



TN Cruise K/S

Boltonvej 7
2300 København S
CVR No. 33153066

Annual report 2020

The Annual General Meeting adopted the
annual report on 04.06.2021

Christian Thamdrup Lund

Chairman of the General Meeting

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Entity details

Entity

TN Cruise K/S
Boltonvej 7
2300 København S

CVR No.: 33153066
Registered office: København
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Niels-Erik Thamdrup Lund

Executive Board

Niels-Erik Thamdrup Lund
Christian Thamdrup Lund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of TN Cruise K/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Copenhagen, 04.06.2021

Executive Board

Niels-Erik Thamdrup Lund

Christian Thamdrup Lund

Board of Directors

Niels-Erik Thamdrup Lund

Independent auditor's report

To the shareholders of TN Cruise K/S

Opinion

We have audited the financial statements of TN Cruise K/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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.

Copenhagen, 04.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Hansen

State Authorised Public Accountant
Identification No (MNE) mne24828

Management commentary

Primary activities

The Company's primary activity is to be the owner of the expedition cruise vessel Sea Spirit and to charter out the vessel to various cruise operators worldwide. During 2020, the vessel was chartered out to Poseidon Expeditions.

The Company has outsourced vessel ship management, including Technical Management and Hotel Management, to Cruise Management International Inc., Miami, Florida and CMI Leisure Ltd., a sister company to Cruise Management International Inc.

Development in activities and finances

As a result of the spread of the COVID-19 coronavirus, an agreement with lower time charter hire was entered into with the Charterer from the beginning of May 2020 which negatively impacted net profit.

Management is closely monitoring the COVID-19 situation and the impact this may have on the operation and financial situation of the Company. The vessel continues to be on-hire during its lay-up period but is expected to be back in service for the 2021 winter season.

As a cash flow precaution, the Company had agreed with its Bank that only interest would have to be paid on its vessel bank loan from March 2020 and at least for a six-month period. It was agreed with the Bank to extend this period until January 2022. In order to make this extension the Bank requested that a pre-funded interest reserve account be established with enough funds to cover the estimated interest payments through January 2022. If surplus cash is available, the Company is free to make principal payments at any time.

Profit/loss for the year in relation to expected developments

In 2020, the Company realized a loss of USD 639,450, which is considered unsatisfactory. For the financial year 2020, Management had expected the profitability to be positive, as the vessel was estimated to be on normal time charter hire for the full year.

As at 31 December 2020, the equity amounted to USD 5,490,222. Current assets were less than current liabilities, excluding deferred revenue, by USD 1,758,961.

As further described in note 1, the impact of COVID-19 continues to result in uncertainties related to the net result and cash flow for 2021. Management expects an improved cash flow for 2021 and believes that the Company will be able to meet its obligations as they fall due.

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.

Income statement for 2020

	Notes	2020 USD	2019 USD
Revenue		3,535,325	8,669,285
Other external expenses		(2,092,061)	(3,999,896)
Gross profit/loss		1,443,264	4,669,389
Staff costs	2	(731,452)	(1,912,828)
Depreciation, amortisation and impairment losses		(1,241,987)	(1,083,199)
Operating profit/loss		(530,175)	1,673,362
Other financial income		(2,397)	31,901
Other financial expenses		(106,878)	(201,854)
Profit/loss for the year		(639,450)	1,503,409
Proposed distribution of profit and loss:			
Retained earnings		(639,450)	1,503,409
Proposed distribution of profit and loss		(639,450)	1,503,409

Balance sheet at 31.12.2020

Assets

	Notes	2020 USD	2019 USD
Ships		10,021,434	10,990,289
Property, plant and equipment	3	10,021,434	10,990,289
Fixed assets		10,021,434	10,990,289
Trade receivables		88,651	1,098,267
Other receivables		249,990	0
Prepayments		156,143	282,127
Receivables		494,784	1,380,394
Cash		189,379	586,300
Current assets		684,163	1,966,694
Assets		10,705,597	12,956,983

Equity and liabilities

	Notes	2020 USD	2019 USD
Retained earnings		5,490,222	6,629,672
Equity		5,490,222	6,629,672
Bank loans		2,322,439	1,402,762
Payables to shareholders and management		449,812	0
Other payables		0	1,000,000
Non-current liabilities other than provisions	4	2,772,251	2,402,762
Current portion of non-current liabilities other than provisions	4	0	1,104,013
Trade payables		202,921	284,344
Payables to associates		148,765	130,213
Other payables		290,336	71,188
Deferred income		1,801,102	2,334,791
Current liabilities other than provisions		2,443,124	3,924,549
Liabilities other than provisions		5,215,375	6,327,311
Equity and liabilities		10,705,597	12,956,983
Going concern	1		
Assets charged and collateral	5		

Statement of changes in equity for 2020

	Retained earnings USD	Total USD
Equity beginning of year	6,629,672	6,629,672
Extraordinary dividend paid	(500,000)	(500,000)
Profit/loss for the year	(639,450)	(639,450)
Equity end of year	5,490,222	5,490,222

Notes

1 Going concern

The current global pandemic of COVID-19 has resulted in a disruption across many industries including the cruise ship industry across 2020. This will continue with uncertainties for the net result and cash flow in 2021 and potentially onwards, but the magnitude and timing hereof is still uncertain, and will depend on the duration and spread of the outbreak.

Management is monitoring the situation closely, and have agreements with most of its key stakeholders including the charterer where revised terms and agreements have been agreed, which take the current market conditions of the cruise ship industry into consideration. Furthermore, the shareholder is also aware of these circumstances, and the shareholder has issued a support letter with confirmation to inject cash as needed for the Company to honor its obligations as they are due for a period of 12 months from the date of these financial statements.

Based on above, Management believes that the financial statements are appropriately prepared based on the going-concern principle.

2 Staff costs

	2020 USD	2019 USD
Wages and salaries	731,452	1,912,828
	731,452	1,912,828
Average number of full-time employees	15	27

3 Property, plant and equipment

	Ships USD
Cost beginning of year	17,405,607
Additions	273,132
Cost end of year	17,678,739
Depreciation and impairment losses beginning of year	(6,415,318)
Depreciation for the year	(1,241,987)
Depreciation and impairment losses end of year	(7,657,305)
Carrying amount end of year	10,021,434

4 Non-current liabilities other than provisions

	Due within 12 months 2019 USD	Due after more than 12 months 2020 USD
Bank loans	1,104,013	2,322,439
Payables to shareholders and management	0	449,812
	1,104,013	2,772,251

5 Assets charged and collateral

The following has been provided as collateral for bank loan with an unpaid balance of USD 2,322,436:

- Mortgage deed registeret to the vessel owner. The book value amounts to USD 10,021,434.
- Assignment of the insurance amount of the vessel
- Assignment of earnings of the vessel
- Unlimited guarantee by Niels-Erik Thamdrup Lund and Achieva Holding A/S.

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.

The annual report has been prepared and present in USD. A DKK/USD exchange rate of 6.058 (2019: 6.676) has been applied.

Recognition and measurement

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.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from time charters are recognized over the duration of the charters.

Other external expenses

Other external expenses comprises expenses incurred for the management and administration of the company.

Staff costs

Staff costs comprise salaries related to operational crew on board.

Depreciation, amortisation and impairment losses

Depreciation and impairment losses relating to ships comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of ships.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest to bank, group enterprises and associates as well as net realized and unrealized exchange losses.

Balance sheet**Property, plant and equipment**

The ship is measured at cost less depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the ship until the time when the ships is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful life of 20 years.

Dry docking expenses are capitalized and depreciated over a period of 30 months.

Ships are written down to the lower of recoverable amount and carrying amount. Estimated useful lives and residual values are reassessed annually.

Items of ships are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.