



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 066 739
Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS SHIPOWNING I AS
Forretningsadresse: Zander Kaaes gate 7
5015 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nils Per Hellesund
Dato for fastsettelse av årsregnskapet: 23.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Gross revenue	4	2 067 000	11 571 000
Sum inntekter		2 067 000	11 571 000
Kostnader			
Depreciation and amortisation	8	468 000	2 836 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	0	1 957 000
Voyage expenses	3,5	1 002 000	2 238 000
Vesel operation expenses	3,5	1 268 000	4 904 000
General and administrative expenses	3,6,7	106 000	389 000
Other gains/losses	8	520 000	676 000
Sum kostnader		3 364 000	13 000 000
Driftsresultat		-1 297 000	-1 429 000
Finansinntekter og finanskostnader			
Annen renteinntekt		3 000	4 000
Currency gains	9	3 000	15 000
Sum finansinntekter		6 000	19 000
Rentekostnad til foretak i samme konsern	3	638 000	1 317 000
Other financial items	9	2 000	34 000
Currency losses	9	13 000	8 000
Sum finanskostnader		653 000	1 359 000
Netto finans		-647 000	-1 340 000
Ordinært resultat før skattekostnad		-1 944 000	-2 769 000
Tax	10	-104 000	-259 000
Ordinært resultat etter skattekostnad		-1 840 000	-2 510 000
Tax			-259 000
Årsresultat		-1 840 000	-2 251 000

Overføringer og disponeringer



Resultatregnskap

Beløp i: USD	Note	2019	2018
Overføringer til/fra annen egenkapital		-1 840 000	-2 510 000
Sum overføringer og disponeringer		-1 840 000	-2 510 000



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	3 046 000	2 941 000
Sum immaterielle eiendeler		3 046 000	2 941 000
Varige driftsmidler			
Vessels	8	0	8 375 000
Sum varige driftsmidler		0	8 375 000
Sum anleggsmidler		3 046 000	11 316 000
Omløpsmidler			
Varer			
Inventories	11	1 000	657 000
Sum varer		1 000	657 000
Fordringer			
Trade receivables	12	0	28 000
Otehr current assets	13	32 000	133 000
Konsernfordringer	3	0	6 000
Sum fordringer		32 000	167 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	12 000	107 000
Sum bankinnskudd, kontanter og lignende		12 000	107 000
Sum omløpsmidler		45 000	931 000
SUM EIENDELER		3 091 000	12 247 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: USD	Note	2019	2018
Share capital	15	25 000	25 000
Overkurs		-7 527 000	-5 686 000
Sum innskutt egenkapital		-7 502 000	-5 661 000
Sum egenkapital		-7 502 000	-5 661 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3,16	10 468 000	16 533 000
Sum annen langsiktig gjeld		10 468 000	16 533 000
Sum langsiktig gjeld		10 468 000	16 533 000
Kortsiktig gjeld			
Trade payables		13 000	786 000
Other current liabilities	17	112 000	589 000
Sum kortsiktig gjeld		125 000	1 375 000
Sum gjeld		10 593 000	17 908 000
SUM EGENKAPITAL OG GJELD		3 091 000	12 247 000



To the General Meeting of SKS Shipowning I AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKS Shipowning I AS, which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Independent Auditor's Report - SKS Shipowning I AS

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs 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 these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

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Independent Auditor's Report - SKS Shipowning I AS

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 9 March 2020
PricewaterhouseCoopers AS


Fredrik Gabrielsen
State Authorised Public Accountant



SKS SHIPOWNING I AS

STATEMENT OF CASH FLOWS

		31 December 2019	31 December 2018
	Notes	USD 000	USD 000
Cash flows from operating activities:			
Net income/(loss) before tax.....		-1 944	-2 769
Depreciation and amortisation.....	8	468	2 836
Impairment losses/(Reversal impairment losses).....	8	0	1 957
(Profit)/loss from sale of non-current assets.....	8	520	676
Changes in inventories.....	11	656	- 118
Changes in trade debtors.....		129	449
Changes in trade creditors.....	17	- 773	149
Changes in other current assets/liabilities.....	3	- 472	295
Net cash provided by operating activities.....		<u>-1 416</u>	<u>3 475</u>
Cash flows from investing activities:			
Investments in non-current assets.....	8	18	- 477
Sale of non-current assets.....		7 368	7 237
Net cash provided by/(used in) investing activities.....		<u>7 387</u>	<u>6 760</u>
Net financial result.....			
Loans from group companies.....	3	-6 065	-10 230
Net cash provided by/ (used in) financing activities.....		<u>-6 065</u>	<u>-10 230</u>
Net increase/(decrease) in cash and cash equivalents.....		- 94	5
Cash and cash equivalents at beginning of year.....		106	101
Cash and cash equivalents at end of year.....	14	<u>12</u>	<u>106</u>



DIRECTORS' REPORT 2019

SKS SHIPOWNING I AS (the Company)

Business summary

SKS Shipowning I AS is fully owned by SKS Tankers Holding AS, a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS (KGJS). The Company is located in Bergen, Norway.

At the beginning of 2019, the Company owned one combination carrier of 110 000 dwt. (SKS T-class) trading in the LR2/Aframax market. The vessel was sold and delivered to a third party during 2019. The Company currently owns no vessels.

Administrative and commercial services are provided by KGJS. Technical management of the vessel was provided by KGJ OBO & Tankers Fleet Management AS (a company within the KGJS group).

Result

The net loss for 2019 was USD 1.8 mill. compared to USD 2.5 mill. in 2018. An impairment loss of USD 2.0 mill. in a challenging year for the tanker industry made up the majority of the net loss in 2018.

The variance between the result and the cash flow from operating activities is mainly due to depreciation and impairment of non-current assets.

The board recommends that the Company's net loss of USD 1.8 mill. is transferred to share premium.

The Board of Directors recognise that the Company's equity is negative as at end of 2019, and according to clause 3.5 in the Norwegian Accounting Act, the board has an obligation to act. The debt to main creditor SKS OBO & Tankers AS is at end of 2019 not sufficiently secured by mortgage over any vessel as the Company has sold its remaining vessel during 2019. The board is working with SKS OBO & Tankers AS and the shareholder SKS Tankers Holding AS to solve the debt issue, and therefore, the board does not consider that going concern is at risk.

Investments

Total investments in non-current assets amounted to USD 3.0 mill. at the end of 2019.

Liquidity and financing

The Company aims to have adequate liquidity in the form of cash and/or available credit facilities at all times. At the end of 2019, the cash reserve was USD 12 000.

Going concern

The annual financial statements are presented based on a going concern assumption and give a true and fair view of the Company's assets and liabilities, financial position and results. Based on available cash, lender group, planned investments, projected cash flow and uncommitted capital contribution from its shareholders, the Company believes it has a satisfactory financial position.



Risks

The risks that the Company is exposed to can generally be divided into three main categories: industry and market-related risks, operational risks and financial risks. Industry, market and operational risks relate indirectly to its revenues. Financial risks consists primarily of interest and currency rate exposure.

Quality, health, safety and environment

The Company maintains a strong focus on running long-term vessel management following a policy based on high quality requirements. Extensive regulations, locally and internationally have become the standard requiring high quality in areas such as vessel manning, vessel operation and technical maintenance. Vessel maintenance is carried out continuously based on a long-term preventive maintenance program. Fuel consumption is carefully monitored and measures to reduce consumption have been implemented. In connection with the implementation of the global 0.5% Sulphur cap on January 1, 2020, the Company was compliant on or before the date of implementation, and monitor fuel compliance closely as part of the continuous vessel operation.

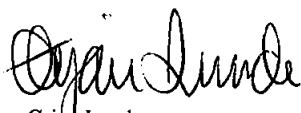
The Company's technical managers hold Documents of Compliance following the rules of the ISM-code (International Safety Management Code). The standards require continuous improvements following an annual improvement program.

Vessel operation in general can potentially cause pollution or other incidents. Vessels owned by the Company are equipped in accordance with international rules and regulations. Vessel operation focuses on reducing risks with the use of qualified personnel and well-developed routines.

The Company has no employees.

Bergen, 9 March 2020

The board of directors of
SKS Shipowning I AS


Ørjan Lunde
Board member


Geir Bruvik Mjelde
Chairman


Jarle Haugsdal
Board member



SKS SHIPOWNING I AS

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total equity
	<u>USD 000</u>	<u>USD 000</u>	<u>USD 000</u>
Equity at 31.12.2018.....	25	-5 686	-5 661
Net income/(loss) 2019.....	<u>0</u>	<u>-1 840</u>	<u>-1 840</u>
Equity at 31.12.2019.....	<u>25</u>	<u>-7 527</u>	<u>-7 501</u>

The Board of Directors recognise that the Company's equity is negative as at end of 2019, and according to clause 3.5 in the Norwegian Accounting Act, the board has an obligation to act. The debt to main creditor SKS OBO & Tankers AS is at end of 2019 not sufficiently secured by mortgage over any vessel as the Company has sold its remaining vessel during 2019. The board is working with SKS OBO & Tankers AS and the shareholder SKS Tankers Holding AS to solve the debt issue, and therefore, the board does not consider that going concern is at risk.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

SKS Shipowning I AS (the "Company") is fully owned by SKS Tankers Holding AS, a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS ("KGJS"). KGJS presents consolidated financial statements, which include the financial statements of the Company. The Company is located in Bergen, Norway.

At the beginning of 2019, the Company owned one combination carrier of 110 000 dwt. (SKS T-class) trading in the LR2/Aframax market. The vessel was sold and delivered to a third party during 2019. The Company currently owns no vessels. Commercial and administrative services are provided by KGJS. Technical management of the vessel was provided by KGJ OBO & Tankers Fleet Management AS (a company within the KGJS group).

2. Accounting principles

a. Basis of preparation

The Company prepares its financial statements according to "Simplified International Financial Reporting Standards" (IFRS) as dealt with in The Norwegian Accounting Act and Regulations dated 10 December 2019. This principally implies that all calculations and measurement methods are carried out in accordance with IFRS, while presentation and notes follows the Norwegian Accounting Act and Norwegian GAAP. The Company employs the simplifying rules relating to dividends and group contributions as regulated in The Norwegian Accounting Act.

The accounting year equals the calendar year and the items of the income statement are classified by their nature.

b. Changes in accounting principles and errors

The impact of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly to equity. Comparative figures are revised accordingly.

c. Currency

The financial statements are presented in US Dollars (USD) as the Company operates in an international market where the functional currency is USD. Transactions in non-USD currencies are recorded at the exchange rate on the date of the transaction. Monetary items and debt in non-USD currencies are converted to USD at the rate of exchange prevailing at the reporting date. Currency gains and losses are recognised in the income statement classified as financial items.

d. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the useful life and disposal value of vessels. Actual results could differ from those estimates.

e. Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is expected to be disposed of or consumed within 12 months of the reporting date
- the asset is held for trading
- the asset is cash or cash equivalents, except for items having restrictions to be exchanged within 12 months of the reporting date.

All other assets are classified as non-current assets.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

Liabilities are classified as current liabilities when:

- the liability is expected to be settled within 12 months of the reporting date
- the liability is held for trading
- the Company does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting date.

All other liabilities are classified as non-current liabilities.

f. Segments

A business segment provides services that are subject to risks and returns that are different from those of other business segments.

The Company's primary reporting format is based on the Company's internal reporting which has one segment.

The Company's management does not evaluate performance by geographical region as the ships sail on a worldwide basis.

g. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Operating income consist of freight, charter hire and other operating related income. Freight is recognised based on the "load to discharge" method. Freight and related voyage expenses not completed at the reporting date are recognised based on the basis of the proportion of the voyage completed at the end of the reporting date. Voyage related expenses from discharge to load is considered as cost to fulfil a contract and recognised in the balance sheet if a related contract is signed before the reporting date. If no contract is signed before the reporting date the voyage related expenses are recognised in the income statement. Charter hire is recognised over the term of the contract as the service is provided.

Interest income is recorded in the income statement during the period in which it is earned.

Group contributions are recorded as appropriations in the same year as it is proposed.

h. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or principally enacted at the reporting date. Management periodically evaluates the tax positions with respect to situations in which applicable tax regulations are subject to interpretation and on this basis establishes provisions for payable tax amounts.

Deferred income tax is provided for all temporary variances arising between the tax bases of assets and liabilities compared to the carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary variances can be utilised.

Both payable tax and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. In cases where the equity transaction is considered a distribution and the source of the distribution is earlier years' net profit, the tax effect of the



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

distribution should be recognised as tax expense in the year in which the distribution is recognised.

i. Non-current assets

Non-current assets are stated at historical cost less accumulated depreciation and any impairment charges. Historical cost includes purchase price, capitalised interest and other expenses directly related to the investment.

Vessels residual value, which generally arises at the end of their useful life, is estimated based on the current estimated demolition value. Vessels residual value and useful life are assessed on an annual basis and changes will affect future depreciation cost.

Depreciation of assets is calculated using the straight-line method based on their estimated useful lives and residual values. Any component of a non-current asset that is significant to the total cost of the assets is depreciated separately over their estimated useful lives. Components with similar useful lives are included as a single component. Vessels book values are divided into two components; vessels and periodic maintenance.

Vessels are considered to have a total useful life of 25 years. Periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic maintenance occur with intervals of either 30 months or 60 months dependant on survey and vessels condition. Day-to-day repairs and maintenance cost are charged to the income statement during the period incurred. The costs of major renovations and periodic maintenance are included in the asset's carrying amount when it is probable the Company will derive future economic benefits in excess of the originally assessed standard performance of the assets. At the time of investment in a new vessel, a portion of the purchase price is defined as periodic maintenance and depreciated as other periodic maintenance.

A vessel's useful life is reviewed annually and where new estimate vary from previous estimate depreciation is adjusted accordingly.

When vessels are sold or disposed of, any gain or loss from the disposal is reported in the income statement. Profit or loss equals the variance between sales price and book value less any sales expenses.

j. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment at each reporting date, or when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value reduced by estimated sale costs is made up of an attainable sale price less expenses to an independent third party. The recoverable amount is calculated for each cash-generating unit (CGU).

The Company was the owner of one combination carrier, which was categorised as one CGU.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses which are reported in previous years' income statement are reversed when succeeding events indicates that the cause of the write down is no longer valid. The reversal is classified in income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are: trade receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs.

The Company classifies its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Equity instruments at fair value through other comprehensive income
- Derivatives at fair value through income statement

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and other current deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price, ref note 2 m.

Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held with the objective of both collecting contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to income statement.

The Company currently holds no investments in quoted instruments which would classify under this category.



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NOTES TO THE FINANCIAL STATEMENTS

Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never reclassified to income statement. Dividends are recognised as other financial income in the income statement when the right to receive payment arise. Dividends representing a recovery of part of the cost of the financial asset are instead recorded as other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Company currently holds no non-listed equity investments which would classify under this category.

Derivatives at fair value through income statement

Derivatives are recognised in the balance sheet at their fair value. Changes in the fair value are currently recorded in the income statement in the period in which the change in fair value occurs. Classification depends on the nature of the derivative.

The Company currently holds no derivatives which would classify under this category.

Derecognition of financial assets

A financial asset or a part of a financial asset/group of similar financial assets is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights or has assumed an obligation to pay the received cash flows in full to a third party; and either
 - I. the Company has transferred substantially all the risks and rewards of the asset, or
 - II. the Company has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method if this is considered to be significant. Gains and losses are recognised in income statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all instruments not held at fair value. If there is no substantial increase in credit risk since initial recognition, the ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures facing a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. Credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified.

The Company considers a financial asset in default when contractual payments are considerably past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of fair value

Fair value of financial instruments actively traded are valued based on quoted prices for identical instruments. Fair value of financial instruments not actively traded are valued based on models or other valuations methodologies observable for similar instruments.

l. Inventories

Inventories include the vessels' stock of lubrication oils and bunker stocks remaining on board at the end of the reporting period and are stated at the lower of cost or net realisable value. Cost is calculated on a first in first out (FIFO) basis. Net realisable value is based on observable market prices. For vessels on time charter out bunkers are, in most cases, sold and settled with charterers at delivery of the vessels, and repurchased at redelivery.

m. Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The interest factor is ignored if insignificant. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified, ref note 2 k.

n. Cash and cash equivalents

Cash and cash equivalents include cash and cash deposits held at banks.

o. Equity

Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

p. Contingent assets, liabilities and provisions

Contingent liabilities are defined as:

- Possible liabilities resulting from past events, but where its existence relies on future events
- Liabilities which are not accounted for as it is not likely that such liabilities will result in a cash outflow
- Liabilities which cannot be measured reliably.

Any major contingent liabilities are disclosed in notes to the accounts. Contingent assets will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such assets.

Contingent liabilities and provisions are recognised in the accounts when it is deemed the Company has a lawful obligation that can be measured reliably and it is likely with a more than 50% probability that settlement will take place. Contingent liabilities and provisions are reviewed at each reporting date and adjusted to best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability. Otherwise, when timing is significant for the amount of the liability, the liability is recognised at fair value. Any increase over time in the amount of the liability is reported as interest costs

q. Events after the reporting date

New information about the Company's financial standing at the reporting date is included in the financial statements. Events occurring after the reporting date that have no impact on the Company's financial position at the reporting date, but which have a significant impact on future periods, are presented in notes to the accounts.

r. Statement of cash flows

The statement of cash flows presents the total cash flow divided into operational activities, investment activities and financing activities. The statement is prepared using the indirect model and reflects the individual activities' impact on the cash reserve.

3. Related parties

In the normal course of its business, the Company has carried out a number of transactions with related parties. Related parties comprise principal owners of the Company and companies controlled by those owners, management of the Company and companies in which the Company can exercise significant influence over their management or operating policies.

a. Transactions relating to management services:

KGJS and companies within its group provides the Company with commercial, technical and administrative services and charges management fees. These costs amounted to USD 0.2 mill. in 2019 compared to USD 0.8 mill. in 2018, recorded in the income statement as vessel related expenses and general and administrative expenses.

b. Transactions relating to financial items:

During 2015, the Company purchased vessels from SKS OBO & Tankers AS financed by a sellers credit agreement. The company paid USD 0.6 mill. in interest expense in 2019 compared to USD 1.3 mill. in 2018. Repayment of the loans are based on 'pay as you earn' terms. During 2019 the Company paid instalments of USD 6.0 mill. compared to USD 10.2 mill. in 2018.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

The Company has pledged to SKS OBO & Tankers AS a mortgage over all vessels owned by the Company together with assignment of vessel earnings, rights to insurance claims or any requisition compensation.

For the years ended 31 December (in US Dollar thousands)	2019	2018
Booked value of mortgaged vessels	0	8 375

c. Receivables/payables with related parties:

For the years ended 31 December (in US Dollar thousands)	2019	2018
Current related party receivables - SKS Tankers Holding AS.....	0	6
Non-current loans from SKS OBO & Tankers AS.....	10 468	16 533
Total	10 468	16 539

Settlement of inter-company balances takes place regularly. Interest is charged based on Nibor/Libor interest rates plus a margin.

4. Vessel operating income

For the years ended 31 December (in US Dollar thousands)	2019	2018
Voyage income and time charter hire.....	1 481	10 745
Other income.....	585	826
Total	2 067	11 571

A geographical split of operating income is not presented as the ships sail on a worldwide basis.

5. Vessel related expenses

Vessel related expenses include both vessel voyage expenses and vessel operating expenses. Vessel voyage expenses include bunker consumption, port cost and other voyage related expenses. Vessel operating expenses include crewing cost, provisions, maintenance, insurance and management service cost.

6. General and administrative expenses

General and administrative expenses consist of expenses for administrative services delivered by KGJS, lawyers, auditors and others.

For the years ended 31 December (in US Dollar thousands)	2019	2018
Administrative services.....	97	370
Statutory audit fees.....	3	4
Legal fees.....	4	4
Other expenses.....	2	12
Total	106	389



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

7. Salaries, benefits and number of employees

The Company purchases all of its services from KGJS or its subsidiaries and other vessel managers and agents. Such services are covering both seagoing personnel and all administrative services. As a consequence, the Company has no employees. There is no remuneration to the Company's board members.

8. Non-current assets

Book value of vessels recognised in the balance sheet:

For the year ended 31 December 2019 (in US Dollar thousands)	Periodic		Total
	LR2/Aframax	maintenance	
Acquisition cost 01.01.2019.....	16 650	1 149	17 799
Additions.....	0	0	0
Disposals.....	-16 650	-1 149	-17 799
Acquisition cost 31.12.2019.....	0	0	0
Accumulated depreciation at 01.01.2019.....	-5 063	- 625	-5 688
Depreciation for the year.....	- 256	- 212	- 468
Depreciation disposals.....	5 319	837	6 156
Accumulated depreciation at 31.12.2019.....	0	0	0
Accumulated impairment losses at 01.01.2019.....	-3 736	0	-3 736
(Impairment losses)/ Reversal impairment losses for the year.....	0	0	0
Impairment losses disposals.....	3 736	0	3 736
Accumulated impairment losses at 31.12.2019.....	0	0	0
Net book value 31.12.2019	0	0	0

	LR2/Aframax	Periodic maintenance
Useful life.....	25 years	30-60 months
Depreciation method.....	Straight line	Straight line

At 31 December 2019, the Company reviewed its cash-generating unit for impairment, ref. note 2 j. An impairment loss should be recognised for the cash-generating unit if the carrying value is higher than the highest of market value and value-in-use calculation. Value-in-use calculations are made in accordance with IAS 36 and are based on the Company's best assumptions of future income and cost as well as discounting rate. Assumptions are associated with uncertainty and other parameters could generate a different value-in-use and a different outcome of the impairment assessment.

Based on the review, the Company made no impairment in 2019.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2019	2018
Currency gains	3	15
Total financial income	3	15
Currency losses	-13	-8
Other financial expenses	-2	-34
Total financial expenses	-15	-42
Net other financial items	- 12	- 28

10. Taxes

For the years ended 31 December (in US Dollar thousands)	2019	2018
Tax effect of group contribution	0	- 1
Changes in deferred tax	- 104	- 391
Changes in deferred tax – effect of changes in tax rate	0	134
Total tax expense/(income)	- 104	- 259

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2019	2018
Net income/(loss) before tax	- 1 944	- 2 769
Estimated tax expense (22% / 23%)	- 428	- 637
Difference between estimated and actual tax expense	324	378
Total tax expense/(income)	- 104	- 259

Specification of differences between estimated and actual tax expense:

For the years ended 31 December	2019	2018
Effect of changes in tax rate	0	134
Currency transaction and other permanent differences	324	244
Total difference between estimated and actual tax expense	324	378

Effective from 1 January 2019 the Norwegian corporate tax rate was reduced from 23% to 22%. Deferred tax at 31 December 2018 and 2019 is calculated at 22%.

Tax calculations are based on financial statements in US Dollars converted to Norwegian Kroner using varying rates of exchange for both balance sheet and income statement. The currency transaction differences arise when converting the Norwegian kroner tax calculation to US Dollars in the specification.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

Summary of temporary differences:

For the years ended 31 December (in US Dollar thousands)	2019	2018
Profit & loss account.....	-5 318	-4 835
Non-current assets.....	0	- 937
Other differences.....	- 452	- 457
Net temporary differences.....	-5 770	-6 229
Recorded taxable deficit.....	-8 073	-7 141
Total basis for deferred tax(+)/tax assets(-)	-13 843	-13 370

For the years ended 31 December (in US Dollar thousands)	2019	2018
Deferred tax (+)/ tax assets (-).....	-3 046	-2 941
Changes in deferred tax (+)/ assets (-).....	- 104	- 258

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2019	2018
Payable tax - ordinary taxation	0	0
Total	0	0

11. Inventories

Inventories comprise mainly of vessels' stock of bunkers and lubrication oils. See note 2 l.

12. Trade receivables

Trade receivable represents a wide range of customers within the various segments. Credits are granted to customers in the normal course of business. The Company regularly reviews its accounts receivable and makes allowances for un-collectable receivables, ref note 2 m. The allowances are based on the age of the unpaid balance, information about customers financial condition, any disputed items and other relevant information.

13. Other current assets

For the years ended 31 December (in US Dollar thousands)	2019	2018
Prepaid expenses.....	1	64
Other receivables.....	31	69
Total	32	133



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

14. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2019	2018
Cash in bank	12	106
Total	12	106

15. Share capital and shareholder information

At 31 December 2019 the share capital of the Company consists of one class of 1 000 ordinary shares at NOK 200 each.

Ownership structure	Number of shares	Share of ownership	Voting rights
SKS Tankers Holding AS.....	1 000	100.0%	100.0%

16. Loans from group companies

For the years ended 31 December (in US Dollar thousands)	2019	2018
Loans from group companies - SKS OBO & Tankers AS.....	10 468	16 533
Total	10 468	16 533

Interest is charged based on Nibor/Libor interest rates plus a margin.

The Company has pledged to SKS OBO & Tankers AS a mortgage over all vessels owned by the Company together with assignment of vessel earnings, rights to insurance claims or any requisition compensation.

For the years ended 31 December (in US Dollar thousands)	2019	2018
Booked value of mortgaged vessels	0	8 375

17. Other current liabilities

For the years ended 31 December (in US Dollar thousands)	2019	2018
Accrued interest expenses	44	119
Accrued vessels related expenses	66	448
Other accruals	1	22
Total	111	589



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

18. Risk management and other hedging activities

Risk management

a. Credit risk

The Company is exposed to credit risk in the event of failure of counter-parties to meet their obligations under a trading transaction. The Company's theoretical risk is the cost of replacement at current market prices of such transactions in the event of default by counter-parties. However, counter-parties are established with high credit ratings, and management believes that the possibility of non-performance by the counter-parties is remote. The Company therefore regards its maximum exposure to credit risk as being the carrying amount of receivables and other current assets. No collateral is held as security against receivables, none of which are considered to be impaired. The Company does not believe it is exposed to any material concentrations of credit-risk.

b. Liquidity risk

The Company aims to have adequate liquidity in the form of cash and/or available credit facilities at all times. Based on available cash, lender group, planned investments, projected cash flow and uncommitted capital contribution from its shareholders, the Company believes it has a satisfactory financial position.

c. Market risk

Market risk comprises interest rate- and currency risk, and other price risks. The Company has no financial derivatives of which the fair value would fluctuate because of changes in other prices.

d. Interest rate risk

The Company is exposed to interest rate risk for debt with floating interest rates.

e. Currency risk

The Company incurs operationg expenses in Euro and Norwegian Kroner. At the reporting date the Company has no non-current monetary asset or liabilities in non-USD currencies.

Financial derivatives and hedging

At 31 December, 2019 and 2018 the Company has neither financial derivatives nor hedging contracts.

19. Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. In the course of 2019 the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

20. Subsequent events

There has not been any events that would materially impact the financial statements for 2019 after 31 December 2019.



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 12.03.2015	Vår dato 19.03.2015
Telefon 977 59 464	Deres referanse Nicholas Nunn	Vår referanse 2015/243264

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for SKS Shipowning I AS, org.nr. 915 066 739

– Vi viser til deres brev av 12. mars 2015 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for SKS Shipowning I AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering SKS Shipowning I AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

SKS Shipowning I AS er et 100 % eid selskap av SKS Tankers Holding AS som igjen er 100 % eid av Kristian Gerhard Jebsen Skipsrederi AS. Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper er tidligere gitt dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet er av internasjonal karakter innenfor skipsfart og dette innebærer at konsernet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en

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Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet inngår i et konsern av internasjonal karakter innenfor skipsfart og at dette innbefatter at konsernet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. Det er videre lagt vekt på at konsernets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer