables                                | 290,014               | (316,914)             |
| Increase in trade and other payables                                              | 47,641                | 204,810               |
|                                                                                   | <u>3,326,372</u>      | <u>1,950,982</u>      |
| <b>Net cash inflow from operating activities before transactions with members</b> | <u>5,166,251</u>      | <u>2,943,605</u>      |
| Payments to or on behalf of members                                               | (5,194,045)           | (2,497,867)           |
|                                                                                   | <u>(27,794)</u>       | <u>445,738</u>        |
| <b>Net cash (outflow)/inflow from operating activities</b>                        | <u>(27,794)</u>       | <u>445,738</u>        |
| <b>Cash flows from financing activities</b>                                       |                       |                       |
| Repayment of members' capital                                                     | (9,500)               | -                     |
| <b>Cash flows from investing activities</b>                                       |                       |                       |
| Sale/(purchase) of investment                                                     | 148,690               | (148,690)             |
|                                                                                   | <u>111,396</u>        | <u>297,048</u>        |
| <b>Net increase in cash and cash equivalents</b>                                  | <u>111,396</u>        | <u>297,048</u>        |
| <b>Cash and cash equivalents – beginning of year</b>                              | <u>323,251</u>        | <u>10,956</u>         |
| Effects of exchange rate fluctuations                                             | (43,577)              | 15,247                |
|                                                                                   | <u>391,070</u>        | <u>323,251</u>        |
| <b>Cash and cash equivalents – end of year</b>                                    | <u><u>391,070</u></u> | <u><u>323,251</u></u> |

The notes on pages 13 to 25 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 2018**

### **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 year.

#### *Basis of accounting*

The financial statements, prepared on the going concern basis, assume that the LLP will generate sufficient working capital to continue operation existence for the foreseeable future. The members have, at the time of approving the financial statements, an expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Therefore the LLP continues to adopt the going concern basis of accounting in preparing the financial statements.

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 satisfied its performance obligations, 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.

On adoption of IFRS 15 for the year ended 31 December 2018 there was a significant increase in the required disclosures relating to the nature, amount and uncertainty of revenue, balances and cash flows arising from contracts with customers. The application of the standard did not have any impact on the financial results and position reported in the primary financial statements.

#### *Investments*

Financial assets at fair value are measured at fair value in the statement of financial position. Fair value changes on financial assets at fair value are recognised directly in equity, through the statement of changes in equity, except for interest on financial assets at fair value (which is recognised in income on an effective yield basis), impairment losses and (for interest-bearing financial assets at fair value debt instruments) foreign exchange gains or losses. The cumulative gain or loss that was recognised in equity

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**2. Accounting policies (continued)**

*Investments (continued)*

is recognised in profit or loss when an available-for-sale financial asset is derecognised.

*Impairment of assets*

Assets subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income whenever the carrying value of an asset or a cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows of an asset or a CGU are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value is assessed by the members and reflects the underlying economic value of the assets in normal market conditions, with a willing buyer and seller and assumes adequate time for sale.

*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 statement of financial position.

*Non derivative financial instruments*

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, interest bearing liabilities, members' 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.

The implementation of IFRS 9 has had no impact on the LLP's estimation of expected credit losses.

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**2. Accounting policies (continued)**

*Cash and cash equivalents*

Cash and cash equivalents comprise bank current accounts, call deposits with a maturity of three months or less 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.

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.

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**2. Accounting policies (continued)**

*Allocation of profits and losses and drawings (continued)*

During the financial year, 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 2018.

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".

*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 interpretations and revised standards effective from the year ended 31 December 2018*

New standards affecting the LLP that were adopted in the annual financial statements for the year ended 31 December 2018, but which have not given rise to any changes in the LLP's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).

These two standards have not had any impact on the LLP's results. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the LLP as they are either not relevant to the LLP's activities or require accounting which is consistent with the LLP's current accounting policies.

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**2. Accounting policies (continued)**

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") with an effective date of implementation after the date of these financial statements. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

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 16 Leases**

The standard is effective for annual periods beginning on or after 1 January 2019.

The changes for lessors, and for lessees under current finance leases, will be limited, but the standard will significantly affect the treatment by lessees of what are currently treated as operating leases. With some exceptions, lessees under current operating leases will be required to record a liability for the payments under the lease, which remains discounted at the rate implicit in the lease (or if not known, the lessee's incremental borrowing rate), and record a corresponding right of use asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payment made prior to commencement of lease, minus any lease incentives already received).

**IFRIC 23 Uncertainty over Income Tax Positions**

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments.

Neither of the above Standards will have any impact on the results or financial position of the LLP.

**3. Profit from operations**

|                                                        | 2018              | 2017              |
|--------------------------------------------------------|-------------------|-------------------|
|                                                        | £                 | £                 |
| Profit has been arrived at after (crediting)/charging: |                   |                   |
| Net foreign exchange (gains)/losses                    | (67,343)          | 43,551            |
|                                                        | <u>          </u> | <u>          </u> |

Other operating expenses include charges of £562,236 (2017 - £704,055) from the LLP's parent undertaking, Affinity (Shipping) LLP and £232,971 (2017 - £247,269) 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 year amounted to £3,150 (2017 – £3,500). Non audit services provided by the auditors during the year amounted to £4,825 (2017 - £1,575) and comprised taxation services.

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**4. Personnel costs**

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

|                | <b>2018</b> | <b>2017</b> |
|----------------|-------------|-------------|
|                | <b>No.</b>  | <b>No.</b>  |
| Client serving | 5           | 3           |
| Administration | 2           | 2           |
|                | <u>7</u>    | <u>5</u>    |

Staff costs incurred by these employees during the year were:

|                       | <b>2018</b>    | <b>2017</b>    |
|-----------------------|----------------|----------------|
|                       | <b>£</b>       | <b>£</b>       |
| Salaries              | 568,093        | 483,956        |
| Social security costs | 77,109         | 49,369         |
| Pension costs         | 30,964         | 27,071         |
| Other                 | 7,355          | 7,470          |
|                       | <u>683,521</u> | <u>567,866</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 seven (2017 – eight) individual members during the year. 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 year in accordance with agreed profit sharing arrangements.

The average profit per executive member (excluding the corporate member) is calculated by dividing the result for the year (after adding back payments to members) attributable to these members (49%) by the average number of executive members:

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**5. Members' payments (continued)**

|                           | <b>2018</b> | <b>2017</b> |
|---------------------------|-------------|-------------|
| Average number of members | 7           | 7           |
| Average profit per member | £ 332,641   | £ 214,967   |

The total payment made to the Chief Executive Officer during the year, comprising his priority profit share and bonus was £822,500 (2017 - £350,000). The member with the largest payment during the year received £822,500 (2017 - £495,000).

**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**

|                                               | <b>2018</b>    | <b>2017</b>    |
|-----------------------------------------------|----------------|----------------|
|                                               | <b>£</b>       | <b>£</b>       |
| Trade receivables                             | 352,890        | 571,657        |
| Provision for impairment of trade receivables | (85,800)       | (52,800)       |
|                                               | <u>267,090</u> | <u>518,857</u> |
| Amount due from group undertaking             | 3,789          | 75,036         |
|                                               | <u>270,879</u> | <u>593,893</u> |

Trade receivables are expected to be recovered within one year. The LLP's credit policy is set out in note 11.

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:

|                               | <b>2018</b>    | <b>2017</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Neither past due nor impaired | 123,567        | 305,832        |
| Past due but not impaired     | 143,523        | 213,025        |
| Past due, impaired            | 85,800         | 52,800         |
|                               | <u>352,890</u> | <u>571,657</u> |

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**7. Trade and other receivables (continued)**

Movements on the Group provision for impairment of trade receivable was as follows:

|                          | <b>2018</b> | <b>2017</b> |
|--------------------------|-------------|-------------|
|                          | <b>£</b>    | <b>£</b>    |
| At 1 January             | 52,800      | 52,800      |
| Provision for impairment | 33,000      | -           |
|                          | <hr/>       | <hr/>       |
| At 31 December           | 85,800      | 52,800      |
|                          | <hr/>       | <hr/>       |

**8. Investment**

The financial asset at fair value comprises an investment listed in the Norwegian OTC market which was transferred at cost to a fellow subsidiary undertaking, Affinity Financial Services LLP, during the year.

**9. Trade and other payables**

|                                   | <b>2018</b> | <b>2017</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>£</b>    | <b>£</b>    |
| Trade payables                    | 104,267     | -           |
| Other payables                    | -           | 4,578       |
| Amounts due to group undertakings | 78,254      | 149,317     |
| Accruals and deferred income      | 81,013      | 61,998      |
|                                   | <hr/>       | <hr/>       |
|                                   | 263,534     | 215,893     |
|                                   | <hr/>       | <hr/>       |

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:

|                                                          | <b>2018</b> | <b>2017</b> |
|----------------------------------------------------------|-------------|-------------|
|                                                          | <b>£</b>    | <b>£</b>    |
| Amount due from ultimate parent undertaking              | 3,050,008   | 1,800,417   |
| Amounts due from members                                 | 10,000      | 212,830     |
|                                                          | <hr/>       | <hr/>       |
| Amounts due to members - members' tax provision accounts | (1,037,544) | (1,280,065) |
|                                                          | <hr/>       | <hr/>       |
|                                                          | 2,022,464   | 733,182     |
|                                                          | <hr/>       | <hr/>       |

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**10. Equity and members' capital and other interests (continued)**

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.

The capital structure of the LLP consists of all components of equity aggregating to a surplus of £2,420,879.

*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:

|                                                | <b>2018</b>      | 2017             |
|------------------------------------------------|------------------|------------------|
|                                                | £                | £                |
| <b>Financial assets</b>                        |                  |                  |
| <b>Loans and receivables</b>                   |                  |                  |
| Trade and other receivables                    | 267,090          | 518,857          |
| Amounts due from group undertakings            | 3,789            | 75,036           |
| Amounts due from members                       | 3,060,008        | 2,013,247        |
| Cash and cash equivalents                      | 391,070          | 323,251          |
|                                                | <u>3,721,957</u> | <u>2,930,391</u> |
| <b>Financial liabilities at amortised cost</b> |                  |                  |
| Trade payables                                 | 104,267          | -                |
| Amounts due to members                         | 1,037,544        | 1,280,065        |
| Amounts due to group undertakings              | 78,254           | 149,317          |
| Other payables                                 | -                | 4,578            |
|                                                | <u>1,220,065</u> | <u>1,433,960</u> |
| <b>Total net financial instruments</b>         | <u>2,501,892</u> | <u>1,496,431</u> |

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**11. Financial Instruments (continued)**

The estimated fair values of all the LLP's financial instruments were approximate to their carrying values at 31 December 2018 and 31 December 2017.

*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.

*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:

|            | <b>2018</b>    | 2017           |
|------------|----------------|----------------|
|            | <b>£</b>       | £              |
| US Dollars | 572,720        | 837,671        |
| Euros      | -              | -              |
|            | <hr/>          | <hr/>          |
|            | <b>572,720</b> | <b>837,671</b> |
|            | <hr/>          | <hr/>          |

If the US Dollar had been 10% stronger/weaker during the year ended 31 December 2018, the profit for the year would have increased/decreased by £524,684 and £796,502 respectively (2017 – £558,187 and £456,717 respectively).

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**11. Financial Instruments (continued)**

*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 2018 of £267,090 comprised 6 clients with a maximum outstanding of £139,189 (2017 - £518,857 comprised 6 clients with a maximum amount outstanding of £202,596).

At 31 December 2018, trade receivables of £143,523 were past due but not impaired.

At 31 December 2018, no expected credit losses are envisaged for current trade receivables and the amounts due from members and group undertakings.

Given the nature of the LLP's trading partners, determination of the 12 month expected credit losses has been assessed on a case-by-case basis. This assessment has been made based on past trading history, past write offs, unusual payment periods and publicly available information about the counterparties. As permitted by the transitional provisions of IFRS 9 Financial Instruments, any loss allowances required have been accounted for as at 31 December and accordingly, no comparative information has been presented for 31 December 2017.

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.

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**11. Financial Instruments (continued)**

*Liquidity risk (continued)*

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 2018 based on contractual undiscounted payments:

**At 31 December 2018**

|                                   | On<br>Demand      | Less than<br>3 months | Total             |
|-----------------------------------|-------------------|-----------------------|-------------------|
|                                   | £                 | £                     | £                 |
| Amounts due to members            | 1,037,544         | -                     | 1,037,544         |
| Amounts due to group undertakings | 78,254            | -                     | 78,254            |
| Trade payables                    | 104,267           | -                     | 104,267           |
|                                   | <u>          </u> | <u>          </u>     | <u>          </u> |

**At 31 December 2017**

|                                   | On<br>Demand      | Less than<br>3 months | Total             |
|-----------------------------------|-------------------|-----------------------|-------------------|
|                                   | £                 | £                     | £                 |
| Amounts due to members            | 1,280,065         | -                     | 1,280,065         |
| Amounts due to group undertakings | 149,317           | -                     | 149,317           |
| Other payables                    | 4,578             | -                     | 4,578             |
|                                   | <u>          </u> | <u>          </u>     | <u>          </u> |

**12. Related Parties**

The ten individual members of the LLP who were in office during the year 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 2018 was £2,912,140 (2017 - £2,078,333) representing their Priority Profit Shares and bonuses as reported in note 5.

Transactions during the year and balances with members and parent group companies at 31 December 2018 are disclosed in Notes 3, 5, 7, 9, 10 and 11.

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

**Affinity and Beyond LLP – Notes forming part of the financial statements for the year ended 31 December 2018 (continued)**

**12. Related Parties (continued)**

In addition to the foregoing, the LLP charged fees totalling £159,200 (2017 - £146,910) to Affinity Valuations Limited, a fellow group undertaking, in respect of services provided during the year.

At 31 December 2018 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.