



KIRK SHIPPING A/S

Havneøen 1
7100 Vejle
CVR No. 31851998

Annual report 2019

The Annual General Meeting adopted the
annual report on 23.04.2020

Martin Deppe Mørup

Chairman of the General meeting

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Entity details

Entity

KIRK SHIPPING A/S

Havneøen 1

7100 Vejle

CVR No.: 31851998

Registered office: Vejle

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kim Gulstad, Chairman

Martin Deppe Mørup

Jacob Steen Jensen

Executive Board

Martin Deppe Mørup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of KIRK SHIPPING A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vejle, 23. april 2020

Executive Board

Martin Deppe Mørup

Board of Directors

Kim Gulstad
Chairman

Martin Deppe Mørup

Jacob Steen Jensen

Independent auditor's report

To the shareholder of KIRK SHIPPING A/S

Opinion

We have audited the financial statements of KIRK SHIPPING A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

23. april, Aarhus

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Alsen Lauridsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Primary activities

The objective of the Company is to operate business within trade and industry, including commercial activities in the shipping industry, and other related activities.

Development in activities and finances

The income statement of the Company for 2019 shows a loss of USD 97k, and at 31 December 2019 the balance sheet of the Company shows equity of USD 390k.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the financial position and development of the company.

Income statement for 2019

	Notes	2019 USD'000	2018 USD'000
Gross profit/loss		(22)	(93)
Income from investments in group enterprises		(96)	3,115
Income from investments in associates		13	218
Other financial income	1	2	37
Other financial expenses	2	0	(902)
Profit/loss before tax		(103)	2,375
Tax on profit/loss for the year	3	6	692
Profit/loss for the year		(97)	3,067
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		2,240	34,398
Retained earnings		(2,337)	(31,331)
Proposed distribution of profit and loss		(97)	3,067

Balance sheet at 31.12.2019

Assets

	Notes	2019 USD'000	2018 USD'000
Investments in group enterprises		1,173	1,269
Investments in associates		0	674
Other financial assets		1,173	1,943
Fixed assets		1,173	1,943
Receivables from group enterprises		1	3
Other receivables		0	1
Income tax receivable		355	693
Receivables		356	697
Cash		12	109
Current assets		368	806
Assets		1,541	2,749

Equity and liabilities

	Notes	2019 USD'000	2018 USD'000
Contributed capital		95	95
Reserve for net revaluation according to the equity method		0	186
Retained earnings		295	2,446
Equity		390	2,727
Trade payables		2	10
Payables to group enterprises		1,141	9
Other payables		8	3
Current liabilities other than provisions		1,151	22
Liabilities other than provisions		1,151	22
Equity and liabilities		1,541	2,749
Contingent liabilities	4		
Assets charged and collateral	5		
Group relations	6		

Statement of changes in equity for 2019

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	95	186	2,446	2,727
Extraordinary dividend paid	0	0	(2,240)	(2,240)
Dividends from associates	0	(688)	688	0
Transfer to reserves	0	502	(502)	0
Profit/loss for the year	0	0	(97)	(97)
Equity end of year	95	0	295	390

Notes

1 Other financial income

	2019 USD'000	2018 USD'000
Financial income from group enterprises	1	13
Financial income from associates	0	11
Other interest income	1	9
Exchange rate adjustments	0	4
	2	37

2 Other financial expenses

	2019 USD'000	2018 USD'000
Financial expenses from group enterprises	0	34
Other interest expenses	0	868
	0	902

3 Tax on profit/loss for the year

	2019 USD'000	2018 USD'000
Current tax	(2)	(693)
Change in deferred tax	0	61
Adjustment concerning previous years	(4)	(60)
	(6)	(692)

4 Contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax. The total payable corporation tax is disclosed in the Annual Report of KIRK KAPITAL A/S, which is the management company of the joint taxation.

5 Assets charged and collateral

There are no assets charged or collateral.

6 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

KIRK KAPITAL A/S, Vejle, Denmark

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Financial Statements for 2019 are presented in USD, which is the functional currency of the Company. At 31 December 2019 the USD/DKK exchange rate is 667.59. The corresponding exchange rate at 31 December 2018 was 651.94.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses related to administration.

Income from investments in group enterprises

The items "Income from investments in group enterprises" and "Income from investments in associates" in the income statement include the proportionate share of the profit of the year.

Income from investments in associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit of the year.

Other financial income

Financial income comprise interest income, realised and unrealised capital and exchange gains and losses on foreign currency transactions as well as surcharges and allowances under the on-account taxation scheme, etc.

Other financial expenses

Financial expenses comprise interest expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions as well as surcharges and allowances under the on-account taxation scheme, etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealistic intercompany profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distributions of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Associates with negative equity value are measured at USD 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Income tax payable or receivable

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other debts are measured at amortised cost, substantially corresponding to nominal value.