

Inchcape Shipping Services Holdings Limited

Annual report and financial statements

For the year ended 31 December 2019



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General information

Directors

K Henriks
F Olsen

Company Secretary

N Mahabeer

Registered office

8th Floor
60 Fenchurch Street
London
EC3M 4AD

Independent auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Registered number

04980958

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2019.

Principal activities

Inchcape Shipping Services Holdings Limited's Group of companies ("Inchcape", or "the Group") is one of the world's leading independent maritime services providers managing approximately 62,000 vessel port calls in 2019 (2018: approximately 64,000) through its own network of approximately 2,900 people located across 240 offices in over 60 countries covering 85% of obtainable port calls globally.

Inchcape's core business continues to be Port Agency, involving the arrangement and payment of services in connection with a vessel's stay in port and including canal transit supervision, crew logistics and offshore support services.

Inchcape represents a number of top tier and independent container lines around the world, offering these customers comprehensive degrees of support – from husbandry and back office management services to full liner agency.

ISS Machinery Services supplies original spare parts to vessel owners worldwide and larger parts to industrial plants within the energy exploration sector and existing power generation installations.

ISS Palumbo is an international specialist project forwarder in the oil & gas sector and in addition manages a number of logistics projects in Italy for blue chip companies.

A number of other business units of the Group have specific niche or regional capabilities in freight forwarding, local storage and handling, container depot management, P&I and Lloyd agency, cargo surveying and management. These businesses are managed as a part of the regional set-up and their results are included in the regional figures.

Business review, development and position of the business

In 2019 the Group delivered the strongest financial performance of the past 5 years both in terms of profitability and cash flow with a net cash inflow of \$24.8 million for the year ended 31 December 2019 (2018: \$46.7m net cash outflow). This contributed to the Group passing all financial covenants with significant headroom.

In terms of business performance, the Marine Services business generated strong results from several key geographical clusters including Middle East, Africa, Europe, and Japan whilst facing challenges in the Americas, Asia, and Australasia. ISS Machinery Services results were significantly ahead of expectations and prior year with strong results from several key departments. ISS Palumbo reported record results for 2019 with over \$95 million in gross revenues and EBITDA significantly outperforming expectations with strong contributions from key customer contracts.

In addition to the above, several key strategic initiatives have supported these strong results including the Group's relentless focus on optimising productivity levels across its global network as well as the centralisation of critical processes within the Group to leverage efficiencies, cost synergies, and enhance the overall customer experience.

The Group is making significant progress on its key technology initiatives to support the Inchcape 360 strategy announced in 2018, which comprises of Smooth Services, Smart Sight, and Smart Pay.

Smooth Services encompasses the ease of access to the Inchcape global network, integrated Governance and Compliance and Strategic Sourcing, driven by Inchcape proprietary technology. Smart Sight uses proprietary data from the Group's network to deliver insight and intelligence to its

Strategic Report (continued)

customers, enabled by technology. Smart Pay is a new approach to cash and transaction management in the maritime industry.

In 2019, a number of key transactions and events have taken place.

On 12 February 2019, Inchcape completed on the acquisition of V.Ships Agency business and divestiture of the GMT business. Post completion of the deal the Group has seen the successful integration of the agency business activity into Inchcape. By the end of 2019 Inchcape had completed almost 3,800 port calls with revenues in excess of \$1.8 million. The Group continues to see year on year growth and, market conditions permitting, is expecting to continue working closely with V.Ships. The Group also expects to see additional revenue streams from this agreement on procurement and supply side. Going forward the positive strategic partnership between Inchcape and V.Ships will continue to develop.

As previously reported, on 21 November 2018, Inchcape were notified that the United Nations contract would not be renewed and the contract terminated in the first quarter of 2019. The transaction is not regarded as a discontinued operation.

In 2020, the World Health Organisation (WHO) on 11 March declared COVID-19 a pandemic pointing to the volume of cases of the coronavirus illness in over 100 countries and territories around the world. With over 170 years of experience, Inchcape have come through many turbulent times and this is no exception. As a large and financially stable business, with the power of a global network behind us, the Group is in a stronger position than many in the sector to tackle today's challenges.

Now more than ever, Inchcape considers it vital to continue to support world trade and keep the shipping industry moving. Inchcape is dedicated to helping its customers deliver the service that is so necessary for global supply chains to function, while ensuring the health and well-being of employees worldwide. So far, Inchcape's response has been second-to-none and Inchcape employees have been working continuously, keeping communications open and solving problems for their customers.

Section 172 Statement

The directors of the Group act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long-term strategic decisions
- The interests and welfare of the Group's employees
- The need to foster positive business relationships with customers, suppliers, and others.

The Group depends on the commitment and skills of people within the business. Engagement and clear communication are particularly important in promoting success.

The directors engage the workforce through:

- The systematic provision of information of matters that concern the business in general and them specifically. This is done through event specific electronic communications (e.g. Inchcape's year end results), regular group-wide emails and business unit specific emails;
- Several electronic platforms for employee reference including the intranet;
- Townhalls

Strategic Report (continued)

Section 172 Statement (continued)

The Group has dedicated client management teams established to maintain strong customer and vendor relationships. The Company performs various services for its customers and manages any conflicts with multiple agencies. Due diligence procedures are undertaken for all new contracts with customers and vendors before any services are provided/ordered.

The Company's parent company is Inchcape Shipping Services World Ltd ("ISSW"). Given that the Company accounts for a large proportion of ISSW's revenue, it is essential that ISSW is kept informed on the Company's performance and that the Company's board acts in the best interests of the Group. To that end, the Company's directors are kept informed about the Group's day-to-day management through various Inchcape management forums of which the CEO, CFO are members e.g. Senior Leadership Team meetings; Risk Committee meetings, annual strategy reviews.

Inchcape accepts its responsibilities to the planet and society. Inchcape commits to, wherever practicable, minimise emissions to air, prevent pollution, control waste, and re-use and recycle materials to reduce the amount of waste deposited into landfills and oceans. In all activities, Inchcape strives to minimise consumption of the earth's non-renewable resources by adopting efficient methods and best practices.

Further detail on the way in which the Group promotes the interests of each of its key stakeholders is included in the Director's Report.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as competitive, macroeconomic and foreign currency risks. Competitive risks relate to the risk of non-renewal of partnership, logistics, and agency agreements. Macroeconomic risks have arisen as the COVID-19 pandemic has catalysed a global economic downturn which challenges the Group's revenue generation. Foreign currency risks reflect the international spread of the Group's operations. The international spread of the Group's operations means that the Group is exposed to a degree of geopolitical risk, although this is mitigated to some extent by the widespread nature of its activities both in terms of scope and location.

The Group's policies are aimed at mitigating liquidity and cash flow risk by managing cash generation by its operations and through the use of long-term debt, trade finance, and revolving credit facilities. The Group also aims to minimise credit risk through policies requiring that deferred terms are only granted to customers who demonstrate an appropriate payment history. Further disclosure is made of the Group's risk management policies in Note 32 of the financial statements.

On behalf of the Board



K Henriks
Director
6 November 2020

Directors' Report

Registered number: 04980958

The directors present their Directors' Report and audited consolidated financial statements for the year ended 31 December 2019.

Results and dividends

Given the international nature of the Group and the dominance of the United States Dollar in the shipping industry, the directors have elected to present the Group's financial statements in United States Dollars.

During the year the Group revenue decreased by 8.9% from \$558.4m to \$508.8m. Total operating profit increased from \$22.6m in 2018 to \$26.2m in 2019. The Group considers adjusted EBITDA to be the best measure of its operating performance as this aligns with management reporting. Adjusted EBITDA was \$51.1m in 2019 (2018: \$44.6m). Amortisation, depreciation, and gains/losses on the sale of fixed assets have been factored separately into the EBITDA calculation below. Other expenses relate predominantly to compliance, reorganisation projects and management fees totalling \$7.5m (2018: \$7.8m).

Operating profit to Adjusted EBITDA reconciliation	2019 US\$m	2018 US\$m
Total operating profit (see Consolidated Income Statement)	26.2	22.6
Depreciation on PPE (Note 12)	4.9	6.2
Depreciation on investment property	0.2	-
Depreciation on right of use assets	8.8	-
Amortisation (Note 15)	4.3	3.2
Impairment of intangible assets (Note 15)	-	0.4
Share of associates costs	-	1.2
(Gain)/Loss on sale of fixed assets	(1.4)	3.4
Other expenses	8.1	7.6
Adjusted EBITDA	51.1	44.6

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future (at least 12 months from signing of the financial statements) and is in full compliance with all its debt obligations. The financial statements have therefore been prepared on a going concern basis. Further details are provided in the Basis of Preparation section of Note 2 to the financial statements.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

T De Clerck (resigned 4 February 2019)
F Olsen
K Henriks (appointed 4 February 2019)

Directors' Report (continued)

Employees

The Group is committed to providing a working environment of mutual respect where equal employment opportunities are available to all applicants and employees without regard to race, colour, religion, sex, age, physical and mental disability, marital status, sexual orientation, gender identity, gender expression, and any other characteristic protected by applicable law. The Group takes the position that diversity and inclusion among its staff is critical to its success as a global company, and seeks to recruit, develop and retain the most talented people from a diverse candidate pool.

Corporate compliance

The Group has increased investments in its corporate compliance activities to ensure that it deals effectively with both ethical and regulatory compliance, with increased budgets for staffing, training, and awareness. The Group has continued applying its zero-tolerance policy and specific business ethics, and regulatory update training has been carried out across the business to ensure compliance with the UK Bribery Act 2010, the US Foreign Corrupt Practices Act, and current international legislation. The internal audit function's remit includes assurance on the adequacy of the Group's risk management and internal control and the results are reported to the Audit Committee twice a year.

Health, Safety & Environmental

The Group maintains a Quality Management System and in addition has extensive HSSE policies and procedures in place in order to support its customers through sound risk management of environmental, health and safety exposures and also to provide a safe and healthy working environment for its staff.

Security

The Group's Security Plan dovetails with the International Ship and Port Facility Security Code (ISPS). The Group treats threats to the security environment seriously and has developed a culture of security awareness.

Political and charitable contributions

The Group made charitable donations of \$24.6k during the year (2018: \$34.8k). No political donations were made by the Group during the year (2018: nil).

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the UK Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and officers' liability insurance in respect of itself and its directors.

Directors' Report (continued)

Statement of directors' responsibilities

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

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

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

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

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

Independent auditor and disclosure of information to auditor

The directors confirm, so far as each is aware, that there is no relevant audit information of which the Group's auditor is unaware, and each director has taken all steps that they ought to have taken as a director in order to be aware of, and to establish that the auditor is aware of, any relevant audit information. For these purposes, relevant audit information means information needed by the Group's auditor in connection with preparing the audit report.

KPMG LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the next quarterly Board Meeting.

On behalf of the Board



K Henriks
Director

6 November 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED

Opinion

We have audited the financial statements of Inchcape Shipping Service Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated and Company Balance Sheet; the Consolidated Income Statement; the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED (continued)

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED (continued)

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

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



**Tom Eve (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
15 Canada Square
E14 5GL

6 November 2020

Consolidated Income Statement
for the year ended 31 December 2019

	Note	2019 US\$m	2018 US\$m
Revenue	3	508.8	558.4
Cost of sales		(288.9)	(311.3)
Gross profit		219.9	247.1
Administrative expenses		(196.9)	(225.9)
Operating profit	4	23.0	21.2
Share of profit of associates and jointly controlled entities using the equity accounting method, net of tax	17	3.2	1.4
Total operating profit		26.2	22.6
Finance income	7	2.4	2.2
Finance costs	8	(6.3)	(5.7)
Net financing costs		(3.9)	(3.5)
Profit before tax		22.3	19.1
Income tax expense	9	(12.3)	(11.7)
Profit for the year from continuing operations		10.0	7.4
Loss after tax from discontinued operations	11	-	(0.2)
Profit for the year		10.0	7.2
Attributable to:			
Owners of the parent		4.9	4.5
Non-controlling interest		5.1	2.7
		10.0	7.2

The Company has elected not to present the parent company Profit and Loss Account, in accordance with the exemption under section 408 of the Companies Act 2006 available.

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019

	2019 US\$m	2018 US\$m
Profit for the year	10.0	7.2
Other comprehensive income / (expense):		
Items that were or may be subsequently reclassified to the Consolidated Income Statement		
Exchange differences on translation of foreign operations	0.4	(7.0)
Other comprehensive income / (expense) for the year, net of tax	0.4	(7.0)
Total comprehensive income for the year	10.4	0.2
Attributable to:		
Owners of the parent	5.2	(3.3)
Non-controlling interest	5.2	3.5
	10.4	0.2

The accompanying notes form an integral part of the financial statements.

Consolidated and Company Statements of Changes in Equity
for the year ended 31 December 2019

Group

	Share capital	Share premium	Retained earnings and other reserves	Equity attributable to owners	Non-controlling interest	Total Equity
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1 January 2018	30.9	12.7	193.9	237.5	28.8	266.3
Profit for the year	-	-	4.5	4.5	2.7	7.2
Other comprehensive (expense)/income for the year	-	-	(7.8)	(7.8)	0.8	(7.0)
Total comprehensive (expense)/income for the year	-	-	(3.3)	(3.3)	3.5	0.2
Dividend paid to non-controlling interest	-	-	-	-	(5.2)	(5.2)
At 31 December 2018 and 1 January 2019	30.9	12.7	190.6	234.2	27.1	261.3
Profit for the year	-	-	4.9	4.9	5.1	10.0
Other comprehensive income for the year	-	-	0.3	0.3	0.1	0.4
Total comprehensive income for the year	-	-	5.2	5.2	5.2	10.4
Other	-	-	(0.2)	(0.2)	3.8	3.6
Dividends paid to non-controlling interest	-	-	-	-	(3.2)	(3.2)
At 31 December 2019	30.9	12.7	195.6	239.2	32.9	272.1

The accompanying notes form an integral part of the financial statements.

Consolidated and Company Statements of Changes in Equity (continued)
for the year ended 31 December 2019

Group (continued)

The breakdown of Retained earnings and other reserves is as follows:

	Retained earnings	Translation reserve	Revaluation reserve	Merger reserve	Capital redemption reserve	Retained earnings and other reserves
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1 January 2018	209.8	(8.2)	1.9	(9.7)	0.1	193.9
Loss for the year	4.5	-	-	-	-	4.5
Other comprehensive expense for the year	1.2	(9.0)	-	-	-	(7.8)
Total comprehensive expense for the year	5.7	(9.0)	-	-	-	(3.3)
At 31 December 2018 and 1 January 2019	215.5	(17.2)	1.9	(9.7)	0.1	190.6
Profit for the year	4.9	-	-	-	-	4.9
Other comprehensive income for the year	-	0.3	-	-	-	0.3
Total comprehensive income for the year	4.9	0.3	-	-	-	5.2
Other	(0.2)	-	-	-	-	(0.2)
At 31 December 2019	220.2	(16.9)	1.9	(9.7)	0.1	195.6

Opening balances on reserves have been restated to include reclassifications between the translation reserves and retained earnings that arose from historic transactions.

Company

	Share capital	Share premium	Retained earnings	Equity attributable to owners of the parent
	US\$m	US\$m	US\$m	US\$m
At 1 January 2018	30.9	12.7	98.3	141.9
Profit for the year	-	-	3.2	3.2
At 31 December 2018 and 1 January 2019	30.9	12.7	101.5	145.1
Profit for the year	-	-	2.1	2.1
At 31 December 2019	30.9	12.7	103.6	147.2

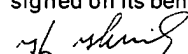
The accompanying notes form an integral part of the financial statements.

**Consolidated and Company Balance Sheets
as at 31 December 2019**

	Notes	Group		Company	
		2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Non-current assets					
Property, plant and equipment	12	14.0	15.2	-	-
Investment Property	14	18.1	-	-	-
Right of use assets	13	17.9	-	-	-
Intangible assets	15	88.4	80.2	-	-
Investment in associates and joint ventures	17	4.5	2.5	0.1	0.1
Amounts owed by related parties	35	2.5	2.8	0.4	0.4
Other non-current receivables	20	0.8	0.8	-	-
Investments in subsidiaries	17	-	-	88.4	86.1
Other investments	18	0.2	0.2	-	-
Derivative financial assets	22	0.2	0.3	-	-
Deferred tax asset	28	1.6	1.7	-	-
		148.2	103.7	88.9	86.6
Current assets					
Trade and other receivables	20	373.5	359.3	-	-
Amounts owed by related parties	35	189.3	187.8	61.8	59.2
Cash and cash equivalents	24	133.6	108.8	-	-
Inventories	25	7.5	12.1	-	-
Prepayments	21	6.5	13.0	-	-
Income tax receivable		2.4	2.3	-	-
Derivative financial assets	22	0.1	0.1	-	-
Other current assets	23	2.0	-	-	-
		714.9	683.4	61.8	59.2
Total assets		863.1	787.1	150.7	145.8
Current liabilities					
Trade and other payables	26	(473.2)	(442.8)	-	-
Amounts owed to related parties	35	(1.3)	(1.3)	(3.4)	(0.7)
Provisions	31	(3.3)	(3.8)	-	-
Interest bearing loans and borrowings	27	(29.0)	(27.1)	-	-
Income tax payable		(8.7)	(4.5)	(0.1)	-
Lease liabilities	30	(8.9)	-	-	-
Other current liabilities		(20.3)	(8.6)	-	-
		(544.7)	(488.1)	(3.5)	(0.7)
Net current assets		170.2	195.3	58.3	58.5
Total assets less current liabilities		318.4	299.0	147.2	145.1
Non-current liabilities					
Interest bearing loans and borrowings	27	26.5	26.9	-	-
Deferred tax liability	28	3.6	3.7	-	-
Right of use liability	30	9.7	-	-	-
Other non-current liabilities	29	6.5	7.1	-	-
		46.3	37.7	-	-
Capital and reserves					
Share capital	33	30.9	30.9	30.9	30.9
Share premium		12.7	12.7	12.7	12.7
Retained earnings and other reserves		195.6	190.6	103.6	101.5
Equity attributable to owners of the parent		239.2	234.2	147.2	145.1
Non-controlling interest	37	32.9	27.1	-	-
Total equity		272.1	261.3	147.2	145.1
Total equity and non-current liabilities		318.4	299.0	147.2	145.1

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 11 to 70 were approved by the Board of directors on 6 November 2020 and signed on its behalf by



K Henriks
Director

**Consolidated Cash Flow Statement
for year ended 31 December 2019**

	Note	2019 US\$m	2018 US\$m
Cash flows from operating activities			
Profit before tax on continuing operations		22.3	19.1
Loss before tax on discontinued operations		-	(0.2)
<i>Adjustments for:</i>			
Net finance costs		3.9	4.8
Depreciation of property, plant and equipment		4.9	6.2
Depreciation of investment property		0.2	-
Depreciation of right of use		8.8	-
Amortisation and impairment of intangible assets		4.3	3.0
(Profit)/loss on disposal of property, plant and equipment		(1.4)	3.4
Other adjustments		1.5	(0.2)
Share of post-tax profits of associates and joint ventures accounted for using the equity method		(3.2)	(1.4)
		<u>41.3</u>	<u>34.7</u>
Decrease in inventories		4.6	3.3
Decrease in trade and other receivables		2.8	12.5
Increase/(decrease) in trade and other payables		46.2	(36.3)
Movement in provisions and accruals		(15.5)	(16.7)
Movement in related parties balances		(0.5)	(1.7)
		<u>37.6</u>	<u>(38.9)</u>
Cash generated/(used) in working capital			
Income taxes paid		(9.3)	(16.0)
		<u>69.6</u>	<u>(20.2)</u>
Cash flows from investing activities			
Interest received		2.4	2.0
Dividends from associate entities		2.1	2.8
Proceeds from sale of property, plant and equipment		2.0	2.2
Proceeds from disposal of business		-	0.6
Investment in associate		(0.5)	-
Outflow on acquisition of subsidiary		(17.0)	-
Purchases of intangible assets		(6.1)	(4.6)
Payments to acquire property, plant and equipment		(4.5)	(4.0)
		<u>(21.6)</u>	<u>(1.0)</u>
Cash flows from financing activities			
Interest paid		(8.5)	(6.4)
Proceeds from equity injection		-	22.0
New borrowings		17.4	72.7
Repayment of borrowings		(16.3)	(103.0)
Lease payments		(10.9)	-
Dividends paid to non-controlling interest		(3.2)	(5.2)
		<u>(21.5)</u>	<u>(19.9)</u>
Net increase/(decrease) in cash and cash equivalents		26.5	(41.1)
Cash and cash equivalents at 1 January		108.8	155.5
Effect of exchange rate fluctuations on cash and cash equivalents		(1.7)	(5.6)
		<u>133.6</u>	<u>108.8</u>
Cash and cash equivalents at 31 December		<u>133.6</u>	<u>108.8</u>

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

1 Corporate information

Inchcape Shipping Services Holdings Limited ("ISSH" or "the Company") is a limited company incorporated and registered and resident in the United Kingdom. The Company's immediate parent is Inchcape Shipping Services World Limited ("ISSWL"). ISSWL was formed on 16 January 2006 under the ownership of Istithmar World PJSC, an investment house headquartered in the Emirate of Dubai with investments in private equity and real estate. On 23 January 2006 ISSWL acquired the Company and its subsidiaries.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRS IC Interpretations and the provisions of the UK Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are prepared on a going concern basis. The Group has reported a profit of \$10.0m for the year ended 31 December 2019 (2018: profit of \$7.2m) and has net current assets of \$170.2m (2018: \$195.3m net current assets) as at 31 December 2019. In doing so the Group has considered the following:

The Directors have assessed the Group's cash balance of \$133.6m as at 31 December 2019, contractual committed financing facilities, contracted revenue, and the impact of COVID-19 on its operations and within its client base to date. Since the onset of the COVID-19 pandemic the Directors have undertaken specific actions to ensure reductions in discretionary costs have been implemented where necessary and a number of unbudgeted revenue sources have been secured in this period.

While the Directors expect the Group to continue to successfully trade, the impact of COVID-19 has meant there is an element of uncertainty over predicting what will happen in the future. The Directors have therefore also prepared detailed cash flow forecasts which include severe but plausible downside scenarios for the Group. Based on these forecasts, the Directors remain confident that, after including the identified discretionary cost savings referred to above, EBITDA performance for the Group will be consistent with their pre-COVID forecasts for the period ending December 2021 (the pre-COVID EBITDA forecast). The forecast also indicates that the Group expects to have sufficient cash reserves throughout that period. In the unlikely event that the actual outcomes are more severe than reflected in downside scenario above, the Group could withstand a further reduction of 20% throughout the forecast period in EBITDA as measured for the purposes of compliance with financial covenants before covenant headroom is exhausted.

The Directors have assessed the going concern for the Group based on the forecast and are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Basis of preparation (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The consolidated financial statements are presented in United States Dollars ("US\$") using the year end rate of \$1: £0.7585 (2018: \$1: £0.7853) and cumulative average rate of \$1: £0.7840 (2018: \$1: £0.7507). All values are rounded to the nearest one hundred thousand dollars (\$0.1 million)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on pages 19 to 31. Accounting estimates associated with financial risk management are disclosed in Note 32.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and as issued by the International Accounting Standards Board ("IASB"). IFRS as adopted by the EU differs in certain aspects from IFRS as issued by the IASB. However, the differences have no impact on the Group's consolidated financial statements for the years presented.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) as at 31 December 2019. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition (being the date the Group obtained control) or up to the effective date of disposal (being the date that control ceased), as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests in the net assets (excluding intangible assets arising on acquisition) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Cash flow statement

No Company Cash Flow Statement has been presented given the Company does not have cash and cash equivalents.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Consolidated Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the intangible assets and the cash-generating units to which intangible assets have been allocated. The value in use calculation requires estimation of the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Intangible assets are valued by applying the discounted cash flow method. The outcome of the annual impairment review is shown in Note 16.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Allowance for doubtful debt

Receivables are reduced by an allowance for amounts that may become un-collectable in the future. The Group continuously monitors collections and receipts from customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified, in accordance with IFRS 9. The Group has demonstrated that reasonable and reliable estimates of allowances for doubtful accounts have been made, based on significant historical experience. Movements in the year in the doubtful debt provision are detailed in Note 20.

Provisions

The Group continuously monitors present legal and constructive obligations as part of regular management reporting processes. Where management consider that a past event will result in a probable outflow of economic benefits to settle the obligation, a provision is recognised in the Consolidated Balance Sheet and an expense recognised in the Consolidated Income Statement. Movements in provisions for the year are detailed in Note 32.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Valuation of lease liabilities and right of use assets

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities and the valuation of right of use assets. These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

Determining lease length

The determination of lease length is performed with reference to significant judgements, in particular a judgement of the estimated length of the lease with reference to business, industrial and economic considerations. Key considerations included but were not limited to:

- Break clauses and end dates of the lease
- Existence of options to renew within the lease
- External factors in determining the likelihood of utilising an option to renew and/or the likelihood of early lease termination.
- Business factors in determining the likelihood of utilising an option to renew and/or the likelihood of early lease termination.

As the length of the lease is a key determinant of the valuation of the lease, this represents a significant accounting estimate. The Group has concluded that there are a number of scenarios where the Group might elect not to exercise the extension options. Therefore, the IFRS 16 criterion of being reasonably certain to exercise the lease option is not fulfilled.

Incremental borrowing rates

The present value of the lease payment is determined using the rate implicit in the lease if that can be readily determined, or otherwise at the Group entity's incremental borrowing rate. The incremental borrowing rate is calculated as the Group's marginal borrowing rate plus a spread which is determined by local conditions. The spread for the incremental borrowing rate has been determined on an entity

Notes to the financial statements (continued)

2 Accounting policies (continued)

Incremental borrowing rates (continued)

by entity basis in accordance with the requirement of IFRS 16 that this should be 'the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment'. Therefore, each entity's borrowing rate has been determined with reference to borrowing rates available in that local environment, and with reference to the currency in which the lease is held (which determined the LIBOR or other benchmark rate associated with that currency).

Determining contracts in scope of IFRS 16

According to IFRS 16, only underlying assets where the Group has exclusive right of use to the assets are within scope of the standard. The Group has therefore applied this judgement of exclusivity to all its leases.

Low value leases are out of scope of IFRS 16, although the standard does not explicitly define what constitutes a low value lease. The Group has determined that this expedient exists in the standard in order to scope in property, vehicles and large equipment, and exclude numerous smaller assets such as laptops and basic furniture. The Group has therefore set the low value threshold at \$2,000 in order to achieve this overall split of assets.

Revenue recognition

Revenue is recognised based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT/GST and all other such sales taxes or duties. Revenue generated from the Port Agency business is recognised at the date on which the vessel sails.

Where multiple performance obligations exist within one revenue generating contract, these performance obligations are separately valued and resultant revenue is recognised in accordance with IFRS 15.

The commencement of IFRS 15 has not required Inchcape to select a method of application as the principles of IFRS 15 are already applied in principle across the Group. As a result, there are no material differences to report from the change in revenue standards.

Agency vs Principal accounting

Where the Group acts as an agent, revenue is recognised on the commissions payable to the Group in respect of agency contracts. Where liabilities are incurred in the course of the Port Agency business and are recoverable from principals, the amounts owed are recorded as liabilities of the Group and the corresponding receivables are recorded as assets of the Group. Similarly, where receivables are to be collected from third-parties on behalf of principals in the course of the Liner Agency business, the amounts are recorded as assets of the Group and the corresponding amounts payable to the principal are recorded as current liabilities. Where the Group acts as contractor rather than agent, the full revenue under the contract is recognised as Revenue.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the fair value of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially

Notes to the financial statements (continued)

2 Accounting policies (continued)

Goodwill (continued)

recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually as at 31 October and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill arising from a business combination is allocated to CGUs according to the nature of the business, and whether it economically benefits the Group's port agency, landside or offshore logistics business streams.

Other intangible assets

The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful economic life and are assessed for impairment whenever there is an indicator of impairment. The estimated economic lives range from 5 to 20 years. A summary of the amortisation policies applied to the Group's intangible assets (other than goodwill) is as follows:

- Customer Contracts 5 to 20% per annum (20 - 5 years)
- Brand 5% per annum (20 years)
- Software 10% to 60% per annum (10 - 2 years)

The Group also recognises internally generated development expenditure in respect of software projects. These are not yet being amortised as the asset is not yet completed.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is provided on a straight-line basis on all tangible non-current assets, except for Freehold land, at rates calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life. Residual values are assessed annually.

The annual rates of depreciation used vary according to the type of asset and are as follows:

- Freehold buildings and long leasehold buildings 2% per annum (50 years)
- Short leasehold buildings and improvements over the period of the lease
- Plant, machinery and launches 5% to 33.3% per annum (20 - 3 years)
- Furniture, fixtures and equipment 10% to 33.3% per annum (10 - 3 years)
- Motor vehicles 20% to 33.3% per annum (5 - 3 years)

Freehold land is not depreciated.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Investment Property

Property that is held for long-term rental yields, or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property is measured initially at its cost. After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment, and straight-line depreciation has been applied over the useful life of the depreciable component of the investment property.

- Investment property 2% per annum (50 years)

Rental income on investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an intangible asset is required, the Group estimates the asset's recoverable amount. The Group considers the asset's recoverable amount to be its value in use and is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

Specific criteria are also applied in assessing impairment of Intangible Assets, Property Plant and Equipment, Investment Property, Investments in subsidiaries, Inventories and Trade and other receivables, as set out within the notes to the financial statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost is recognised using the weighted-average cost basis. Net realisable value is based on estimated selling price less any further costs to be incurred to completion and disposal.

Trade and other receivables

Trade receivables, which generally have 30-90 days payment terms (Port Agency is generally pre-funded), are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount, and primarily comprise of taxes recoverable and various deposits.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor a joint venture.

The Group's investment in its associates is accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The share of profit of associates is shown on the face of the Consolidated Income Statement. This is the profit attributable to equity holders of the associate and therefore represents the profit after tax and non-controlling interests in the subsidiaries of the associates.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Consolidated Income Statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investments in joint ventures

A joint venture is an entity which the Group jointly controls with its investment partners. The Group applies the equity accounting method to joint ventures as described in the Investments in associates policy.

Investments in subsidiaries and other investments

Investments in subsidiaries and other investments held to maturity are carried at cost less any impairment.

Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of IFRS 9 are classified as Financial assets at fair value through profit or loss, Loans and receivables, Held-to-maturity investments, or Available-for-sale financial assets, as appropriate.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial Assets (continued)

Initial Recognition and Measurement (continued)

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent Measurement

The subsequent measurement depends on their classification as follows.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include Financial assets held for trading and Financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as Held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as Financial assets at fair value through profit or loss unless they are designated as Effective hedging instruments or a Financial guarantee contract. Financial assets at fair value through profit and loss are carried in the Consolidated Balance Sheet at fair value with changes in fair value recognised in finance income or finance cost in the Consolidated Income Statement.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Held-to-maturity when the Group has the positive intention and ability to hold to maturity.

After initial measurement, Loans and receivables and Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Income Statement. The losses arising from impairment are recognised in the Consolidated Income Statement in finance costs.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial Assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial measurement, Available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in the Consolidated Income Statement in finance costs and removed from the available for sale reserve.

Financial Liabilities

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Initial recognition and measurement

Financial liabilities are classified as Interest-bearing loans and borrowings, or Derivatives designated at fair value through profit or loss.

All financial liabilities are recognised initially at fair value less directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, Interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of borrowing on an effective interest basis. Gains and losses are recognised in the Consolidated Income Statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Fair values

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

There are three levels of financial instrument, with the majority of the Group's financial instruments falling into level 2, with a minimal amount within Level 3. The definitions of level 2 and 3 are provided below:

Level 2 – These financial instruments are not traded on an active market and their value is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Derivative financial instruments and hedge accounting

Foreign currency borrowings are drawn to mitigate the risks associated with the Group's underlying business activities and the financing of those activities. The Group does not undertake any trading activity in financial instruments but uses derivative financial instruments to hedge interest rate exposures and short-term currency exposures. The Group does not apply cash flow or fair value hedge accounting.

Derivative financial instruments are measured at fair value reflecting changes in interest rates and/or currency differentials. Fair value includes accrued interest.

The gains or losses arising from changes in fair values are recognised in the Consolidated Income Statement unless the derivative is designated as a Net investment hedge.

A Net investment hedge is a hedge of the exposure to changes in the value of net assets of the Group's foreign operations. The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognised in Shareholders' equity and the ineffective portion is recognised in the Consolidated Income Statement.

The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in Shareholders' equity, together with the associated gain or loss on disposal of the net investment, is recognised in the Consolidated Income Statement on disposal of the foreign operation.

Pension

Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Pension (continued)

Defined contribution scheme (continued)

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Income Statement as incurred.

Leased assets

On 1 January 2019, the Group adopted IFRS 16 "Leases". IFRS 16, addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful financial information to users of leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases" and related interpretations including IFRIC 4, SIC 15 and SIC 27.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the various incremental borrowing rates applicable to the Group's various entities around the globe (further detail on this is below). Corresponding lease assets were also recognised as at 1 January 2019 as non-current assets on the balance sheet, to depreciate on a straight-line basis over the life of the lease.

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

Initial Recognition on Transition

Management has applied the modified retrospective approach in recognising right of use assets and liabilities on the balance sheet from 1 January, with no adjustment to reserves. A number of practical expedients have been used when applying IFRS 16 to leases previously classified as operating leases under IAS 16. In particular the Group:

- Did not recognise right of use assets and liabilities for low value assets, which have been determined by the Group to be those assets valued at \$2,000 or less;
- Did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- Did not reassess whether contracts held by the Group not previously identified as lease contracts were, or contained, a lease.

At the commencement date the Group recognises a right of use asset and a lease liability. The opening balance adjustment recognised by the Group on transition to IFRS 16 is as follows:

	1 January 2019 US\$m
Right of use asset	26.6
Lease liability	(26.6)
	<u> </u>

The adoption of IFRS 16 in the year to 31 December 2019 resulted in an increase in depreciation of \$8.8m and finance costs of \$1.3m. Other operating expenses decreased by \$9.4m.

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 and the Company's financial statements and the lease liabilities recognised at 1 January 2019:

Notes to the financial statements (continued)

2 Accounting policies (continued)

Initial Recognition on Transition (continued)

	1 January 2019 US\$m
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	14.4
Leases identified in 2019	8.2
IAS 17 restated	22.6
Discounted using the incremental borrowing rate at 1 January 2019	(4.1)
Financial lease liabilities recognised as at 31 December 2018	0.2
Recognition exemption for leases of low-value assets	(0.3)
Recognition exemption for leases with less than 12 months of lease term at transition	(0.5)
Extension options reasonably certain to be exercised	4.5
Lease liabilities recognised as at 1 January 2019	<u>22.4</u>

Right of Use Asset

The right of use asset is measured at cost, which includes:

- the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, or otherwise at the Group entity's incremental borrowing rate;
- any initial direct costs incurred by the lessee; and
- any estimates of the costs to be incurred by the Group entity in order to restore the underlying asset, or the place where it was located, to the condition required by the terms of the lease.

After the commencement date, the Group measures right of use assets at the cost model and classifies them according to the same categories applied against property, plant and equipment. Depreciation is charged against those right of use assets on a straight-line basis over the life of the lease, and the residual value of leases is assumed to be nil unless the lease contract implies any value to be transferred to the Group at the end of the lease term.

Lease Liability

At the inception of a lease, the Group measures the lease liability of leases identified as within the scope of IFRS 16 at the net present value of discounted contractual cash flows. After the commencement of the lease, the Group measures a lease liability by:

- increasing the carrying amount to reflect the interest accrued on the lease liability at the rate implicit in the lease or otherwise at the incremental borrowing rate;
- reducing the carrying amount to reflect the lease payments made; and
- measuring the carrying amount again to reflect any amendments to the lease.

Contracts which contain lease components

For an agreement that contains a lease component and one or more additional lease components or other components that are not leases, the Group will distribute the consideration for the agreement to each component of the lease based on the independent relative price of the lease component and the independent aggregate price of the components that are not leases.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Short-term leases and leases of low value assets

The Group continues to apply the recognition and measurement requirements of the IFRS 16 standard that allow short-term leases and those leases in which the underlying asset has a low value to be treated as out of scope of the standard's application. These out of scope leases will continue to be recognised as an operating expense and charged directly to the income statement in the period that the costs are incurred.

Estimates and judgements required for implementation of IFRS 16

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities and the valuation of right of use assets. These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. They are discussed in the critical accounting estimates and judgements section of the accounting policy notes.

Policy applicable prior to 1 January 2019

Assets held under finance leases, where substantially all the risks and benefits of ownership are transferred to the Group, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the Consolidated Income Statement.

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Lease payments in respect of operating leases, under which substantially all the risks and benefits of ownership remain with the lessor, are charged to the Consolidated Income Statement on a straight-line basis over the life of the lease.

Taxation

Income taxes

Income tax expense represents the sum of the current income tax and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Taxable profit or loss differs from profit or loss as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Balance Sheet date.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Taxation (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each Consolidated Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each Consolidated Balance Sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Consolidated Balance Sheet date.

On 1 January 2019, the Group adopted IFRIC 23 "Uncertainty over Income Tax Treatments". IFRIC 23 clarifies the application of the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments that have yet to be accepted by tax authorities. The application of IFRIC 23 had no material impact on the consolidated financial statements.

Income tax is charged or credited directly to equity if it relates to items that are charged or credited to equity; otherwise income tax is recognised in the Consolidated Income Statement.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Foreign currency translation

The Group's consolidated financial statements are presented in United States Dollars, which is also the parent company's functional currency. The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its "functional currency"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars ("US\$").

Notes to the financial statements (continued)

2 Accounting policies (continued)

Foreign currency translation (continued)

In presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in US\$ using exchange rates prevailing at the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity, transferred to the Group's translation reserve and released to the Consolidated Income Statement on sale or disposal of the relevant entity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rates.

Group Companies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at their respective functional currency rates ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing or, if appropriate, at the forward rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

All differences are taken to the Consolidated Income Statement with the exception of differences on monetary items to the extent that they are used to finance or provide a hedge against a net investment in a foreign operation, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the Consolidated Income Statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Consolidated Income Statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Provisions

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Consolidated Income Statement net of any reimbursement. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs to finance its investments and operations. The Group does not use significant borrowings to finance construction or acquisition of property, plant and equipment and, therefore, such costs are recognized as an expense when incurred.

New and amended standards adopted by the Group

On 1 January 2019, the Group adopted IFRS 16 "Leases". IFRS 16, addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful financial information to users of leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases" and related interpretations. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. These changes were followed by the adjustment, on a line by line basis, in disclosing the financial impact of IFRS 16.

For further notes on the application of IFRS 16, please refer to the leases section of the accounting policies note on page 28 to 30 of the accounts.

New standards and interpretations not yet adopted

Management has identified the following new standards forthcoming in later periods:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3) commencing 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) commencing 1 January 2020
- IFRS 17 Insurance Contracts commencing 1 January 2021.

It is not expected that these new standards or amendments to standards will have a material impact on the Group.

Notes to the financial statements (continued)

3 Revenue

	2019 US\$m	2018 US\$m
Port Agency	178.8	176.3
Landside	232.8	295.2
Offshore logistics	97.2	86.9
Revenue	508.8	558.4

4 Operating profit

This is stated after charging/(crediting):

	2019 US\$m	2018 US\$m
Depreciation of property, plant and equipment	4.9	6.2
Depreciation of investment property	0.2	-
Depreciation on right of use assets	8.8	-
Amortisation and impairment of intangible assets	4.3	3.6
Foreign exchange gains	(1.7)	(4.8)
Operating lease payments	4.8	14.8

5 Auditor's remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditor and their associates.

	2019 US\$m	2018 US\$m
Fees payable to the Company's Auditor and their associates in respect of:		
The audit of the consolidated financial statements and those of the Company's subsidiaries	0.9	0.6
The audit of the Company only financial statements	0.1	-
Fees for other services - Taxation	0.7	0.1
Fees payable to non-Group auditor in respect of the audit of the Company's subsidiaries	0.3	0.3

In 2019, KPMG LLP acted as the auditor of the Company and its associates (2018: KPMG LLP).

The fee payable for the audit of the Company only financial statements was borne by a fellow subsidiary undertaking.

Notes to the financial statements (continued)

6 Staff costs and numbers

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Subsidiaries		
Operational	2,497	2,781
Administration	220	300
	<hr/>	<hr/>
Subsidiaries	2,717	3,081
Associates	165	164
	<hr/>	<hr/>
	2,882	3,245
	<hr/>	<hr/>

The Company has no employees (2018: nil).

The aggregate payroll costs of persons employed by the Group were as follows:

	2019	2018
	US\$m	US\$m
Wages and salaries	108.7	125.5
Social security costs	10.1	11.1
Other pension costs	4.7	5.1
	<hr/>	<hr/>
	123.5	141.7
	<hr/>	<hr/>

Directors' remuneration is disclosed in Note 35 to the financial statements.

7 Finance income

	2019	2018
	US\$m	US\$m
Bank interest receivable	2.3	2.1
Income from investments	0.1	0.1
	<hr/>	<hr/>
Finance income	2.4	2.2
	<hr/>	<hr/>

8 Finance costs

	2019	2018
	US\$m	US\$m
Interest on bank loans and overdrafts	1.7	1.1
Foreign exchange losses	2.3	2.0
Other finance expenses	2.3	2.6
	<hr/>	<hr/>
Finance costs	6.3	5.7
	<hr/>	<hr/>

Notes to the financial statements (continued)

9 Income tax expense

	2019 US\$m	2018 US\$m
Current tax:		
Current tax on profit for the year	13.4	12.1
Adjustments in respect of prior years	0.2	0.5
Total current tax	13.6	12.6
Deferred tax (Note 28):		
Origination and reversal of temporary differences	(1.3)	(0.9)
Total deferred tax	(1.3)	(0.9)
Income tax expense	12.3	11.7

The tax on the Group's Profit before tax differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 US\$m	2018 US\$m
Profit before tax	22.3	19.1
Tax calculated at the standard rate of UK Corporation Tax of 19% (2018: 19%)	4.2	3.8
Tax effects of:		
- Income not subject to tax	-	-
- Expenses not deductible for tax purposes	0.1	0.1
- Tax losses for which no deferred tax asset was recognised	4.1	5.6
- Other temporary differences for which no deferred tax movement was recognised	-	0.8
Effect of tax rates other than that of the UK	2.5	(0.1)
Adjustments in respect of prior years	0.2	0.5
Other adjustments	0.7	-
Withholding tax expensed	0.5	1.0
Income tax expense	12.3	11.7

As enacted in September 2016, the standard rate of corporation tax in the UK was reduced from 19% to 17% with effect from 1 April 2020.

In March 2020, the UK government announced the intention to cancel the future reduction in the standard rate of corporation Tax in the UK from 19% to 17%. This announcement constitutes a post year-end substantive enactment and therefore UK deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17% (Note 28).

The standard rate of corporation tax in the UK will now remain at 19% after 1 April 2020.

10 Deconsolidation of subsidiary

Throughout 2019, the Group did not have power to govern the financial and operating activities of ISS Marine Services Venezuela CA, due to the deteriorating political and economic situation in Venezuela, where the subsidiary is located. Accordingly, the Group derecognised related assets and liabilities of Venezuela and excluded it from Group results. The results, once adjusted according to the requirements of IAS 29: *Financial reporting in hyper-inflationary economies*, are not material to the

Notes to the financial statements (continued)

10 Deconsolidation of subsidiary (continued)

consolidated income statement or the consolidated balance sheet. ISS Marine Services Venezuela CA was liquidated on 10 February 2020.

11 Discontinued operation

On 31 August 2018, the Group entered into a sale agreement to dispose of the Freight Forwarding operations of a number of companies within the Group. The results of the business for the period from 1 January 2018 to 31 August 2018, and the loss on disposal, are detailed below.

	2019 US\$m	2018 US\$m
Revenue	-	79.3
Expenses	-	(79.4)
Operating (Loss) / Profit	-	(0.1)
Financial income	-	0.1
Financial expenses	-	(0.1)
(Loss) / Profit before tax from discontinued operations	-	(0.1)
Taxation	-	(0.1)
(Loss) / Profit from discontinued operations	-	(0.2)
Loss on disposal	-	(1.5)

During 2018 Freight Forwarding operations contributed \$23.1m to the Group's net operating cash flows, paid \$0.7m in respect of investing activities, and paid \$1.1m in respect of financing activities

Notes to the financial statements (continued)

12 Property, plant and equipment

Group

	Plant, machinery and launches US\$m	Land and buildings US\$m	Furniture, fixtures and equipment US\$m	Motor vehicles US\$m	Total US\$m
Cost					
At 1 January 2018	16.8	13.7	44.9	5.7	81.1
Exchange adjustments	(0.2)	(0.1)	(1.5)	(0.2)	(2.0)
Additions	1.6	0.1	2.0	0.3	4.0
Disposals	(0.9)	(9.6)	(4.3)	(1.1)	(15.9)
At 31 December 2018 and 1 January 2019	17.3	4.1	41.1	4.7	67.2
Exchange adjustments	(0.1)	-	0.4	(0.1)	0.2
Additions	1.2	0.2	2.1	1.0	4.5
Disposal of business	(0.2)	-	(0.3)	(0.1)	(0.6)
Disposals	(4.2)	(0.4)	(3.4)	(0.8)	(8.8)
At 31 December 2019	14.0	3.9	39.9	4.7	62.5
Accumulated depreciation					
At 1 January 2018	11.6	6.1	35.8	4.2	57.7
Exchange adjustments	(0.1)	(0.1)	(1.3)	(0.1)	(1.6)
Charge for the year	1.4	0.5	3.7	0.6	6.2
Disposals	(0.9)	(4.4)	(4.0)	(1.0)	(10.3)
At 31 December 2018 and 1 January 2019	12.0	2.1	34.2	3.7	52.0
Exchange adjustments	-	-	0.4	(0.1)	0.3
Charge for the year	1.1	0.2	3.1	0.5	4.9
Disposal of business	(0.2)	-	(0.3)	(0.1)	(0.6)
Disposals	(4.0)	(0.4)	(3.0)	(0.7)	(8.1)
At 31 December 2019	8.9	1.9	34.4	3.3	48.5
Net book value at 31 December 2019	5.1	2.0	5.5	1.4	14.0
Net book value at 31 December 2018	5.3	2.0	6.9	1.0	15.2

Depreciation charges are included in Administrative expenses in the Consolidated Income Statement.

Company

The Company had no Property, plant and equipment (2018: \$nil).

Notes to the financial statements (continued)

13 Right of use assets

Group

	Land and buildings US\$m	Furniture, fixtures and equipment US\$m	Motor vehicles US\$m	Total US\$m
Cost				
At 1 January 2019	-	-	-	-
Exchange adjustments	0.1	-	-	0.1
Impact on initial application of IFRS 16	19.7	0.4	2.2	22.3
Additions in the year	3.1	-	1.2	4.3
Disposals	(0.5)	-	(0.1)	(0.6)
At 31 December 2019	22.4	0.4	3.3	26.1
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Exchange adjustments	-	-	-	-
Charge for the year	7.4	0.2	1.2	8.8
Disposals	(0.5)	-	(0.1)	(0.6)
At 31 December 2019	6.9	0.2	1.1	8.2
Net book value at 31 December 2019	15.5	0.2	2.2	17.9
Net book value at 31 December 2018	-	-	-	-

In 2019 the cost relating to variable lease payments that do not depend on an index or a rate amounted to \$nil.

There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

Company

The Company had no right of use assets (2018: nil).

Notes to the financial statements (continued)

14 Investment property

	Land and buildings
	US\$m
Cost	
At 1 January 2019	-
Acquisition of business	18.2
At 31 December 2019	18.2
Accumulated depreciation	
At 1 January 2019	-
Exchange adjustments	-
Charge for the year	0.1
At 31 December 2019	0.1
Net book value at 31 December 2019	18.1
Net book value at 31 December 2018	-

Investment properties were acquired on 17 January 2019 as part of the business acquisition of SPIL Strategic Contracts Logistics Srl.

The investment property is valued using the cost model. The fair value of the investment property approximates to its cost.

Rental income during the year of \$1.4m has been recognised in the consolidated income statement.

Notes to the financial statements (continued)

15 Intangible assets

Group

	Goodwill	Brand name	Customer contracts	Development Expenditure	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
Cost					
At 1 January 2018	65.2	0.7	38.8	1.6	106.3
Additions	-	-	-	4.6	4.6
Impairment	-	-	(0.4)	-	(0.4)
Exchange adjustments	(3.0)	-	(2.0)	-	(5.0)
At 31 December 2018 and 1 January 2019	62.2	0.7	36.4	6.2	105.5
Additions	-	-	-	6.1	6.1
Acquisition of business	2.1	-	10.3	-	12.4
Impairment	-	-	-	-	-
Disposal of business	(4.8)	-	(3.9)	-	(8.7)
Exchange adjustments	(0.3)	-	(0.7)	-	(1.0)
At 31 December 2019	59.2	0.7	42.1	12.3	114.3
Accumulated amortisation and impairment					
At 1 January 2018	-	0.6	22.7	-	23.3
Charge for the year	-	0.1	3.1	-	3.2
Disposal	-	-	(0.1)	-	(0.1)
Exchange adjustments	-	-	(1.1)	-	(1.1)
At 31 December 2018 and 1 January 2019	-	0.7	24.6	-	25.3
Charge for the year	-	-	4.3	-	4.3
Disposal	-	-	(3.3)	-	(3.3)
Exchange adjustments	-	-	(0.4)	-	(0.4)
At 31 December 2019	-	0.7	25.2	-	25.9
Net book value at 31 December 2019	59.2	-	16.9	12.3	88.4
Net book value at 31 December 2018	62.2	-	11.8	6.2	80.2

Amortisation charges are included in Administrative expenses in the Consolidated Income Statement.

Development expenditure relates to costs incurred in the development of software applications that are sold to customers and that are used internally by the Group creating process efficiencies.

Customer contracts relate to numerous contracts acquired over a number of years and have varying remaining useful economic lives of between 0.5 and 9.5 years. No one single contract is deemed to be significant to the Group.

Company

The Company had no intangible assets (2018: nil).

Notes to the financial statements (continued)

16 Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to three individual cash-generating units ("CGU") as follows:

- Port Agency
- Landside
- Offshore Logistics

This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from the Group's 2020-2022 financial projections.

Offshore Logistics is recognised as a CGU as it is a ring-fenced business for the purposes of covenants, and its results are considered separately by management.

Carrying amount of goodwill allocated to CGUs:

	Port Agency		Landside (Continuing Operations)		Offshore Logistics		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Carrying amount of goodwill	33.8	38.7	9.8	9.7	15.6	13.8	59.2	62.2

Key assumptions used in value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- EBITDA growth rate;
- Discount rates; and
- Long term growth rate

Management believes that no reasonable change in the above assumptions would result in impairment.

The average annual EBITDA growth rates assumed in the forecast years 2020 to 2022 are 17.6% for the Port Agency CGU, 7.2% for the Landside CGU (continuing operation), and 2.5% for the Offshore Logistics CGU. The rates reflect management's best estimates based on past performance of the business and the Group's strategic plans over the forecast period.

A long-term growth rate of 3.3% for 2020 onwards, determined by reference to industry forecasts, has been assumed for all CGU's. This is based upon management's view of the linkage between global trade growth and the Group's performance expectation

The discount rate reflects management's estimate of the Group's weighted average cost of capital. The assumed pre-tax discount rate is 11.1% for Port Agency and Landside and 10.4% for Offshore Logistics.

Notes to the financial statements (continued)

16 Impairment of goodwill (continued)

Cash flows have been projected into perpetuity to match the indefinite life of the associated goodwill. There is no information to suggest that cash flows for the value in use CGU's will cease at any time in the foreseeable future.

17 Investments

Group

Investments have been included in the Consolidated Balance Sheet and Company Balance Sheet at their fair value at the date of acquisition.

A full list of the Group undertakings at 31 December 2019 is detailed below. With the exception of ISS Machinery Services Ltd, which specialises in marine and industrial spare parts and machinery, and ShipNet AS, which specialises in software, all principal subsidiary and associate undertakings provide port agency, logistics and related services.

Subsidiary undertakings

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
ISS Group Holdings Ltd	8 th Floor, 60 Fenchurch Street, London, EC3M 4AD	100.0	England and Wales	GBP0.1 ordinary shares
Inchcape Shipping Services (UK) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
FMS (Chartering) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
Inchcape Shipping Services (Gibraltar) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
Plaintravel Ltd (formerly ShipNet London Ltd)	As above	100.0	England and Wales	GBP1 ordinary shares
V.Ships Hansen (Singapore) Pte Ltd	10 Hoe Chiang Road, #20-01/02, Keppel Towers, Singapore 089315	100.0	Singapore	SGD1 ordinary shares
V Ships Agency B.V.	Albert Plesmanweg 57, 3088, GB, Rotterdam	100.0	Netherlands	EUR1 ordinary shares
Inchcape Shipping Services Ltd	8 th Floor, 60 Fenchurch Street, London, EC3M 4AD	100.0	England and Wales	GBP1 ordinary shares
John Cook (Agencies) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
Gellatly Shipping (UK) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
Inchcape Shipping Services (Iraq) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares
ISS (Global Services) Ltd	As above	100.0	England and Wales	GBP1 ordinary shares

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
ISS Marine Services, Inc.	1210 Hillcrest Road Suite 100 Mobil, Alabama, USA	100.0	USA	USD1 common shares
Williams Diamond & Co, Inc.	As above	100.0	USA	USD10 ordinary shares
ISS Brokerage Services, Inc.	As above	100.0	USA	USD1 ordinary shares
CESI Holdings, Inc.	As above	100.0	USA	USD0.01 ordinary shares
Inchcape Shipping Services Pty Ltd	Level 10, 54 Miller Street North Sydney, NSW, 2060, Australia	100.0	Australia	AUD1 ordinary shares
Inchcape Shipping Services Holdings Pty Ltd	As above	100.0	Australia	AUD1 ordinary shares
Oceania Maritime Services Pty Ltd	As above	100.0	Australia	AUD1 ordinary shares
Christy and Griffin Pty Ltd	As above	100.0	Australia	AUD1 ordinary shares
Inchcape Shipping Services NV	Noorderlaan 157, 2030 Antwerp, Belgium	100.0	Belgium	EUR49.6 ordinary shares
Ancon NV	As above	100.0	Belgium	EUR309.86 ordinary shares
CGA Shipping & Port Services NV	As above	100.0	Belgium	EUR15.5 ordinary shares
Inchcape Shipping Services (Japan) KK	6F Hamamatsucho Building., 1-1-1, Shibaura, Minato- ku, Tokyo 105-0023, Japan	100.0	Japan	JPY50,000 ordinary shares
Trinity Shipping Services AS	Dampfaergevej 15, Copenhagen, 2100	100.0	Denmark	DKK1,000 ordinary shares
Inchcape Shipping Services BV	Albert Plesmanweg 57, 3088GB Rotterdam, The Netherlands	100.0	Netherlands	EUR453.8 ordinary shares
Inchcape Shipping Services Logistics BV	As above	100.0	Netherlands	EUR100 ordinary shares
Inchcape Shipping Services (Singapore) Pte Ltd	10 Hoe Chiang Road, #20- 01/02 Keppel Towers, 89315, Singapore	100.0	Singapore	SGD10 ordinary shares
ISS Machinery Services Ltd	Unit 1103, 11/F Tower 1, Enterprise Square, 9 Sheung Yuet, Kowloon Bay, Hong Kong	100.0	Hong Kong	HKD1,000 ordinary shares
Inchcape Shipping Services (Hong Kong) Ltd	Unit 1103, 11/F Tower 1, Enterprise Square, 9 Sheung Yuet, Kowloon Bay, Hong Kong	100.0	Hong Kong	HKD1,000 ordinary shares
Inchcape Shipping Services SA	Ricardo J. Alfaro Avenue, City Center Building 3 rd Floor, Panama Colon, Panama	100.0	Panama	USD50 ordinary shares
Inchcape Shipping Services (Norway) AS (formerly ShipNet AS)	Grensesvingen 9, Oslo Norway	100.0	Norway	NOK1 ordinary shares
Inchcape Shipping Services Ras Al Khaimah LLC	Khor Khuwair, Main Street, Saqr Port, PO Box 5100, Ras Al Khaimah, UAE	100.0	UAE	AED1,500 ordinary shares
Inchcape Shipping Services Abu Dhabi LLC	Office No. 1001, Silver Wave Tower, Mina Street, PO Box 247, Abu-Dhabi, UAR	49.0*	UAE	AED1,500 ordinary shares

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of Incorporation	Description and nominal value of the shares held
Inchcape Shipping Services Fujairah LLC	Plot No. 18, Port of Fujairah, PO Box 2655, Fujairah, UAE	49.0*	UAE	AED1,500 ordinary shares
John Cook Ltd	Offshore Company, Jebel Ali Free Zone, PO Box 32045, Dubai, UAE	100.0	UAE	AED1 ordinary shares
Kuwait Maritime and Mercantile Co. KSC	KMMC Building No. 800117, PO Box 78 Safat 13001, Arabian Gulf Street, Kuwait	49.0*	Kuwait	KWD10 ordinary shares
Inchcape Shipping Services (Qatar) WLL	2 nd Floor, Arab Bank Building, 244, C-Ring Road, PO Box 24724, Doha, Qatar	49.0*	Qatar	QAR2,000 ordinary shares
Inchcape Shipping Services & Co. LLC	AL Aufl Building, Building No.483, Ground Floor, AL Noor Street, Way No.3109, Block No.131, Ruwi, Muscat, Sultanate of Oman	48.5*	Oman	OMR10 ordinary shares
Inchcape Shipping Services (Dubai) LLC	Room 1-5, 15-19, 5 th Floor Office Court Building, Landlord: Mohamed Abdullah Ali Belobaida, Oud Metha Road, PO Box 33166, Dubai, UAE	94.9	UAE	AED1,000 ordinary shares
ISS Abu Dhabi Ltd	Level 1, IFC 1, Esplanade, St. Helier, Jersey, Channel Islands	100.0	Jersey	GBP1 ordinary shares
ISS Fujairah Ltd	As above	100.0	Jersey	GBP1 ordinary shares
ISS Kuwait Ltd	As above	100.0	Jersey	GBP1 ordinary shares
ISS Oman Ltd	As above	100.0	Jersey	GBP1 ordinary shares
ISS Ras Al Khaimah Ltd	As above	100.0	Jersey	GBP1 ordinary shares
ISS Dubai Ltd	As above	100.0	Jersey	GBP1 ordinary shares
ISS Shipping India Pvt Ltd	Unit No.101, Reliable Plaza, Plot No. K-10, Thane – Belapur Road, Airoli, Navi Mumbai 400708, India	100.0	India	INR100 ordinary shares
Inchcape Shipping Services India Pvt Ltd	As above	100.0	India	INR10 ordinary shares
Inchcape Shipping Services IT India Private Limited	CEE DEE YES Tyche Towers, 6 th Floor, S.No.14/1A, 14/1B, 14/2A2, Perungudi Bypass Road, Perungudi, Chennai 600 096	100.0	India	INR10 ordinary shares
Inchcape Shipping Services Poland Sp z.o.o	Swietojska 38/5, 81-372 Gdynia, Poland	100.0	Poland	PLN100 ordinary shares
Dabkovic Deniz Acentalige AS	Altunizade, Mahallesi, Kisikli Caddesi Sarkuysan, Ak Is Merkezi No.4 A Blok, Kat:3 D:9 34662 Uskudar, Istanbul, Turkey	100.0	Turkey	TRY30 ordinary shares

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
Inchcape Shipping Services (Malta) Ltd	74/2 St. Bartholomew Street Qormi, QRM2188, Malta	100.0	Malta	EUR1 ordinary shares
Inchcape Shipping Services Ukraine LLC	48 Pastera Street, 1st floor of 6, Odessa, Ukraine	100.0	Ukraine	Shares of no par value
Inchcape Shipping Services GmbH	Raboisen 16, 20095 Hamburg, Germany	100.0	Germany	Shares of no par value
Inchcape Shipping Services France SAS	12 bis rue de Vaucanson ZAC Martigues Sud, Martigues, France	100.0	France	EUR1 ordinary shares
Inchcape Shipping Services SA	3 Agiou Dionysiou Street, Piraeus 18545, Greece	100.0	Greece	EUR2.93 ordinary shares
Inchcape Shipping Services (Cyprus) Ltd	Markou Drakou 20, Office 102 / PO Box 20679, 1662 Nicosia, Cyprus	100.0	Cyprus	EUR1.71 ordinary shares
Inchcape Shipping Services Espana SA	P.E. Las Marismas, Carretera Termica, S/N – Centro de Negocios Azabache, Office 02.24-2a Los Barrios 11379 - Cadiz	100.0	Spain	EUR100 ordinary shares
Inchcape Shipping Services SA	Rue de Comavin, 11 c/o Fiduciaire, Raisen-Dadre Sarl	100.0	Switzerland	CHF 1,000 ordinary shares
International Company for Maritime Navigation Ltd	1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt	100.0	Egypt	EGP100 ordinary shares
Inchcape Shipping Services Egypt Ltd	1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt	100.0	Egypt	EGP100 ordinary shares
United ISS Logistic Ltd	Building No. 40 A Elmoltaka, Elaraby District, Floor#4, House No. 402 Autostrad - Sheraton, beside B auto showroom, Cairo, Egypt	60.0	Egypt	EGP100 ordinary shares
ISS McKay Ltd	The Shipping Exchange, 2 Akaroa Street, Parnell, Auckland, 1140, New Zealand	51.0	New Zealand	NZD1 ordinary shares
PT Equator Marindo	Menara Anugrah LT.22, Kantor Taman E3.3, JL.Mega Kuningan Lot 8.6 – 8.7 Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan, 12950, Indonesia	65.0	Indonesia	USD500 ordinary shares
Ying Hai Shipping Services Co Ltd	Unit 1003a, Tower No.1, No. 268 Zhongshan South Road, Shanghai, 200010, China	100.0	China	Shares of no par value
Inchcape Shipping Services Cambodia Ltd	Regency-C, No.18/20A/168, Vithei Preah Monireth (St.217), Sangkat Tomnoubteouk, Khan Chamkamom, Phnom Penh, Cambodia	100.0	Cambodia	KHR40,000 ordinary shares
Inchcape Shipping Services Agency (Taiwan) Ltd	9 th Floor, No.153, Chung Hsiao East Road, Section 4, Taipei, 10690, Taiwan	100.0	Taiwan	TWD1,000 ordinary shares

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
Inchcape Shipping Services (Korea) Ko. Ltd	806 Soonhwa Bldg, 89 Seosomun-ro, Jung-gu, Seoul, 04516, Korea	100.0	South Korea	KRW5,000 common stock
Inchcape Shipping Services Philippines, Inc.	707 A Soriano Avenue, 2 nd Floor Shipping Center Bldg, Intramuros, Manila	100.0	Philippines	PHP10 ordinary shares
Inchcape Shipping Services (Thailand) Ltd	43 Thai CC Tower, room no.6, 6 th Floor, South Sathom Road, Yannawa Sub-District, Sathom District, 10120 Bangkok, Thailand	81.0	Thailand	THB10 ordinary shares
Inchcape Shipping Services Sdn Bhd	Suite 10.09, Level 10, Menara Trend, Intan Millennium Square, No.68, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor, Malaysia	100.0	Malaysia	MYR1 ordinary shares
Services Maritime Inchcape, Inc.	45 O'Connor Street, Suite 1500, Ontario, K1P 1A4, Ottawa, Canada	100.0	Canada	CAD36,600 common shares
Inchcape Shipping Services Trinidad and Tobago Ltd	Lot #29, Southern Main Road, Pranz Village, Point Lisas, Trinidad and Tobago	100.0	Trinidad and Tobago	USD1 ordinary shares
Inchcape Shipping Services Mexico SA de CV	Bldv Manuel Avila Camacho No. 703-B Piso 2, Col Centro, Coatzacoalcos, Veracruz, 96400, Mexico	100.0	Mexico	MXN1 ordinary shares
CES de Venezuela SNC	Maracaibo, Estado Zulia, Venezuela	100.0	Venezuela	VBF1 ordinary shares
Coal Export Services de Colombia, Inc.	9076 Misty Creek Driv, Sarasota, Florida, 34241	100.0	USA	Shares of no par value
Milne Servicios Maritimos SA	Avenue Saenz Pena 195, Office 201, Callao, Peru	100.0	Peru	PEN1 ordinary shares
ISS Marine Services SAC	Calle Martin de Murua 150, Office 1201, San Miguel, Lima, Peru	100.0	Peru	PEN100 ordinary shares
Tecnica Naviera Portuaria Tecninave SA	General Cordova 1021 and 9 October Building, San Francisco 300, 19 th Floor, Office 1A, Guayaquil, Ecuador	100.0	Ecuador	USD1 ordinary shares
Inchcape Shipping Services SA ISS Grupo	As above	100.0	Ecuador	USD0.04 ordinary shares
Inchcape Shipping Services Argentina SRL	Avenue Julio A. Roca 610, 3 rd Floor, 1067, Ciudad de Buenos Aires, Argentina	100.0	Argentina	ARS1 social shares
ISS Marine Services LTDA	Rua Sete de Setembro, No. 111, 19 Andar, 20050-006, Rio de Janeiro, Brazil	100.0	Brazil	BRL1 ordinary shares
Inchcape Shipping Services BV Chile Limitada	Blanco 1131, Office 62-63, Valparaiso, Chile	100.0	Chile	Shares of no par value
Agencias Maritimas Christophersen Chile y Cia Ltda	As above	100.0	Chile	Shares of no par value

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
Palumbo Egypt Ltd	1 St. 293, in front of Gapco, El Maadi El Gedida, Cairo, Egypt	49.0*	Egypt	Quotas of no par value
ISS Palumbo UK Ltd	Unit 4 St Michaels Workshops, Albion Row, Newcastle Upon Tyne, Byker, NE6 1LR	51.0	England and Wales	GBP1 ordinary shares
ISS Palumbo South Africa Pty Ltd	Suite 320, 3 rd Floor Office, Sovereign Quay, 34 Somerset Road, Green Point, Cape Town, 8005 – South Africa	51.0	South Africa	Shares of no par value
ISS Palumbo Houston LLC	3340B Greens Road Suite 900, Houston, TX,	51.0	USA	Quotas of no par value
ISS Palumbo Turkey Deniz Acentalige Nakliyat ve Ticaret LTD STI	Altunizade Mahallesi Kisikli Caddesi Sarkuysan Ak Is Merkezi No:4 A Blok Kat :3 D:9 Uskudar	51.0	Turkey	TRY25 ordinary shares
Palumbo Services Srl	Via Quaglierini Ettore 6, 57123, Stradario 05995, Livorno, Italy	51.0	Italy	Quotas of no par value
ISS Palumbo Shipping Services LLC	PO BOX 17000, Dubai United Arab Emirates	51.0	UAE	AED1000 ordinary shares
ISS Palumbo Marseille Sarl	12 bis rue de Vaucanson ZAC Martigues Sud, Martigues, France	51.0	France	EUR1 ordinary shares
SPIIL Strategic Contracts Logisitcs S.r.l.	Via Quaglierini Ettore 6, 57123, Stradario 05995, Livorno, Italy	40.8	Italy	EUR1 ordinary shares
ISS Palumbo LLC	N115, 18/1, 3 rd Khoroshevskaya st, 123298, Moscow, Russia	51.0	Russia	RUB1 ordinary shares
ISS Palumbo Mozambique	Rua does Desportistas no.645, 2n4 Andar, Predio da Vodacom, Maputo, Mozambique	50.49	Mozambique	MZN1 ordinary shares
Inchcape Shipping Services South Africa (Pty) Ltd	2201 ASBA Centre, Heerengracht, Cape Town, 8001, South Africa	100.0	South Africa	ZAR1 ordinary shares
Inchcape Shipping Services Nigeria Ltd	25 Marine Road Apapa Lagos Nigeria	100.0	Nigeria	NGN1 ordinary shares
Inchcape Shipping Services Uganda Ltd	1 st Floor, Premier Complex Building, Plot No. ½, Ntinda Industrial Area, PO Box 34234, Kampala, Uganda	100.0	Uganda	UGX10,000 ordinary shares
Inchcape Shipping Services (Tanzania) Ltd	2 nd Floor Maktaba Square Building, Azikiwe Street (Maktaba Street), Dar Es Salaam, PO Box 13836, Tanzania	100.0	Tanzania	TZS20 ordinary shares
Inchcapè Shipping Services (Mauritius) Ltd	416 St James Court, St Denis Street, Port Louis, Mauritius	100.0	Mauritius	MUR100 ordinary shares
Inchcape Shipping Services Ghana Ltd	Ground floor, Gyau Towers, Motorway Roundabout, Ex, Community 9, Tema, Ghana	100.0	Ghana	GHC0.5 ordinary shares
Inchcape Shipping Services Somalia Ltd	Warehouse N4, Seaport – Mogadishu, Somalia	90.0	Somalia	USD100 ordinary shares

Notes to the financial statements (continued)

17 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
ISS Mocambique Ltda	Rua dos Desportistas no.645, 2 nd Andar, Predio da Vodacom, Maputo, Mozambique	100.0	Mozambique	MZN20,000 quotas
Gellatly Hankey (Kenya) Limited	Inchcape House, Archbishop Makarios CIs, Off Moi Avenue, Mombasa, PO Box 90194, Kenya	100.0	Kenya	KES100 ordinary shares
Dodwell and Company (East Africa) Limited	As above	100.0	Kenya	KES20 ordinary shares
Inchcape Shipping Services Kenya Ltd	As above	75.0	Kenya	KES20 ordinary shares
Inchcape Shipping Services PNG MMC Ltd	Level 5, Mogoru Moto Building, Champion Parade, Port Moresby, National Capital District, 121, Papua New Guinea	100.0	Papua New Guinea	PGK1 ordinary shares
MCC LSL Ltd	As above	100.0	Papua New Guinea	PGK100 ordinary shares
ISS Augusta Srl	Piazza della Rotonda 16, Augusta, 96011, Italy	70.5	Italy	Quotas of no par value
Inchcape Shipping Services LLC	Room 501, Office Court Building, Oudh Mehta Road, P O Box 33166, Dubai, United Arab Emirates	72.0	UAE	AED1000 ordinary shares
Inchcape Shipping Services Rwanda Ltd	Avenue De L Oua, Route Gikondo Aeroport, Building Le Prestige Kigali, Rwanda.	100.0	Rwanda	RWF547,000 ordinary shares
Inchcape Shipping Services Namibia (Pty) Ltd	Sanlam Centre, 145-157 Independence Avenue, Windhoek, Namibia	100.0	Namibia	NAD1 ordinary shares
Inchcape Shipping Services Pakistan (Pvt) Ltd	First Floor, Bahria Complex IV, Gizri, Clifton, Karachi, Pakistan	65.0	Pakistan	PKR10 ordinary shares

*Investee consolidated on the basis of *de facto* control in accordance with IFRS10.

Notes to the financial statements (continued)

17 Investments (continued)

Investments in associated undertakings and joint ventures

Name	Registered Address	Proportion of voting shares and percentage held	Country of Incorporation	Description and nominal value of the shares held
OOCL (Egypt) Shipping Agency SAE	1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt	50.0	Egypt	EGP100 ordinary shares
Inchcape Shipping Services (Saudi) Company Limited	Office No. 17, 2nd Floor, Adil Abbas Sharbatly Center, Hail Street, Al-Rowais District 1, P O Box 4392, Jeddah 23214, Saudi Arabia	50.0	Saudi Arabia	SAR750,000 ordinary shares
ISS-Tositti Srl	Santa Marta Fabbricato, 17 30123 Venezia (Italy)	50.0	Italy	Quotas of no par value
PT Marindo Indonesia	Menara Anugrah LT.22, Kantor Taman E3.3, JL. Mega Kuningan Lot 8.6 – 8.7 Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan, 12950, Indonesia	50.0	Indonesia	IDR900,000 ordinary shares
ISS-Prisco OOO	Administrativny Gorodok, Nakhodka-4, Primorskiy Kray, 692900, Russia	50.0	Russia	RUB5,000 ordinary shares
ISS-Gemadep Co. Ltd	Room 301, 3 rd Floor, 45 Vo This Sau Street, Da Kao Ward, District 1, Ho Chi Minh City, Viet Nam	49.0	Vietnam	Shares of no par value
Hamburg Sud Dubai LLC	Offices 107 & 108, Office Court Building, Oud Metha Road, Dubai	50.0	Dubai	AED1 ordinary shares
Yang Ming (Australia) Pty Ltd	Aberdeen Advisory PTY LTD, 'North Tower' Level 15, 459 Collins Street, Melbourne VIC 3000	50.0	Australia	AUD1 ordinary shares
Comarco Palma	4th floor, Ebene Skies, Rue D'Institut, Ebene, Mauritius	25.5	Mauritius	USD1 ordinary shares
ISS Palumbo Azerbaijan MMC	Azure Business Centre, 23 rd Floor, Office 160/1, Nobel Ave. 15, Baku, Azerbaijan AZ1025	50.0	Azerbaijan	AZN1 ordinary shares

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity accounting method.

	2019 US\$m	2018 US\$m
Share of associates' and joint ventures' Balance Sheets		
Current assets	9.5	9.1
Non-current assets	1.8	3.0
Current liabilities	(5.4)	(6.9)
Non-current liabilities	(1.4)	(2.7)
Carrying amount of the investment	4.5	2.5
Share of associates' and joint ventures':		
Income	23.4	20.3
Profit after tax for the year	3.2	1.4

Notes to the financial statements (continued)

17 Investments (continued)

Investments in associated undertakings and joint ventures (continued)

Company

Investment in subsidiary undertakings is as follows:

	2019 US\$m	2018 US\$m
Cost and Net Book Value		
At 1 January	86.1	87.6
Additions	2.4	-
Impairment	(0.1)	(1.5)
At 31 December	<u>88.4</u>	<u>86.1</u>

Investment in associates and joint ventures is as follows:

	2019 US\$m	2018 US\$m
Cost and Net Book Value		
At 1 January and 31 December	<u>0.1</u>	<u>0.1</u>

Company

The Company's investment relates to the acquisition of the Inchcape Shipping Services Holdings Ltd group of companies. The carrying value of the investment is supported by that group's cash flows. There has been no movement in the year (2018: Nil).

Business Combinations

On 15 January 2019 the Group acquired Strategic Contracts Logistic SPIL Srl for cash consideration of \$16.7m that resulted in recognition of an investment property of \$18.3m, non-controlling interests of \$3.7m, and goodwill amounting to \$2.1m.

From the acquisition date, this acquisition has contributed revenue of \$1.4m and gross profit of \$1.4m to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by \$0.1m and consolidated gross profit for the year would have increased by \$0.1m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

On 12 February 2019, the Group acquired a 100% shareholding in two entities, V. Ships Hansen (Singapore) Pte Ltd and V Ships Agency B.V. The entities were acquired through the exchange of the Global Marine Travel business in a net nil-cash nil-debt transaction. The fair value of assets acquired amounted to \$9.3m, including a \$10.3m intangible asset identified in contracts acquired.

Notes to the financial statements (continued)

17 Investments (continued)

Business Combinations (continued)

From the acquisition date, this acquisition has contributed revenue of \$1.7m and gross profit of \$1.3m to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that the consolidated revenue would have increased by \$0.3m and consolidated gross profit would have increased by \$0.2m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

18 Other investments

Group

Group investments of \$0.2m (2018: \$0.2m) comprise investments in unlisted shares. Unlisted shares are recorded at their fair market value. The fair value of the unlisted shares has been estimated using a valuation technique based on assumptions that are supported by observable market prices of similar investments, except in circumstances where the recoverable value is known to be higher.

Company

The Company had no other investments (2018: \$nil).

19 Events after the reporting period

In 2020, the World Health Organisation (WHO) on 11 March declared COVID-19 a pandemic pointing to the volume of cases of the coronavirus illness in over 100 countries and territories around the world. With over 170 years of experience, Inchcape have come through many turbulent times and this is no exception. As a large and financially stable business, with the support of a global network, the Group is in a stronger position than many to tackle today's challenges.

20 Trade and other receivables

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Current				
Trade and other receivables	377.1	363.4	-	-
Less: provision for impairment of receivables	(3.6)	(4.1)	-	-
Current trade and other receivables	373.5	359.3	-	-
Non-current				
Other receivables	0.8	0.8	-	-
Trade and other receivables	374.3	360.1	-	-

Trade and other receivables are non-interest bearing and are generally on 30-90 days' terms (Port Agency is generally pre-funded). Due to their short maturities, the fair value of Trade and other receivables approximates to their book value.

Notes to the financial statements (continued)

20 Trade and other receivables (continued)

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's large and diverse customer base. The historical experience of collecting receivables, supported by the level of default and customer base, is that credit risk is relatively consistent across territories and therefore trade receivables are considered to be a single class of financial assets.

Provision for impairment of receivables

At 31 December 2019, trade receivables at a nominal value of \$3.6m (2018: \$4.1m) were impaired, and fully provided for. Movement in the provision for impairment of receivables was as follows:

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
At 1 January	4.1	2.9	-	-
Provided in the year	1.6	2.4	-	-
Amounts recovered	(0.7)	(0.1)	-	-
Disposal of subsidiaries	(0.2)	-	-	-
Amounts written off as uncollectable	(1.2)	(1.0)	-	-
Exchange adjustments	-	(0.1)	-	-
At 31 December	<u>3.6</u>	<u>4.1</u>	<u>-</u>	<u>-</u>

At 31 December 2019, the ageing analysis of Trade and other receivables was as follows:

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Neither past due nor impaired	341.2	322.6	-	-
30 – 60 days	15.3	10.0	-	-
60 – 90 days	5.2	13.0	-	-
Over 90 days	11.8	13.7	-	-
Total	<u>373.5</u>	<u>359.3</u>	<u>-</u>	<u>-</u>

Consistent with the information presented to the Board, the ageing analysis is determined by reference to the date of issue of the invoice.

21 Prepayments

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Accrued income	2.4	8.3	-	-
Other prepayments	4.1	4.7	-	-
Prepayments	<u>6.5</u>	<u>13.0</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

22 Derivative financial assets

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Derivative financial assets:				
Less than one year	0.1	0.1	-	-
Current financial assets	0.1	0.1	-	-
Between one and five years	0.2	0.3	-	-
Non-current financial assets	0.2	0.3	-	-
Derivative financial assets	0.3	0.4	-	-

23 Other current assets

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Other receivables	2.0	-	-	-
Other receivables	2.0	-	-	-

Other receivables totalling \$2.0m (2018: \$nil) represent financial assets carried at their amortised cost.

24 Cash and cash equivalents

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Cash at bank and on hand	125.5	100.8	-	-
Short term bank deposits (less than 3 months)	8.1	8.0	-	-
Cash and cash equivalents	133.6	108.8	-	-

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is \$133.6m (2018: \$108.8m).

For the purpose of the Consolidated Cash Flow statement, Cash and cash equivalents comprise the amounts included in the above table.

Notes to the financial statements (continued)

25 Inventories

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Finished goods and goods for resale	7.5	12.1	-	-
Inventories	7.5	12.1	-	-

The difference between purchase price or production cost of inventories and their replacement cost is not material.

The cost of inventories recognised as an expense and included in Cost of sales in the Consolidated Income Statement amounted to \$21.5m (2018: \$144.4m).

The write-down of inventories recognised as an expense and included in Cost of sales in the Consolidated Income Statement amounted to nil (2018: \$0.1m).

26 Trade and other payables

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Current				
Trade creditors	456.3	410.0	-	-
Other creditors	16.9	32.8	-	-
Trade and other payables	473.2	442.8	-	-

Trade and other payables are non-interest bearing. It is the Group's policy to pay within the stated terms.

Other payables totalling \$16.9m (2018: \$33.6m) primarily comprise employee salary accruals, VAT accruals and financial liabilities carried at their amortised cost.

Notes to the financial statements (continued)

27 Interest bearing loans and borrowings

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Interest bearing loans and borrowings:				
Less than one year:				
Short term loans	29.1	27.1	-	-
Capitalised transaction costs	(0.1)	-	-	-
Current interest bearing loans and borrowings	29.0	27.1	-	-
Between one and five years	23.3	27.3	-	-
More than five years	3.4	-	-	-
Capitalised transaction costs	(0.2)	(0.4)	-	-
Non-current interest bearing loans and borrowings	26.5	26.9	-	-
Interest bearing loans and borrowings	55.5	54.0	-	-

Loan facilities

Group

The Group had the following bank loan facilities at 31 December 2019:

Facility	Bank	Drawn Balance at 31 December 2019 US\$m	Total Balance at 31 December 2019 US\$m	Interest rate	Expiry date of the facility
JPY Term	MIZUHO	19.8	19.8	JPY LIBOR + 3.5%	5 Sep 2023
EUR Term	UNICREDIT	0.4	0.4	EURIBOR + 1.1%	30 Apr 2020
EUR Term	CRF	0.3	0.3	EURIBOR + 1.1%	31 Mar 2020
EUR Term	BANCO BPM	-	-	EURIBOR + 1.25%	31 Jan 2020
EUR Term	BNL PARIBAS	3.1	3.1	EURIBOR + 1.2%	7 Aug 2021
EUR Term	BANCO POPULAIRE	1.1	1.1	EURIBOR + 0.8%	31 May 2023
EUR Term	CRF	1.3	1.3	EURIBOR + 1.0%	25 Oct 2021
EUR Term	BNL PARIBAS	1.1	1.1	EURIBOR + 0.9%	30 Sep 2020
EUR Term	MEDIOCREDITO	12.6	12.6	EURIBOR + 2.35%	31 Jan 2026
Total		39.7	39.7		

Company

The Company had no bank loan facilities at 31 December 2019 (2018: nil).

Collateral

Interest bearing loans and borrowings are secured against the shares of the Company and a number of its subsidiaries.

Notes to the financial statements (continued)

28 Deferred income tax

Group

The deferred tax assets and liabilities within the Consolidated Balance Sheet are as follows:

	2019 US\$m	2018 US\$m
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	(1.6)	(1.7)
Deferred tax asset	(1.6)	(1.7)
Deferred tax liabilities:		
- Deferred tax liabilities to be absorbed after more than 12 months	3.6	3.7
Deferred tax liability	3.6	3.7
Deferred tax liabilities (net)	2.0	2.0

The movement in the net deferred tax account during the year was as follows:

	2019 US\$m	2018 US\$m
At 1 January	2.0	3.0
Acquisition of business (net of disposals)	1.4	-
Exchange differences	(0.1)	(0.1)
Credit for the year (Note 9)	(1.3)	(0.9)
At 31 December	2.0	2.0

The movement in the deferred tax liabilities during the year was as follows:

	Amortisation of Intangibles US\$m	Other US\$m	Total US\$m
At 1 January 2018	4.9	-	4.9
Credit for the year	(1.1)	-	(1.1)
Exchange differences	(0.2)	0.1	(0.1)
At 31 December 2018 and 1 January 2019	3.6	0.1	3.7
Credit for the year	(1.4)	-	(1.4)
Acquisition of business	1.5	-	1.5
Disposal of business	(0.1)	-	(0.1)
Exchange differences	(0.1)	-	(0.1)
At 31 December 2019	3.5	0.1	3.6

Notes to the financial statements (continued)

28 Deferred Income tax (continued)

The movement in the deferred tax assets during the year was as follows:

	Short-term timing differences US\$m	Provisions US\$m	Tax losses US\$m	Total US\$m
At 1 January 2018	(1.2)	(0.5)	(0.2)	(1.9)
Credit for the year	-	0.1	0.1	0.2
At 31 December 2018 and 1 January 2019	(1.2)	(0.4)	(0.1)	(1.7)
Charge for the year	0.1	-	-	0.1
At 31 December 2019	(1.1)	(0.4)	(0.1)	(1.6)

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable.

Accordingly, as the Group does not consider it probable that it will realise sufficient taxable profit against which to realise the related tax benefit, it does not recognise deferred tax assets in respect of tax loss carry-forwards of approximately \$133.8m (2018: \$96.7m) and other short-term temporary differences of approximately \$31.3m (2018: \$12.3m).

The principal tax loss carry-forwards and the timing of their expiry are as follows:

Country	Expiring	2019 US\$m	2018 US\$m
UK	N/A	95.3	83.8
USA	N/A	14.5	-
Brazil	N/A	5.1	4.6
Norway	N/A	4.7	4.8
Papua New Guinea	2038	3.0	3.1
Belgium	N/A	2.0	2.9
Netherlands	N/A	1.8	2.7
Germany	N/A	1.2	1.2
Gibraltar	N/A	1.1	1.0
Switzerland	2025	0.8	0.8

A UK transfer pricing settlement has been agreed with the UK tax authorities post year-end covering years ending 31 December 2012 to 31 December 2017. The impact of the settlement is a reduction of the UK tax loss carry-forward of approximately \$63.2m as at 31 December 2017. The table above incorporates the adjustment for 2018 and 2019.

The Group does not recognise any deferred tax liability (2018: \$nil) for taxes that would be payable on the distribution of the retained earnings of its subsidiaries or its associates, as it has determined that those earnings will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders. The Group does not intend to pay a dividend in the foreseeable future.

Company

The Company has no deferred tax (2018: \$nil).

Notes to the financial statements (continued)

29 Other non-current liabilities

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Other payables	6.5	7.1	-	-
Other payables	6.5	7.1	-	-

Other non-current liabilities are disclosed at their carrying values that approximate their fair market value.

30 Lease liabilities

Group

The Group uses leases to acquire the right of use to vehicles, offices and office equipment. The current and non-current liability movements during the year on these lease liabilities are as follows:

	Total US\$m
Lease Liability brought forward	
At 1 January 2019	-
Impact on initial application of IFRS 16	22.4
Additions during the year	4.2
Lease Payments	(9.4)
Interest accrued	1.3
Exchange adjustments	0.1
Total lease liability 31 December 2019	18.6
Due in less than one year	8.9
Due in more than one year	9.7

	2019 US\$m
Amounts recognised in profit or loss	
Interest on lease liabilities	1.3
Expenses relating to short-term leases	0.1

Notes to the financial statements (continued)

30 Lease liabilities (continued)

Company

The Company had no lease liabilities in 2019 (2018: nil).

Obligations under operating lease arrangements

Group

The Group has entered into leases on property, plant & machinery and cars. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 US\$m	2018 US\$m
Not later than one year	7.4	7.3
After one year but not more than five years	9.6	7.1
After five years	0.3	-
	<u>17.3</u>	<u>14.4</u>

Company

The Company had no obligations under operating lease arrangements in 2019 (2018: \$nil).

31 Provisions

Group

	Total US\$m
Current Provisions	
At 1 January 2019	3.8
Provided in the year	1.8
Utilised	(2.1)
Exchange adjustments	(0.1)
Disposal of business	(0.1)
At 31 December 2019	<u>3.3</u>

Provisions relate primarily to legal claims and long service leave where there is uncertainty in the timing of the cash flows. None of the exposures are insured.

Company

The Company had no provisions in 2019 (2018: \$nil).

Notes to the financial statements (continued)

32 Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans and overdrafts, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations, or else they arise directly from its operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions; primarily interest rate caps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is the Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial liabilities are interest rate risk, foreign currency risk, credit risk and liquidity. The Board reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Adequate risk management policies are applied at the level of Inchcape Shipping Services World Limited, the Group's immediate parent company.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, including the economic effect of the derivative financial instruments with all other variables held constant, on the Group's Profit before tax:

	Increase in basis points	Effect on Profit/(Loss) before tax US\$m
2019		
Borrowings	50	(0.1)
Cash	50	-
2018		
Borrowings	50	(0.1)
Cash	50	-

Foreign currency risk

As a result of significant operations all over the world, the Group's Consolidated Balance Sheet can be affected significantly by movement in the USD and JPY exchange rates. The Group seeks to mitigate the effect of its structural currency exposure by borrowing in JPY.

The Group uses foreign currency denominated borrowings as net investment hedges to manage the foreign currency risk.

Notes to the financial statements (continued)

32 Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate versus the cumulative average rate for 2019 and 2018, with all other variables held constant, of the Group's EBITDA (see Directors' Report for definition).

	Increase/(Decrease) in US Dollar rate %	(Decrease)/Increase in EBITDA US\$m	(Decrease)/Increase in Equity US\$m
2019	5% (5%)	(1.3) 1.3	(12.4) 12.4
2018	5% (5%)	(0.9) 0.9	(8.3) 8.3

Credit risk

The Group trades only with recognised, creditworthy third-parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise Cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's biggest exposure is naturally hedged by the fact that borrowings and certain amounts of cash balances are held with the same counterparty, although no formal right of offset exists.

Liquidity risk

The Group monitors its risk of suffering a shortage of funds using projected cash flow forecasts.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is that no more than 20.0% of borrowings (excluding trade finance) should mature in the next 12-month period. At 31 December 2019 the percentage of the Group's debt (excluding trade finance) that will mature in less than one year is 34.7% (2018: 18.2%).

Notes to the financial statements (continued)

32 Financial risk management objectives and policies (continued)

Liquidity Risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2018 and 2019 based on contractual undiscounted payments.

	Less than 3 months US\$m	3 to 12 months US\$m	1 to 5 years US\$m	Over 5 years US\$m	Total US\$m
Borrowings	2.1	25.8	29.9	-	57.8
Finance lease liabilities	-	0.2	-	-	0.2
Trade and other payables	442.5	1.1	-	-	443.6
At 31 December 2018	444.6	27.1	29.9	-	501.6
Borrowings	3.2	26.7	24.8	3.4	58.1
Lease liabilities	2.1	5.6	10.6	0.4	18.7
Trade and other payables	473.2	-	-	-	473.2
At 31 December 2019	478.5	32.3	35.4	3.8	550.0

The Group has committed borrowing facilities which have been utilised as follows:

	2019 US\$m	2018 US\$m
Borrowings	55.8	52.9
Other utilised facilities	3.2	2.5
Unutilised facilities	11.8	12.5
Total facilities	70.8	67.9
Total facilities expiring:		
Within 1 year	29.1	5.9
After 1 year but not more than 5 years	38.3	62.0
After 5 years	3.4	-
Total facilities	70.8	67.9

Notes to the financial statements (continued)

32 Financial risk management objectives and policies (continued)

Fair values

The Group measures its derivatives (caps) at fair value. The fair values are obtained from external parties and are derived from valuation models based on interest rate yields rather than on quoted market prices.

The book values and fair values of derivatives in the books at 31 December 2019 were an asset of \$0.3m for an FX interest rate cap, classified as a level 2 financial instrument. The book values and fair values of the derivatives in the books at 31 December 2018 were an asset of \$0.4m for an FX interest rate cap, classified as a level 2 financial instrument.

In 2019 the movement in the fair value of the derivative financial instruments resulted in a net loss of \$0.1m (2018: gain of \$0.1m) which has been recognised in the Consolidated Income Statement.

Financial instruments are carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

Management considers the ordinary share capital and the share premium to be the capital of the business. The total borrowings of the business added to the capital are considered to be the total funding for the business. Management ensures that the capital does not fall below 25.0% of the total funding of the business. At 31 December 2019 the ratio was 37.0% and at 31 December 2018 the ratio was 44.7%.

Notes to the financial statements (continued)

33 Share capital

Company and group

Ordinary shares authorised	2019 US\$m	2018 US\$m
Ordinary shares (2,040,001 @ 10p) (2018: 2,040,001 @ 10p)	0.4	0.4
Ordinary shares (30,493,484 @ US\$1) (2018: 30,493,484 @ US\$1)	30.5	30.5
Deferred shares (775,201 @ 10p) (2018: 775,201 @ 10p)	0.1	0.1
	31.0	31.0
	31.0	31.0

During 2019 there were no changes to share capital.

Ordinary shares fully paid	2019 US\$m	2018 US\$m
Ordinary shares issued and fully paid (@ 10p)	0.4	0.4
Ordinary shares issued and fully paid (@ US\$1)	30.5	30.5
	30.9	30.9
	30.9	30.9

Ordinary shareholders are entitled to receive notice of, attend and vote at any General Meeting of the Company.

Profits are available for distribution to the ordinary shareholders.

34 Contingent liabilities

The Group has a number of guarantees, performance bonds and other claims of a normal trading nature for which there are either underlying financial liabilities recognised within the financial statements or are in respect of commitments given as an agent on behalf of its principals and to certain suppliers and customers.

Total contingent liabilities for the Group at 31 December 2019 are \$24.4m (2018: \$45.2m). Contingent liabilities comprise of bank guarantees of \$14.9m (2018: \$34.9m), performance guarantees of \$8.6m (2018: \$1.2m) and letters of credit of \$0.9m (2018: \$9.1m).

Total contingent liabilities related to the associated and joint ventures held by the Group at 31 December 2019 are \$0.1m (2018: Nil).

Notes to the financial statements (continued)

35 Related party transactions

Group and Company

The immediate parent of the Group is Inchcape Shipping Services World Limited (incorporated in the Cayman Islands) and the ultimate parent and controlling party is Dubai World Corporation (incorporated in the Emirate of Dubai).

Dubai World Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. Inchcape Shipping Services World Limited is the parent undertaking of the smallest group to consolidate these financial statements

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed for the financial year, with balances outstanding at 31 December.

Related party

	Group		Company	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
Amounts owed by related party (Associates) - Non-current and current	6.6	6.6	-	-
Amounts owed to related party (Associates) - Current	(1.3)	(1.3)	-	-
Amounts owed by immediate parent company - Current	185.1	184.0	-	-
Amounts owed by related party (Subsidiaries) - Non-current and current	-	-	62.2	59.6
Amounts owed to related party (Subsidiaries) - Current	-	-	(0.8)	(0.7)

During the year, material transactions with associates resulted in sales of \$0.1m (2018: \$0.6m) and management fees receivable of \$0.1m (2018: \$0.1m). The movement in amounts owed by the immediate parent relate predominantly to repayments and borrowings of principal debt and the related interest on their behalf in addition to other interest and expenses amounting to \$1.1m (2018: \$11.7m).

The sales and associated costs relating to transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the financial statements (continued)

35 Related party transactions (continued)

Compensation of key management personnel of the Group was as follows:

	2019 US\$m	2018 US\$m
Short term employee benefits	0.9	1.0
Post employment benefits	0.1	0.1
Total	1.0	1.1

The highest paid director received emoluments of \$510k (2018: \$462k) and accrued benefits under defined contribution schemes of \$7k (2018: \$37k). There is no compensation of key management personnel paid through the Company (2018: nil).

36 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available- for-sale	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
Assets as per Balance Sheet					
31 December 2019					
Trade and other receivables	373.5	-	-	-	373.5
Accrued income	2.4	-	-	-	2.4
Derivative financial assets	0.8	-	-	-	0.8
Other non-current receivables	2.0	-	-	-	2.0
Other current assets	-	0.3	-	-	0.3
Amounts owed by related parties	191.8	-	-	-	191.8
Cash and cash equivalents	133.6	-	-	-	133.6
Total	704.1	0.3	-	-	704.4
31 December 2018					
Trade and other receivables	359.3	-	-	-	359.3
Accrued income	8.3	-	-	-	8.3
Derivative financial assets	0.4	-	-	-	0.4
Other non-current receivables	0.8	-	-	-	0.8
Other current assets	-	-	-	-	-
Amounts owed by related parties	190.6	-	-	-	190.6
Cash and cash equivalents	108.8	-	-	-	108.8
Total	668.2	-	-	-	668.2

Notes to the financial statements (continued)

36 Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Other financial liabilities US\$m	Total US\$m
Liabilities as per Balance Sheet				
31 December 2019				
Borrowings	-	-	55.5	55.5
Trade and other payables	-	-	473.2	473.2
Lease liabilities	-	-	18.6	18.6
Other non-current liabilities	-	-	20.3	20.3
Other current liabilities	-	-	6.5	6.5
Amounts owed to related parties	-	-	1.2	1.2
Total	-	-	575.3	575.3
31 December 2018				
Borrowings	-	-	54.0	54.0
Trade and other payables	-	-	442.8	442.8
Other non-current liabilities	-	-	7.1	7.1
Other current liabilities	-	-	8.6	8.6
Amounts owed to related parties	-	-	1.3	1.3
Total	-	-	513.8	513.8

Company

	Loans and receivables US\$m	Assets at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Available- for-sale US\$m	Total US\$m
Assets as per Balance Sheet					
31 December 2019					
Amounts owed by related parties	62.2	-	-	-	62.2
Total	62.2	-	-	-	62.2
31 December 2018					
Amounts owed by related parties	59.6	-	-	-	59.6
Total	59.6	-	-	-	59.6

Notes to the financial statements (continued)

36 Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Other financial liabilities US\$m	Total US\$m
Liabilities as per Balance Sheet				
31 December 2019				
Amounts owed to related parties	-	-	0.8	0.8
Total	-	-	0.8	0.8
31 December 2018				
Amounts owed to related parties	-	-	0.7	0.7
Total	-	-	0.7	0.7

37 Non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of comprehensive income for ISS Palumbo Srl	2019 US\$m	2018 US\$m
Revenue	83.8	71.5
Profit before tax	8.1	5.9
Taxation	(2.4)	(1.8)
Total comprehensive income for the year	5.7	4.1
Total comprehensive income allocated to non-controlling interests	2.8	1.8

Summarised balance sheet for ISS Palumbo Srl	2019 US\$m	2018 US\$m
Current		
Assets	61.5	53.2
Liabilities	(54.8)	(29.8)
Net current assets	6.7	23.4
Non-current		
Assets	61.9	43.9
Liabilities	(13.3)	(14.2)
Net non-current assets	48.6	29.7
Net assets	55.3	53.1

Notes to the financial statements (continued)

37 Non-controlling interests (continued)

Summarised cash flows for ISS Palumbo Srl	2019 US\$m	2018 US\$m
Cash flows from operating activities		
Cash generated / (used) in operations	12.5	(1.7)
Interest paid	(0.6)	(0.2)
Income tax paid	(1.3)	(3.7)
Net cash generated / (used) in operating activities	10.6	(5.6)
Net cash used in investing activities	(16.2)	(0.2)
Net cash generated from financing activities	7.2	1.0
Net increase / (decrease) in cash and cash equivalents	1.6	(4.8)
Cash and cash equivalents at the beginning of the year	4.0	9.1
Exchange gains / (losses)	0.2	(0.3)
Cash and cash equivalents at the end of the year	5.8	4.0

Inchcape Shipping Services Holdings Limited

(the "Company")
Resolution of the Directors
2020

1. Purpose and Background

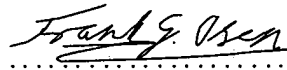
- 1.1 It is NOTED that the purpose of this written resolution is to consider the Strategic Report, Directors' Report and Financial Statements for the Company for the year ended 31 December 2019 (the "Accounts").
- 1.2 It is NOTED further that the Strategic Report, Directors' Report and the Accounts, together with the letter of representation to the auditors, have been circulated.

2. Resolutions

- 2.1 After careful consideration and bearing in mind the Directors' statutory duty to promote the success of the Company, **IT IS HEREBY RESOLVED** that:
- a) the **Accounts** for the year ended 31 December 2019, as circulated, be approved;
 - b) any one director be authorised to sign the Balance Sheet, the Strategic Report and the Directors' Report on behalf of the Board;
 - c) any one director be authorised to sign the letter of representation to the auditors on behalf of the Board; and
 - d) a copy of the Accounts be provided to the sole member in accordance with s423 Companies Act 2006.


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Kenneth Henriks


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Frank Olsen