BRAEMAR

2019

We aim to provide higher margin specialist services to the shipping, energy and offshore industries.

We offer a unique combination of specialist shipping market and corporate finance expertise to shipowners and charterers, energy companies and the providers of finance to the transportation and energy industries.

For more information
See pages 02–03

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

2019 performance

REVENUE
£117.9M
2018: £103.0M

UNDERLYING OPERATING PROFIT[1]
£9.1M
2018: £7.3M

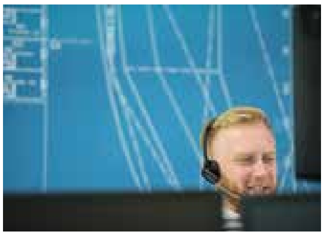
REPORTED OPERATING (LOSS)[2]/PROFIT
£(27.4)M
2018: £(2.9)M

UNDERLYING BASIC EARNINGS PER SHARE[1]
23.32P
2018: 19.57P

REPORTED BASIC LOSS PER SHARE
(88.63)P
2018: (9.70)P

FULL-YEAR DIVIDEND PER SHARE
15.0P
2018: 15.0P

1 Alternative Profit Measures ("APMs"). Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Explanations of APM terms and their calculation are shown in detail in our Financial Review. Note that comparative APMs have been restated to reflect the reclassification of discontinued operations in the current year.
2 After incurring specific items of £12.0 million and a loss from discontinued operations of £22.7 million (2018: £9.3 million and less than £0.1 million respectively).



SHIPBROKING

The Shipbroking division performed well and achieved a full-year performance ahead of expectations, assisted by investment in new talent and the successful delivery of some large transactions.

For more information
See pages 10–13

FINANCIAL

In its first full year of trading in the Group, the Financial division performed in line with expectations at acquisition. It has developed a growing pipeline of business which augurs well for future performance. Its financial services clients often look for Braemar's vessel valuation and surveying capability at the same time.

For more information
See pages 14–17

LOGISTICS

The Logistics division performed steadily in the provision of port agency services, mostly in the UK. Freight forwarding and logistics activities faced tough competition in an evolving market.

For more information
See pages 18–21

TECHNICAL

The Technical division continued to experience tough market conditions. However, through the recently announced combination with Aqualis, which will continue to use the Braemar name, we believe we have positioned our Technical assets well to take advantage of a market that is likely to experience a cyclical improvement in the future.

For more information
See pages 22–25

ONLINE INFORMATION

For more information visit our website:
www.braemar.com/investors

Braemar at a glance

What we do
Our Shipbroking division provides clients with market access, operational support, strategic advice and vessel valuation services.

Our Financial division provides corporate finance advice to shipping clients and providers of finance to the shipping industry. Advisory services include restructuring, private fundraising and portfolio management.

The Logistics division provides agency services in ports, and management of agency hubs for shipping clients. It also operates liner agency services, freight forwarding and specialised project forwarding.

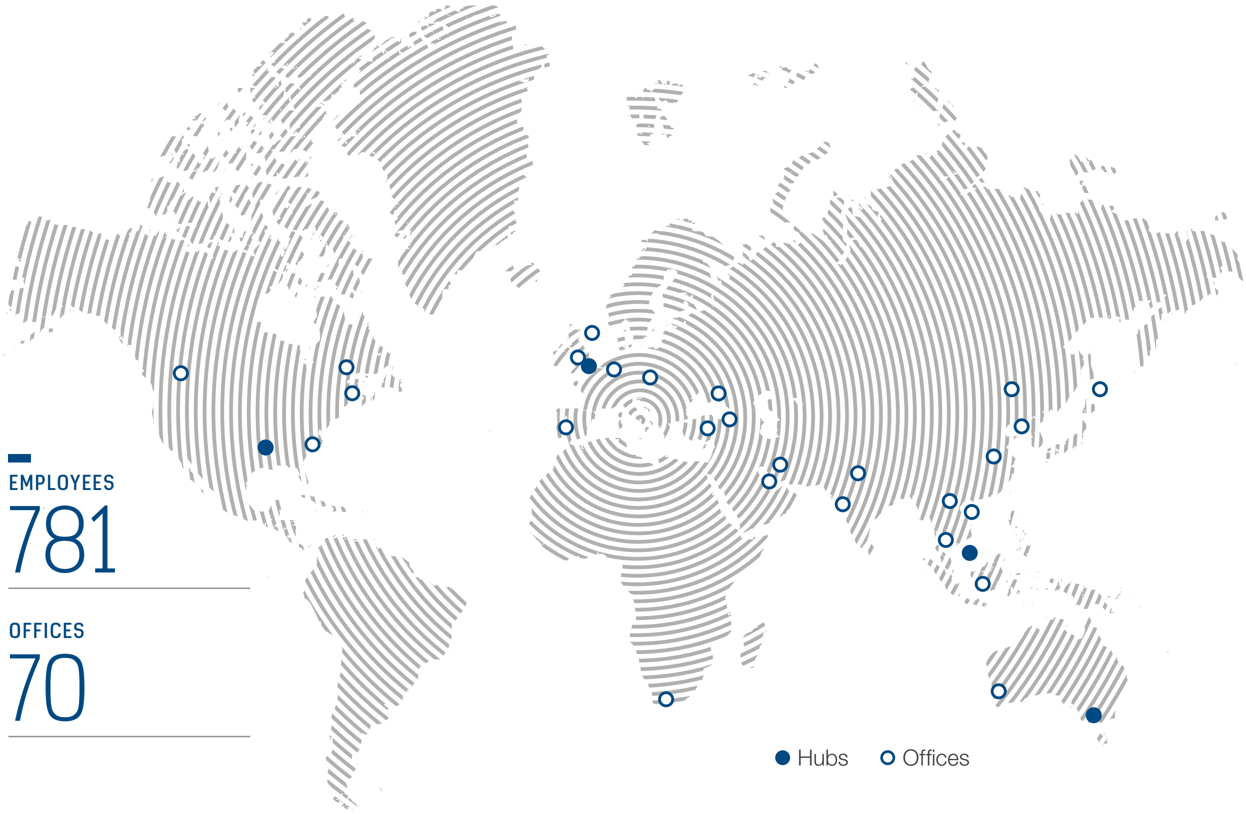
Our engineering business provides energy consulting services, especially in respect of LNG.

Our assets are our people and their expertise, their client relationships, our reputation and our corporate brand. The name “Braemar” embodies expertise, trust, reliability, respectability and ethical conduct.

Global coverage
We have a global network of offices with regional multi-service hubs in London, Hamburg, Singapore, Houston and Melbourne. This network enables us to provide our services to clients wherever they are required.

PROVIDING

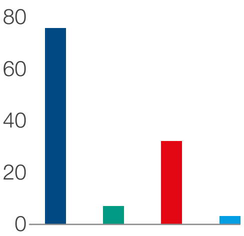
HIGHLY SKILLED SERVICES ON A GLOBAL SCALE



EMPLOYEES
781

OFFICES
70

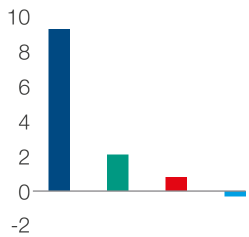
REVENUE



£117.9M

- Shipbroking – £75.7m
- Financial – £7.0m
- Logistics – £32.1m
- Engineering – £3.1m

UNDERLYING OPERATING PROFIT



£9.1M*

- Shipbroking – £9.3m
- Financial – £2.1m
- Logistics – £0.8m
- Engineering – £(0.3)m

* After incurring central costs.

OUR DIVISIONS

SHIPBROKING

£75.7M
REVENUE

Braemar ACM provides shipbroking services as agent to the owners and charterers of vessels. We operate from an international network with key offices in London, Singapore, Houston and Melbourne.

Braemar ACM's brokers have specialist expertise and collectively cover the majority of shipping sectors. Whether facilitating sale and purchase transactions, arranging spot or time charters or providing market analysis, our teams are dedicated to their clients' needs. As we operate in most sectors of the shipping market, there is a natural diversification within our broking operations since the shipping sectors can be driven by different investment cycles.

For more information
See pages 10–13

FINANCIAL

£7.0M
REVENUE

The Financial division was created by the acquisition of NAVES in September 2017. The business trades as Braemar-NAVES Corporate Finance, providing maritime-related corporate finance advice to international clients. Services cover finance advisory, mergers and acquisitions, asset brokerage, interim/pre-insolvency management and financial asset management, including loan servicing.

The business was established in 2009 and is headquartered in Hamburg, Germany, and has a strong track record of delivering profitable advisory services.

For more information
See pages 14–17

LOGISTICS

£32.1M
REVENUE

The logistics business trades as "Cory Brothers" and has been active in ship agency and logistics for over 175 years. Cory is a leading UK port agent, with international offices in Singapore, Amsterdam, Gibraltar and the US. The role of a port agent is to assist our clients' vessels in efficient transit through ports, with the aim of making the process as cost-effective as it can be.

Cory Brothers also provides freight forwarding and logistics solutions for clients who require a more bespoke service. We operate our own operating system "Shiptrak" which we use to monitor every aspect of a port call. We regularly report to clients using operational KPIs to demonstrate efficiency.

For more information
See pages 18–21

ENGINEERING

£3.1M
REVENUE

On 13 May 2019 we announced the sale of the Offshore, Marine and Adjusting businesses of this division to Aqualis, in exchange for a 26% stake in the enlarged business. We retain Braemar Engineering, which works closely with the Shipbroking division, particularly in relation to LNG vessel newbuilding projects. The business also provides engineering consultancy services in relation to onshore and offshore gas facilities.

For more information
See pages 22–25

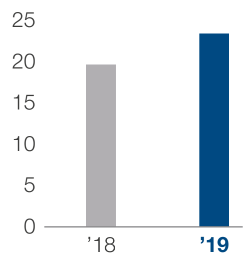
Chairman's Statement

COMMITTED TO DELIVERING LONG-TERM VALUE

Our focus is on providing higher margin services to the shipping industry. Our business and clients are global and we offer our broking, corporate finance, port agency and engineering services worldwide.

BASIC UNDERLYING EARNINGS PER SHARE

23.32p



Braemar's underlying performance from continuing operations in 2018/19 achieved a noticeable improvement over the previous year. 2018/19 was the first full year of trading for NAVES and Braemar Atlantic, which were both acquired in the previous year. Through these acquisitions, we have established a new presence in the maritime financial advisory market and in dry freight and commodity derivatives markets both of which are complementary to shipbroking and widen Braemar's offering to its customers.

On 13 May 2019 we announced the disposal of the loss-making offshore, marine and adjusting businesses of our Technical division to Aqualis ASA ("Aqualis"), a Norwegian listed group, operating in offshore and renewables consulting in exchange for a 26% stake of the enlarged group's equity. In addition, we will receive performance-based warrants which offer the potential to increase our stake to 33% in two years' time. This transaction, which is in line with our strategy to focus on the Group's core, profitable operations, is expected to complete in mid-June 2019, at which point Braemar will become the largest shareholder in Aqualis. The Board strongly believes that this is an excellent result for both Braemar and Aqualis and the best solution for the Technical division.

Aqualis operates primarily in the offshore and renewables sectors and has a particular strength in the Middle East. The combination of our businesses with Aqualis provides an excellent fit with little geographic or client overlap. The enlarged group will be a market leader with global coverage of marine, adjusting, offshore and renewables services. We are also delighted that the group will trade as AqualisBraemar which maintains our name in technical services and enables us to continue to cross-sell and package these services. The Aqualis management team has a strong track record of managing and growing businesses in these sectors through the cycle.

The business units sold made an operating loss of £1.7 million in the year. The estimated valuation of the consideration received by way of shares and warrants is £6.4 million and the total loss recorded on the disposal after fees is £21.3 million.

The Group has decided to retain its Engineering business because its services to the LNG industry have a close connection to and joint business with the Shipbroking division.

Results for the year

Revenue from continuing operations for the year was 14.4% higher at £117.9 million compared with £103.0 million in 2017/18. Underlying operating profit from continuing operations was considerably higher at £9.1 million compared with £7.3 million in 2017/18 and underlying earnings per share were 23.32 pence compared with 19.57 pence last year. All of these figures are reported excluding the Technical division business units that form part of the Aqualis transaction, which is treated as a discontinued operation for this purpose.

The Shipbroking division performed well, particularly in the second half of the year with an increased contribution from dry cargo chartering, some important sale and purchase business and the full year's contribution from Braemar Atlantic. We also invested in the dry cargo and chemicals sector teams to improve the mix of our broking capability. The forward order book remains strong at over $40.0 million with a higher proportion due to be delivered in the next twelve months than last year.

Our Financial division, which was created following the acquisition of NAVES Corporate Finance GmbH in September 2017, reports its first full year of profits. This new division had an extremely active year and built an extensive and growing pipeline of mandated business and retainer income from both financial and shipping clients. Based on the pipeline of business combined with the ability to link up with other divisions, we believe that our expectations at the time of the acquisition will be met.

Logistics traded steadily and reported a small increase in underlying profit compared with the prior year.

There was a reported loss for the year from continuing operations of £4.7 million (2018: £2.9 million) after taking into account other specific items, mainly due to acquisition and disposal related expenditure.

KEY STRATEGIC PRIORITIES

OUR KEY STRATEGIC PRIORITIES ARE TO:

- Continue to strengthen our core services
- Complete the Technical division combination transaction
- Develop our unique intragroup synergies
- Differentiate our services through superior research and analysis
- Develop the geographical distribution of our services

DURING 2018/19 WE:

- Announced the structural change for the Technical division which will establish a value for our assets and retaining a position in the market
- Disposed of Braemar Response
- Strengthened our presence in the financial advisory market with NAVES
- Executed our strategic plan to build key shipbroking segments

For more information
See pages 08–09

Dividend
The Directors are recommending, for approval at the Annual General Meeting on 3 July 2019, a final dividend of 10.0 pence per share.

This dividend will be paid on 26 July 2019 to those on the register at close of business on 21 June 2019. Together with the 5.0 pence interim dividend, the Company's dividend for the year will be 15.0 pence (2018: 15.0 pence). The last date for Dividend Reinvestment Plan ("DRIP") elections will be Friday 5 July 2019. As part of the process of reshaping the Group and focusing on higher margin business development, we are keeping the dividend policy under review.

Board of Directors
I am delighted to have taken over as Chairman on 15 April 2019, and I look forward to working with the Board and the executive team to drive long-term sustainable value for the Group over the upcoming years, to the benefit of all of our stakeholders.

The Board would like to thank David Moorhouse for his contribution as Chairman over the past three years, and as a non-executive Director for ten years prior to that. Louise Evans served as Finance Director until 22 June 2018 and Nicholas Stone joined as Finance Director on 1 April 2019. Stephen Kunzer joined the Board as a non-executive Director on 26 February 2019, replacing Mark Tracey who stepped down from the Board in September 2018.

On behalf of the Board, I would like to thank Louise and Mark for their contribution during their time with Braemar, and to welcome Nicholas and Stephen to the Board.

Colleagues
On behalf of the Board, I would like to thank all of Braemar's staff for their hard work and dedication over the last year. Their knowledge, skills and commitment will be key ingredients of the future success of the Group.

Outlook
Shipbroking is set to have an interesting year of opportunities as the shipping industry prepares for the International Maritime Organisation's ("IMO") low sulphur fuel regulations which become effective internationally on 1 January 2020. The implementation of these regulations will have multiple effects but overall is expected to have a positive effect on freight markets, especially for tankers. In addition, our investment in new talent, particularly in the dry cargo sector, is contributing well and adding to the breadth of our Shipbroking business.

Our Financial division is working on multiple mandates with potential for significant success fees. It has also established a track record of providing corporate finance advice to the purchasers of shipping loan portfolios. This is an excellent position from which to offer ongoing strategic and restructuring advice.

Logistics and Engineering both have significant commercial prospects for growth over the coming year.

We are positive about the AqualisBraemar combination and very much look forward to the development of this business and the growth of our investment therein. The reshaping of the Group will enable Braemar to focus on growing our higher margin services, which will in turn improve our return on capital for shareholders.

Ronald Series
Chairman
19 May 2019

Chief Executive's Statement

BUILDING
VALUE FROM CORE SERVICES

Focusing on our high margin shipping advisory services, which offer the best return on capital.

Strategy

Braemar's strategy is to grow profits and build value for the Group by developing the range of broking, advisory and logistics services we offer. During the course of the year we completed the disposal of Braemar Response and have also announced a plan to combine our Technical division's business into Aqualis ASA in exchange for a 26% equity stake, following which Braemar will become the largest shareholder in the enlarged Aqualis Group. The transaction also includes performance-related warrants which will be measured over a two-year vesting period and offer the potential to take our holding up to 33% overall.

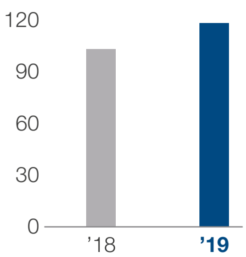
The combination of our businesses will create a market leader in offshore, marine, adjusting and renewables services with global coverage. It also enables Braemar to focus on our core profitable activities while retaining the ability to jointly market technical services under the new trading name, AqualisBraemar. The Aqualis management team has a strong track record for growing offshore and marine consulting businesses and the combination of our businesses puts us at the forefront of the sector at a time when further consolidation is needed.

Following the acquisition of NAVES we have grown our presence in maritime financial advisory by expanding this division geographically.

We continue to employ key individuals and teams to expand the Group in growth markets in which we are under-represented. During the year we selectively added key talent in most market sectors which has already had a beneficial impact on Group performance.

Our people are key to value creation and we remain committed to the development of our staff so that individuals' careers can grow over time and enhance internal succession.

REVENUE
£117.9M



Trading performance

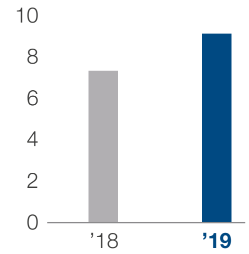
The Group's underlying operating profit from continuing operations increased by £1.8 million from £7.3 million in 2017/18 to £9.1 million in 2018/19. After taking specific items into account the statutory operating loss increased from £1.7 million to £2.7 million.

Revenue in our Shipbroking division in 2018/19 increased noticeably to £75.7 million compared with £61.8 million in 2017/18 and underlying operating profit was £9.3 million compared with £7.7 million in 2017/18. The acquisition of Atlantic Brokers in the prior year combined with targeted recruitment to attract key individuals and teams in growth markets has contributed to the strong performance. Atlantic Brokers enables Braemar to expand its range of derivative broking services to clients, and we expect to leverage this capability to increase business in the coming year. Tanker and dry cargo chartering both performed well in the second half of the year.

The Financial division reported revenue of £7.0 million and underlying operating profit of £2.1 million in its first full year of operations within Braemar. The business has had an extremely active year and has built an extensive pipeline of mandated business, in addition to securing retainer income from both financial and shipping clients. We are confident that this division will contribute a larger share of the Group's underlying operating profit in future years and that expectations at the time of acquisition will be met.

UNDERLYING OPERATING PROFIT

£9.1M



Revenue in the Logistics division reduced marginally from £33.2 million to £32.1 million but underlying operating profit increased to £0.84 million compared with £0.78 million in 2017/18. Our port agency business performed steadily in 2018/19, with revenue and underlying operating profit broadly in line with expectations. The freight forwarding business operates in a changing competitive market, but these forces have been somewhat mitigated by our long-established relationships and a reputation for reliable bespoke customer service.

Having carried out a significant restructuring of the Technical division’s cost base in 2016/17 and achieved a modest operating profit in 2017/18, we expected the profit trajectory to continue to improve. However, day rates have remained extremely low and exploration expenditure has not recovered to anything like the levels prior to 2014. The division struggled during the year and we decided to seek a structural solution.

Following the agreement we have now reached to combine the majority of our technical services assets with Aqualis, and the acquisitions made in the prior year, I am pleased that the Group was able to improve its underlying profitability from continuing operations. The reshaping of the Group focuses our business on high-margin marine and financial services.

James Kidwell
Chief Executive
19 May 2019

Business model

Our business model is based on providing specialist advice and market access for the successful conclusion of transactions for our clients in the shipping and related financial services industries. We are an "asset-light" broking, corporate finance advisory and logistics business.

KEY RESOURCES AND RELATIONSHIPS

PEOPLE
- Depth of knowledge and expertise
- Long-standing client relationships
- Reliable partners

TECHNOLOGY AND INFORMATION
- In-depth market information and bespoke information systems
- Flexible use cloud-based systems

BRAND
- Braemar brand recognition in our markets
- A reputation for professionalism and trustworthiness

SCALABILITY
- Global presence
- Organic and acquisitive growth

DIVERSIFIED PORTFOLIO
- Complementary businesses
- Optimisation of cash generation

SHIPBROKING

Braemar ACM's brokers are specialists in individual shipping markets and cover the vast majority of bulk shipping sectors. Key services include facilitating sale and purchase transactions, arranging spot or time charters and providing vessel valuations.

ENGINEERING

Braemar's Engineering division has a broad technical skill base which covers project work for the energy markets, marine engineering and vessel design.

p10–25

FINANCIAL

Braemar's newest division, Financial, was created following the acquisition of Braemar-NAVES in September 2017. The business has a strong track record of profitable growth and is complementary to our existing shipping services.

LOGISTICS

As a leading port and hub agent, we provide onshore services to facilitate the passage of our clients' vessels as they transit through ports mainly in Europe, Singapore and the US. We also offer "asset-light" bespoke freight forwarding solutions for high-value and complex cargoes.

UNDERPINNED BY OUR VALUES

PEOPLE
Our people are the most important part of our business and the key to our success.

CULTURE
We aim to engender a culture that strives for excellence. Our teams are motivated to excel at all levels.

CLIENTS
We aim to meet and exceed our clients' needs by focusing on quality of service and innovation.

INTEGRITY
We work with integrity and pride. We do the right thing at the right time.

STRATEGIC PRIORITIES

- Developing our people
- Adapting our service offering
- Expanding our geographic footprint
- Investing in our teams

THE VALUE WE CREATE

FOR EMPLOYEES

We provide rewarding careers for our employees.

781*
EMPLOYEES
2018: 834

37%
EQUITY SCHEME PARTICIPATION
2018: 58%

FOR SHAREHOLDERS

We create long-term returns for our shareholders.

23.32P
UNDERLYING BASIC EARNINGS PER SHARE
2018: 19.57P

15.0P
FULL-YEAR DIVIDEND PER SHARE
2018: 15.0P

FOR CLIENTS

We provide high-quality service across a range of markets and geographies.

70*
OFFICES IN
2018: 70

30
COUNTRIES
2018: 30

GROWTH

We expect to create long-term and sustainable growth.

* 542 employees and 40 offices in continuing operations (2018: 537 employees and 40 offices in continuing operations).

ENVIRONMENT

We care about the environment and take steps to reduce our impact and that of our contractors.

SAFETY

We care about the safety of our people, our contractors and our clients.

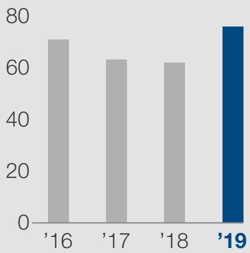
RISK

We understand risk and seek to manage it for our stakeholders and our clients.

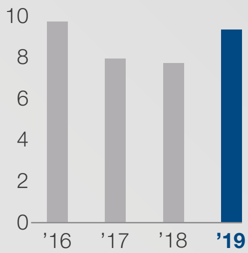
Our Shipbroking division, trading under the name Braemar ACM Shipbroking, is one of the largest shipbroking companies in the world delivering a comprehensive service. With brokers located in the key shipping cities, we cover voyage and contract chartering, sale and purchase, long-term projects and market research across all the major commercial shipping sectors.

DELIVERING A COMPREHENSIVE WORLDWIDE **SHIPBROKING** SERVICE

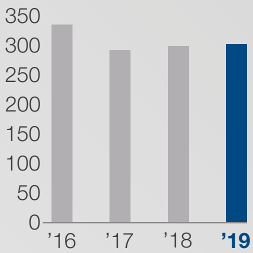
REVENUE
£75.7M



UNDERLYING OPERATING PROFIT
£9.3M



EMPLOYEES
301



SHARE OF GROUP REVENUE
64%

KEY OBJECTIVES
- Maintain our market share in the tankers market
- Expand our presence in the dry cargo market
- Build our presence in the chemicals chartering market
- Build our presence in the regulated commodity and dry freight futures market
- Continue to develop links between our sale and purchase brokers and Financial division
- Expand the container broking team into Hamburg

GROWTH DRIVERS
- Global seaborne trade
- Transaction volumes and mix of transactions
- Market freight rates and vessel values
- Calibre and number of brokers
- Geographic presence

SERVICES
- Tanker chartering: crude oil, clean petroleum products, liquefied petroleum gas ("LPG"), liquefied natural gas ("LNG"), specialised tankers, time charter projects
- Sale and purchase: second-hand, newbuilding, recycling, valuations
- Dry bulk chartering
- Offshore: chartering, sale and purchase
- Research and consultancy
- Commodity and freight ("FFA") futures

Review of operations **Shipbroking**
continued

The Shipbroking division performed well and achieved a full year performance ahead of expectations. Underlying operating profits were £1.6 million, 21% higher than the prior year.

The tanker broking markets began the year with low earnings but saw a recovery in the second half of the year. There was also a healthy improvement in the dry cargo sector with some vessel earnings achieving their highest level for seven years, although the market has subsequently fallen back for reasons described below. Sale and Purchase had a strong year with an increase in the number of vessel sales at higher average values compared with last year. Newbuilding was challenging but we added to our forward book. Offshore started to see some market improvements at the end of the year.

Our total forward order book at 1 March 2019 was $43.1 million compared with $44.0 million at the start of the year. Approximately $27.6 million of this is deliverable in 2019/20 compared with $24.0 million last year. This represents revenue from shipbroking contracts where there are outstanding performance obligations that are yet to be satisfied.

We continued with our broking recruitment plan; adding further talent to our broking teams across most sectors and we intend to continue recruiting selectively, which has already achieved a beneficial impact.

Deep sea tankers

As expected, the weak deep sea tanker market in 2017 continued into the first half of the financial year. This was driven by an overhang of excess tonnage, and cuts in crude oil production from OPEC and other producers in order to reduce high global oil stocks. The market rebounded strongly in the second half of the year as OPEC increased its production and exports from the US rose sharply. This was helped by low fleet growth due to reduced numbers of vessel deliveries and higher demolition.

Tanker demand is expected to remain strong with the main driver being growth in US production and exports. Tanker tonne per mile demand is likely to increase with most cargoes likely to go long haul to Asia. Strong refinery demand with the incentive to raise production of low sulphur fuel is likely to put pressure on OPEC to increase production in the second half of the year, especially if US sanctions further restrict crude exports from Venezuela and Iran, as seems likely.

Our total forward order book at 1 March 2019 was $43.1 million compared with $44.0 million at the start of the year.

Fleet growth accelerated in early 2019, but the pace of newbuilding deliveries is expected to ease in the second half of the year. In addition, we expect to see the number of non-trading vessels increase due to the additional time spent in drydock to fit exhaust scrubbers. Fitting scrubbers enables larger tankers to benefit from the relative cost differential between heavy fuel oil and low sulphur product. There is also likely to be higher demand for floating storage as fuel oil makes way for low sulphur fuels in the world's bunkering ports.

Dry cargo

During the year dry bulk earnings on average rose significantly; however, they weakened in the last quarter, with the Baltic Dry Index ("BDI") falling 41% from 1,122 points at the end of February 2018 to 658 at the end of February 2019.

In the first half of 2018/19, the increase in earnings was led by the capesize sector which experienced growth in shipments of higher-grade iron ore to China, from Brazil in particular, providing strong vessel employment due to long-haul voyages. Commodity demand was also strong across the other sectors, especially in the minor bulks, due to China's economy shifting more towards one driven by consumer demand. Newbuilding deliveries were lower than in previous years and this, together with the low number of vessel being demolished, kept tonnage tight.

The reduction in iron ore and coal demand in the second half of the year exerted downward pressure on earnings. Iron ore shipments were impacted by cyclonic weather in Australia and the tragic failure of the tailing dam in Brumadinho, which immediately decreased Brazil's output and capesize earnings. Commodity demand remained relatively strong across the other sectors, especially in the minor bulks. The negative impact from the US-China trade war started in April 2018, but did not impact volumes until the last quarter, with the US selling its grain and soya beans to non-Chinese countries and Chinese buyers finding alternative sources, mainly from South America.

Growth in the dry bulk market in 2019/20 will depend on several key factors. Firstly, how quickly Brazil can return iron ore production and exports to pre-Brumadinho levels to service China's drive to improve the efficiency of its steel industry and secondly, whether there is an amicable trade agreement between the US and China. With newbuild deliveries at modest levels in 2019/20, vessel earnings will be more dependent on demand fluctuations in the year ahead.

Specialised tankers

Our specialised tanker department covers the transportation of LNG, LPG, petrochemical gases, chemicals and smaller parcels of refined products.

The LNG tanker market in 2018/19 saw significant growth in spot earnings as new production came on stream. With further new production planned for 2019/20, growth in traded volumes will continue. Demand for shipping should exceed available tonnage over the next few years with spot earnings expected to remain at a healthy level. Over time the number of speculative orders for newbuilds beyond 2020 is likely to rebalance the market.

The LPG market in 2018/19 saw some recovery in freight rates as tonnage tightened through fewer deliveries of new vessels and an increased number of scrapped vessels. Volumes were adversely impacted by the US-China trade war but did recover as Chinese demand was satisfied from the Middle East and the US volumes were sold to other Asian markets. The outlook for the LPG market in 2019/20 is one of further modest growth.

The chemical market in 2018/19 experienced a slowdown with a tonnage surplus on many routes. Arbitrage windows gave short-lived regional opportunities, but not enough to sustain increased freight rates. Going into 2019/20, we are witnessing increased activity, indicating a more positive outlook and some charterers are already considering longer-term contracts.

Second-hand sale and purchase and newbuilding

In 2018/19, the team concluded a higher volume of second-hand and demolition vessel transactions at a higher average commission compared with 2017/18. Most vessel sales were dry bulk carriers reflecting the upward trend in that market.

During the year we secured multiple VLCC and Suezmax newbuilding orders which adds to our forward order book. This was achieved despite a relatively low number of newbuilding orders being placed last year.

Our second half benefitted from the delivery of a fleet of 13 dry bulk vessels. Despite weak tanker freight rates, which led to a reduced number of quality tanker vessels being sold, our team managed to increase tanker sales compared with last year. Demolition sales for the period were similar to last year.

Looking ahead, we are expecting to see an increase in activity as the IMO's environmental regulations take effect by 1 January 2020.

Offshore

The supply boat market continued to be impacted by vessel overcapacity and low global oil and gas exploration activity. The oil price strengthened during the first half of 2018/19 but then weakened going into the last quarter. This uncertainty continues to constrain any increase in spend in exploration and production. If the oil price remains stable and above $70/barrel, then we expect more projects to commence, which should drive demand.

Securities

Atlantic Brokers Holdings Limited, which was acquired at the end of the last financial year, was successfully integrated as a regulated coal desk, Braemar Atlantic Securities. The subsequent addition of a dry Forward Freight Agreement ("FFA") broking team also complemented our broking services and the desk now has a team of twelve brokers across coal and dry FFAs. The dry FFA derivatives market grew as the physical market improved. However, the coal derivatives market has been relatively subdued so far this year. Braemar continues to be the leading physical broker for certain markets.

Braemar-NAVES Corporate Finance supports shipowners, investors and banks with a comprehensive scope of financial advisory services for capital transactions, refinancing and financial restructuring.

DELIVERING A COMPREHENSIVE WORLDWIDE **FINANCIAL** SERVICE

KEY OBJECTIVES

- Leverage relationships with sale and purchase shipbroking
- Develop international presence in London and other locations
- Continue to market one-stop shop

GROWTH DRIVERS

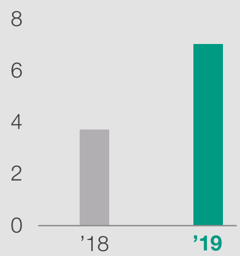
- Global levels of distressed maritime debt
- Banking and capital allocation regulations
- Limited opportunities to source maritime capital
- Capacity imbalances in the global fleet

SERVICES

- M&A/corporate transactions and mergers
- Restructuring and consulting
- Interim management and pre-insolvency management
- Loan transaction and management support
- Asset brokerage/control of sales processes for individual assets
- Equity and debt financing
- Financial Asset Management

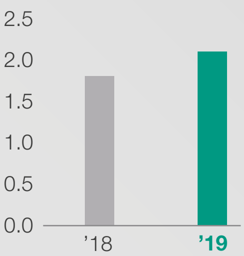
REVENUE

£7.0M



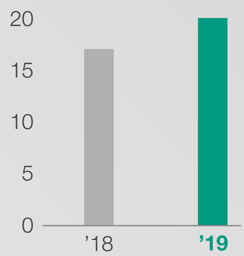
UNDERLYING OPERATING PROFIT

£2.1M



EMPLOYEES

20



SHARE OF GROUP REVENUE

6%

Review of operations **Financial** continued

Since its acquisition by Braemar, Braemar-NAVES has expanded its global footprint by establishing a presence in London and Singapore together with an ability to work with the important Chinese financing market, working with Braemar's sale and purchase team in the Far East. Through its close cooperation with both the Shipbroking and the Technical divisions it has been able to offer integrated advisory services for private equity and hedge funds. We have established a market position as a debt advisor and debt broker for international shipowners. This aspect of our business is growing because traditional shipping banks have restricted their lending activity and in some cases withdrawn from the market altogether. Exceptional circumstances in the prior year contributed to an unusually high margin, which is now more normalised.

Restructuring and interim management and pre/post-insolvency management

Restructuring and related services continued to contribute significantly to the performance of Braemar-NAVES. During 2018/19 we supported restructurings in Germany, Greece, Cyprus and India. Our pre- and post-insolvency and management business was strong in 2018/2019. However, we expect this element of our business to form a lower proportion of our overall business in the future, as several shipping sectors are now generating enough cash flow to allow owners and lenders to seek a compromise that avoids insolvency filing procedures. An early sign of this is our increasing activity in supporting owners to refinance or replace bank debt.

Asset brokerage/control of sales processes for individual assets/M&A

Braemar-NAVES and Braemar ACM worked together closely and successfully led the disposal process for a variety of container vessels, tankers and dry bulk vessels. In the course of the financial year 2018/19 we experienced an increasing demand for our services to support the disposal of entire shipping companies or portfolios. We expect this to contribute more significantly to our performance in the coming year.

Equity and debt financing

Last year the Division successfully refinanced more than 20 vessels. Our mandate flow for financing support is often driven by the change of ownership of bank loan portfolios and the reduction of exposure of traditional shipping lenders. Braemar-NAVES has developed a strong market presence with regard to raising debt from alternative capital providers and this is expected to continue in 2019/20, because large loan exposures will be transferred to new owners in 2019/20 and we supported due diligence activities on such portfolios during 2018/19. We have established a large network of private equity funds, investment funds, credit funds, alternative capital providers and leasing companies, together with strong working relationships with most of the traditional shipping lenders.

The Braemar-NAVES operations continue to deliver strong financial performance and are creating synergies across the Group.

Loan transaction support and financial asset management

Our business has shifted in this area and we have become a leading buy-side adviser for the acquisition of shipping loan portfolios, often drawing on some of Braemar's other services. This has more than made up for a decline in financial asset management services where traditional lenders have a lower demand for asset warehousing. This position is based on our unique service offering combining commercial, technical and financial due diligence in combination with the research and valuation desks, which has led to repeat assignments from several investors. Strategically, this business is of importance as it gives us a close understanding of our client priorities allowing us to support owners in the refinancing of their loans.

Geographic diversification

With the establishment of offices in London in 2017 and Singapore in 2018 we are diversifying and building our global presence and plan to develop our presence in other cities in the future. We continue to review geographic expansion opportunities to strengthen our links with institutional investors as well as leveraging our services within the wider Group.

The Braemar Logistics division operates under the name “Cory Brothers” and provides port agency services to shipowners and charterers together with specialist freight forwarding and logistics services. The business principally operates in the UK, but also has offices in the US, Singapore, the Netherlands and Gibraltar.

DELIVERING A COMPREHENSIVE PORT AGENCY AND LOGISTICS SERVICE

KEY OBJECTIVES

- Develop other sectors of port agency in UK to supplement our strong UK share in tankers
- Build internal synergies with the Shipbroking division
- Drive new sales initiatives in freight forwarding
- Increased gross margins through improved procurement for Logistics

GROWTH DRIVERS

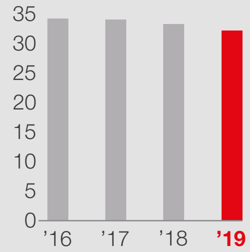
- Key long-term client relationships
- Geographical presence
- Bespoke project management capability
- Brand recognition – “Cory Brothers”
- Ability to draw on Braemar’s other complementary services

SERVICES

- Port and liner agency
- Hub agency
- Freight forwarding and project cargo management
- Customs clearance

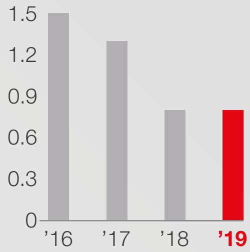
REVENUE

£32.1M



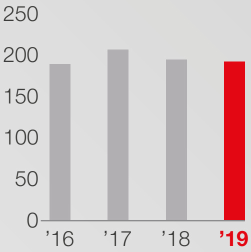
UNDERLYING OPERATING PROFIT

£0.8M



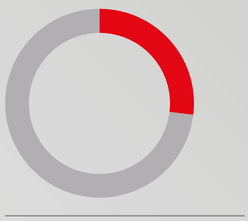
EMPLOYEES

192



SHARE OF GROUP REVENUE

27%



Review of operations **Logistics** continued

Cory Brothers has extensive industry experience and a worldwide reputation for delivering on customers' requirements. The business provides a high-quality service which is carried out by experienced staff based in the UK and overseas.

Port & hub agency

The ship agency business services UK ports, the port of Singapore, North America and the Netherlands and has joint arrangements with a number of worldwide agency partners via our UK-based hub management business.

The majority of our port agency business arises from our activity in UK ports where we are a clear market leader together with our global hub activity coordinated out of the UK. Underlying revenue in both the UK and the hub were higher than prior year and ahead of expectations.

We continue to face competitive challenges from both established and new operators in the UK, but our long-established relationships and reputation for excellent customer service have meant that their impact in the year was not significant.

Overseas, our Dutch operation was in line with prior year, and in the US our underlying revenue grew 30% on the back of increased business in our established Houston office and the addition of a new office in New Jersey.

Liner agency & freight forwarding

The liner agency business has maintained its long-standing relationships with key clients on the basis of high service levels which has seen revenue grow by 10% versus the prior year. In freight forwarding, our business with key customers remained solid and our export business grew significantly. However, this was offset by contraction in our imports business and road haulage.

We also had a quiet year in project cargo which may be a Brexit-related effect, although the new financial year has begun more positively in this sector.

Many of our customers have been seeking our advice to prepare for all eventualities of Brexit. We have seen some stockpiling taking place and our custom clearance skills could be much in demand if the UK does exit the customs union.

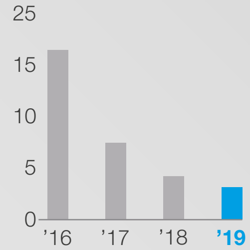
Review of operations **Technical**

Braemar's Technical division provided energy loss adjusting, vessel surveying, marine engineering and consultancy services to the shipping, marine, energy, offshore and insurance markets.

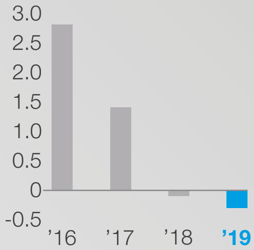
DELIVERING A COMPREHENSIVE WORLDWIDE **TECHNICAL** SERVICE

CONTINUING OPERATIONS – ENGINEERING

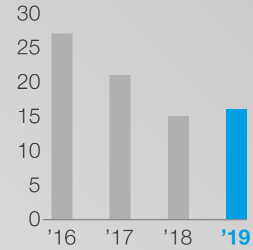
REVENUE
£3.1M



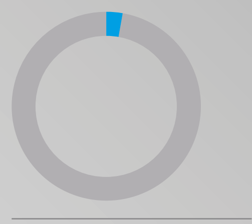
UNDERLYING OPERATING LOSS
£(0.3)M



EMPLOYEES
16

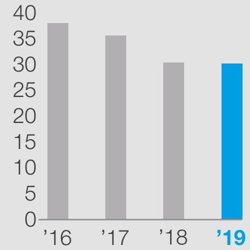


SHARE OF GROUP REVENUE
3%

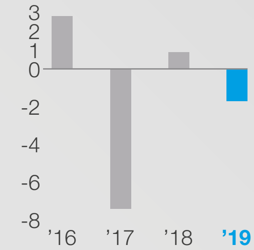


DISCONTINUED OPERATIONS – TECHNICAL

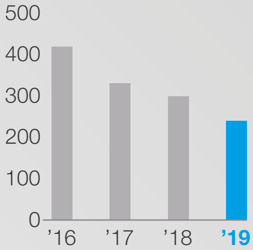
REVENUE
£30.1M



UNDERLYING OPERATING PROFIT/(LOSS)
£(1.7)M



EMPLOYEES
239



During the year the Group decided to divest certain business units that comprised the Marine, Offshore and Adjusting businesses. Agreement has been reached to combine them with Aqualis into AqualisBraemar. More details are contained in the Chief Executive's Statement.

Review of operations **Technical** continued

The AqualisBraemar combination will immediately create a global market leader in marine, offshore and renewables services. The increased scale is expected to unlock revenue and cost synergies through better staff utilisation and overhead efficiencies.

Trading was broadly in line with the prior year with a relatively low level of marine supervision work for LNG newbuildings. We expect an upturn in the current year, with an improved pipeline compared with spring 2018. A contract for the provision of newbuilding supervision services for an LNG tanker was signed in December 2018 which will generate engineering income into 2020 and future time charter brokerage for the Shipbroking division.

The Technical division continued to operate in a difficult trading environment, and despite cost savings made in 2016/17, the ongoing low levels of activity in the upstream energy and marine sectors resulted in a reduction of profitability compared with last year.

The Group looked at the options to improve financial performance and recently announced a transaction with Aqualis ASA whereby Braemar's adjusting, marine and offshore businesses will be sold to Aqualis in exchange for a 26% equity stake which will make Braemar the largest shareholder in the enlarged group. This is the best value-creating solution for these businesses which collectively have recorded losses in recent years.

The AqualisBraemar combination will immediately create a global market leader in marine, offshore and renewables services. The increased scale will unlock revenue and cost synergies through better staff utilisation and overhead efficiencies.

The Group is retaining Braemar Engineering where the team is working closely with the Shipbroking division on several ongoing LNG projects and further combined work is expected. The figures quoted above relate just to the ongoing operations in this part of the division.

We also concluded the divestment of Braemar Response to Grupo Ambipar on 9 October 2018.

Offshore

The business continued to be affected by the low level of activity in oil and gas exploration and production. We experienced price reductions on some contracts and contract delays in a number of locations where energy projects did not progress as quickly as we anticipated. The underperformance was partially mitigated by overhead savings. Among our clients, the overall level of activity appears to be growing compared to this time last year, and we secured a number of framework agreements with regional engineering companies. We also signed agreements in early 2019 with underwriters for the provision of marine warranty surveys for two large project cargo contracts in China and Australia. Our Vietnam and Indian offices continue to perform well.

Marine
Braemar Marine maintained its high market share for hull and machinery inspections emanating from the Lloyds Insurance market. Professional staff utilisation averaged 56% in the year, a slight decrease compared to 2017/18. We have sought to broaden the business by developing pre-risk inspection services for superyachts and technical due diligence for financial services businesses.

Adjusting
Performance was affected by a low level of upstream claims during 2018/19, the impact of staff turnover and the impact of the US trade sanctions which resulted in one significant project being placed on hold indefinitely. The Singapore office secured a number of contracts for the provision of expert witness services.

IMPROVED UNDERLYING PROFITABILITY AND SHAREHOLDER VALUE

The results of management action, including a major restructure, are evident in the increased underlying operating profit from continuing operations delivered during the year.

Summary income statement 2019	2019 £'000	2018 £'000	2017 £'000
Revenue	**117,853**	103,043	135,935
Cost of sales	**(24,892)**	(24,673)	(27,168)
Operating costs	**80,971**	(68,193)	(101,819)
Central costs	**2,924**	(2,855)	(2,721)
Underlying operating profit before specific items	**9,066**	7,322	4,227
Acquisition and disposal-related expenditure	**(10,960)**	(9,067)	(2,485)
Acquisition and disposal-related restructuring	**(759)**	–	–
Operating (loss)/profit	**(2,653)**	(1,745)	514

Overview

Group results have improved during the year, with underlying operating profit increasing to £9.1 million from £7.3 million. The net impact of costs of acquisitions transactions and the accounting treatment for certain items of consideration are separately identified as specific items and have resulted in an operating loss of £2.7 million for the year (2017/18: £1.7 million loss).

In the trading update issued on 25 January 2019, an indication was given of underlying operating profit for the year in a range of £6.8 million to £7.2 million. On a like for like basis the outturn for the year was £7.0 million. This can be reconciled to the reported numbers as shown below.

Direct and operating costs

Cost of sales comprise of freight and haulage costs incurred in the Logistics division and payments to sub-contractors, materials, and other costs directly associated with the revenue to which they relate to in other divisions. Operating costs have increased primarily to the increased levels of bonus in Shipbroking and a full year of NAVES costs.

Specific items

We have separately identified certain items that we do not consider to be part of the ongoing trade of the Group. These significant items are material in both size and/or nature and we believe may distort under-standing of the underlying performance of the business. These are summarised below:

Acquisition & disposal related expenditure

We have accounted for £10.7 million (2017/18: £6.4 million) acquisition-related charges during the year, with this increase driven by the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited. Of these acquisition related specific items, only £1.4 million was paid during the period in cash.

The Group incurred £8.0 million of costs which are directly linked to the acquisition of NAVES. They include £7.2 million of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement. The NAVES acquisition agreement included substantial payments to the working vendors which are conditional on their continuing

Reconciliation of underlying operating profit	£'m
Reported underlying operating profit	**9.1**
Deduct Technical Division losses reported in discontinued operations	**(1.7)**
Deduct adjustments due to the adoption of IFRS 9 & 15 (see below)	**(0.4)**
Adjusted underlying operating profit	**7.0**

employment. These elements of the consideration will be accounted in the income statement over the relevant period.

Costs incurred on the Braemar Atlantic acquisition were £2.5 million of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement.

When we acquired ACM Shipping Group plc in July 2014, we established a share plan to retain key staff. The cost of this share plan is categorised as acquisition-related expenditure and the charge in the year was £0.1 million (2017/18: £0.6 million). As expected, the annual charge relating to these awards reduces as these awards vest.

During the year we also incurred a charge of £1.1 million (2017/18: £2.4 million) in relation to the amortisation of intangible assets arising from these acquisitions.

Discontinued operations

Following the Board's decision to dispose of the majority of the Group's Technical Division, we have classified the operations from these business units as a discontinued operation. As a result, the results from these operations do not form part of the Group's underlying performance. Comparative periods have been restated to reflect consistent reporting between periods. In this classification we also report the losses made on the disposal of Braemar Response in October 2018.

The discontinued operations made a total post-tax loss of £22.7 million in the year, of which £1.4 million relates to Braemar Response. The £21.3 million reported on the disposal of the Technical Division business units is an aggregation of the trading losses and an estimate of the loss that will be made upon completion and can be explained in more detail as follows:

Loss on discontinued operations	£'m
Trading loss made in the year	1.7
Tax credit	(0.1)
Restructuring costs and attributed interest	0.6
Write down of intangible assets	6.1
Estimated impairment of remaining net assets	13.0
Total reported loss	21.3

The assets held for sale include certain assets and cash that will be redistributed to Braemar under a reorganisation that will be carried out as part of the disposal and before completion. The impairment of the remaining net assets of the business units is required to align their carrying value to the estimated value of consideration to be received in the sale transaction, net of the anticipated level of fees and other costs incurred.

Other specific items

We have incurred £0.8 million of one-off costs related to Board changes. In addition, we have revalued our investment in seats on the London Tankers Brokers Panel in line with recent third party transactions.

Adoption of IFRS 9 and IFRS 15

During this accounting period the Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' for the first time as is described in more detail in Note 2 below. The impact of this adoption on the reported results is included within underlying operating profit and can be summarised as below.

Finance costs

The net finance cost for the year of £1.2 million (2017/18: £0.6 million) reflects the cost of working capital associated with the facilities structures held with HSBC and the interest payable on financing and convertible loan notes associated with the acquisition of NAVES. £0.2 million has been attributed to underlying operations (2017/8: £0.4 million), £0.8 million to NAVES acquisition (2017/8 £0.2 million) and £0.3 million to the discontinued operations (2017/18: nil).

Capital expenditure

In 2018/19 total capital expenditure was £1.7 million (2017/18: £1.0 million). The most significant item of capital expenditure relates to software as we continue the improvement of our operating and finance systems.

Balance sheet

Net assets at 28 February 2019 were £58.4 million (2018: £93.7 million). The Group has continued to focus on working capital improvement and cash collection during the year. At 28 February 2019 the Group held gross trade receivables before impairment provisions of £31.5 million, down from £37.9 million at 28 February 2018. At the year end, total trade and other receivables had fallen by £15.5 million to £37.1 million from the £52.6 million reported last year which included total of £11.2 million held for resale relating to the Technical Division business units being disposed of. The proportion of trade receivables provided against fell from 12.2% to 10.3%.

Borrowings and cash

At the balance sheet date, the Group had facilities of £40.0 million, made up of a revolving credit facility of £25.0 million for current activities and an accordion facility of £15.0 million for potential future acquisitions provided by HSBC. As part of the Aqualis transactions the HSBC facilities have been renegotiated to a revolving credit facility of £35.0 million and a facility of £5.0 million. At the same time the covenants governing the facility have been amended to allow additional headroom.

The Group also has access to a global cash pooling facility in UK, Germany and Singapore which allows efficient management of liquidity between our main regional hubs. At the end of the year the Group had net debt of £7.8 million (2018: £2.4 million).

Retirement benefits

The Group has a defined benefit pension scheme which was closed to new members during 2015/16. The scheme has a net liability of £2.0 million (2018: £3.4 million) which is recorded on the balance sheet at 28 February 2019. The agreed annual scheme-specific funding since the triennial valuation as at March 2014 was a cash contribution of £0.5 million. The triennial funding valuation as at March 2017 was carried out and concluded during 2018 and the result was an unchanged annual employer cash contribution of £0.5 million which was agreed with the trustees and is being paid in equal monthly instalments.

Convertible loan notes and deferred consideration

In total, the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of the acquisition of NAVES. These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3p for management sellers and 450.3p for non-management sellers.

Impact of adoption of IFRS 9 and IFRS 15	IFRS9 £'m	IFRS15 £'m	Total £'m
Decrease in Net Assets at 28 February 2018	(1.1)	(1.1)	(2.2)
Increase in underlying profit for the period to 28 February 2019	0.3	0.1	0.4
Decrease in Net Assets at 28 February 2019	(0.8)	(1.0)	(1.8)

Financial Review
continued

The fair value of convertible instruments and deferred consideration as at 28 February 2019 was £16.9 million (2018: £10.7 million). The status of maximum future payments assuming all are redeemed for cash and future income statement charges can be summarized as below.

Foreign exchange
The US dollar exchange rate has moved from US$1.40/£1 at the start of the year to US$1.33/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars. At 28 February 2019, the Group held forward currency contracts to sell US$15.5 million at an average rate of US$1.356/£1 and options over a further US$9.5 million at an average rate of US$1.368/£1.

Taxation
The Group's underlying effective tax rate in relation to continuing operations in 2018/19 was 17.2% (2018: 18.6%), which is lower than current UK tax rate. Higher tax rates in Germany and Australia have been more than offset by some prior year tax credits in the UK. We have also continued to focus on our global operations to manage our tax exposure which has allowed us to maintain a lower rate despite relatively high levels of disallowable expenditure. The effective tax rate on statutory profit is a credit of 48% (2018: credit of 20%) and is distorted by the non-deductibility for tax purposes of the specific acquisition-related items.

Alternative profit measures ("APMs")
Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APM's used by the Group to better reflect business performance and provide useful information to investors and other interested parties. In particular, we have separated the impact of individually material capital transactions, such as acquisitions and disposals, from ongoing trading activity to allow a focus on ongoing operational performance.

Our APMs include underlying operating profit and underlying earnings per share. Our prior year APMs have been restated to reflect the reclassification of discontinued operations noted above.

Capital management
The Group manages its capital structure and adjusts it in response to changes in economic conditions and its capital needs. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and debt instruments. The Group has a policy of maintaining positive cash balances whenever possible which can be supported by short-term use of its revolving credit facility. This is drawn down as required to provide cover against the peaks and troughs in our working capital requirements.

NAVES consideration Year Ended	February 2020 £'m	February 2021 £'m	February 2022 £'m	February 2023 & beyond £'m
Maximum cash payable				
Deferred consideration loan notes	7.1	1.8	1.2	2.5
Earn out notes	–	3.2	3.2	3.2
Maximum Cash Payable	7.1	5.0	4.4	5.7
Maximum income statement charge	3.1	1.1	0.2	–

The final value of the February 2022 and 2023 earnout notes will be determined based on earnings to August 2019 and 2020 respectively.

ESOP Trust
During the year the Company requested that SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust, purchase shares in Braemar Shipping Services plc.

As announced on 2 March 2018, the Company entered into a trading plan with the Trustee for the period 5 March 2018 to 14 May 2018 for the purchase of 250,000 shares. A further trading plan was announced on 31 August 2018 to purchase a further 150,000 shares. These plans enabled the Trustee to operate with discretion and independence to purchase ordinary shares in the Company for the ESOP. An additional 316,000 shares were purchased in January 2019 making a total of 716,000 shares in the Company for the period. At 19 May 2019 the ESOP holds 696,201 shares.

Dividend
The directors are recommending, for approval at the Annual General Meeting on 3 July 2019, a final dividend of 10 pence. Together with the interim dividend, the Company's dividend for the year will be 15 pence (2018: 15 pence) and is covered of 1.6X by underlying earnings per share of 23.32p (2018: 1.3X by 19.57p).

Brexit
We do not currently believe that our businesses will be materially impacted by Brexit as we are a global organisation with limited exposure to the European markets. However, we remain concerned over the uncertainty and risks associated with the potential economic volatility arising from Brexit and continue to closely monitor developments.

Nicholas Stone
Finance Director
19 May 2019

Divisional highlights 2019	2019 £'000	2018 £'000	2017 £'000
SHIPBROKING			
Revenue	**75,691**	61,846	63,132
Underlying operating profit	**9,332**	7,742	7,882
Underlying operating profit margin	**12.3%**	12.5%	12.5%
Employee numbers[1]	**301**	298	291
FINANCIAL			
Revenue	**6,951**	3,747	–
Underlying operating (loss)/profit	**2,128**	1,785	–
Underlying operating profit margin	**30.6%**	47.6%	–
Employee numbers[1]	**20**	17	–
LOGISTICS			
Revenue	**32,065**	33,237	33,850
Underlying operating profit	**841**	777	1,254
Underlying operating profit margin	**2.6%**	2.3%	3.7%
Employee numbers[1]	**192**	194	206
ENGINEERING			
Revenue	**3,146**	4,213	7,382
Underlying operating profit	**(311)**	(127)	1,431
Underlying operating profit margin	**(9.9)%**	(3.1)%	19.4%
Employee numbers[1]	**16**	15	21

1 Average annual equivalent number of employees.

Reconciliation of underlying results to reported statutory results	Year ended 28 Feb 2019 £'000	Year ended 28 Feb 2018 £'000
Revenue	**117,853**	103,043
Cost of sales	**(24,892)**	(24,673)
Gross profit	**92,961**	78,370
Other operating costs	**(83,895)**	(71,048)
Underlying operating profit	**9,066**	7,322
Net underlying finance costs	**(197)**	(461)
Underlying profit before tax	**8,869**	6,861
Underlying taxation	**(1,669)**	(1,019)
Underlying profit for the year	**7,200**	5,842
Underlying earnings per ordinary share		
Basic	**23.32p**	19.57p
Diluted	**21.36p**	18.06p
Underlying operating profit	**9,066**	7,322
Specific items	**(11,719)**	(9,067)
Operating loss	**(2,653)**	(1,745)
Gain on revaluation of investment	**500**	–
Net finance costs	**(987)**	(643)
Loss before taxation	**(3,140)**	(2,388)
Taxation	**(1,525)**	(474)
Loss for the year from continuing operations	**(4,665)**	(2,862)
Loss for the year from discontinued operations	**(22,700)**	(32)
Loss for the year attributable to equity shareholders of the parent	**(27,365)**	(2,894)
Earnings per ordinary share		
Basic	**(88.63p)**	(9.70)p
Diluted	**(88.63p)**	(9.70)p

OUR PEOPLE ARE OUR BUSINESS

Our people are the most important part of our business and the key to our success.

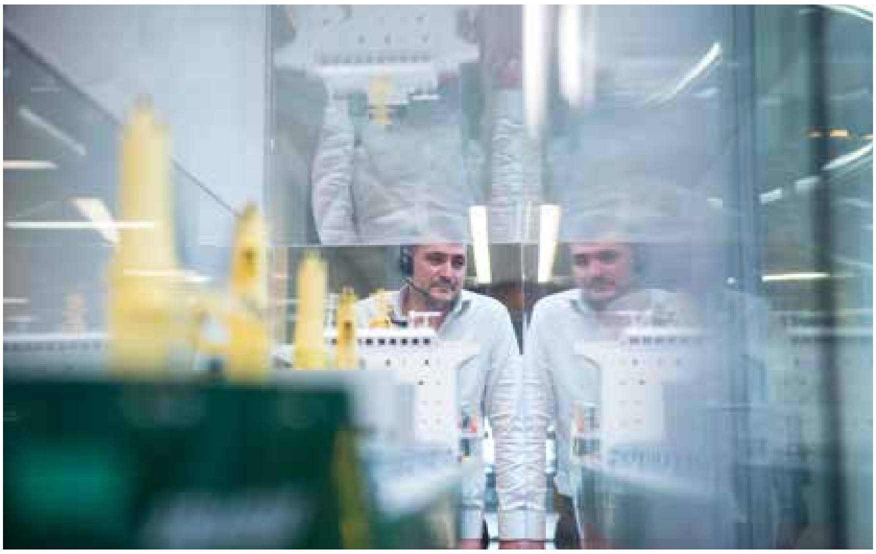
Our people
The skill and experience of our staff and the role that they play are fundamental to making our business a success. We operate in competitive markets and our clients expect first-class advice and execution which can only be provided by a workforce that is skilled, enthusiastic and motivated to provide the highest level of service.

We aim to provide modern, functional offices with similar standards of presentation and information technology across the world and an office culture that is fair and professional for all employees. We also promote high professional standards through the application of Group-wide employment and management policies covering equal opportunities, bullying, harassment and whistleblowing.

We have a code of conduct in the Group which we operate that can be summarised as follows:

People
Our people are the most important part of our business and the key to our success. We provide positive leadership so that individuals understand that “how” they do their job is as important as “what” they deliver and recognise the importance of the contribution that everybody makes individually as well as for their team.

We look to identify current and/or future potential successors to senior management roles throughout the Group. This includes emphasis on gender diversity, which is actively encouraged by the Group and divisional boards. We are also expanding our graduate recruitment activity, particularly in the Shipbroking division, to develop the next generation of talent.



Following last year's acquisitions of Braemar-NAVES and Braemar Atlantic, continued emphasis has been placed on integrating their teams into the Group. The success has been evident with the establishment of Braemar-NAVES desks in the UK and Singapore which sit alongside our shipbroking operations to facilitate sharing of knowledge and expertise.

Culture & Diversity
We provide equal opportunities for all our staff without any discrimination on the grounds of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability. Access to employment, training and career progression opportunities are available to all our staff and we select individuals solely on merit.

At 28 February 2019, there were six Directors of Braemar Shipping Services plc, one of which is female. Across the Group we employed 781 staff in the Group during the year of which 22% were female. Senior management female representation is limited and includes two divisional board members. In the past year we have seen a progressive move to attract and recruit more females, particularly into shipbroking. We are using our female colleagues to reach out to potential female candidates as part of our diversity programme.

We engender a culture that promotes excellence, inspires, motivates and provides the vehicle to excel at all levels. We have a policy of open and honest communication and are committed to maintaining a culture of diversity and inclusion that values the rich mix of individuals, viewpoints, talents and experiences found in our organisation. We operate a culture where all staff have a clear understanding of what is required of them in their job and the role they play in delivering their objectives. We carry out performance reviews and ensure that all staff, irrespective of business line, are recognised and rewarded for their performance based on merit. This includes, where appropriate, participation in an annual discretionary bonus linked to value delivery and equity participation schemes including deferred share awards and Save As You Earn schemes.

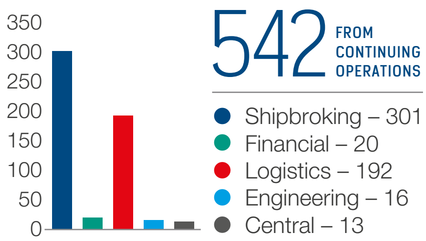
Clients
The competitive markets in which we operate drive a continual need to focus on quality and cost-effectiveness in the provision of services which meet our clients' needs. We treat our clients in a way we would expect to be treated ourselves and aim to provide them with high-quality services that are tailored to their needs. We are committed to the highest professional standards in everything we do.

Our clients look to us to provide insight and access to the marketplace and skilled expertise in applying knowledge and skills to their advantage. They require us to be absolutely trusted and professional in everything that we do. We provide a broader range of services than the majority of our competitors. This enables us to offer a "one-stop shop" for some clients and to build a wide reputation for knowledge, skill and trustworthiness around the Braemar brand.

Integrity
We work with integrity and pride. We do the right thing at the right time. We work in an open and honest environment where corrupt practices are not acceptable. We never provide or receive anything inappropriate nor will we tolerate reprisals against those who come forward with disclosures of improper conduct. We strive to avoid all actual, perceived and potential conflicts of interest.

The Group operates a whistleblowing procedure using an externally provided helpline through which any member of staff around the world may raise, in confidence, any concerns they may have about the way the Group is run or business is conducted. We communicate all our compliance policies to our staff and run training programmes where necessary.

AVERAGE NUMBER OF EMPLOYEES



Resources and relationships
continued

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines covering anti-bribery and corruption which we monitor on a regular basis.

Risk
We seek to understand risk and manage it for the betterment of our Group and our clients. We operate appropriate internal systems of controls and recognise our responsibility to safeguard Group resources and information for efficient and appropriate use, protecting confidentiality and complying with appropriate regulations at all times. We ensure that our services are supplied in a way that is consistent with relevant import and export control and licensing laws and monitor the compliance with our processes and procedures through local management and our internal audit programme. We are committed to free and fair competition in all markets in which we operate. We perform annual risk reviews across the Group to assess the material risks we are exposed to and ensure they are managed appropriately. Additional information regarding the risks and uncertainties of the Group can be found on pages 34–37.

Environment
We care about the environment and take steps to reduce our impact and that of our contractors. We recognise that, in the markets in which we operate, we have a considerable impact in the areas of human rights, social and community issues and our behaviour and advice can have a positive effect. We seek to minimise and monitor energy management, though we are not heavy users of resources or producers of waste and emissions. We assess the quantities of greenhouse gases produced through the use of gas and electricity in our offices and car usage for work purposes.

Safety
We care about the safety of our stakeholders. We have health and safety policies in all our businesses and we monitor compliance with these policies. We have a zero-accident mentality and have developed standard procedures and detailed plans for safety in our workplaces, which also adhere to local government rules and regulations. We always carry out our business in such a manner as to prevent incidents which may result in personal injury, illness or damage/loss of assets. We respect internationally recognised human rights standards, such as the United Nations Universal Declaration of Human Rights, and other relevant international conventions and guidelines.

We recognise that staff in our Technical and Logistics divisions sometimes operate in higher risk environments from a health and safety perspective.

Each of these divisions uses health and safety professionals specialising in their respective areas of business. Cory Brothers in the UK has accreditation to ISO 18001 occupational health and safety management standard and Cory also has the ISO 14001 environmental standard.

	Total tonnes CO_2e				
	2018/19	2017/18	2016/17	2015/16	2014/15
Overseas electricity	**319**	312	327	372	439
United Kingdom electricity	**431**	421	442	655	566
Natural gases	**50**	49	51	50	45
Fuel – diesel/petrol	**188**	185	191	232	288
Total tonnes CO_2e	**988**	967	1,011	1,309	1,338

Global greenhouse gas emissions data

We are not a significant producer of greenhouse gas emissions. Some of our businesses hold ISO 14000 environmental accreditation as required.

In accordance with the requirements of the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013, we have made a calculation of Scope 1 and Scope 2 emissions based on our consumption of greenhouse gas for the year ended 28 February 2019. The result of this calculation is compared with previous years in the adjacent table. The difference in overseas electricity measure is as a result of different guidelines on the conversion of kWh to CO_2e, rather than in the underlying kWh.

Our reputation and brand

We continue to bring together the businesses we have acquired under the Braemar brand, though we have retained the positive historic associations with acquired brands.

Our knowledge management

Each of our four divisions operates their own systems for capture and analysis of business information. These are used to produce the varied reporting that our clients require. We are continually looking to improve our knowledge management capabilities and, most recently, have utilised cloud-based storage for most systems to ensure ease of shared internal access to market information.

Our ethical footprint

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines covering anti-bribery and corruption which we monitor on a regular basis. We provide ongoing training and monitor compliance with the Group's policies through management control and the Group's internal audit process.

We are committed to ensuring that there is no modern slavery or human trafficking in any part of the Group or our supply chain. The Braemar Anti-slavery Policy, as published on the Group's website, reflects the commitment to acting ethically and with integrity in all the Group's business relationships and to implementing and enforcing effective systems and controls to ensure that slavery and human trafficking are not taking place anywhere in the supply chain.

COMPREHENSIVE APPROACH TO RISK MANAGEMENT

Effective risk management forms an integral part of how we operate. It is essential for delivering our strategic objectives as well as protecting our relationships and reputation.

The Directors have carried out a thorough assessment of the risks that the Group faces. The management and reporting of these risks enable the Audit Committee to review their nature and extent. The risk monitoring process has been in place throughout the year and up to the date of approval of the Annual Report.

Risk management process

During the year the Group implemented a digital risk management framework solution. The principles of this system were fundamentally the same as the Group's existing risk management framework, but with the added advantage of acting as a central storage facility that allows for real-time updates and continuous monitoring of risks.

Our approach to risk management incorporates both bottom-up and top-down review of the identification, evaluation and management of risks. Within the risk management framework, initial responsibility for identifying, monitoring and updating risks is delegated to individuals in the divisional management teams. At Group level, key specialist personnel covering areas such as IT, HR, legal and finance consider risks to our strategic objectives which are not addressed in the divisions. The results of this risk framework form the basis of the risks identified on pages 35–37.

The Group takes various measures to mitigate risk; the key steps in the risk management process undertaken during the year include:

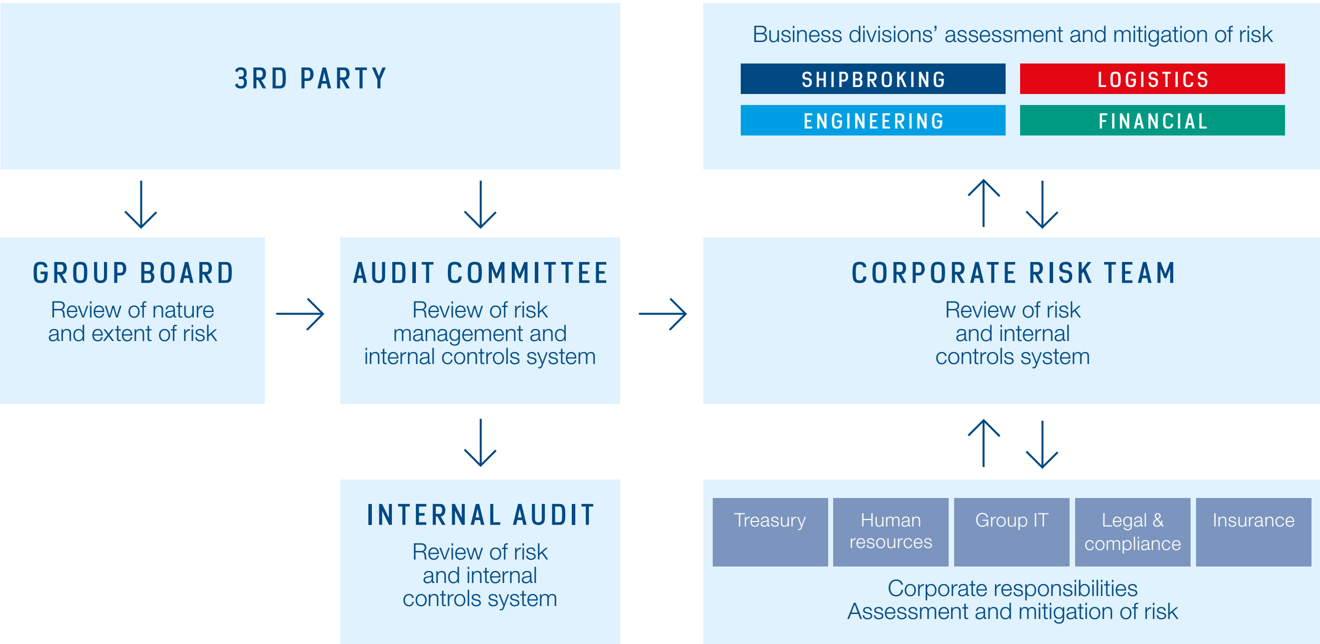
- Maintaining appropriate insurance cover.
- The Group budget which is prepared annually and approved by the Board.
- Regular financial reforecasts prepared and approved by the Board.
- Monitoring the performance of the Group and the individual businesses against budget and reforecasts throughout the year including investigation of significant variances.
- An internal system of checks and authorisations and independent audits which are conducted in relation to the ISO 9001:2000 certification held in the Logistics and Technical divisions.
- Operation of the Group's whistleblowing procedure.
- Treasury management activity which is regularly reported to the Board by the Finance Director. Note that the Group does not enter into speculative treasury transactions.
- Using common Group systems covering accounting, HR and operations supported by a global IT team.
- Monitoring contractual risk by Group General Counsel.
- Succession planning and strategic recruitment supported by the Group HR team.

The Group's risk management framework uses a matrix approach to determine both the likelihood and the impact of identified risks. The matrix produces a score which is used to evaluate collectively the extent of all risks within a similar categorisation or certain profile, and to illustrate the effectiveness of our mitigation of a single risk by capturing the gross and current (net of mitigation controls) score of each individual risk.

All identified risks are aggregated and reviewed to assess their impact on the Group's strategic objectives and the resources required to manage them effectively. Principal risks are aggregated together with associated issues or areas of uncertainty. The extent of controls and mitigation as well as the potential for a material effect on the market value of the Group are then assessed. By definition, unmitigated risks can be significant, but our control processes and management actions reduce the risk level.

The divisional management teams as well as Group management (which includes the Chief Executive, Finance Director and General Counsel) monitor risks regularly and considers the appetite and tolerance for them in the light of their potential impact on the Group.

Corporate risk framework



Description of risk	Summary of impact	Mitigating control and management actions	Assessed risk level and change
Macroeconomic changes All of our businesses are subject to the impact of macroeconomic changes, such as changes in the crude oil price, restrictions in global trade or changes in supply and demand. **Divisions** S F L E	A downturn in the world economy could result in reduced transaction volumes and lower revenue. Changes in shipping rates and/or changes in the demand or pricing of commodities could affect supply activity.	The Group's strategy of diversification on a sector and geographic basis. Ongoing management of costs based on current and reasonably foreseeable market conditions. Continued monitoring to ensure that appropriately structured teams are located across all divisions and geographies.	↗
Financial liquidity The Group requires a significant amount of working capital. Certain revenue streams can have a long lead time to convert to cash. Such delays could cause liquidity problems for the Group. **Divisions** S F L E	All divisions have seen changes in business and working capital requirements. Debt collection is critical across the Group. All borrowing facilities are with one UK financial institution, whilst significant amounts of funds are held outside the UK in other institutions. Ongoing repatriation of funds to the UK to enable the Group to operate within its banking covenants.	Continued working capital management and monitoring across the Group. Senior management intervention to assist in recovery of problematic debtors. Maintenance of Group treasury management controls to monitor cash positions worldwide and coordination of cash repatriations to the Group. Continuing the consolidation of banking relationships and the implementation of global pooling capabilities.	↔

S Shipbroking **F Financial** **L Logistics** **E Engineering**

Principal risks and uncertainties continued

Description of risk	Summary of impact	Mitigating control and management actions	Assessed risk level and change
Management capability Insufficient senior management bandwidth (quality and quantity) could lead to poor execution of the Group's strategic objectives or lost business opportunities. **Divisions** S F L E	Business value and earnings could be reduced if key executives are not available to manage business opportunities.	Continue development of career path and succession planning for all senior management positions. Continuation of career path and succession planning to ensure suitable management structures are maintained across the Group. Maintain competitive remuneration packages, including use of deferred equity awards.	↙
Corporate skillsets Failure to attract and retain skilled people could result in loss of key client relationships or failure to cultivate new client relationships. **Divisions** S F L E	If key staff leave the Group, they are likely to take "their" business with them, resulting in a loss to the Group. If new staff are not attracted to the Group, then rate of growth may be limited.	Continue development of career path and succession planning for all staff. Maintain competitive remuneration packages, including use of deferred equity awards.	↔
Financial capacity Inadequate financial capacity to execute the Group's strategic objectives. **Divisions** S F L E	Without sufficient financial resources the Group cannot execute all of the growth opportunities that may be available.	Ensure that all divisional growth opportunities and strategies are regularly communicated to senior management. Complete strategic resource analysis of all identified growth opportunities to ensure that resources are allocated to opportunities with the best return.	↗
Technological changes The threat of technological change could render aspects of our current services obsolete. **Divisions** S E	Relationships could be devalued and replaced by disruptive technology platforms, resulting in increased competition and consequent price reductions.	Continue to develop and promote the Braemar corporate brand and values. Continue to recruit and retain talented and experienced staff. Developing our own technological expertise and strategy. Seeking appropriate acquisition opportunities. Engaging with external consultants to assess market developments.	↗
Currency fluctuations A large proportion of the Group's revenue is generated in US dollars while the cost base is in multiple currencies. **Divisions** S E	The Group is exposed to fluctuations in the value of US dollars.	Monitor foreign exchange movements. Implement the Group's hedging strategy over a rolling twelve-month period.	↔
Remuneration Implementation of inappropriate incentive and reward structures could incentivise negative behaviours, such as short-termism, or create internal conflict. **Divisions** S	Business value and earnings could be reduced.	Continue to maintain appropriate and competitive remuneration packages.	↔

Description of risk	Summary of impact	Mitigating control and management actions	Assessed risk level and change
Communication Poor communication within the Group could impede the execution of the Group's strategic objectives. **Divisions** S F L E	Internal and external relationships could be damaged. Contract management and business development opportunities could be damaged.	Continue to develop and prioritise cross-divisional communication and business development opportunities.	↔
Legal and regulatory impact Legal or regulatory breaches could result in fines and sanctions or, in the worst case, loss of ability to operate. Examples could include non-compliance with the Bribery Act or Modern Slavery Act on inadvertently dealing with sanctioned individuals or entities. **Divisions** S F L E	Reputational damage to the Braemar brand at Group or divisional level.	Monitor and report on legal and regulatory compliance across the Group. Train all staff to be aware of legal and regulatory obligations. Maintain adequate levels of insurance cover.	↔
Cyber crime Cyber crime could result in disruption to the Group's IT systems. **Divisions** S F L E	Loss of service and associated loss of revenue. Reputational damage. Potential for loss of cash due to fraud or phishing.	Implement robust security measures to prevent cyber crime. Maintain archiving solutions so data lost in the event of a breach can be recovered quickly and efficiently. Key information retained in multiple systems and locations.	↗

S Shipbroking F Financial L Logistics E Engineering

Internal audit
The Group's internal audit activities have been reviewed by the Audit Committee during the year. They are explained in the Corporate Governance section on page 42 and follow a co-sourced approach based on the results of the Group's annual risk assessment.

Going concern
The Group has a strong balance sheet and continues to generate positive underlying operational cash flow. The Directors believe that it is well positioned to manage its risks. The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for the next twelve months and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Viability statement
In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period of three years, which they believe is an appropriate period based on the Group's current financial position, budgets and forecasts, strategy, principal risks and exposure to potentially volatile market forces. The time period also matches the current facilities the Group has from its main bankers, HSBC. The Directors, in conjunction with the Finance Team, have completed a robust testing of this assessment and, taking account of this, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

The Directors' testing of the assessment included a review of the financial impact of significant adverse scenarios, including severe downside cases resulting from significant declines in Group profitability that could threaten the viability of the Group together with the likely effectiveness of the potential mitigations that management reasonably believes would be available to the Group over this period. When considering the impact of the proposed transaction to dispose of the Technical Division business units, a need for additional liquidity and covenant headroom was identified and negotiations were commenced with HSBC in order to ensure they would be available to the Group. The negotiations were successfully concluded before the transaction with Aqualis was executed to ensure that the Group would be able to continue to operate within its amended banking facilities and covenants.

In assessing the prospects of the Group, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Board of Directors

Non-executive Directors

	Ronald Series (68) **Non-Executive Chairman of the Board and Chairman of the Nomination Committee**	**Lesley Watkins (60)** **Independent Non-Executive Director, Senior Independent Director and Chair of the Audit Committee**	**Jürgen Breuer (52)** **Independent Non-Executive Director and Chairman of the Remuneration Committee**
Committee memberships	Chairman of the Nomination Committee.	Chair of the Audit Committee and member of the Remuneration and Nomination Committees.	Chairman of the Remuneration Committee and member of the Nomination and Audit Committees.
Background and relevant experience	Currently the executive chairman of DX (Group) plc and until recently was the senior independent director of Clipper Logistics plc. Previously held senior management positions at Lonmin plc, the platinum group metals producer, Viridian Group Limited, the energy company, and Dubai World, the global investment company. He joined the Board of Braemar Shipping Services plc in April 2019.	Chartered accountant. Formerly finance director and company secretary of Calculus Capital Limited; former non-executive director of Game Digital plc and chair of its audit committee. 18 years' experience in banking with UBS and Deutsche Bank. She joined the Board of Braemar Shipping Services plc in February 2019.	Formerly at Société Générale, Citibank and Sal Oppenheim; senior managing director responsible for starting and managing GFI Group's Asian businesses. He joined the board of ACM Shipping Group plc in 2011 and the Board of Braemar Shipping Services plc in 2014.
External appointments	Executive chairman of DX (Group) plc.	Non-executive director and chair of the audit committee of Investec Bank plc.	Baltic Bau companies and Heinrich-Heine-Garten Binz GmbH.

Executive Directors

Stephen Kunzer (53) **Independent Non-Executive Director**	**James Kidwell FCA (57)** **Chief Executive**	**Nicholas Stone (55)** **Finance Director**
Member of the Audit, Nomination and Remuneration Committees.	None.	None.
Formerly chief executive officer of Eastern Pacific Shipping Pte Limited; former managing director of Tanker Pacific Management (Singapore) Pte Limited. Extensive experience of shipbroking and global shipping markets, with a career of over 30 years working in London and the Far East. He joined the Board of Braemar Shipping Services plc in February 2019.	Chartered accountant. Formerly finance director of Boosey & Hawkes Music Publishers Limited and group financial controller of Carlton Communications plc. Finance Director of Braemar Shipping Services plc from 2002 until his appointment as Chief Executive in June 2012.	Chartered accountant. Formerly chief financial officer of The Appointment Group. Prior to that, a director of Hornby plc and various positions including group finance director with KBC Advanced Technologies plc. He joined the Board of Braemar Shipping Services plc in April 2019.
Independent director of Dampskibsselskabet NORDEN A/S.	None.	None.

CHAIRMAN'S INTRODUCTION

The number of meetings of the full Board and the attendance at those meetings by each Director is set out below:

Number of meetings in FY 2018/19: 10 (FY 2017/18: 9)

	Attended
Non-Executive Directors	
David Moorhouse CBE	9/10
Jürgen Breuer	10/10
Lesley Watkins	10/10
Mark Tracey[1]	5/5
Stephen Kunzer[2]	0/0
Executive Directors	
James Kidwell	10/10
Louise Evans[3]	3/4

1 Mark Tracey retired as a Director with effect from 26 September 2018.
2 Stephen Kunzer was appointed as a Director with effect from 26 February 2019.
3 Louise Evans retired as a Director with effect from 22 June 2018.

Following the end of the financial year, Nicholas Stone was appointed as an Executive Director with effect from 1 April 2019 and Ronald Series was appointed as the non-executive Chairman with effect from 15 April 2019.

The Board is committed to maintaining a high standard of corporate governance across the Group. We see this as an essential part of preserving our reputation, our position in the market, and the trust and support of our shareholders, employees, clients and other stakeholders.

In 2018/2019, the Company was subject to The UK Corporate Governance Code published by the Financial Reporting Council (the "FRC") in 2016 (the "Code"). The Code is publicly available on the Financial Reporting Council's website at: www.frc.org.uk. The Board endorses the principles and provisions set out in the Code and believes that the Company has been compliant with the Code throughout the year, with the exception of B.1.1 on non-executives serving for more than nine years and C.3.6 on the effectiveness of internal audit activities. David Moorhouse CBE served on the Board for 14 years (the latter four as Chairman), stepping down on 14 April 2019. During his tenure, the Board regarded David as wholly independent in character and judgement, with no relationships or circumstances that were likely to affect or appear to affect his judgement. The Board would like to thank David for his invaluable advice and steadfast leadership during his tenure.

The effectiveness of the internal audit function was disrupted during the year when the recently appointed internal auditors, Moore Stephens, merged with BDO LLP, the external auditors and were forced to step down from the role as a result. The internal audit approach will be reviewed again in 2019/20.

I was delighted to be appointed to succeed David as non-executive Chairman with effect from 15 April 2019 and look forward to working with the Board and the executive team to help guide the Company in its next stage of development. In 2019/20, the Company will follow the new Corporate Governance Code published in July 2018 and, in accordance with Provision 9 of that Code, the Board considered that I was independent on appointment when assessed against the circumstances set out in Provision 10.

This statement, together with the Directors' Remuneration Report on pages 47–56, describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 28 February 2019.

Ronald Series
Chairman
19 May 2019

The Board

The Board is responsible to the Company's shareholders for providing direction and exercising control of the Group and it aims to provide entrepreneurial leadership within a framework of prudent and effective controls, enabling risks to be assessed and managed.

The Board consists of a non-executive Chairman, a Chief Executive, a Finance Director and three independent non-executive Directors. The Board believes this composition is appropriate for the Company's size and activities.

Lesley Watkins chairs the Audit Committee, and acts as the Company's Senior Independent Director, and Jürgen Breuer chairs the Remuneration Committee. David Moorhouse CBE served as Chairman of the Nomination Committee during the period, except when it was dealing with the appointment of his successor, when it was chaired by another of the independent non-executive Directors. The Nomination Committee is now chaired by Ronald Series. The non-executive Directors, none of whom has fulfilled an executive role within the Company, are appointed for an initial three-year term subject to annual re-election at the Annual General Meeting in accordance with the Code.

During the year, Mark Tracey retired as an independent non-executive Director in September 2018 and was replaced by Stephen Kunzer; and, following Louise Evans' departure in June 2018, James Hayward acted as Interim Chief Financial Officer prior to the appointment of Nicholas Stone as the new permanent Finance Director with effect from 1 April 2019. The Board is delighted to welcome Stephen and Nicholas to Braemar.

The Board met ten times during the year and the attendance by each of the Directors is set out on the previous page. During the Board meetings, the Directors reviewed the Group's financial and business performance and monitored business risks and opportunities.
The following matters are specifically reserved for the Board's consideration:
- Group strategy;
- Group budget;
- Group policies and procedures;
- approving acquisitions;
- implementing Group-level controls;
- monitoring the performance of the Executive Committee;
- ensuring compliance with applicable regulations;
- establishing and monitoring Board sub-committees;
- assessing the principal risks facing the Group and monitoring risk management;
- appointing key advisers; and
- recommending dividends.

Board Committees

The Board has three standing Committees: Audit, Nomination and Remuneration. Each of the Board Committees is comprised solely of independent non-executive Directors. The composition and responsibilities of the Audit, Nomination and Remuneration Committees are set out in each of the Committee reports, on pages 43, 45 and 47, respectively. The Remuneration Committee report on pages 47 to 56 is incorporated into this statement by reference. The terms of reference for each of the Committees can be found in the Investors section of the Company's website.

The Group also has an Executive Committee, which comprises the Chief Executive, Finance Director and the heads of each of the Group's operating divisions. The Executive Committee meets at regular intervals during the year and has responsibility for:
- maximising the potential of all Group businesses and Group initiatives;
- proposing Group strategy to the Board;
- proposing Group budgets to the Board;
- reviewing acquisitions/disposals for submission to the Board;
- considering client relationships and development;
- agreeing sub-delegation of authorities to divisional boards;
- ensuring appropriate application of health, safety and environmental standards;
- ensuring ethical standards are effectively applied and reported; and
- reviewing and proposing to the Board business activity outside the Group's delegated authority limits.

Effectiveness

In 2016, the Board engaged Advanced Boardroom Excellence to perform an external assessment of the Board and its Committees' performance against the framework of Board effectiveness produced by the FRC. The review concluded that the Board and its Committees were effective and demonstrated an appropriate level of governance for the size of the Group. The Board has since carried out self-evaluations to continue monitoring its performance and actively takes steps to improve its effectiveness and that of its Committees and individual Directors. The Chairman of the Board regularly speaks with individual Directors about their roles and, with the assistance of the Company Secretary, works to ensure that the Directors continually update their skills, knowledge and familiarity with the Group's activities. The Chairman also meets with the non-executive Directors without the Executive Directors present.

Profiles of each Director, together with information on their experience relevant to the Group and their external appointments, are set out on pages 38–39. The Company Secretary, Peter Mason, is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that proper Board procedures and appropriate standards of governance are complied with.

On 13 November 2018, Lesley Watkins was appointed as a non-executive director of Investec Bank plc. This appointment is not anticipated to have any impact on Lesley's roles as Chair of the Audit Committee and Senior Independent Director.

Accountability

The Board is responsible for evaluating the Company's current position and future prospects. The Directors have a duty to ensure that the information presented to the Company's shareholders is fair, balanced and understandable. Further details of the Directors' responsibilities for preparing the Company's financial statements are set out in the statement of Directors' responsibilities on pages 58–59.

The Board is also responsible for identifying and evaluating any risks associated with its strategic objectives and considering whether and how those risks can be managed. In fulfilling this responsibility, the Board carries out an annual review of the Group's internal controls and risk management systems to determine their effectiveness. It carries out an assessment of the principal risks and uncertainties facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. The Audit Committee is responsible for the independent review and challenge of the adequacy and effectiveness of the Company's approach to risk management and reports its findings to the Board. A summary of the principal risks facing the Group is set out on pages 35 to 37 of this Annual Report.

Risk management and internal control

The Board adheres to the requirements of the Code regarding risk and controls and reviews the Group's approach to risk management in relation to each division of the Group on a continuous basis. The Directors acknowledge their responsibility to implement and ensure the effectiveness of the Group's system of internal controls which are designed to identify and manage the specific risks that the Group is exposed to. By their very nature, such controls can provide reasonable protection but not absolute assurance against material misstatement or loss. The Audit Committee has reviewed the effectiveness of the system of internal controls during the year and proposed actions to strengthen these controls, and the Board has implemented such recommendations as necessary. The Group also holds professional indemnity insurance to an amount considered adequate for its size and potential exposure.

The Group's internal control processes include the controls over the preparation of financial information, including the consolidated financial statements.

A summary of key risks and internal controls is prepared for consideration at the Audit Committee on an annual basis and these are then presented to the Board. The major risks and mitigating controls are detailed in the Strategic Report on pages 35–37.

Internal audit

The Group's internal audit function is coordinated for the Audit Committee by the Finance Director, who presents the Group internal audit plan and resulting internal audit reports. The Audit Committee ensures that the proposed internal audit programme is met during the year and that any particular areas of focus are reviewed. The Directors have reviewed the Group's system of internal control throughout the year and are satisfied that it has remained effective.

During 2018/19, the internal audit programme was updated. The Group engaged with Moore Stephens during the year to consider any improvements to the Group's internal system of controls, following which the Group implemented new software to improve its ability to maintain records of how risks facing the business are managed. Moore Stephens was appointed as internal auditor during 2018/19; however, following its merger with BDO it was forced to stand down. During 2018/19 the Group internal audit strategy took the following approach:

- the operational head and the financial head of each business unit are required to confirm that the results of their business are accurate; that the stated levels of debtors and accrued income are recoverable and adequate provision is made for uncollectible amounts; and that the business complies with the Group's position on the UK Bribery Act and there have been no breaches of applicable sanctions – this confirmation is provided on a twice-yearly basis;
- a control self-assessment questionnaire was circulated to all Group entities and completed to ensure adequate controls are in place. All returns were discussed with each of the senior divisional management; and
- identifying areas where using a third party's services augments the activities that are currently carried out internally.

The internal audit approach will be reviewed again in 2019/20. The Group intends to continue following a co-sourced approach and work alongside a third party service provider. The Group considers that this approach remains the most effective strategy to ensure that it has access to capacity, specialisms and independent expertise to appropriately analyse identified risks to the Group.

Ethical conduct and anti-bribery measures

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines, policies and procedures, which are issued to all Group companies. The Group periodically updates its internal guidelines, policies and procedures to ensure continuous compliance and to make certain that practice aligns with the Group's values. The Audit Committee monitors compliance with these ethical guidelines through internal procedures and reports to the Board. The Group strictly prohibits any payments which may constitute a bribe and this is monitored by divisional management and through internal auditing. An appropriate programme of internal training is set to ensure that Group staff are aware of these policies and understand how they apply to the Group's business. On a twice-yearly basis, the head of each business division is required to sign off that the business for which they are responsible has complied with the Group's procedures. Any non-compliances are reported to the Audit Committee for further consideration and investigation if necessary. No matters of concern were identified during the year warranting further investigation.

Diversity policy

In line with UK government requirements, the Company has published its gender pay gap report for 2018, which is available on the Company's website. This report identifies a wide gender pay gap, largely due to the imbalance of male and female colleagues across the Group. At the moment, in each of our pay scales there are fewer women than men, which is particularly noticeable in senior roles across the Group. The Group is conscious of the challenge facing the industry regarding diversity, particularly with regards to gender. At Braemar, we value diversity and continue to be committed to considering how we can further encourage equal opportunities in each of our operations. A summary of the Group's diversity policy can be found on page 31 of this Annual Report.

Shareholder relations

The Board recognises the importance of maintaining good communications with its shareholders. The Group follows an active investor relations programme carried out mostly through regular meetings of the Chief Executive and Finance Director with existing and potential investors following the announcements of the interim and preliminary full year results of the Group. From time to time, the Chairman and Senior Independent Director, and other non-executive Directors, will also consult with the Company's major shareholders. Feedback on shareholder meetings is provided via the Group's corporate stockbroker and public relations adviser, with the Group's corporate stockbroker providing regular written reports to the Board regarding market and share price activity. Corporate announcements are made available on the Group's website and through a regulatory news service.

The Board exercises care to ensure that all information, especially that which is potentially price sensitive, is released to all shareholders at the same time in accordance with applicable legal and regulatory requirements.

The Company encourages attendance at its Annual General Meeting where each resolution is separately put to the meeting for a vote and where the Chief Executive provides a statement on the current year's performance to date and the financial outlook for the coming financial year.

Ronald Series
Chairman
19 May 2019

REPORT OF THE AUDIT COMMITTEE

I am pleased to present the report of the Audit Committee in respect of the year ended 28 February 2019.

Membership and attendance

	Attended
Jürgen Breuer	3/3
Lesley Watkins	3/3
Mark Tracey[1]	1/1
Stephen Kunzer[2]	0/0

1 Mark Tracey retired as a Director on 26 September 2018.
2 Stephen Kunzer was appointed to the Audit Committee on 26 February 2019.

The Audit Committee comprises three independent non-executive Directors and its terms of reference can be found in the Investors section of the Company's website. The Audit Committee has a sufficient level of competence relevant to its function and the sector in which it operates. The qualifications and experience of the members of the Audit Committee can be found on pages 38–39 of this Annual Report. Meetings of the Audit Committee are attended, by invitation, by the Chairman of the Board, the Chief Executive, the Finance Director, the General Counsel and representatives of the external auditor. The Audit Committee met three times during the year. In addition to these formal Committee meetings, the Chair of the Committee meets separately with the Group audit partner at least twice a year.

The key function of the Audit Committee is to address the following specific responsibilities, while adapting its activities as appropriate to address changing priorities within the business:

– Financial reporting: reviewing the published half-year and annual financial statements and reports and advising the Board on whether such information represents a fair, balanced and understandable view of the business; monitoring compliance with relevant statutory reporting and listing requirements; advising on the suitability of accounting policies, such as the use of estimates and critical judgements; and considering the implications of forthcoming changes in accounting standards.
– Internal control and risk management: reviewing internal control procedures and ensuring a robust risk assessment process is undertaken to monitor compliance; advising the Board on the significant risks facing the Group and monitoring the scope and effectiveness of the activities of the Group's internal audit activities.

– Relationship with the external auditor: planning with the external auditor the half-year review and full-year audit programme, including agreement as to the nature and scope of their audit as well as the level of its audit fee set in the context of the overall audit plan; monitoring the ongoing effectiveness of the external auditor; and monitoring any non-audit services undertaken together with the level of non-audit fees.

The following sections describe the work of the Audit Committee during the year ended 28 February 2019.

Audit tender
During the period, the Audit Committee conducted a competitive tender process for the external audit. As part of the process, members of the Audit Committee took into account conflicts of interest and met with a range of firms before inviting a smaller number to submit detailed proposals. On the basis of perceived audit quality, taking into account the most recent FRC audit quality review reports, industry knowledge, geographical coverage, experience with companies of our size, ease of transition and value for money, the Audit Committee recommended both EY and BDO LLP to the Board, with a preference for BDO LLP to be the Group's new external auditor. The Board accepted the Committee's recommendation and, following the resignation of KPMG LLP, BDO LLP was appointed as external auditor following completion of the half-year review process. This appointment will be recommended to the Company's shareholders for approval at the Annual General Meeting. The Audit Committee continues to agree the scope and related fee for the annual external audit and to review the quality of the audit and the performance of the Group's external auditor, taking into account feedback from various stakeholders across the business, and the Audit Committee's own assessment. As part of this review, the Audit Committee considers the objectivity and effectiveness of the audit process, together with the auditor's independence.

Annual Report
The Audit Committee reviewed the presentation of the Group's results for the year ended 28 February 2019 in this Annual Report. As part of its review, it considered matters raised by the Interim Chief Finance Officer and the new Finance Director, together with reports presented by the external auditor summarising the findings of their annual audit and interim reviews.

The FRC wrote to the Company following its review of the Company's 2017/18 accounts, which it conducted as part of its thematic review of smaller listed and AIM quoted companies' reports and accounts with an objective of improving the quality of disclosures and identifying good practice. The Committee is pleased to report that the FRC had no questions or queries that they wished to raise with the Company. They did raise some suggestions for potential improvements, which the Audit Committee considered and a number of which have been followed in the 2018/19 accounts.

The key areas of judgement considered for the year ended 28 February 2019 were:
– assets held for sale: the Group disposed of Braemar Response on 9 October 2018 and so, at the half-year balance sheet date, it continued to be classified as a discontinued operation and held as an asset held for sale in the financial statements. In addition, at the year end the Group had made a decision to look to dispose of certain business units within the Technical division and therefore those business units have also been classified as a discontinued operation and held as an asset held for sale in the financial statements;
– IFRS 9 and 15: the Audit Committee considered the impact of IFRS 9 on the expected credit loss model under a simplified approach and whether there were any revenue transactions that would require a different recognition policy from IAS 18;
– provision for impairment of trade receivables: ongoing judgements are required in assessing the appropriate level of impairment provision taking into account the age of the receivables and risk of the amounts not being recovered; and
– impairment of goodwill and other intangible assets: goodwill is tested for impairment on an annual basis. However, the Group will also test for impairment at other times if there is an indication that an impairment may exist. Before carrying out a detailed review, the Directors will first make a judgement as to whether the impact is significant enough to perform a detailed calculation, taking into account their knowledge of the specific business unit and their experience of the market. Some of the critical assumptions applied when carrying out an impairment review are set out in Note 13 to the financial statements. Note 13 also confirms that after using a number of sensitivities to test the impairment headroom it was clear there was no indication of impairment and therefore for these accounts no judgement was necessary.

Risk management and internal controls
During the year, the Audit Committee focused on the following risk management and internal controls matters:
– reviewing the Group's policies and procedures around sanctions and anti-bribery and improving the Group's client onboarding procedures to ensure that any risks or areas of concern are highlighted and reported;
– considering the employee onboarding process, together with how training is refreshed;
– reviewing the Group risk assessment and an independent analysis of Group-wide risk, including the implementation of new software to improve monitoring capabilities;
– considering the Group's finance and accounting policies and the processes included therein for employees to raise any concerns relating to financial impropriety and ensuring that any issues raised are considered in further detail by the appropriate person;
– reviewing the Group's HR policies and employee handbook;
– reviewing the Group's whistleblowing procedures;
– reviewing the Group's internal audit programme, including the appointment of a new internal audit service provider;
– reviewing Group-wide insurance coverage;
– reviewing the Group's data privacy policies and procedures to recognise the requirements of the EU General Data Protection Regulation, which came into effect in May 2018; and
– reviewing the Group's IT risk recovery strategy, including its approach to identifying and mitigating for the most significant security risks to the Group along with its ongoing programme of, and its investment in, Group-wide IT infrastructure.

More information on risk management and internal controls, including the internal audit function, can be found on pages 35 to 37.

Other areas
In addition, the other areas reviewed by the Audit Committee during the year were:
– the Group's interim results and statement prior to review by the Board;
– the Group's accounting policies and standards and assessing the impact of the new international accounting standards being implemented over the next two years;
– the effectiveness of the Audit Committee; and
– the level of audit fees in comparison to the total fees paid to the auditor for non-audit work. This year the audit fee represents 100% of the total fees. The Group policy for the approval of non-audit services sets a limit on the level of fees for non-audit services at 70% of the audit fee. In line with the FRC's Revised Ethical Standard (2016), an audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and expertise make it the most suitable supplier. The Audit Committee considers that certain non-audit work is most suitably undertaken by the Company's external auditor and, provided that the Group's policy for the approval of non-audit services is applied, the Committee believes that the current level of non-audit work is acceptable and does not compromise the auditor's objectivity and independence. The Group policy for the approval of non-audit services sets out limits on the value of fees for non-audit services which require different levels of prior approval.

Lesley Watkins
On behalf of the Audit Committee
19 May 2019

REPORT OF THE NOMINATION COMMITTEE

I am pleased to present the report of the Nomination Committee in respect of the year ended 28 February 2019.

Membership and attendance

	Attended
David Moorhouse	3/4
Jürgen Breuer	4/4
Lesley Watkins	4/4
Mark Tracey[1]	1/1
Stephen Kunzer[2]	0/0

1 Mark Tracey retired from the Nomination Committee on 26 September 2018.
2 Stephen Kunzer was appointed to the Nomination Committee with effect from 26 February 2019. Following the end of the financial year, Ronald Series was appointed Chair of the Committee with effect from 15 April 2019.

The Nomination Committee comprises four independent non-executive Directors, including the Chairman of the Board, who chairs the Committee. Its meetings are attended, by invitation, by the Chief Executive, the Finance Director, the General Counsel and external advisers, as required. Its terms of reference can be found in the Investors section of the Company's website. The Nomination Committee met four times during the year.

Key function and responsibilities

The primary responsibilities of the Nomination Committee are to ensure that the Company has appropriate plans in place for succession to the Board and senior management, to lead the process for Board appointments and to ensure that the Board and its Committees have the right balance of skills, experience, independence and knowledge.

Succession planning

The Nomination Committee's succession planning has two key areas of focus: firstly, to ensure that the Group is managed by executives with the necessary skills, experience and knowledge; and secondly, to ensure that the Board has the right balance of Directors to be able to discharge its responsibilities effectively. As part of the evaluation of Board performance, all Directors are consulted on the composition of the Board, including its size, and the appropriate range of skills and balance between executive and non-executive Directors. Together with the Audit Committee, the Nomination Committee also identifies any skills or areas of knowledge where Directors may benefit from additional training and ensures that an appropriate training programme is put in place to maintain the effectiveness of the Directors in discharging their responsibilities for the Group.

The Nomination Committee also monitors the senior roles within the Group to assess whether there is an appropriate pipeline of internal talent in place so that, to the extent possible, where a senior individual leaves the organisation it can consider appointing a permanent replacement from within the organisation before looking to fill the position externally.

Changes to the non-executive team

During the year, the Nomination Committee led the process for the searches for a new non-executive Director and a new non-executive Chairman to replace Mark Tracey and David Moorhouse respectively. The Nomination Committee was chaired by a non-executive Director when it was dealing with the appointment of David's successor. The Nomination Committee considered the existing structure and diversity of the Board and senior management and prepared criteria for the role and the capabilities of the ideal candidates, so as to maintain an appropriate balance of skills and experience. The Committee received assistance in these processes from Korn Ferry, which has no other connection with the Company.

Changes to the executive team

Following the mutual decision that the Group Finance Director, Louise Evans, would leave the Group in June 2018, the Nomination Committee decided to appoint an Interim Chief Financial Officer, James Hayward, whilst it completed a search for a permanent successor. Again, the Nomination Committee prepared criteria for the role and the capabilities of the ideal candidate, considering the existing structure and diversity of the Board and senior management, and received assistance from Korn Ferry with the process. This process resulted in the appointment of Nicholas Stone as the new Group Finance Director with effect from 1 April 2019. These changes were managed to ensure that there was a sufficient handover period each time.

During the year, the decision was made to appoint Peter Wilson as the sole head of the Logistics division and for him to represent the division at the Executive Committee.

Diversity

The Group's approach to diversity and equal opportunities is unchanged and the Nomination Committee applies the Group's diversity policy when appointing Directors to the Board; it continues to take into account a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge, ethnicity and gender. Our duty is always to ensure that the best candidate for the role is selected to join the Board and, as such, we do not set prescriptive, quantitative targets.

Braemar endeavours to achieve appropriate diversity, including gender diversity, and to ensure that equal opportunities are available for current and potential employees throughout the Group. The Nomination Committee will continue to ensure that members of the Board collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience needed to provide effective oversight of the Group.

For a summary of the Group's diversity policy, please refer to page 31.

Ronald Series
On behalf of the Nomination Committee
19 May 2019

Directors' Remuneration Report

REPORT OF THE REMUNERATION COMMITTEE

I am pleased to present the report of the Remuneration Committee in respect of the year ended 28 February 2019.

Membership and attendance

	Attended
Jürgen Breuer	6/6
Lesley Watkins	6/6
Mark Tracey[1]	5/6
Stephen Kunzer[1]	0/0

1 Mark Tracey retired as a Director with effect from 26 September 2018 and Stephen Kunzer was appointed to the Remuneration Committee with effect from 26 February 2019.

Our remuneration philosophy

The Remuneration Committee's approach to executive remuneration remains unchanged. Our framework should be:

- Market competitive: the success of our business is driven primarily by the talent of our employees and management team, and the relationships which they develop with our clients. The structures and quantum of our remuneration arrangements must be sufficient to allow us to compete in the highly competitive global talent markets. At the same time, we should seek to pay no more than is necessary.
- Simple and transparent: our executive remuneration structures should be clear, understandable and motivating for participants and shareholders.
- Aligned to performance: a substantial portion of executive reward should be aligned to profitability and long-term value delivered for shareholders. In line with our competitors, we operate profit sharing arrangements for those below the main Board directly engaged in broking activities.
- Aligned to shareholders: we align long-term reward with the long-term value of our shares through share ownership guidelines and share-based remuneration.

Our Remuneration Policy at the 2017 Annual General Meeting

As the Company's Remuneration Policy had been approved at the 2017 Annual General Meeting and endorsed by shareholders at the 2018 Annual General Meeting, the Remuneration Committee continued to operate under the same policy and proposes to do so for 2019/20. There were no substantial changes relating to Directors' remuneration made during the year.

Main areas of consideration for 2018/19

- The main area for the Remuneration Committee's consideration with regard to Directors' remuneration in 2018/19 was executive incentives. The targets for 2018/19 focused on a blend of Group, divisional and individual targets and goals. James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of salary. James Kidwell's bonus also contained an overriding condition based on the Company's underlying operating profit for the year before the adjustment for discontinued operations, which was not met. Consequently, it was determined that James Kidwell would not receive a bonus. The Remuneration Committee exercised its discretion in considering Louise Evans' bonus at the time of her departure and determined that a pro-rata cash bonus be awarded (based on 50% of base salary and reflecting the four months worked in the financial year).
- The Remuneration Committee also considered the performance of outstanding LTIP awards and the granting of new awards. The Remuneration Committee granted LTIP awards during 2018/19 to James Kidwell at a level of 100% of salary for each of 2018/19 and 2017/18, as regulatory restrictions had prevented the granting of the intended award for 2017/18 in that financial year. Both awards were subject to underlying EPS performance over the three years to 2020/21 and 2019/20 respectively.
- Based on performance over the three years ending 28 February 2019, the LTIP awards made in June 2016 did not meet the minimum performance condition and will therefore lapse in June 2019.
- The Remuneration Committee also considered the remuneration arrangements connected with the change in Finance Director during the year and, after the year's end, the change in Chairman.

Approach to 2019/20

- The Remuneration Committee reviewed the salary of James Kidwell and agreed that there would be no increase for 2019/20.
- The Remuneration Committee proposes to grant the Executive Directors LTIP awards in 2019/20 up to 100% of salary. The awards will vest by reference to underlying Earnings Per Share (EPS) achieved in the 2021/22 financial year. Threshold vesting (25% of the maximum) will occur for underlying EPS of 35 pence while maximum vesting will require underlying EPS of 46 pence. The Remuneration Committee believes that these proposed targets are appropriately stretching in the context of the trading environment and are set significantly in excess of current market expectations.

Voting at our 2018 Annual General Meeting

Our Annual Remuneration Report in respect of 2017/18 was approved by shareholders at the 2018 Annual General Meeting. The Remuneration Committee noted that the resolution received a vote in favour of 87.6%, which the Remuneration Committee believed reflected the broad support of the shareholder base for the Company's Remuneration Policy and its general compliance with best practice.

Structure of the report

The report has been prepared in two sections:

1) the Remuneration Policy (pages 49–51). This includes for information purposes, a summary of the Remuneration Policy which was approved by shareholders at the 2017 Annual General Meeting; and

2) the Annual Report on Remuneration (pages 52–56) which sets out the details of how our Remuneration Policy was implemented during 2018/19 and how it will be implemented in 2019/20. This will be put to an advisory shareholder vote at our 2019 Annual General Meeting.

Jürgen Breuer
On behalf of the Remuneration Committee
19 May 2019

REMUNERATION POLICY

The Remuneration Committee is not proposing to make any changes to the Remuneration Policy approved by shareholders at the 2017 Annual General Meeting. The full Policy is contained on pages 40–45 of the annual report for the year ended 28 February 2017, and can be found on our website at http://braemar.com/investors/. Key extracts of the current Policy are shown below for information.

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide an element of fixed remuneration as part of a market-competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	Base salaries are determined by the Remuneration Committee, taking into account: – skills and experience of the individual; – size, scope and complexity of the role; – market competitiveness of the overall remuneration package; – performance of the individual and of the Group as a whole; and – pay and conditions elsewhere in the Group. Base salaries are normally reviewed annually with changes effective from the start of the financial year. Base salaries for 2018/19 are set out on page 52 of the Annual Remuneration Report.	While there is no defined maximum, salary increases are normally made with reference to increases for the wider employee population. The Remuneration Committee retains discretion to award larger increases where considered appropriate, to reflect, for example: – an increase in scope or responsibility; – development and performance in role; and – alignment to market-competitive levels.	None.

Benefits

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a market-competitive benefits package for the nature and location of the role.	Incorporates various cash/non-cash benefits which are competitive in the relevant market, and which may include such benefits as a car (or car allowance), club membership, healthcare, life assurance, income protection insurance, and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties. Where relevant, other benefits to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided. Executive Directors may also participate in the Company's Save As You Earn ("SAYE") scheme on the same basis as other employees and subject to statutory limits.	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.	None.

Pension

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a post-retirement benefit to attract and retain talent.	The Remuneration Committee may offer participation in a defined contribution pension scheme or provide a cash allowance.	Up to 15% of base salary per annum.	None.

Policy table for Executive Directors

Annual Bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To incentivise and reward annual performance aligned with the long-term objectives of individuals and the delivery of strategy. Deferral into shares strengthens long-term alignment with shareholders.	Executive Directors are eligible to participate in the Annual Bonus at the discretion of the Remuneration Committee each year. The performance measures and targets are determined annually by the Remuneration Committee to reflect prevailing Group financial and strategic objectives. Payout levels are determined by the Committee after year end based on performance against targets set at the start of the year. The Committee retains discretion to adjust bonus payments to reflect the overall performance of the Group. A portion of the Annual Bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"), described in more detail in the section below. Clawback provisions will also apply as explained on page 51.	100% of base salary.	The majority of the Annual Bonus will be based on Group financial performance. The Remuneration Committee may also include performance measures and targets to reflect: – Group strategic or operational objectives; – targets specific to a subsidiary company or section of the Group (if applicable to an Executive Director); and – individual objectives.

Long-Term Incentive Plan ("LTIP")

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a variable element which aligns the reward of all Executive Directors with long-term performance delivered for shareholders.	Awards are made under the 2014 Long-Term Incentive Plan ("LTIP") as approved by shareholders at the 2014 Annual General Meeting. Awards vest subject to performance measured over a period of at least three years. Vested awards are subject to an additional holding period, which unless the Remuneration Committee determines otherwise will run up to the fifth anniversary of the date of grant. All Executive Directors are eligible to participate each year at the discretion of the Remuneration Committee. Awards are subject to clawback provisions as described in more detail on page 51.	The usual maximum award opportunity in respect of a financial year is 100% of base salary. However, in circumstances that the Remuneration Committee considers to be exceptional, awards of up to 200% of base salary may be made.	Vesting is based on the achievement of performance targets set in respect of key performance measures aligned to the strategy and shareholder value. 25% vests for threshold performance.

Bonus deferral

A portion of the Annual Bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"). Such awards will vest, unless the Remuneration Committee determines otherwise, after three years from the date of grant, subject to continued employment with the Group.

The Remuneration Committee may determine that DBP awards are made in conjunction with the Braemar Company Share Option Plan ("CSOP") to enable UK tax resident individuals to benefit from the growth in value of the shares subject to the awards in a tax-efficient manner. In such circumstances, when DBP awards are granted, a corresponding market value option will be granted under the terms of the CSOP, the maximum face value of which will be £30,000. The options will vest on the same terms as and on the same date as the corresponding DBP awards and must be exercised within two days following the vesting date. Under the terms of the CSOP, no income tax or employees' or employer's National Insurance contributions will be payable, on exercise, on the growth in value of the shares. The number of shares in respect of which the DBP awards will vest will be reduced to take account of the value, as at vesting, of the corresponding CSOP options. In addition, the number of CSOP options which will vest will be reduced in the event that the value, as at vesting, of the option exceeds the value, as at vesting, of the corresponding DBP award. CSOP awards would only be made in conjunction with the DBP as described above, and not on a stand-alone basis.

Clawback

The Annual Bonus is subject to a clawback provision such that (i) in circumstances of a material restatement of any financial results of the Company which takes place within three years of the payment of an amount under the plans, or (ii) the discovery of facts, within three years of the payment of an amount under the plans, which would have entitled the Company to have summarily dismissed the recipient without notice, the Remuneration Committee has discretion to require the repayment of some or all of the cash received.

Under the DBP and the LTIP, the Remuneration Committee may reduce the number of shares subject to unvested awards and/or impose further conditions on unvested awards in certain circumstances which include:

- a material restatement of any financial results of the Company;
- a material failure of risk management by the Company or a relevant business unit; or
- serious reputational damage to the Company or a relevant business unit as a result of the participant's misconduct or failure of supervision.

The Remuneration Committee may also clawback vested LTIP awards in circumstances where there is a material restatement of the financial results within two years or discovery of facts which could have entitled the Company to have summarily dismissed the Director without notice.

Service contracts and letters of appointment

The current Executive Directors have rolling service contracts that provide for a notice period by either party. The notice period ranges between 6–12 months. The Company may terminate the Executive Director's contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising of salary, pension and contractual benefits. There is no provision in any of the service contracts of the Executive Directors for any ex-gratia payments.

The Chairman and Non-Executive Directors are appointed pursuant to a letter of appointment. The policy is that Non-Executive Directors are appointed for an initial term of three years which may be extended for further three-year periods on the recommendation of the Nomination Committee and with the Board's agreement, subject to annual re-election at the Annual General Meeting. The non-executive Directors' letters of appointment are to be terminable on one month's notice from either party.

	Date of contract/letter	Unexpired term as at 28 February 2018
Executive		
James Kidwell	20 June 2012	**12 months**
Louise Evans[1]	31 March 2015	**6 months**
Nicholas Stone[1]	11 December 2018	**6 months**
Non-executive		
David Moorhouse CBE[2]	4 July 2014	**1 month**
Jürgen Breuer	25 July 2014	**1 month**
Lesley Watkins	24 May 2017	**1 month**
Mark Tracey[3]	25 July 2014	**1 month**
Stephen Kunzer[3]	26 February 2019	**1 month**
Ronald Series[2]	12 April 2019	**1 month**

1 Louise Evans did not stand for re-election at the Company's 2018 Annual General Meeting and Nicholas Stone was appointed to the Board with effect from 1 April 2019.
2 David Moorhouse retired from the Board on 14 April 2019 and Ronald Series was appointed as a Director with effect from 15 April 2019.
3 Mark Tracey retired as a Director with effect from 26 September 2018 and Stephen Kunzer was appointed as a Director with effect from 26 February 2019.

ANNUAL REMUNERATION REPORT

Implementation of the Policy for 2019/20

This section sets out details of how the Remuneration Committee intends to apply the Policy to the current Executive Directors in the 2019/20 financial year.

Base salary

The base salaries for the current Executive Directors are shown below. The Remuneration Committee felt that changes to the Group's executive team and structure merited a lower base salary for the incoming Finance Director than that of the previous Finance Director, which was achieved with a reduction of approximately 11%.

	2018/19 £'000	**2019/20 £'000**	Change
James Kidwell	350	**350**	0%
Nicholas Stone	–	**200**	N/A

Benefits and pension

Executive Directors will receive benefits and pension in line with the Policy.

Annual Bonus

The Annual Bonus for James Kidwell and Nicholas Stone will be based on a combination of performance measures linked to Group financial performance and the achievement of Group strategy and operational objectives for the year. In accordance with our Policy, one third of any bonus earned will be deferred into shares for three years.

LTIP

The Remuneration Committee has determined that James Kidwell and Nicholas Stone will both receive LTIP awards for the 2019/20 financial year of up to 100% of salary. These LTIP awards will vest by reference to the underlying EPS achieved in the 2021/22 financial year (the final year of the performance period for this award). The performance target ranges are shown below.

Underlying EPS achieved in the financial year 2021/22	Vesting
Below 35p	0%
35p	25%
46p or above	100%

Vesting between the points above is on a straight-line basis. In the event of a material acquisition(s) during the performance period, or share buy-backs or other exceptional events, the Remuneration Committee would retain discretion to adjust the targets.

In line with the Policy, any vested LTIP shares will be subject to a two-year holding period.

Chairman and Non-Executive Directors' fees

The Company appointed a new non-executive Chairman after the end of the period, with effect from 15 April 2019. He is to receive an annual fee of £108,000 compared to the fee paid to the Chairman in 2018/19 of £120,000. The Remuneration Committee felt that the reduced fee was in line with market expectations. The fee policy for the non-executive Directors will remain unchanged. A summary is in the table below.

	2018/19 £'000	**2019/20 £'000**	Change
Chairman fee	120	**108**	(10)%
Non-executive Director fee	42.5	**42.5**	0%
Audit Committee Chair fee	10	**10**	0%
Remuneration Committee Chair fee	7.5	**7.5**	0%

Implementation of the Policy in 2018/19

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2019. Those sections that have been audited have been identified below.

Single total figure of remuneration for 2018/19 (audited)

The remuneration of the Executive Directors in respect of 2018/19 is shown in the table below (with the prior year comparative).

	Base salary		Benefits[1]		Pension[2]		Annual Bonus[3]		LTIP[4]		Total	
£'000	**2018/19 £'000**	2017/18 £'000	**2018/19 £'000**	2017/18 £'000	**2018/19 £'000**	2017/18 £'000	**2018/19 £'000**	2017/18 £'000	**2018/19 £'000**	2017/18 £'000	**2018/19 £'000**	2017/18 £'000
James Kidwell	**350**	350	**2**	2	**52**	52	**–**	175	**–**	–	**404**	579
Louise Evans[5]	**75**	225	**1**	1	**11**	34	**37.5**	135	**35.4**	–	**159.9**	395

1 Benefits include private healthcare.
2 Pension includes the value of pension contributions to the Company's defined contribution pension scheme (or an equivalent cash allowance) in respect of the relevant year.
3 Annual Bonus represents the full value of the Annual Bonus awarded in respect of the relevant financial year. One-third is deferred into shares which vest after three years, subject to continued employment.
4 LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. Louise Evans received a cash payment in 2018/19 in lieu of the awards due to be made under the LTIP during 2017/18 that were not ultimately granted due to regulatory restrictions.
5 2018/19 figures calculated up to the termination of Louise Evans' employment with the Company on 30 June 2018.

The fees of the non-executive Directors in respect of 2018/19 are shown in the table below (with the prior year comparative).

	Fees	
	2018/19 £'000	2017/18 £'000
David Moorhouse CBE	120	120
Jürgen Breuer	50	50
Lesley Watkins[1]	52.5	36
Mark Tracey[2]	25	43
Stephen Kunzer[2]	–	–

1 Lesley Watkins was appointed to the Board on 23 June 2017.
2 Mark Tracey retired as a Director with effect from 26 September 2018 and Stephen Kunzer was appointed as a Director with effect from 26 February 2019.

Payments to past Directors (audited)
None above the de minimis threshold set by the Company of £20,000.

Payments for loss of office (audited)
Louise Evans' employment with the Company terminated on 30 June 2018. Notice commenced on 1 June 2018 and Louise Evans was paid in lieu for the balance of her remaining five months' salary and pension in accordance with her service contract. Louise Evans received a pro-rata cash bonus for the 2018/2019 financial year (based on 50% of base salary and reflecting the four months worked in that financial year). Louise Evans was treated as a good leaver under the following plans as specified in the rules of the relevant plan:

a) £35,380 as a cash payment in lieu of awards due to be made under the LTIP during 2017/2018 that were not ultimately granted due to regulatory restrictions; and

b) awards granted under the Deferred Bonus Plan ("DBP"): 7,811 awards granted under the 2016/2017 DBP on 27 May 2016 vested on 30 June 2018 and 16,344 awards granted in respect of the 2017/2018 financial year annual bonus.

The Company also paid Louise Evans the sum of £299,308 in compensation for her loss of office and in settlement of all legal claims that she may have against the Company and/or any member of the Group and £9,100 plus VAT towards the costs of her legal fees incurred in connection with the cessation of her employment.

Annual Bonus for 2018/19 (audited)
James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of salary. The annual bonus was based on a mix of financial, strategic and operational objectives aligned to the business priorities for the year, assessed against stretching objectives set by the Remuneration Committee. Similar to previous years, divisional performance was to be measured against an underlying operating profit metric, with strategic and operational objectives focussed on merger and acquisitions activity and related integration initiatives. However, in contrast to previous years, the Group financial performance element of James Kidwell's bonus included an overriding condition based on the Company's underlying operating profit for the year, which needed to be met in order for any bonus to be awarded. This condition was not met and, consequently, it was determined that James Kidwell would not receive a bonus. As mentioned above, the Remuneration Committee exercised its discretion in considering Louise Evans' bonus at the time of her departure and determined that a pro-rata cash bonus be awarded (based on 50% of base salary and reflecting the four months worked in the financial year).

2016 LTIP award – vesting in respect of 2018/19 (audited)
The 2016 LTIP awards were granted in June 2016 and were based on performance over the three-year performance period ending in 2018/19 against the EPS targets set when the award was granted, summarised in the table below. Based on the annual results to 28 February 2019 the Remuneration Committee determined that the 2016 LTIP awards did not meet the minimum performance condition and therefore will lapse in June 2019.

EPS growth over the three years to 2018/19

	Vesting
Less than 5% per annum	0%
5% per annum	25%
13% per annum, or higher	100%

Vesting between the points above is on a straight-line basis.

LTIP award – granted during 2018/19 (audited)
The Remuneration Committee granted LTIP awards to James Kidwell during the period at a level of 100% of salary for each of the 2018/19 and 2017/18 financial years, as regulatory restrictions had prevented the granting of the intended award for 2017/18 in that financial year. The 2017/18 awards will vest by reference to underlying EPS achieved in the 2019/20 financial year (the final year of the performance period for the award) with threshold vesting (25% of the maximum) to occur for underlying EPS of 30p and maximum vesting to occur for underlying EPS of 40p, with vesting between these points to be on a straight-line basis. The 2018/19 awards will vest by reference to underlying EPS achieved in the 2020/21 financial year (the final year of the performance period for the award) with threshold vesting (25% of the maximum) to occur for underlying EPS of 33p and maximum vesting to occur for underlying EPS of 44p, with vesting between these points to be on a straight-line basis. As mentioned above, the Remuneration Committee exercised its discretion and made a £35,380 cash payment to Louise Evans in lieu of the 2017/18 awards that had not been granted.

Shareholding guidelines and share interests (audited)

Under the shareholding guidelines, Executive Directors are required to build and retain a shareholding in the Group at least equivalent to 100% of base salary. This guideline is expected to be met within five years of appointment to the Board. Non-executive Directors are not subject to a shareholding guideline. The following table sets out the shareholding (including connected persons) of the Directors in the Company as at 28 February 2019. This shows that neither of the Executive Directors have met the shareholding guideline. James Kidwell had met the threshold last year and has not sold any shares; but, with the fall in the share price over the year, he has fallen below the threshold. The Remuneration Committee believes that his shareholding remains sufficient and also notes that it should increase in the current financial year as a result of previous share awards that are expected to vest. Nicholas Stone was only appointed to the Board with effect from 1 April 2019 and will be expected to build up his shareholding in the five-year timescale to meet the guideline.

	Number of shares beneficially held at 28 February 2019	Shareholding as % of salary[1]	Guideline met?
Executive Directors			
James Kidwell	152,356	77%	No
Nicholas Stone	–	–	No
Non-executive Directors			
David Moorhouse CBE	49,351		
Jürgen Breuer	81,300		
Lesley Watkins	3,000		
Stephen Kunzer	–		
Ronald Series	–		

1 Shareholding as a percentage of salary is calculated using the shareholding and base salary shown in the single total figure of remuneration table and the closing share price on 28 February 2019.

The table below provides details of the interests of the Executive Directors in incentive awards during the year.

	Awards held at 1 Mar 2018	Grant date	Share price on grant £[2]	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2019	Exercise price £	Exercisable From	Exercisable To
James Kidwell										
2015 LTIP	73,684	23 Jun 15	4.80	–	–	(73,684)	–	–	23 Jun 18	23 Jun 25
2016 LTIP	78,343	17 Jun 16	4.47	–	–	–	78,343[3]	–	17 Jun 19	17 Jun 26
2017 LTIP	–	22 Jun 18	2.58	113,607	–	–	113,607	–	22 Jun 20	22 Jun 28
2018 LTIP	–	22 Jun 18	2.58	127,120	–	–	127,120	–	22 Jun 21	22 Jun 28
2015 DBP	12,923	22 Jun 15	4.75	–	(12,923)	–	–	–	22 Jun 18	22 Jun 25
2016 DBP	16,403	27 May 16	4.42	–	–	–	16,403	–	27 May 19	27 May 26
2018 DBP	–	22 Jun 18	2.58	21,186	–	–	21,186	–	22 Jun 21	22 Jun 28
2017 SAYE	–	15 Jun 17	3.06	–	–	–	3,672	2.45	1 Aug 20	1 Feb 21

1 Nicholas Stone was appointed as a director with effect from 1 April 2019.
2 Share price included is the market price on the date of grant. When calculating the number of awards to be made, the Company uses the middle market quotations for the three trading days prior to grant. For the LTIP awards granted in June 2018 in respect of 2017/18, the Company used the three trading days following the announcement of the Company's 2016/17 financial results.
3 As described above, these awards have not met their performance condition and will lapse in June 2019.

The performance conditions attached to the outstanding LTIP awards are as follows:
- 2016 LTIP: 25% vesting for EPS growth of 5% per annum rising on a straight-line basis for 100% vesting for EPS growth of 13% per annum (as described above, the threshold was not met and these awards will lapse in June 2019);
- 2017 LTIP: 25% vesting for underlying EPS of 30p in the 2019/20 financial year (the final year of the performance period for the award) rising on a straight-line basis for 100% vesting for underlying EPS of 40p in the 2019/20 financial year; and
- 2018 LTIP: 25% vesting for underlying EPS of 33p in the 2020/21 financial year (the final year of the performance period for the award) rising on a straight-line basis for 100% vesting for underlying EPS of 44p in the 2020/21 financial year.

There are no further performance conditions attached to the exercise of the deferred bonus awards.

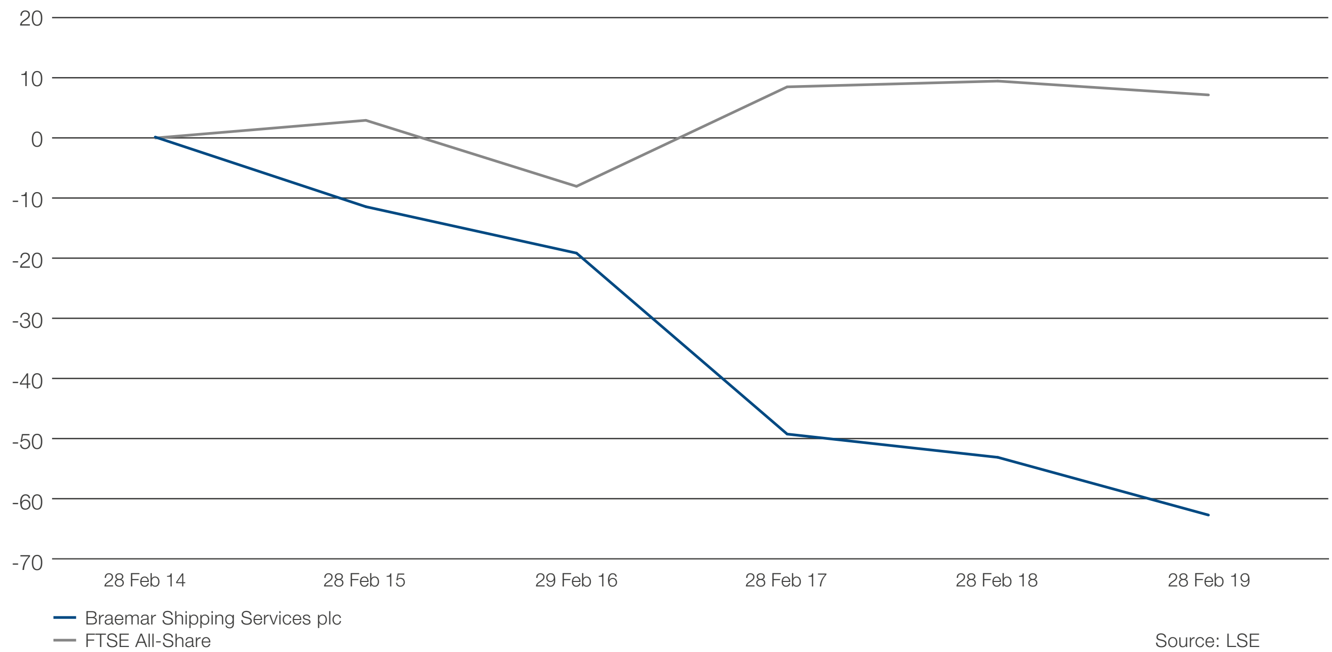
Percentage change in remuneration of the CEO
The year-on-year percentage change in the salary, benefits and annual bonus of the CEO and average for all Group employees for 2018/19 compared to 2017/18 is shown in the table below.

	CEO	All Group employees
Salary	0%	22%
Benefits	0%	1%
Annual Bonus	(100)%	62%

Relative importance of spend on pay
The chart below shows total employee remuneration and distributions to shareholders in respect of 2018/19 and 2017/18 (and the difference between the two).

	2018/19 £ million	2017/18 £ million	Change (%)
Total employee remuneration	86.0	75.0	15
Distributions to shareholders	5.0	3.0	67

Performance graph and table
The chart below shows Total Shareholder Return against the FTSE All-Share over the last five years. The Remuneration Committee believes the FTSE All-Share Index is the most appropriate index against which the Total Shareholder Return of Braemar should be measured.



The table below provides remuneration data for the role of the CEO for the current and each of the last five financial years over the equivalent period.

CEO	2018/19 £'000 James Kidwell	2017/18 £'000 James Kidwell	2016/17 £'000 James Kidwell	2015/16 £'000 James Kidwell	2014/15 £'000 James Kidwell
Single total figure of remuneration	404	579	404	570	549
Annual Bonus (% of maximum)	0%	50%	0%	62%	55%
LTIP vesting (% of maximum)	0%	0%	0%	N/A[1]	0%

1 No LTIP awards were made in 2013, which would have vested in respect of performance to 2015/16.

Consideration of Directors' remuneration – Remuneration Committee and advisers

The Remuneration Committee is comprised solely of non-executive Directors and comprises Jürgen Breuer as Chairman, Stephen Kunzer and Lesley Watkins. The Remuneration Committee has agreed terms of reference which set out its authority and responsibilities, which include:

– to determine on behalf of the Board and shareholders the Group's overall policy for executive remuneration;
– to determine individual remuneration packages for each of the Executive Directors of the Company, including their base salary and all performance-related elements including bonus arrangements, profit share schemes, equity participation schemes, other long-term incentive schemes, pension and other benefits;
– to review the introduction and to determine the terms of all bonus, profit share or equity participation schemes or any other schemes intended to reward and incentivise employees of the Group and to review the participation of the Executive Directors and senior executives in such schemes, including the award of any bonuses and the grant of rights or options thereunder; and
– to maintain an overview of policy in relation to the remuneration and conditions of service of other senior executives within the Group.

In discharging these responsibilities, the Remuneration Committee may call for information and advice from advisers inside and outside the Group. During 2017/18, the Remuneration Committee took advice from the Chairman of the Board, the Chief Executive, the Finance Director, the Company Secretary and General Counsel, and the Group Head of HR, who attended by the invitation of the Remuneration Committee but did not participate in any discussions regarding or affecting their own remuneration.

The Remuneration Committee has sought advice from Deloitte LLP and Mishcon de Reya LLP during 2018/19 in respect of the review of the Remuneration Policy and legal advice on matters within its remit, respectively. Fees of £23,950 plus VAT were charged by Deloitte LLP for the provision of independent advice to the Remuneration Committee. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Remuneration Committee is comfortable that the Deloitte LLP engagement partner and team that provide remuneration advice to the Remuneration Committee do not have connections with the Company that may impair their objectivity and independence. Deloitte LLP provided no other services to the Group during the financial year. The Remuneration Committee is targeting a reduction of this figure for 2019/20. The cost of Mishcon de Reya LLP's advice to the Remuneration Committee was £5,440 plus VAT, which was charged on the basis of agreed hourly rates. Mishcon de Reya LLP was recommended to the Remuneration Committee by the Company's General Counsel on the basis of their expert reputation in the practice area. Whilst the firm did provide other legal advice to the Group throughout the year, the Remuneration Committee believes that the nature and quality of their advice was such that they were satisfied that it was independent, considered and objective.

Statement of voting at Annual General Meeting

At the Annual General Meeting held on 22 June 2018, votes cast by proxy and at the meeting in respect of the Remuneration Committee's Report for year ending 28 February 2018 are shown in the following table.

	Votes for		Votes against		Total votes cast	Votes withheld
Resolution	#	%	#	%	#	#
Approval of Remuneration Report for year ending 28 February 2018	9,439,421	87.60	1,336,496	12.40	10,775,917	16,331

The Remuneration Committee believes that the vote in favour of 87.6% reflects both the broad support of the shareholder base for the Company's Remuneration Policy and its general compliance with best practice.

Jürgen Breuer
On behalf of the Remuneration Committee
19 May 2019

Directors' Report

for the year ended 28 February 2019

Statutory information

Information required to be part of the Directors' Report can be found elsewhere in this document, as indicated below, and is incorporated into this Directors' Report by reference:

- Results and dividends on pages 1–29.
- Important events during the year ended 2019 and likely future developments in the business of the Company or its subsidiaries on pages 1–29.
- Greenhouse gas emissions on page 32.
- Employee relations and equal opportunities on pages 30–33 and page 42.
- Indication of branches outside the United Kingdom in About us on page 3.
- Corporate Governance Statement on pages 40–46.

Management Report

This Directors' Report, on pages 57–59, together with the Strategic Report on pages 1–37, form the Management Report for the purposes of DTR 4.1.5R.

Amendment of Articles of Association

The Company's shareholders may amend the Company's Articles of Association by special resolution.

Change of control – significant agreements

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The Convertible Loan Notes that are summarised below carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The Convertible Loan Notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of €50 million is reflected in the audited financial statements of the Group.

There are a number of ordinary course of business agreements that take effect, alter or terminate following a change of control of the Company, but none of these are considered to have a significant potential impact on the business of the Group as a whole.

Convertible Loan Note Instruments

On 26 September 2017, the Company completed the acquisition of Naves Corporate Finance GmbH. A new class of convertible loan note instruments (the "Convertible Loan Notes") formed a core part of the consideration for this transaction and the Group has committed to the issue of up to €24.0 million Convertible Loan Notes in respect of this acquisition. To date, the Company has issued €12,466,000 worth of Convertible Loan Notes in connection with this acquisition.

These Convertible Loan Notes are unsecured, unlisted and non-transferable. The Convertible Loan Notes are denominated in Euros and carry a 3% per annum coupon. Each tranche is redeemable by the Group or by the individual note holder on or after two years from the date of issue of the Convertible Loan Notes. The conversion prices were fixed at 390.3 pence for management note holders and 450.3 pence for non-management note holders.

Political contributions

There were no political contributions during the year ended 28 February 2019 (2018: £nil).

Share capital and voting rights

As at 28 February 2019 the Company's total issued ordinary share capital was 31,436,351 shares of 10 pence each (28 February 2018: 31,436,351 shares). All of the Company's shares are fully paid up and quoted on the London Stock Exchange plc's Official List. The rights and obligations attaching to the Company's ordinary shares (as well as the powers of the Company's Directors) are set out in the Company's Articles of Association, copies of which can be found online at Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights or the transfer restrictions attaching to the Company's issued ordinary shares.

At the upcoming Annual General Meeting, shareholders will be asked to consider a resolution to renew the Directors' authority to allot shares in the Company. Further details will be provided in the Notice of the Annual General Meeting.

Purchase of own ordinary shares

The Company is authorised to make market purchases of the Company's ordinary shares pursuant to the authority granted by its shareholders at the Annual General Meeting held on 22 June 2018. This authority will expire at the end of the next Annual General Meeting. The Company did not use this authority in either the year ended 28 February 2018 or the year ended 28 February 2019.

However, the Directors will propose that this authority is renewed at the 2019 Annual General Meeting in Resolution 15 in accordance with the Company's Articles of Association. In accordance with the ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired under such authority is 10% of the Company's issued ordinary shares. The Directors will only make a purchase of shares using this authority if it is expected to result in an increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled.

Options and ESOP Trust

The total number of options to subscribe for shares in the Company that were outstanding as at 19 May 2019 was 970,804, being 3.09% of the issued share capital. If the options to subscribe for shares were fully exercised, the proportion of issued share capital represented by all options would be equivalent to 3.43%.

During the year ended 28 February 2019, 716,000 of the Company's ordinary shares were purchased by SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust (2018: 395,000). The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of these purchases. As at 19 May 2019 the ESOP holds 696,201 shares.

Directors and their interests

The Directors of the Company during the year ended 28 February 2019 and at the date of this Directors' Report are shown on pages 38–39.

The Directors' beneficial interests in the ordinary shares and share options of the Company as at 28 February 2019 are disclosed in the Directors' Remuneration Report on page 54. There have not been any changes in such interests between 28 February 2019 and 19 May 2019.

The Directors, in common with other employees of the Group, also have an interest in 706,701 (2018: 359,798) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 62,290 (2018: 75,540) ordinary 10 pence shares held by Computershare Trustees (Jersey) Limited on behalf of the ACM Shipping Limited Employee Trust.

The Directors held no material interest in any contract of significance entered into by the Company or its subsidiaries during the year ended on 28 February 2019.

During the year, the Group maintained cover for its Directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy, as permitted by the Companies Act 2006.

Significant shareholdings

As at 28 February 2019, Group employees and the Employee Share Ownership Plan owned approximately 12.8% of the shares in the Group. The working vendors of Braemar Naves Corporate Finance GmbH currently hold €10.0 million of Convertible Loan Notes.

As at 28 February 2019, the Company was aware of the following direct or indirect holdings of 3% or more of the issued ordinary share capital of the Company:

Name	Number of shares	Percentage of issued ordinary share capital
Downing LLP	2,071,237	6.59%
Hargreaves Lansdown Asset Management	2,017,452	6.42%
Chelverton Asset Management	1,925,000	6.12%
Barclays Wealth	1,336,753	4.25%
Quentin Soanes	1,288,990	4.10%
Charles Stanley	1,232,363	3.92%
Interactive Investor	1,186,784	3.78%
Unicorn Asset Management	1,144,363	3.64%

Financial instruments

The Group's financial risk management objectives and policies are set out in the Corporate Governance Statement on pages 41–42 and in the Strategic Report on pages 34–37.

Statement of Directors' responsibilities

The Directors are responsible for preparing this Annual Report and the Group and Company financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under such law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the Company and of the profit or loss of the Group for that period. In preparing the financial statements for the Group and for the Company, 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 for the Group financial statements whether they have been prepared in accordance with IFRSs as adopted by the EU, and for the parent Company financial statements, state whether applicable UK Accounting Standards have been follow;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to the 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 demonstrate 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.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement which complies with that law and those regulations. Copies of these reports and statement are included in this Annual Report.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

The Directors hereby confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company and that the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors confirm that they consider this Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group's position, performance, business model and strategy.

Reappointment of the auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The 2019 Annual General Meeting of the Company will be held at 2pm on 3 July 2019 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A separate document accompanying the Annual Report and Accounts contains the Notice convening the Annual General Meeting and a description of the business to be conducted thereat.

By Order of the Board

Peter Mason
Company Secretary
19 May 2019

Independent Auditor’s Report

To the Members of Braemar Shipping Services Plc

Opinion

We have audited the financial statements of Braemar Shipping Services Plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 28 February 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement, the Group and Company Statement of Changes in Total Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework. (United Kingdom Generally Accepted Accounting Practice).

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 28 February 2019 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 35–37 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors’ confirmation set out on page 35–37 in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors’ statement set out on page 37 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors’ identification of any material uncertainties to the Group and the Parent Company’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors’ statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors’ explanation set out on page 37 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Shipbroking revenue recognition and Transition to IFRS 15 Revenue from contracts with customers

Key audit matter

As detailed in note 1 to the Group financial statements, the Group adopted IFRS 15 Revenue from contracts with customers, in the current year.

The Group's entitlement to commission's revenue in the Shipbroking division is dependent upon the fulfilment of certain obligations.

The adoption of IFRS 15 has required the Group to consider the underlying performance obligations and the point at which revenue should be recognised. This has resulted in a change in the pattern of revenue recognition in respect of dry cargo revenue recognition for spot charters.

The Group have elected to apply the cumulative adjustment approach with a pre-tax impact of £1.2m (see Note 1) which decreases opening reserves and accrued income.

There is a risk that the adjustments to the opening reserves and current year revenue are misstated with cut-off being incorrectly applied and that revenue has been incorrectly recognised.

The other revenue streams were not considered complex from a revenue recognition perspective and there was no impact of adoption to IFRS 15.

How our audit addressed the key audit matter

Our procedures included:

– We substantively tested a sample of contracts to corroborate management's assessment of the impact of IFRS 15.
– We held meetings with the necessary finance and non-finance team members to challenge assumptions and judgements made against industry practices and interpretations of the accounting standard, particularly with regards the identification of the performance obligations.
– We engaged our financial reporting specialists in the review of management's conclusions and benchmarked against similar companies in the industry.
– For the current and prior year we tested a sample of revenue items to confirm the satisfaction of the performance obligation to ensure that cut-off had been correctly applied.
– We reviewed the financial statements for appropriateness of disclosures in accordance with IFRS 15.

Recoverability of trade receivables and accrued income

Key audit matter

A significant portion of the Group's trade receivables and accrued income are with customers that operate in the shipping industry. The global shipping industry whilst improving in certain segments continues to be affected by certain economic factors and has traditionally been an industry where credit terms are significant in length.

There is management judgement involved in assessing the recoverability of these balances (see note 1), taking into consideration the Group's contractual rights, available evidence of work performed, as well as the status of ongoing commercial negotiations.

Specific factors management considers include the age of the balance, location and known financial condition of certain customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management have in place certain policies to provide against balances once they reach a certain age.

In the current year, the Group has adopted IFRS 9 'Financial Instruments', specifically the requirements to determine the provision for expected credit losses. This has resulted in a pre-tax adjustment to opening reserves and trade receivables of £1.0m.

Trade receivables and accrued income are disclosed in Note 19 to the financial statements. Credit risk associated with trade debtors is disclosed in Note 20 to the financial statements.

There is therefore a risk that the provisions against carrying value of trade receivables and accrued income is not materially correct.

How our audit addressed the key audit matter

Our procedures included:

– For a sample of aged balances at the year-end we challenged the validity of the recorded debtors and accrued income as well as the completeness of the bad debt/accrued income provision by a number of methods including:
  – Where possible confirming aged balances to post year-end cash receipts;
  – Reviewing customer approval or contractual commitments;
  – Reviewing evidence of work performed;
  – Completing analytical procedures;
  – Reviewing specific aged debts and assessing management's basis of provisioning;
  – Reviewing historical payment patterns;
  – Challenging the assumptions made in respect of expected credit loss provisions;
  – Reviewing customer correspondence on expected settlement dates; and
  – Completing analytical procedures to consider consistency in the provisioning methodology compared to the prior year.

Accounting for discontinued operations in respect of the Technical Division

Matter identified

The Group is in the advanced stage of finalising the disposal of the Marine, Offshore and Adjusting businesses from the Technical division as announced on 13 May 2019.

IFRS 5 *Non-current assets held for sale and discontinued operations* sets out prerequisite considerations for qualification which include but are not limited to:

- Management's commitment to a plan to sell
- The availability of the asset for immediate use
- An active programme to locate a buyer is initiated
- The probability of a sale within 12 months of classification as 'held for sale'

The accounting standards require that the assets and liabilities constituting a disposal group be carried at fair value less costs to sell at the reporting date.

There is a risk that the carrying value of the disposal group maybe misstated as the assessment of fair value involves judgement.

There is also a risk that the criteria to be a disposal group may not be met.

Discontinued operations are disclosed in Note 9 to the financial statements.

How we addressed the matter

Our procedures included:

- We critically reviewed management documentation to establish whether the conditions under IFRS 5 have been satisfied as at year-end in respect of the held for sale classification and disclosure as discontinued operations;
- We tested management's fair value less costs to sell calculation including the shares and warrants to be issued to the Group as consideration and challenged the assumptions made;
- We assessed the completeness and reasonableness of the estimates of costs to sell based on our understanding of the parties involved in the transaction;
- We confirmed the completeness of the impairment charge recorded to reduce the net assets to fair value less costs to sell; and
- We reviewed the financial statement disclosures to ensure they were fair, balanced and understandable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements to be £375,000 and for the Parent Company to be £300,000. Performance materiality was calculated based on 70% of our materiality. We determined this percentage by reference to the number of components and our determination of the control environment.

The materiality we applied in respect of the Group financial statements equates to 4.1% of underlying profit before tax. We consider this the most appropriate performance measure for the basis of determining materiality as it removes the impact of non-recurring items impacting the underlying profit of the Group. The adjustment removes the impact of "specific items" detailed in Note 8 to the Group financial statements.

We set component materiality between £80,000 and £300,000 based on the overall size and respective risk of each component.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As detailed elsewhere in the annual report we accepted appointment as statutory auditors in November 2018.

The Group has 112 reporting components, of which 65 have been scoped out, as they are dormant. 16 components were subject to full scope audit, 9 were subject to specified risk-focused audit procedures over revenue, trade receivables, accrued income, management override of controls and cash and 22 were subject to desktop reviews for Group reporting purposes.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of Components	Group revenue	Group underlying profit before tax
Audits for Group reporting purposes	16	76%	95%
Specific risk focused audit procedures	9	16%	14%
Desktop reviews	22	8%	-9%
Total 2019	**47**	**100%**	**100%**

The Group Audit team set component materiality levels as detailed above with work on all components being reviewed by the Group audit team under the direction and supervision of the Group Engagement Partner. With the exceptions of non-significant components, the Group audit team visited all component locations and attended various conference meetings through the planning, fieldwork and completion stages of the audit.

The Group audit team visited Australia, Singapore, Germany and United Kingdom Divisions (Logistics, Technical and Shipbroking). At these visits and meetings, the Group audit team reviewed the audit files of the component auditors and the component auditor then performed any further work required by the Group audit team. Of the 16 components requiring audit, 12 were audited by BDO UK.

Our audit of the Parent Company was undertaken to the materiality level specified above at the Company's head office in London, United Kingdom.

We also gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focussed on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules and tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of internal legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1–59, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 59** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 43** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 37** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 and the part of the Directors' remuneration report to be audited 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.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 58–59, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address
Following the recommendation of the Audit Committee on 2 October 2018, we were appointed by the Board on 7 November 2018 to audit the financial statements for the year ending 28 February 2019 and subsequent financial periods. This is the first year of our engagement.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report
This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
19 May 2019

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

Consolidated income statement

for the year ended 28 February 2019

		28 Feb 2019			28 Feb 2018		
Continuing operations	Notes	Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Revenue	2	117,853	–	117,853	103,043	–	103,043
Cost of sales	3	(24,892)	–	(24,892)	(24,673)	–	(24,673)
Gross profit		92,961	–	92,961	78,370	–	78,370
Operating expense:							
Other operating costs	8	(83,895)	(759)	(84,654)	(71,048)	–	(71,048)
Acquisition and disposal-related expenditure	8	–	(10,960)	(10,960)	–	(9,067)	(9,067)
		(83,895)	(11,719)	(95,614)	(71,048)	(9,067)	(80,115)
Operating profit/(loss)	2, 3	9,066	(11,719)	(2,653)	7,322	(9,067)	(1,745)
Gain on revaluation of investment		–	500	500	–	–	–
Finance income	6	297	–	297	79	–	79
Finance costs	6,8	(494)	(790)	(1,284)	(540)	(182)	(722)
(Loss)/profit before taxation		8,869	(12,009)	(3,140)	6,861	(9,249)	(2,388)
Taxation	7	(1,669)	144	(1,525)	(1,019)	545	(474)
(Loss)/profit for the year from continuing operations	8	7,200	(11,865)	(4,665)	5,842	(8,704)	(2,862)
Loss for the year from discontinued operations	9	–	(22,700)	(22,700)	–	(32)	(32)
Profit/(loss) for the year attributable to equity shareholders of the Parent		7,200	(34,565)	(27,365)	5,842	(8,736)	(2,894)
Total							
Earnings per ordinary share							
Basic	11	23.32p		(88.63)p	19.57p		(9.70)p
Diluted	11	21.36p		(88.63)p	18.06p		(9.70)p
Continuing operations							
Earnings per ordinary share							
Basic	11	23.32p		(15.11)p	19.57p		(9.70)p
Diluted	11	21.36p		(15.11)p	18.06p		(9.70)p

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

Consolidated statement of comprehensive income

for the year ended 28 February 2019

	Notes	28 Feb 2019 £'000	28 Feb 2018 £'000
Loss for the year		**(27,365)**	(2,894)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on employee benefit schemes – net of tax		**999**	339
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations	28	**(2,999)**	(3,674)
Cash flow hedges – net of tax	28	**(229)**	808
Total comprehensive expense for the year attributable to equity shareholders of the Parent		**(29,594)**	(5,421)

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

Balance sheets
as at 28 February 2019

	Notes	Group As at 28 Feb 2019 £'000	Group As at 28 Feb 2018 £'000	Company As at 28 Feb 2019 £'000	Company As at 28 Feb 2018 £'000
Assets					
Non-current assets					
Goodwill	13	**83,812**	88,961	**–**	–
Other intangible assets	14	**2,226**	3,393	**–**	–
Property, plant and equipment	16	**1,978**	3,322	**16**	–
Investments	17	**1,773**	1,356	**112,548**	119,324
Deferred tax assets	7	**1,640**	3,120	**–**	–
Other long-term receivables	18	**264**	300	**–**	–
		91,693	100,452	**112,564**	119,324
Current assets					
Trade and other receivables	19	**37,128**	52,605	**36,624**	36,081
Derivative financial instruments	20	**–**	159	**–**	–
Assets held for sale	9	**10,611**	2,865	**–**	–
Cash and cash equivalents	21	**3,590**	5,424	**–**	–
		51,329	61,053	**36,624**	36,081
Total assets		**143,022**	161,505	**149,188**	155,405
Liabilities					
Current liabilities					
Derivative financial instruments	20	**49**	–	**–**	–
Trade and other payables	22	**44,887**	41,462	**20,778**	37,099
Short-term borrowings	23	**15,323**	7,873	**41,635**	22,061
Current tax payable		**1,408**	1,858	**–**	–
Provisions	24	**90**	320	**–**	–
Convertible loan notes	15	**6,339**	–	**–**	–
Deferred consideration	15	**600**	366	**–**	–
Liabilities directly associated with assets classified as held for sale	9	**2,797**	766	**–**	–
		71,493	52,645	**62,413**	59,160
Non-current liabilities					
Deferred tax liabilities	7	**930**	999	**–**	–
Provisions	24	**324**	424	**–**	–
Convertible loan notes	15	**4,579**	7,364	**–**	–
Deferred consideration	15	**5,357**	2,977	**–**	–
Pension deficit	25	**1,986**	3,437	**–**	–
		13,176	15,201	**–**	–
Total liabilities		**84,669**	67,846	**62,413**	59,160
Total assets less total liabilities		**58,353**	93,659	**86,775**	96,245
Equity					
Share capital	26	**3,144**	3,144	**3,144**	3,144
Share premium	26	**55,805**	55,805	**55,805**	55,805
Shares to be issued	27	**(3,446)**	(2,701)	**(3,446)**	(2,701)
Other reserves	28	**22,857**	26,085	**21,742**	21,742
Retained earnings		**(20,007)**	11,326	**9,530**	18,255
Total equity		**58,353**	93,659	**86,775**	96,245

In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £4,500,000 (2018: loss of £1,765,000) has been dealt with in the accounts of the Company.

The accounts on pages 65 to 106 were approved by the Board of Directors on 19 May 2019 and were signed on its behalf by:

Ronald Series
Chairman

Nicholas Stone
Finance Director

Registered number: 02286034

Consolidated cash flow statement

for the year ended 28 February 2019

	Notes	Group 28 Feb 2019 £'000	Group 28 Feb 2018 £'000
Cash flows from operating activities			
Cash generated from operations	29	**8,871**	3,383
Interest received		**297**	95
Interest paid		**(1,187)**	(619)
Specific items		**(759)**	–
Tax paid		**(1,078)**	(119)
Net cash generated from operating activities		**6,144**	2,740
Cash flows from investing activities			
Purchase of property, plant and equipment and computer software	14, 16	**(2,807)**	(960)
Acquisition of businesses, net of cash acquired		**–**	(5,933)
Proceeds from disposal of investments	17	**300**	–
Proceeds from sale of property, plant and equipment	16	**77**	–
Other long-term assets		**35**	110
Net cash used in investing activities		**(2,395)**	(6,783)
Cash flows from financing activities			
Proceeds from borrowings		**14,450**	11,537
Repayment of borrowings		**(7,000)**	(4,285)
Dividends paid	10	**(4,616)**	(2,974)
Gift to ESOP for purchase of shares		**(1,712)**	(1,073)
Deferred consideration		**(1,710)**	–
Net cash (used in)/generated from financing activities		**(588)**	3,205
Increase/(decrease) in cash and cash equivalents		**3,161**	(838)
Cash and cash equivalents at beginning of the period	21	**5,424**	7,674
Foreign exchange differences		**(1,085)**	(1,412)
Cash and cash equivalents at end of the period	21	**7,500**	5,424

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

Statements of changes in total equity

for the year ended 28 February 2019

Group	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 28 February 2017	3,018	52,510	(2,962)	28,951	18,655	100,172
Loss for the year	–	–	–	–	(2,894)	(2,894)
Actuarial gain on employee benefits schemes – net of tax	–	–	–	–	339	339
Foreign exchange differences	–	–	–	(3,674)	–	(3,674)
Cash flow hedges – net of tax	–	–	–	808	–	808
Total recognised expense in the year	–	–	–	(2,866)	(2,555)	(5,421)
Dividends paid	–	–	–	–	(2,974)	(2,974)
Issue of shares	126	3,295	–	–	–	3,421
Gift to ESOP for purchase of own shares	–	–	(1,073)	–	–	(1,073)
ESOP shares allocated	–	–	1,334	–	(2,629)	(1,295)
Share based payments	–	–	–	–	1,662	1,662
Deferred tax on items taken to equity	–	–	–	–	(833)	(833)
At 28 February 2018	3,144	55,805	(2,701)	26,085	11,326	93,659
Change in accounting policy – IFRS 9	–	–	–	–	(891)	(891)
Change in accounting policy – IFRS 15	–	–	–	–	(989)	(989)
At 1 March 2018	3,144	55,805	(2,701)	26,085	9,446	91,779
Loss for the year	–	–	–	–	(27,365)	(27,365)
Actuarial gain on employee benefits schemes – net of tax	–	–	–	–	999	999
Foreign exchange differences	–	–	–	(2,999)	–	(2,999)
Cash flow hedges – net of tax	–	–	–	(229)	–	(229)
Total recognised expense in the year	–	–	–	(3,228)	(26,366)	(29,594)
Dividends paid	–	–	–	–	(4,616)	(4,616)
Gift to ESOP for purchase of own shares	–	–	(1,712)	–	–	(1,712)
ESOP shares allocated	–	–	967	–	(967)	–
Share based payments	–	–	–	–	2,496	2,496
At 28 February 2019	**3,144**	**55,805**	**(3,446)**	**22,857**	**(20,007)**	**58,353**

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 28 February 2017	3,018	52,510	(2,962)	21,742	23,961	98,269
Loss for the year	–	–	–	–	(1,765)	(1,765)
Dividends paid	–	–	–	–	(2,974)	(2,974)
Issue of shares	126	3,295	–	–	–	3,421
Gift to ESOP for purchase of shares	–	–	(1,073)	–	–	(1,073)
ESOP shares allocated	–	–	1,334	–	(2,629)	(1,295)
Share based payments	–	–	–	–	1,662	1,662
At 1 March 2018	3,144	55,805	(2,701)	21,742	18,255	96,245
Loss for the year	–	–	–	–	(4,500)	(4,500)
Dividends paid	–	–	–	–	(4,616)	(4,616)
Gift to ESOP for purchase of shares	–	–	(1,712)	–	–	(1,712)
ESOP shares allocated	–	–	967	–	(967)	–
Share based payments	–	–	–	–	1,358	1,358
At 28 February 2019	**3,144**	**55,805**	**(3,446)**	**21,742**	**9,530**	**86,755**

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

Notes to the consolidated financial statements

General information
The Group and Company financial statements of Braemar Shipping Services Plc for the year ended 28 February 2019 were authorised for issue in accordance with a resolution of the Directors on 19 May 2019. Braemar Shipping Services Plc is a public limited company incorporated in England and Wales.

The term "Company" refers to Braemar Shipping Services plc and "Group" refers to the Company and all its subsidiary undertakings, joint ventures and the Employee Share Ownership Plan trust.

1 Accounting policies

a) Basis of preparation and forward-looking statements

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

The Parent Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). No income statement is presented for Braemar Shipping Services plc as provided by section 408 of the Companies Act 2006.

The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please see Note 20 for further analysis of the Group's financial risks.

The financial statements have been prepared under the historic cost convention except for the derivative financial instruments, contingent consideration and investments, which are measured at fair value.

Certain statements in this Annual Report are forward looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. These statements involve risks and uncertainties, so actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

The Group and Company financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Adoption of FRS 101 by the Company

During the year the Company adopted Financial Reporting Standard 101 "Reduced Disclosure Framework". In the transition to FRS 101, the Company has made no measurement and recognition adjustments. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- A Cash Flow Statement and related notes.
- Disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
- IFRS 2 Share Based Payments in respect of Group settled share based payments.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

New and amended standards adopted by the Group

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 28 February 2019, and which have given rise to changes in the Group's accounting policies, are:
- IFRS 9 "Financial Instruments"; and
- IFRS 15 "Revenue from Contracts with Customers".

IFRS 9 "Financial Instruments" was effective for accounting periods commencing on or after 1 January 2018. The standard addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 retains and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of the classification depends on the business model and the contractual cash flow characteristics of the financial asset. A revised expected credit loss model replaces the incurred loss impairment model used in IAS 39. The adoption of the expected credit loss model resulted in an opening retained earnings adjustment of £0.9 million net of tax.

Additionally, an investment which was previously measured at cost has been classified as fair value through the profit and loss (see Note 17). The Directors have elected to continue to hedge account under IAS 39 as permitted under IFRS 9. In accordance with the transition provisions in IFRS 9, comparative figures have not been restated.

IFRS 15, "Revenue from Contracts with Customers", was effective for accounting periods commencing on or after 1 January 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Group performed an impact assessment on each of its revenue streams in order to identify the performance obligations in its customer contracts and establish an appropriate method for recognising revenue on satisfaction of those performance obligations. Performance obligations are fully satisfied at a point in time. The Group presents its revenue in the current divisional categories, being Shipbroking, Financial, Logistics and Engineering. The Group has applied IFRS 15 from its effective date and in accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. The adoption of IFRS 15 resulted in a change in the timing of revenue recognition in respect of certain brokerage revenue in Shipbroking. This was due to the Directors' assessment of the point at which the performance obligation was satisfied. Had IFRS 15 not been adopted in the year to 28 February 2019, the Group's revenue would have been lower by £0.2 million.

The effect of adopting these standards as at 1 March 2018 is as follows:

	28 February 2018 £'000	IFRS 9 £'000	IRFS 15 £'000	1 March 2019 £'000
Deferred tax asset	3,120	190	172	3,482
Trade and other receivables	52,605	(1,081)	(1,161)	50,363
Retained earnings net of tax	11,326	891	989	13,206

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2019 and not early adopted

As at the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The Group has not applied these standards and interpretations in the preparation of these financial statements:

- IFRIC 23 "Uncertainty over Income Tax Treatments", effective from 1 January 2019.
- IFRS 16 "Leases", effective from 1 January 2019. This standard requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts.

IFRS 16 "Leases" will replace IAS 17 in its entirety and is effective for accounting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

Adoption of IFRS 16 will result in the Group recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The Board has decided it will apply the modified retrospective adoption method in IFRS 16 and, therefore, will only recognise leases on the balance sheet as at 1 March 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

At 28 February 2019 the net operating lease commitments amounted to £9.5 million (see Note 30), which is not expected to be materially different to the anticipated position on 28 February 2020. Assuming the Group's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately £12.1 million being recognised on 1 March 2019 in respect of continuing operations. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in the actual liability recognised being different to this.

Instead of recognising an operating expense for its operating lease payments, the Group will recognise interest on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its current operating lease cost, which for the year ended 28 February 2019 was approximately £2.5 million.

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. IFRIC 23 is not expected to have a material impact on the Group's financial statements.

b) Basis of consolidation

The consolidated financial statements incorporate the accounts of the Group and the Company made up to 28 February each year or 29 February in a leap year.

The results of subsidiaries are consolidated using the purchase method of accounting, from the date on which control of the net assets and operation of the acquired company are effectively transferred to the Group. Similarly, the results of subsidiaries divested cease to be consolidated from the date on which control of the net assets and operations are transferred out of the Group.

Investments in joint ventures and associates and where the Group has significant influence are equity accounted and carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in value. The income statement reflects the Group's share of the post-tax result of the joint venture or associate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Use of estimates and critical judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key areas where the Group typically makes judgements involving estimates are in the following areas:

Estimates

Recoverability of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. See Note 7.

1 Accounting policies continued

Share option vesting

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. See Note 27.

Assets and liabilities held for sale

The estimation of the fair values of net assets held for sale is a critical accounting estimate. These estimates are prepared by internal management with the advice of independent valuation experts when considered necessary. There are a number of judgements and estimates that management has undertaken to determine the fair value of net assets held for sale including the fair value of the consideration and an estimate of the costs to sell. See Note 9.

Acquisition accounting

The estimation of the fair values of net assets arising in a business combination and the allocation of the purchase consideration between the underlying net assets acquired, including intangible assets other than goodwill, on the basis of their fair values is a critical accounting estimate. These estimates are prepared by internal management with the advice of independent valuation experts when considered necessary. There are a number of judgements that management has undertaken in relation to acquisition accounting:

Following the acquisition of a business, the Group carries out a review to assess the fair value of the identifiable assets and liabilities acquired, including acquired intangible assets arising on consolidation. This will include applying a level of judgement to understand what any premium paid for a business (i.e. goodwill) represents as well as then carrying out a calculation of fair values;

Determination of fair value of deferred and contingent consideration ("earn-out"). Deferred and contingent consideration is initially recognised at fair value and subsequently reassessed at each reporting date to reflect changes in estimates and assumptions. Fair value is determined using an income approach which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. See Note 15.

Provision for impairment of trade receivables and accrued income

Trade receivables and accrued income are amounts due from customers in the ordinary course of business. Trade receivables and accrued income are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

The provision for impairment of trade receivables and accrued income represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

The adoption of IFRS 9 'Financial Instruments' results in an additional provision for expected credit losses. When measuring expected credit losses, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 19.

Classification and recognition of specific items

The Group excludes specific items from its underlying earnings measure. The Directors believe that such additional performance measures can provide the users of the financial statements with a better understanding of the Group's underlying financial performance, if properly used. Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record to ensure that the understanding of the underlying performance is not distorted. Specific items includes the results from discontinued operations. See Note 8.

Impairment of goodwill and other intangible assets

Goodwill is tested for impairment on an annual basis. However, the Group will also test for impairment at other times if there is an indication that an impairment may exist. See Note 13.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit. The selection of suitable discount rates and the estimation of future growth rates vary between cash-generating units depending on their sensitivity and materiality.

Judgements

Revenue recognition

The adoption of IFRS 15 "Revenue from Contracts with Customers" requires the Group to perform an impact assessment on each of its revenue streams in order to identify the performance obligations in its customer contracts and establish an appropriate method for recognising revenue on satisfaction of those performance obligations. A judgement is required to determine whether revenue is recognised at a 'point in time' or 'over time' as well as determine the transfer of control for when performance obligations are satisfied.

For Shipbroking the Group has defined the performance obligation to be the point in time where the negotiated contract between counterparties has been successfully completed, and therefore revenue is recognised at this point in time. This is a critical judgement since revenue recognition would differ if the performance obligations were deemed to be satisfied at a different point in time.

d) Revenue recognition
Revenue is recognised in accordance with satisfaction of performance obligations.

Revenue of the Group consists of:

i) Shipbroking – income comprises commission arising from tanker and dry cargo charter broking, sale and purchase broking, offshore broking and consultancy, valuation fees and fees relating to the facilitation of commodity and commodity derivatives. The Group acts as a broker for several types of shipping transactions, each of which gives rise to an entitlement to commission:
   - For single voyage chartering, the contractual terms are governed by a standard charterparty contract in which the broker's performance obligation is satisfied when the cargo has been discharged according to the contractual terms;
   - For time charters, the commission is specified in the hire agreement and the performance obligation is spread over the term of the charter simultaneously with the hire payments being made;
   - In the case of second-hand sale and purchase contracts, the broker's performance obligation is satisfied when the principals in the transaction complete on the sale/purchase and the title of the vessel passes from the seller to the buyer;
   - With regard to newbuilding contracts, the commission is recognised when contractual stage payments are made by the purchaser of a vessel to a shipyard which in turn reflects the performance of services over the life of the contract;
   - For income derived from providing ship and fleet valuations, the Group recognises income when a valuation certificate is provided to the client and the service is invoiced; and
   - For income derived from commodity broking, the commission is recognised when the services have been performed.

ii) Technical – fee income comprises fees for the supply of technical, survey and loss adjusting services. The performance obligation is at the point of supply and income from such services is recognised on a time incurred and recoverable expenses basis net of provisions.

iii) Logistics – the performance obligation for agency income is satisfied at the point in time when the ship vessel sails from the port. For forwarding and logistics income the performance obligation is satisfied when the goods depart from their load location. Where the Group acts as a principal rather than as agent, the revenue and costs are shown gross.

iv) Financial – income comprises retainer fees and success fees generated by corporate finance-related activities. Revenue is recognised in accordance with the terms agreed in individual client terms of engagement. Recurring monthly retainers are recognised in the month of invoice and success fees are recognised at the point when the performance obligations of the particular engagement are fulfilled.

Other income of the Company consists of dividends from investments. Dividend income from investments is recognised when the shareholders' legal rights to receive payment have been established with certainty.

At the year-end, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied, and these are recognised as accrued income. The movement in the asset between years is due to the invoicing of all prior year assets and the accrual of amounts relating to the current year.

e) Foreign currencies
The presentational currency of the Group is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into derivative financial instruments contracts, mainly forward contracts and other derivative currency contracts (see Note 1(l)).

Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into pounds sterling at the exchange rates ruling at the balance sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are dealt with through the foreign currency translation reserve (see Note 28), whilst those arising from trading transactions are dealt with in the income statement. On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the income statement as part of the gain or loss on disposal.

f) Taxation
The taxation expense represents the sum of the current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred taxation on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the balance sheet. Deferred tax assets are recognised only to the extent that they are expected to be recoverable. Deferred taxation is recognised in the income statement unless it relates to taxable transactions taken directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax is released to the income statement at the same time as the taxable transaction is recognised in the income statement. Deferred taxation on unremitted overseas earnings is provided for to the extent a tax charge is foreseeable.

Notes to the consolidated financial statements continued

1 Accounting policies continued

g) Goodwill

Business combinations are accounted for using the purchase method.

On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. Goodwill arises where the fair value of the consideration given exceeds the fair value of the net assets acquired. Goodwill is recognised as an asset and is reviewed for impairment at least annually. Impairments are recognised immediately in operating costs in the income statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing. On the disposal of a business, goodwill relating to that business remaining on the balance sheet is included in the determination of the profit or loss on disposal. As permitted by IFRS 1, goodwill on acquisitions arising prior to 1 March 2004 has been retained at prior amounts and is tested annually for impairment.

In relation to acquisitions where the fair value of assets acquired exceeds the fair value of the consideration, the excess fair value is recognised immediately in the income statement.

h) Intangible assets

i) Computer software

The Group capitalises computer software at cost. It is amortised on a straight-line basis over its estimated useful life of up to four years. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

ii) Research and development

The Group capitalises internally generated development costs when it is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it is subsequently available for use;
- that there is a clear intention that the intangible asset would be completed and then used;
- that it is able to use the intangible asset;
- that future economic benefits are probable;
- that there are adequate technical, financial and other resources to complete the development and to use the asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

The Group amortises research and development on a straight-line basis over its estimated useful economic life.

Research costs are expensed as incurred.

iii) Other intangible assets

Intangible assets acquired as part of a business combination are stated in the balance sheet at their fair value at the date of acquisition less accumulated amortisation and any provisions for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the income statement over an estimated useful life of the lesser of two to ten years or when based on historical attrition rates. The amortisation in respect of capitalised brand assets is expensed to the income statement over an estimated useful life of three years.

The carrying values of intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

i) Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and any impairment value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its expected useful life as follows (except for long and short leasehold interests which are written off against the remaining period of the lease):

Motor vehicles	– three years
Computers	– four years
Fixtures and equipment	– four years

j) Investments

Investments in associates and joint ventures where the Group has significant influence are accounted for under the equity method of accounting in the financial statements.

Investments where the Group has no significant influence are held at fair value with movements in fair value recorded in profit and loss.

k) Impairment

The carrying amount of the Group's assets, other than financial assets within the scope of IAS 39 and deferred tax assets, are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is determined based on value-in-use calculations, which requires the use of estimates. An impairment loss is recognised in the income statement whenever the carrying amount of the assets exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the assets, with the exception of goodwill, is increased to the revised estimate of its recoverable amount. This cannot exceed the carrying amount prior to the impairment charge. An impairment recognised in the income statement in respect of goodwill is not subsequently reversed.

l) Derivative financial instruments and hedging
Derivatives are initially recognised at fair value and are subsequently remeasured at their fair value at each balance sheet date in accordance with IAS 39 "Hedge Accounting". Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if it is, the nature of the item being hedged. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement. The Group designates derivatives that qualify for hedge accounting as a cash flow hedge where there is a high probability of the forecast transactions arising. The effective portion of changes in the fair value of these derivatives is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement at the same time as the gains or losses on the hedged items. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

The fair value of forward foreign exchange contracts is based either directly (i.e. as prices) or indirectly (i.e. derived from prices) at the balance sheet date.

m) Trade receivables and accrued income
Trade receivables and accrued income are recognised and carried at the lower of their original value and recoverable amount. Specific provision is made where there is evidence that the balances will not be recovered in full. In accordance with IFRS 9 "Financial Instruments" a provision for expected credit losses is made for trade receivables and accrued income using the simplified approach. A provision matrix is used to calculate an expected credit loss as a percentage of carrying value by age. The percentages were determined based on historical credit loss experience as well as forward looking information. Expected credit loss provisions are made for other receivables and amounts due from subsidiaries based on lifetime expected credit losses using a model that considers forward looking information and significant increases in credit risk.

Trade and other receivables are non-interest bearing and generally on terms payable within 30 to 90 days.

n) Cash and cash equivalents
Cash and cash equivalents included in the balance sheet comprise cash in hand, short-term deposits with an original maturity of three months or less and restricted cash.

Cash and cash equivalents included in the cash flow statement include cash and short-term deposits, net of bank overdrafts.

o) Provisions
Provisions are recognised when the Group has a present obligation (legal or otherwise) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If material, the provisions are discounted using an appropriate current post-tax interest rate.

p) Share-based payments
The Group operates a number of equity-settled share-based payment schemes.

During the year the Company operated employee save-as-you-earn option schemes called the Braemar Shipping Services plc 2014 Savings-Related Share Option Scheme (the "SAYE Scheme") and the Braemar Shipping Services plc 2008 International Savings-Related Share Option Scheme (the "International SAYE scheme"). No option may be granted under either scheme which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option). Options are granted at a 20% discount to the prevailing market price.

In 2005 the Company put in place a Deferred Bonus Plan (the "Plan") whereby part of the annual performance-related bonus is delivered in shares, on a discretionary basis, to staff including Executive Directors. Under the Plan the shares are bought and held in an employee trust ("ESOP") for three years, after which the employee beneficiary will become absolutely entitled to the shares provided they remain in employment. Shares are valued at fair value at the date of grant.

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up to grant awards to certain key staff to try to retain them following the merger between Braemar and ACM Shipping Group Plc. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment.

The Company also operates an LTIP, which was approved by shareholders and adopted in 2014. LTIP awards under this plan take the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to a performance condition based on earnings per share ("EPS").

The Company reflects the fair value of the share-based payments as an investment in its subsidiaries.

q) Commissions payable
Commissions payable to co-brokers are recognised in trade payables due within one year on the earlier of the date of invoicing or the date of receipt of cash.

1 Accounting policies continued

r) Long-term employee benefits

The Group has the following long-term employee benefits:

i) Defined contribution schemes

The Group operates a number of defined contribution schemes. Pension costs charged against profits in respect of these schemes represent the amount of the contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Group within independently administered funds. The Group has no further payment obligations once the contributions have been paid.

ii) Defined benefit schemes

The Group holds a defined benefit scheme, the ACM Staff Pension Scheme with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based on service completed and allowing for projected future salary increases and discounted at an appropriate rate.

The current service cost, which is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, and gains and losses on settlements and curtailments, are included within operating profit in the consolidated income statement. The unwinding of the discount rate on the scheme liabilities which is shown as a net finance cost and past service costs are presented and recognised immediately in the income statement.

The pension liabilities recognised on the balance sheet in respect of this scheme represents the difference between the present value of the Group's obligations under the scheme and the fair value of the scheme's assets. Actuarial gains or losses and return on plan assets excluding interest are recognised in the period in which they arise within the statement of comprehensive income.

iii) Other long-term benefits

The current service cost of other long-term benefits resulting from employee services in the current year is included within the consolidated income statement. The unwinding of any discounting on the liabilities is shown in net finance costs.

s) Borrowings and loan notes

Arrangement costs for loan facilities are capitalised and amortised over the life of the debt at a constant rate.

Finance costs are charged to the income statement, based on the effective interest rate of the associated external borrowings and instruments debt.

The convertible loan notes are considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The Group has an accounting choice to record the instrument in its entirety at fair value through profit and loss but has not chosen to apply this treatment. Instead, the financial liability host will be recognised as a euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. The derivative conversion feature will be recognised at fair value through profit and loss.

t) Leasing

Operating leases are charged to the income statement as an expense on a straight-line basis over the lease term. Operating lease income is recognised in the income statement on a straight-line basis over the lease term.

u) Segmental analysis

The Group's segmental analysis is based on its four business segments: Shipbroking, Financial, Logistics and Engineering. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

The second analysis is presented according to the geographic markets, comprising the UK, Singapore, the US, Australia, Germany and the Rest of the World. The Group's geographical segments are determined by the location of the Group's assets and operations.

v) Specific items

Specific items are significant items considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance. Results from discontinued operations have therefore been included in specific items.

Restructuring costs include all costs of employment termination, office closure and relocation and any balance sheet asset impairment associated with a material business reorganisation.

Acquisition and disposal-related expenditure relates to significant items directly associated with business combinations and considered material in size and/or nature. These are disclosed separately to enable a full understanding of the Group's underlying financial performance.

w) Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets, such as a disposal group, is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss.

A discontinued operation is a component of the Group's business that represents a separate line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

2 Segmental information and revenue

a) Business segments

Management has determined the operating segments for the Group based on the reports reviewed by the Chief Operating Decision Maker to make strategic decisions. The Chief Operating Decision Maker is the Group's Board of Directors.

The Board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided on pages 2 and 3.

The Group was previously organised into four operating divisions: Shipbroking, Technical, Financial and Logistics. Following the decision to dispose of a major line of business in the Technical division, and treatment of these operations as discontinued, the segmental information disclosed previously has been amended to replace Technical with Engineering to reflect the business that has remained within the Group and previously included as part of Technical (see Note 9).

Central costs relate to Board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Underlying operating profit is defined as operating profit before restructuring costs, gain on disposal of investment and acquisition and disposal-related expenditure.

Sales between and within business segments are carried out on an arm's-length basis.

Capital expenditure comprises additions to property, plant and equipment, goodwill and other intangibles including additions resulting from business acquisitions.

Segment assets consist primarily of intangible assets (including goodwill), property, plant and equipment, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded. Segment liabilities relate to the operating activities and exclude liabilities for taxes and borrowings.

The segmental information provided to the Board for reportable segments for the year ended 28 February 2019 is as follows:

	Revenue		Underlying profit	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Shipbroking	**75,691**	61,846	**9,332**	7,742
Financial	**6,951**	3,747	**2,128**	1,785
Logistics	**32,065**	33,237	**841**	777
Engineering	**3,146**	4,213	**(311)**	(127)
Trading segments revenue/results	**117,853**	103,043	**11,990**	10,177
Central costs			**(2,924)**	(2,855)
Underlying operating profit			**9,066**	7,322
Specific items included in operating profit			**(11,719)**	(9,067)
Operating loss			**(2,653)**	(1,745)
Gain on revaluation of investment			**500**	–
Finance expense – net			**(987)**	(643)
(Loss)/profit before taxation			**(3,140)**	(2,388)
Taxation			**(1,525)**	(474)
(Loss)/profit for the year from continuing operations			**(4,665)**	(2,862)
Loss for the year from discontinued operations			**(22,700)**	(32)
Loss for the year			**(27,365)**	(2,894)

2019	**Shipbroking £'000**	**Financial £'000**	**Logistics £'000**	**Engineering £'000**	**Total £'000**
Capital additions	**569**	**47**	**567**	**34**	**1,216**
Depreciation of property, plant and equipment and amortisation of computer software	**731**	**1,031**	**173**	**145**	**2,080**
Segment operating assets	**44,820**	**37,535**	**30,503**	**1,733**	**114,591**
Segment operating liabilities	**(24,888)**	**(32,802)**	**(25,463)**	**(664)**	**(83,817)**

2018	Shipbroking £'000	Financial £'000	Logistics £'000	Technical £'000	Total £'000
Capital additions	197	–	126	672	995
Depreciation of property, plant and equipment and amortisation of computer software	944	2	173	628	1,747
Segment operating assets	74,913	14,206	14,538	26,269	129,926
Segment operating liabilities	(15,393)	(1,474)	(24,220)	(3,042)	(44,129)

2 Segmental information and revenue continued

b) Geographical segment – by origin

The Group manages its business segments on a global basis. The operation's main geographical area and also the home country of the Parent is the United Kingdom.

Geographical information determined by location of customers is set out below:

	Revenue		Non-current assets	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
United Kingdom	**74,691**	66,982	**74,542**	82,177
Singapore	**12,759**	11,548	**491**	3,597
United States	**8,852**	8,701	**107**	238
Australia	**8,840**	6,524	**4,434**	4,466
Germany	**6,336**	3,505	**11,715**	13,100
Rest of the World	**6,375**	5,783	**404**	593
Continuing operations	**117,853**	103,043	**91,693**	104,171
Discontinued operations	**32,276**	30,366	**–**	–
Total	**150,129**	133,409	**91,693**	104,171

c) Revenue analysis

The Group disaggregates revenue into Shipbroking, Financial, Logistics and Engineering in line with the segmental information presented above. All revenue arises from the rendering of services. There is no single customer that contributes greater than 10% of Group revenue.

Remaining performance obligations – forward order book.

The Group enters into some contracts, primarily in the Shipbroking division, which are for a duration longer than 12 months and where the Group has outstanding performance obligations on which revenue has not yet been recognised. The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is set out below:

2019	Within 12 months £'000	1 – 2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	2,905	1,552	–	4,457
Chartering	17,856	2,125	7,987	27,968
Total	20,761	3,677	7,987	32,425

3 Operating (loss)/profit

Operating (loss)/profit from operations represents the results from operations before finance income, finance costs, taxation and discontinued operations.

This is stated after charging/(crediting):

	Notes	**2019 £'000**	2018 £'000
Staff costs	4	**85,732**	72,581
Depreciation of property, plant and equipment	16	**691**	1,165
Amortisation of computer software	14	**1,551**	583
Operating lease rentals:			
– Land and buildings		**2,543**	4,250
– Other		**1**	64
Net movements in bad debt provisions		**744**	(316)
Auditor's remuneration	5	**475**	783
Net foreign exchange (gains)/losses and financial instruments		**229**	(809)
Historic litigation charges		**–**	480
Gain on revaluation of investment	8	**500**	–
Specific items included in operating profit	8, 14	**11,719**	9,067

4 Staff costs

a) Staff costs for the Group during the year (including Directors)

	Notes	2019 £'000	2018 £'000
Salaries, wages and short-term employee benefits		**59,641**	48,417
Other pension costs	25	**2,014**	1,952
Social security costs		**3,498**	3,087
Share-based payments	26	**1,300**	1,642
		66,453	55,098
Discontinued operations		**19,279**	19,756
		85,732	74,854

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Directors' Remuneration Report on pages 52 to 56.

Staff costs paid for discontinued operations include salaries, wages and short-term employee benefits of £17.4 million (2018: £17.8 million), other pension costs of <£1 million (2018: <£0.1 million), social security costs of £1 million (2018: £1 million) and share-based payments of <£0.1 million (2018: <£0.1 million).

b) Average number of full-time employees

	2019 number	2018 number
Shipbroking	**301**	298
Financial	**20**	17
Logistics	**192**	194
Engineering	**16**	15
Central	**13**	13
	542	537
Discontinued operations	**239**	297
Total	**781**	834

The Directors' remuneration is borne by Braemar Shipping Services plc.

The average number of full-time employees for the Financial division represents the average of the period from acquisition to 28 February 2018.

c) Key management compensation

The remuneration of key management is set out below. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on pages 52 to 56. Key management represents the Group Board of Directors of the Company.

	2019 £'000	2018 £'000
Salaries, short-term employee benefits and fees	**672**	862
Other pension costs	**64**	86
Share-based payments	**33**	–
One-off costs related to board changes	**759**	–
	1,528	948
Number of key employees	**5**	7

Retirement benefits are accruing to one (2018: one) member of key management in respect of a defined contribution pension scheme.

5 Auditor's remuneration

A more detailed analysis of the auditor's services is given below:

	2019 £'000	2018 £'000
Audit services		
– Fees payable to the Company's auditor for audit of the Company and Group financial statements	**125**	143
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**330**	315
– Other services pursuant to legislation – interim review	**20**	19
– Other permitted services linked to acquisitions	**–**	286
	475	763

All fees paid to the auditor were charged to operating profit in both years.

6 Finance income and costs – net

	2019 £'000	2018 £'000
Finance income:		
– Interest on bank deposits	297	95
Total finance income	297	95
Finance costs:		
– Interest payable on rolling credit facility	(499)	(450)
– Interest payable on pooled overdraft facilities	(340)	(169)
– Interest payable on convertible loan notes	(445)	(94)
Total finance costs	(1,284)	(713)
Finance costs – net	(987)	(618)

Interest payable on a rolling credit facility of £0.3 million (2018: £0.1 million) directly linked to acquisition-related activities has been incurred during the period and is included in the above.

7 Taxation

a) Analysis of charge in year

	2019 £'000	2018 £'000
Current tax		
UK corporation tax charged to the income statement	589	220
UK adjustment in respect of previous years	(1,558)	59
Overseas tax on profits in the year	1,406	1,627
Overseas adjustment in respect of previous years	879	(109)
Total current tax	1,316	1,797
Deferred tax		
UK current year origination and reversal of timing differences	23	(587)
UK adjustment in respect of previous years	–	(11)
Overseas current year origination and reversal of timing differences	186	(361)
Overseas adjustment in respect of previous years	–	39
Total deferred tax	209	(920)
Taxation	1,525	877

Reconciliation between expected and actual tax charge	2019 £'000	2018 £'000
Loss before tax	(3,140)	(1,514)
Loss before tax at standard rate of UK corporation tax of 19% (2018: 19%)	(597)	(288)
Expenses not deductible for tax purposes	3,234	1,503
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	113	54
Prior year adjustments from resubmitted UK tax computations	–	(22)
Other prior year adjustments	(1,225)	(370)
Total tax charge/(credit) for the year	1,525	877

Included with the total tax charge is a credit of £0.1 million (2018: £0.5 million) in respect of Specific items disclosed separately on the face of the Income Statement.

A tax credit of £0.1 million (£0.3 million tax charge) is included in the results for discontinued operations as a result of the trading loss contained therein (see Note 9). No tax charge is expected on the disposal and the majority of expenses incurred in relation to discontinued operations are non-deductible for tax purposes.

b) Deferred tax asset

Analysis of the deferred tax asset	As at 28 Feb 2019 £'000	As at 28 Feb 2018 £'000
Accelerated capital allowances (includes £582,000 (2018: £554,000) of overseas accelerated capital allowances)	**728**	750
Short-term timing differences (includes £113,000 (2018: £1,397,000) of overseas short-term timing differences)	**507**	2,037
Employee benefits (including £nil of overseas employee benefits)	**405**	333
	1,640	3,120

The movement in the deferred tax asset	2019 £'000	2018 £'000
Balance at beginning of year	**3,120**	3,584
Opening adjustment in respect of IFRS 9 and IFRS 15	**362**	–
Movement to income statement – continuing operations	**(209)**	465
Reclassification to assets held for sale	**(1,633)**	–
Movement to reserves	**–**	(757)
Reclassification	**–**	(40)
Exchange differences	**–**	(132)
Balance at end of year	**1,640**	3,120

A deferred tax asset of £1,640,000 (2018: £3,120,000) has been recognised as the Directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

c) Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2019 £'000	As at 28 Feb 2018 £'000
Long-term timing differences	**(930)**	(999)
	(930)	(999)

The movement in the deferred tax liability	As at 28 Feb 2019 £'000	As at 28 Feb 2018 £'000
Balance at beginning of year	**(999)**	(836)
Increase as a result of a business combination	**–**	(523)
Movement to income statement	**69**	455
Exchange differences	**–**	(95)
Balance at end of year	**(930)**	(999)

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognised, is approximately £0.1 million (2018: £4.9 million).

Reductions in the UK corporation tax from 20% to 19% for the years starting 1 April 2017, 2018 and 2019 and to 18% for the year starting 1 April 2020 were enacted on 26 October 2015. A further reduction to 17% for the year starting 1 April 2020 was enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 28 February 2019 has been calculated based on these rates.

Notes to the consolidated financial statements continued

8 Specific items

The following is a summary of Specific items incurred. Each item has a material impact on the reported results for the year and is not expected to be incurred on an ongoing basis and as such will not form part of the underlying profit in future years.

	2019 £'000	2018 £'000
Acquisition-related items		
Amortisation charge of intangible assets	(1,097)	(2,378)
Acquisition-related expenditure		
– Acquisition of ACM Shipping Group plc	(123)	(608)
– Acquisition of NAVES Corporate Finance GmbH	(8,045)	(5,071)
– Acquisition of Atlantic Brokers Holdings Limited	(2,485)	(594)
– Other acquisition-related costs	–	(78)
	(10,653)	(6,351)
Disposal-related items		
– Other disposal-related expenditure	–	(25)
Acquisition and disposal-related items	(11,750)	(8,754)
Board changes net of tax	(615)	–
Gain on revaluation of investment	500	–
Loss from discontinued operations (Note 9)	(22,700)	(32)
Total	(34,565)	(8,736)

The Group has charged amortisation of £1.1 million in the year (2018: £2.4 million) in relation to intangible assets recognised as part of a business combination under IFRS 3.

Acquisition-related expenditure included £0.1 million (2018: £0.6 million) incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping plc.

The Group incurred expenditure of £8.0 million (2018: £5.1 million) directly linked to the acquisition of NAVES Corporate Finance GmbH. This includes £0.8 million of interest and £7.2 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement. This agreement has a three year earn out period over which the costs of the acquisition will be charged to the income statement depending on the earnings of the Finance Division during that period.

The Group incurred expenditure of £2.5 million (2018: £0.6m) directly linked to the acquisition of Atlantic Brokers Holdings Limited in respect of incentive payments to working sellers. The cash payment was made in the year to 28 February 2018 but is subject to clawback provisions if the working sellers were to leave employment of the Group and as such the costs are charged to the income statement over that claw back period.

The previous Finance Director left the Board in June 2018 and £0.8 million of costs were incurred relating to her departure, the provision of an interim replacement and the recruitment of a permanent replacement. The net impact on the reported results was £0.6m after tax adjustments. This is a not a cost that will be incurred a regular basis and is therefore treated as a specific item.

The gain on revaluation of investments of £0.5 million relates to the Group's revaluation of its investment in the London Tanker Broker Panel. Transactions involving this investment are infrequent but did occur in the last year and therefore the increase in value was readily identifiable. This is not expected to happen on a regular basis and therefore this has been treated as a one off event.

9 Discontinued operations

During the year, the Board resolved to enter into a strategic relationship with Aqualis ASA ('Aqualis'). The transaction will involve the divestment of the Offshore, Marine and Adjusting product lines in return for a significant minority shareholding in Aqualis. Once completed Braemar will own 26% of the Aqualis equity as well as warrants that if successfully vested will take the overall equity ownership up to 33%. As a consequence of this transaction, the results of this business unit are presented as a discontinued operation and prior year comparatives have been adjusted accordingly.

Aqualis is a Norwegian quoted entity listed on the Oslo Bors and the Group have estimated the value of the equity consideration using their share price. The warrants are based on two sets of profitability targets over the two years to 31 March 2021 such that one half of the warrants will be measured against the enlarged Aqualis Group EBITDA and one half against the gross profit of the former Braemar Marine and Adjusting Divisions. We have estimated the number of warrants that will vest using a forecast put together by the joint management team of the combined business. The resultant valuation is £5.4 million for the equity and £1.0 million for the warrants, from which we have deducted estimated transaction fees of £1.7 million leaving net expected proceeds of £4.7 million.

The old Braemar Technical Division legal entities are undergoing a reorganisation prior to completion of the transaction as there are assets and liabilities of other divisions intertwined with the assets and liabilities being sold in certain locations. The assets and liabilities classified as held for sale as set out below therefore includes certain assets, liabilities and cash that will be transferred out of those legal entities prior to completion. In order to estimate the loss made on the disposal transaction we have therefore estimated the value of assets and cash that will be ultimately retained by Braemar. The result is that the combination of net proceeds to be received and net assets and cash to be retained gives a total value of £7.8 million for the net assets held for sale and an impairment charge has been made to bring balance sheet net asset value in to one with this as can be seen below.

At 28 February 2018 certain assets and liabilities belonging to the Braemar Response division were similarly classified as held for sale and were subsequently divested by the group in October 2018. The comparative figures set out below relate to those Braemar Response assets and liabilities. The loss reported on that disposal are also included in the Income Statement as part of the discontinued operations.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2019 £'000	2018 £'000
Property, plant and equipment	1,177	37
Deferred tax assets	–	25
Trade and other receivables	18,194	2,550
Current tax receivable (group relief surrendered)	375	109
Cash and cash equivalents	3,910	144
Provision against assets held for sale	(13,045)	–
Trade and other payables	(2,797)	(766)
Net assets of discontinued operations	7,814	2,099

The results of the discontinued operation, which have been included in the income statement, were as follows:

	2019 £'000	2018 £'000
Revenue	32,276	34,262
Costs	(34,465)	(33,984)
Specific items	(20,616)	–
Loss before taxation	(22,805)	278
Taxation	105	(310)
(Loss)/profit for the year	(22,700)	(32)

The loss for the year in respect of discontinued operations included £21.3 million (2018: profit of £0.5 million) in respect of the Offshore, Marine and Adjusting product lines and £1.4 million (2018: loss of £0.5 million) in respect of Braemar Response.

The basic and diluted earnings per share in respect of discontinued operations is (73.52) pence (2018: (0.11) pence).

The weighted average number of shares used in basic earnings per share is 30,876,631 (2018: 29,854,554). The weighted average number of shares used in the diluted earnings per share is 33,700,210 (2018: 32,354,524) after adjusting for the effect of 2,823,579 (2018: 2,499,970) dilutive share options. As any potential ordinary shares would have the effect of decreasing a loss per share for the year they have not been treated as dilutive.

During the year, the discontinued operations had net operating cash outflows of <£0.8 million. There were no cash flows relating to investing or financing activities in the period.

10 Dividends

Amounts recognised as distributions to equity holders in the year:

	2019 £'000	2018 £'000
Ordinary shares of 10 pence each		
Final of 10.0 pence per share for the year ended 28 February 2018 (2017: 5.0 pence per share)	3,079	1,473
Interim of 5.0 pence per share paid (2017: 5.0 pence per share)	1,537	1,501
	4,616	2,974

In addition, the Directors are proposing a final dividend in respect of the financial year ended 28 February 2019 of 10 pence per share which will absorb an estimated £3.0 million of shareholders' funds. It will be paid on 26 July 2019 to shareholders who are on the register of members on 21 June 2019. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The right to receive dividends on the shares held in the ESOP has been waived (see Note 27). The dividend saving through the waiver is £104,000 (2018: £90,000).

11 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding 768,991 ordinary shares held by the Employee Share Ownership Plan (2018: 435,338 shares) which are treated as cancelled.

11 Earnings per share continued

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The Group has one class of dilutive ordinary shares, being those options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. The Group has other potential dilutive ordinary shares, including convertible loan notes, however these are not currently dilutive.

Total operations	2019 £'000	2018 £'000
Loss for the year attributable to shareholders	(27,365)	(2,894)
	pence	pence
Basic earnings per share	(88.63)	(9.70)
Effect of dilutive share options	–	–
Diluted earnings per share	(88.63)	(9.70)

As any potential ordinary shares would have the effect of decreasing a loss per share for the year, they have not been treated as dilutive.

Underlying operations	2019 £'000	2018 £'000
Underlying profit from continuing operations for the year attributable to shareholders	7,200	5,842
	pence	pence
Basic earnings per share	23.32	19.57
Effect of dilutive share options	(1.96)	(1.51)
Diluted earnings per share	21.36	18.06

The weighted average number of shares used in basic earnings per share is 30,876,631 (2018: 29,854,554).

The weighted average number of shares used in the diluted earnings per share is 33,700,210 (2018: 32,354,524) after adjusting for the effect of 2,823,579 (2018: 2,499,970) dilutive share options.

As any potential ordinary shares would have the effect of decreasing a loss per share for the year they have not been treated as dilutive.

12 Result for the financial year

In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £4,500,000 (2018: loss of £1,765,000) has been dealt with in the accounts of the Company.

13 Goodwill

Group	£'000
Cost	
At 28 February 2017	85,465
Arising on acquisitions during the year	11,740
Exchange adjustments	(585)
At 28 February 2018	96,620
Impairment	(4,981)
Exchange adjustments	(168)
At 28 February 2019	**91,471**
Accumulated impairment	
At 28 February 2018	**7,659**
Impairment	4,981
Write off	(4,981)
At 28 February 2019	**7,659**
Net book value at 28 February 2019	**83,812**
Net book value at 28 February 2018	**88,961**

Goodwill decreased by £5.0 million in the current year as a result of an impairment to goodwill relating to discontinued operations (See Note 9).

Goodwill increased by £11.7 million in the prior year as a result of the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited (see Note 15).

All goodwill is allocated to cash-generating units. The allocation of goodwill to cash-generating units is as follows:

	2019 £'000	2018 £'000
Shipbroking	**68,696**	68,519
Financial	**11,471**	11,818
Logistics	**3,645**	3,643
Technical	**–**	4,981
	83,812	88,961

These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group has written off its goodwill within the Technical division to reflect the restructuring of this division. Goodwill denominated in foreign currencies is revalued at the balance sheet date.

All recoverable amounts were measured based on value-in-use. The forecast cash flows were based on the approved annual budget for the next financial year and management projections for the following four years which are based on estimated conservative growth rates for revenue and costs, which are the key assumptions in the model. Management believes any improvements in the cash flow are achievable. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After five years a terminal value is calculated using a long-term growth rate of 1.0% to 2.0% (2018: 1.0% to 2.0%). The cash flows were discounted using a pre-tax discount rate of 9.5% (2018: 9.5% to 10.92%).

Sensitivity to impairment
Overall the tests performed indicated aggregate headroom over the carrying value of the goodwill of 70% with Shipbroking standing at 46% and Logistics and Financial at over 100%. To test the sensitivity of the results of the impairment review, the calculations have been re-performed using an alternative post-tax discount rate of 11.5%, halving the assumed growth rates and increasing the cost inflation such that the operating margins reduced by 1%. The results showed that in all three sensitivities the aggregate headroom was still over 40% and therefore there was still no indication of impairment.

14 Other intangible assets

Group	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
At 28 February 2017	3,069	836	12,439	16,344
Additions	760	–	–	760
Arising on acquisitions during the year	–	–	3,420	3,420
Exchange adjustments	–	–	(172)	(172)
At 28 February 2018	3,829	836	15,687	20,352
Additions	1,409	–	–	1,409
Reclassified to assets held for sale	–	–	(4,576)	(4,576)
Exchange adjustments	–	–	(106)	(106)
At 28 February 2019	**5,238**	**836**	**11,005**	**17,079**
Amortisation & Impairment				
At 28 February 2017	1,881	112	12,136	14,129
Charge for the year	583	56	2,322	2,961
Exchange adjustments	–	–	(131)	(131)
At 28 February 2018	2,464	168	14,327	16,959
Charge for the year	478	56	1,017	1,551
Impairment	1,055	–	–	1,055
Reclassified to assets held for sale	–	–	(4,576)	(4,576)
Exchange adjustments	–	–	(136)	(136)
At 28 February 2019	**3,997**	**224**	**10,632**	**14,853**
Net book value at 28 February 2019	**1,241**	**612**	**373**	**2,226**
Net book value at 28 February 2018	1,365	668	1,360	3,393

14 Other intangible assets continued

At 28 February 2019, the Group had £132,000 of contractual commitments for the acquisition of computer software (2018: £102,000).

During the year ended 28 February 2019 computer software was impaired by £1.1 million in relation to the net assets held for sale. This software was not deemed transferable as part of the transaction thus it was impaired to nil. Additional details relating to the discontinued operations are included in Note 9.

Other intangible assets brought forward from the prior year relate to forward books of income acquired in acquisitions which are being amortised over the period that the income is being recognised; customer relationships which are amortised over a period of five years; and brand which is being amortised over ten years.

In the prior year intangible assets totalling £3.4 million were recognised as a result of the acquisition of NAVES Corporate Finance GmbH. These are classified as other intangible assets and represent brand, which is being amortised over three years, and income in respect of acquired mandates, which was fully amortised in the year ended 28 February 2018.

The Company has no intangible assets.

15 Business combinations

Acquisition of NAVES Corporate Finance GmbH

In the prior year, the Group acquired the entire share capital of NAVES Corporate Finance GmbH ("NAVES"). NAVES is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management, and financial asset management including loan servicing.

The acquisition agreement provides for a minimum consideration of €24 million (subject to a working capital adjustment) and a maximum consideration of €35 million. Management Sellers represent Mark Kuchenbecker and Axel Siepmann, the managing partners of NAVES, and Non-management Sellers represent other investors.

The initial consideration payable at completion was:

- €14.8 million (subject to a working capital adjustment), 50% of which was paid in cash, and 50% satisfied by the issue of Convertible Loan Notes; and
- €1.5 million, to be satisfied by the issue of 458,166 ordinary shares to Non-management Sellers only (representing a price of 300.2 pence per ordinary share (being the Reference Price)).

Three annual instalments of €1.4 million will be payable to the Sellers, 50% in cash and 50% satisfied by the issue of Convertible Loan Notes. Interest at a rate of 3% per annum will accrue on each of these tranches from the date of issue until the date of conversion or payment of the relevant tranche.

Five annual instalments of €0.7 million will be payable to Management Sellers only to be satisfied by the issue of Convertible Loan Notes. An additional aggregate amount of up to €11.0 million (being the balance of the maximum consideration) may be payable over the three years following completion in accordance with the terms and conditions in the acquisition agreement which provide as follows:

- payable to the Management Sellers only and satisfied wholly by the issue of Convertible Loan Notes;
- payable annually in tranches of €3.7 million (in each case within 30 days of the determination of NAVES' EBIT for the relevant period); and
- requires NAVES to deliver EBIT in excess of €2.0 million in each period to trigger payment with the maximum consideration payable in each year if EBIT of €4.4 million is delivered (subject, in each case, to certain agreed adjustments).

Leaver provisions provide that if either of Mark Kuchenbecker or Axel Siepmann resigns or is dismissed for cause, then each Management Seller shall have their entitlements to receive further payments of the deferred consideration and earn-out consideration reduced by an amount equal to the relevant individual's percentage ownership interest in each relevant Management Seller.

IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners will be treated as remuneration for post-combination services and classified as acquisition-related expenditure under specific items in the consolidated income statement.

Costs of £2.1 million associated with the acquisition were incurred during the year ending 28 February 2019 (2018: £2.1 million) and have been classified as acquisition-related expenditure under specific items in the consolidated income statement (see Note 8).

Acquisition of Atlantic Brokers Holdings Limited

In the prior year, the Group acquired the entire share capital of Atlantic Brokers Holdings Ltd, the holding company for Atlantic Brokers Ltd (together, "Atlantic"). Atlantic is an established introducing broker of Physical and Financial Coal Products in both the Atlantic and Pacific Basins.

The acquisition agreement provides for a total consideration of £4.8 million (subject to a customary working capital adjustment). The total consideration payable is split:

- £2.7 million in cash (subject to adjustment based on target net asset value and regulatory capital requirements); and
- £2.1 million to be satisfied by the issue of 804,426 ordinary shares of 10 pence each in the capital of Braemar, representing a price of £2.61055 per share. The price per share represents the volume weighted average closing middle market share price for an ordinary share for the 30 consecutive trading days prior to completion.

The sellers who are engaged in the business, Tristram Simmonds, Michael Griffin and Kelvin Taaffe (together, the "Working Sellers"), entered into new service contracts on completion of the acquisition. The transaction terms include lock-in mechanisms to incentivise the Working Sellers to remain with Atlantic for at least three years following completion. Working Sellers who become "bad leavers" within three years will be required to return one-third of the value of their Core Consideration to the Group for each post-completion anniversary not reached.

IFRS 3 requires that payments to acquire a business are distinguished from other payments and that a contingent consideration arrangement in which payments are automatically forfeited if employment terminates is remuneration for post-combination services. On this basis, all consideration paid to the Working Sellers will be treated as post-acquisition expenses and expensed to the income statement over the period of the restrictions.

There were no separately identifiable intangible assets or fair value adjustments recognised on the acquisition. The book value of acquired assets and liabilities has been considered the fair value.

Costs of £0.4 million associated with the acquisition were incurred during the year ending 28 February 2019 (2018: £0.4 million) and have been classified as acquisition-related expenditure in the consolidated income statement (see Note 8).

Convertible instruments and deferred consideration

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Current				
Issued convertible loan notes and deferred cash	**6,939**	366	**–**	–
Non current				
Issued convertible loan notes and deferred cash	**4,480**	7,293	**–**	–
Accrued retention convertible loan notes and deferred cash	**5,357**	2,976	**–**	–
Financial derivatives	**99**	72	**–**	–
	9,936	10,341	**–**	–
	16,875	10,707	**–**	–

Of the total convertible loan notes and deferred consideration, £0.4 million is in relation to payments that will be paid within one year of the balance sheet date.

In total, the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of the acquisition of NAVES Corporate Finance GmbH.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for Management Sellers and 450.3 pence for Non-management Sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of €50 million is reflected in the audited financial statements of the Group.

All deferred consideration and earn-out consideration payable to Management Sellers is subject to Axel Siepmann and Mark Kuchenbecker remaining with the business during the relevant periods (subject to good leaver/bad leaver provisions).

The convertible loan notes and financial derivatives are valued using level 3 hierarchy techniques under IFRS 13.

Notes to the consolidated financial statements continued

16 Property, plant and equipment

Group	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value					
At 28 February 2017	2,399	5,039	5,289	356	13,083
Additions at cost	1	118	102	14	235
Additions – business combinations	–	28	–	–	28
Disposals	–	(77)	(82)	(110)	(269)
Reclassification to assets held for sale	–	(778)	(37)	(212)	(1,027)
Exchange differences	(150)	(151)	(235)	3	(533)
At 28 February 2018	2,250	4,179	5,037	51	11,517
Additions at cost	48	82	128	–	258
Disposals	(64)	(201)	(56)	–	(321)
Reclassification to assets held for sale	(630)	(2,593)	(2,751)	(51)	(6,025)
Exchange differences	19	35	38	–	92
At 28 February 2019	**1,623**	**1,502**	**2,396**	**–**	**5,521**
Accumulated depreciation					
At 28 February 2017	478	4,041	3,678	325	8,522
Charge for the year	281	416	495	12	1,204
Disposals	–	(78)	(70)	(96)	(244)
Reclassification to assets held for sale	–	(747)	(33)	(211)	(991)
Exchange differences	(20)	(118)	(160)	2	(296)
At 28 February 2018	739	3,514	3,910	32	8,195
Charge for the year	192	219	280	–	691
Disposals	(256)	(254)	(84)	–	(594)
Reclassification to assets held for sale	(451)	(2,465)	(1,900)	(32)	(4,848)
Exchange differences	42	59	(2)	–	99
At 28 February 2019	**266**	**1,073**	**2,204**	**–**	**3,543**
Net book value at 28 February 2019	**1,357**	**429**	**192**	**–**	**1,978**
Net book value at 28 February 2018	1,511	665	1,127	19	3,322

At 28 February 2019, the Group had no contractual commitments for the acquisition of property, plant and equipment (2018: £nil). Property, plant an equipment with a net book value of £1.2 million was reclassified to assets held for sale (see Note 9). The Company has £16,000 of property, plant and equipment (2018: £nil).

17 Investments

Group	Unlisted investments £'000	Total £'000
Cost at 28 February 2018	1,356	1,356
At 28 February 2019		
Reclassification	75	75
Additions	42	42
Disposals	(200)	(200)
Gain on revaluation	500	500
Cost at 28 February 2019	**1,773**	**1,773**

Company	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 28 February 2017	111,165	1,200	112,365
Acquisitions	7,150	–	7,150
Share-based payments	1,646	–	1,646
At 28 February 2018	119,961	1,200	121,161
Share-based payments	1,262	–	1,262
Disposals	–	(200)	(200)
Dissolution of dormant subsidiaries	(988)	–	(988)
Gain on revaluation	–	500	500
At 28 February 2019	**120,235**	**1,500**	**121,735**
Impairment			
At 1 March and 28 February 2018	1,837	–	1,837
Write-down of investment in Steege Kingston & Braemar Technical Services	7,350	–	7,350
At 28 February 2019	9,187	–	9,187
Net book value at 28 February 2019	**111,048**	**1,500**	**112,548**
Net book value at 28 February 2018	118,124	1,200	119,324

The Company invested £1.3 million (2018: £1.6 million) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year. See Note 26.

The gain on revaluation of investments of £0.5 million relates to the Group's revaluation of its investment in the London Tanker Broker Panel. The fair value of the investment is classified as Level 2 and the fair value gain in profit or loss is included within specific items, see Note 8.

The Company wrote down the investments in the Technical subsidiaries to the value of the net assets held for sale, see Note 9.

A list of subsidiary undertakings is included in Note 32.

The financial statements of the principal subsidiary undertakings are prepared to 28 February 2019. A number of dormant UK subsidiaries were dissolved during the year, resulting in a write-off of £1.0 million (2018: £nil)

Unlisted investments
The Group's unlisted investments include 1,500 (2018: 1,200) ordinary £1 shares in London Tanker Broker Panel. During the year the Group disposed of 200 ordinary £1 shares, realising a gain on disposal of £0.1 million. The investment is carried at fair value, being the value of the most recent comparable transaction.

The investment was previously classified as held as available for sale under IAS 39. On adoption of IFRS 9 this investment has been classified as fair value through profit and loss.

18 Other long-term receivables

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Other long-term receivables	**228**	–	**–**	–
Security deposits	**37**	300	**–**	–
	265	300	**–**	–

19 Trade and other receivables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	31,461	37,909	–	–
Provision for impairment of trade receivables	(3,239)	(4,629)	–	–
	28,222	33,280	–	–
Amounts due from subsidiary undertakings	–	–	35,750	35,098
Other receivables	5,957	7,571	818	920
Accrued income	1,803	9,494	–	–
Prepayments	1,146	2,260	56	63
	37,128	52,605	36,624	36,081

The total receivables balance is denominated in the following currencies:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
US dollars	16,005	26,756	–	–
Pounds sterling	12,378	21,330	36,624	36,081
Other	8,745	4,519	–	–
	37,128	52,605	36,624	36,081

The Directors consider that the carrying amounts of trade receivables approximate to their fair value.

Trade receivables are non-interest bearing and are generally on terms payable within 30–90 days, terms associated with the settlement of the Group's trade receivables vary across the Group. Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates. As at 28 February 2019 trade receivables of £2,298,000 (2018: £3,349,000) which were over 24 months old were treated as credit impaired and have been provided for and trade receivables of £1,147,000 (2018: £1,147,000) which were between 12 months old and 24 months old were treated as impaired and have been provided for. A provision of £152,000 (2018: £132,000) has been made for specific trade receivables which are less than 12 months overdue.

The ageing profile of trade receivables as at 28 February 2019 is as follows:

	Group	
	2019 £'000	2018 £'000
Up to 3 months	23,477	25,331
3 to 6 months	3,173	4,453
6 to 12 months	2,513	3,018
Over 12 months	2,298	5,107
Total	31,461	37,909

The Company has no trade receivables (2018: £nil). Amounts due from subsidiary undertakings are interest-free, unsecured and repayable on demand. The Company provides for impairment using a lifetime expected credit loss provision for amounts due from subsidiary undertakings. At 28 February 2019 amounts due from subsidiary undertakings of £1.5 million were treated as credit impaired. These amounts related to discontinued operations (see Note 9).

Movements on the Group provision for impairment of trade receivables were as follows:

	2019 £'000	2018 £'000
At 1 March	4,629	5,826
Restatement on adoption of IFRS 9	1,081	–
Provision for receivables impairment	385	869
Receivables written off during the year as uncollectible	(58)	(844)
Amounts previously impaired collected in period	(154)	(784)
Reclassified as held for sale	(2,619)	(37)
Exchange differences	(25)	(401)
At 28 February	3,239	4,629

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the five year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

At 28 February 2019 the lifetime expected loss provision for trade receivables and contract assets is as follows:

		2019 £'000	2019 £'000	2019 £'000
	Expected loss rate	Group provision	ECL provision	Total provision for impairment of trade receivables
Up to 3 months	0.023%	–	540	540
3 to 6 months	0.030%	–	95	95
6 to 12 months	0.040%	–	101	101
Over 12 months	0.050%	2,450	(11)	2,439
Trade receivables	0.143%	2,450	725	3,175
Accrued income	0.023%	–	64	64
Total	**0.166%**	**2,450**	**789**	**3,239**

20 Derivative and other financial instruments

a) Currency risk

The Group's currency risk exposure arises as a result of the majority of its Shipbroking earnings being denominated in US dollars while the majority of its costs are denominated in pounds sterling and from the carrying values of its overseas subsidiaries being denominated in foreign currencies. The Group manages the exposure to currency variations by spot and forward currency sales and other derivative currency contracts, including participating hedging arrangements.

At 28 February 2019 the Group held forward currency contracts to sell US$15.5 million at an average rate of US$1.356/£1 and options over a further US$9.5 million at an average rate of US$1.368/£1.

At 28 February 2018 the Group held forward currency contracts to sell US$12.8 million at an average rate of US$1.366/£1 and options over a further US$12.3 million at an average rate of US$1.367/£1.

The fair value/carrying value of the derivative financial instruments of the Group are as follows:

	2019		2018	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Forward currency contracts				
Assets/(liabilities)	**(49)**	**(49)**	159	159

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £49,000 liability (2018: £159,000 asset) which has been deferred in equity.

Amounts of £311,000 have been charged (2018: £112,000 charged) to the income statement in respect of forward contracts which have matured in the period.

The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts versus the market rate at the balance sheet date (level 2).

Excluding the effect of hedging, the effect on equity and profit before tax if the US dollar strengthened/(weakened) by 10% against sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	–10% weakening £'000	+10% strengthening £'000	–10% weakening £'000
28 February 2019				
US dollars	**4,014**	**(3,284)**	**3,211**	**(2,627)**
28 February 2018				
US dollars	3,432	(2,808)	2,746	(2,247)

b) Interest rate risk

The Group minimises its exposure to interest rate risk on its cash and cash equivalents by pooling cash balances across the Group's hubs.

The Group has not entered into any financial instruments to fix or hedge the interest rates applied to its bank borrowings and overdrafts.

20 Derivative and other financial instruments continued

The following table sets out the carrying amount, by maturity, of the Group's financial instruments which are exposed to interest rate risk:

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Floating rate:				
Within one year				
Cash and cash equivalents (see Note 21)	**3,590**	5,424	**–**	–
Secured pooled overdraft facilities	**–**	–	**(22,328)**	(20,036)
Secured rolling credit facilities and other borrowings	**(15,323)**	(7,873)	**(19,307)**	(2,025)
	(11,733)	(2,449)	**(41,635)**	(22,061)

Cash balances are generally held on overnight deposits at floating rates depending on cash requirements and the prevailing market rates for the amount of funds deposited.

The other financial instruments of the Group are non-interest bearing.

The effect on equity and profit before tax of a 1% increase/(decrease) in the interest rate, all other variables being equal, is as follows:

	Profit or loss	
	+1% strengthening £'000	–1% weakening £'000
28 February 2019		
Cash and cash equivalents	**36**	**(36)**
Rolling credit facilities and overdrafts on pooled facilities	**(153)**	**117**
	(117)	**81**
28 February 2018		
Cash and cash equivalents	54	(54)
Rolling credit facilities and overdrafts on pooled facilities	(222)	222
	(168)	168

c) Credit risk

There are no significant concentrations within the Group or Company.

Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The Directors believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 19.

d) Capital management

The Group manages its capital structure so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. The Group makes adjustments to the capital structure if required in response to changes in economic conditions. The Group considers its capital as consisting of ordinary shares and retained earnings. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group has a policy of maintaining positive cash balances and also has a revolving credit facility which it draws down as required to provide cover against the cyclical nature of the shipping industry.

The Board monitors underlying business performance to determine the ongoing use of capital, namely executive and staff incentive schemes (and whether to fund this through cash or share incentives); acquisition appraisals ahead of potential business combinations; investment in property, plant and equipment; and the level of dividends.

No changes were made in the objectives, policies or processes during the years ended 28 February 2019 and 28 February 2018.

e) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

f) Analysis of net debt

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and cash on hand (Note 21)	3,020	4,870	–	–
Term deposits (Note 21)	570	554	–	–
Secured rolling credit facilities (Note 23)	(15,323)	(7,873)	(22,328)	(20,036)
Secured bank pooled overdraft facilities (Note 23)	–	–	(19,307)	(2,025)
	(11,733)	(2,449)	(41,635)	(22,061)

21 Cash and cash equivalents

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and cash on hand	3,020	4,870	–	–
Term deposits	570	554	–	–
	3,590	5,424	–	–

Cash and cash equivalents largely comprise bank balances denominated in sterling, US dollars, euros and other currencies for the purpose of settling current liabilities.

Cash totalling £3.9 million is included in net assets held for sale (see Note 9) bringing total closing cash and cash equivalents in the cash flow statement to £7.5 million.

Cash includes an amount of £1.3 million (2018: £0.2 million) held in the bank accounts of regulated entities where there is a requirement to hold a certain amount of cash at any one time in order to cover future obligations. No charge or other restriction of use is held over this cash.

The Directors consider that the carrying amounts of these assets approximate to their fair value.

22 Trade and other payables

	Group		Company	
Current liabilities	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	25,214	24,443	–	–
Amounts owed to subsidiary undertakings	–	–	20,097	36,413
Other taxation and social security	938	885	–	–
Other payables	1,092	3,891	681	686
Other accruals	17,643	12,243	–	–
	44,887	41,462	20,778	37,099

The average credit period taken for trade payables is 61 days (2018: 59 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

The Company has no trade payables (2018: £nil). Amounts owed to subsidiary undertakings are interest free, unsecured and repayable on demand.

23 Borrowings

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Short-term borrowings				
Secured rolling credit facilities	15,323	7,873	22,328	20,036
Secured bank pooled overdraft facilities	–	–	19,307	2,025
	15,323	7,873	41,635	22,061

The Group holds no borrowings with a contractual maturity of greater than one year from the balance sheet date and, as such, all borrowings are classified as short term.

The Group utilises global cash pooling facilities, notably in our regional hubs of the UK, Singapore and Germany. All revolving credit facilities are drawn within Braemar Shipping Services plc and appear in the accounts of the Company. This is offset against cash held within pooled accounts in certain subsidiary entities within the consolidated financial statements.

The revolving credit facility bears interest based on LIBOR and EURIBOR.

For all other borrowings, the Directors consider that the fair value of this liability is equivalent to the carrying amount.

24 Provisions

	Employee entitlements £'000	Total £'000
At 28 February 2018	744	744
Reclassified to discontinued operations	(405)	(405)
Provided in the year	81	81
Utilised in the year	(6)	(6)
At 28 February 2019	**414**	**414**
Current	90	90
Non-current	324	324
At 28 February 2019	**414**	**414**

Employee entitlements relate to statutory long service leave in Braemar ACM Shipbroking Pty Limited and the Braemar Offshore companies.

The Company has no provisions.

25 Retirement benefit schemes

Pension schemes for the employees of the Group consist of a funded defined benefit scheme and defined contribution plans. The retirement benefit obligations in the Group balance sheets relate to the funded defined benefit scheme – the ACM Staff Pension Scheme.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2019 were as follows:

	Group	
	2019 £'000	2018 £'000
Present value of funded obligations	**13,705**	16,609
Fair value of scheme assets	**(11,719)**	(13,172)
Total deficit of defined benefit pension scheme	**1,986**	3,437

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (the ACM Staff Pension Scheme) (the "Scheme") for qualifying UK employees. The Scheme is administered by a separate board of trustees (the "Trustees") which is legally separate from the Group. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of one-sixtieth of final pensionable salary for each year of service. Pensionable salary is defined as basic salary plus the average of the previous three years' bonuses (capped at three times basic salary). Pensionable salaries for members who joined after 1 June 1989 are also restricted to an earnings cap. Other benefits are payable, for example, those provided on death.

From 1 February 2016, post-retirement benefits are provided to these employees through a separate defined contribution arrangement.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Broadly, around 62% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 38% to current pensioners.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 22 years.

Funding implications

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2017 and showed a deficit of £3.4 million. As a result, the Company has been paying deficit contributions of £450,000 p.a. since 31 March 2017 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 July 2023.

Risks associated with the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Change in inflation expectations
A significant proportion of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Changes in life expectancy
The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company and the Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes moving assets to match pensioner liabilities when members reach retirement.

The Trustees insure certain benefits payable on death before retirement.

The principal assumptions used for updating the latest valuation of the Scheme were:

	2019 (% p.a.)	2018 (% p.a.)
Discount rate	**2.8**	2.6
CPI inflation	**2.6**	2.1
Pension increases:		
CPI capped at 2.5% p.a.	**1.9**	2.0
CPI capped at 5.0% p.a.	**2.1**	2.1
Deferred pension increases:		
CPI capped at 2.5% p.a.	**1.9**	2.0
CPI capped at 5.0% p.a.	**2.1**	2.1

	2019 Years	2018 Years
Life expectancy from age 60 for:		
Current 60-year-old male	**28.3**	28.4
Current 60-year-old female	**29.3**	29.4
Pre-retirement mortality	**–**	–
Post-retirement mortality	95% of S2 Light Tables, CMI 2017 (min 1.25%)	
Early retirement	33% of members retire at age 55, with the remainder retiring at age 60.	
Withdrawals from active service	No allowance.	
Cash commutation	25% of the member's pension is commuted.	

Scheme assets	2019 £'000	2018 £'000
Scheme assets are comprised as follows:		
Equities	**4,130**	6,326
Absolute return	**746**	2,309
High yield debt	**544**	665
Cash	**281**	2,895
Other	**6,018**	977
Total	**11,719**	13,172

Expense recognised in the income statement (included in operating costs)	2019 £'000	2018 £'000
Current service cost	**–**	–
Curtailment credit	**–**	–
Interest on net liability	**90**	117
Expense recognised in income statement	**90**	117
Remeasurements in other comprehensive expense:		
Return on assets in excess of that recognised in net interest	**375**	(399)
Actuarial losses due to changes in financial assumptions	**(604)**	225
Actuarial losses due to changes in demographic assumptions	**(75)**	(259)
Actuarial gains due to liability experience	**(787)**	(140)
Amount recognised in other comprehensive expense	**(1,091)**	(573)
Total amount recognised in income statement and other comprehensive expense	**(1,001)**	(456)

25 Retirement benefit schemes continued

Changes to the present value of the defined benefit obligation are analysed as follows:

	2019 £'000	2018 £'000
Opening defined benefit obligation	**16,609**	19,429
Current service cost	**–**	–
Interest expense	**432**	525
Contributions by participants	**–**	–
Actuarial (gains)/losses on liabilities	**(1,466)**	(136)
Net benefit payments from scheme	**(1,870)**	(3,209)
Closing value at 28 February	**13,705**	16,609

	2019 £'000	2018 £'000
Opening fair value at 1 March	**13,172**	15,124
Expected return on assets	**342**	408
Actuarial (gains)/losses on liabilities	**(375)**	399
Contributions by employers	**450**	450
Contributions by participants	**–**	–
Net benefit payments from scheme	**(1,870)**	(3,209)
Closing value at 28 February	**11,719**	13,172

Actual return on Scheme assets	2019 £'000	2018 £'000
Expected return on assets	**342**	408
Remeasurement gain on assets	**(375)**	399
Actual return on assets	**33**	807

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2019 to changes in the principal assumptions. The sensitivities assume that all other assumptions remain unchanged and the calculations are approximate (full calculations could lead to a different result).

Change in assumption	Approximate increase in liabilities (%)	Approximate increase in liabilities (£'000)
Interest rate reduced by 0.5% p.a.	11.2%	1,535
Inflation assumption reduced by 0.5% p.a.[1]	(7.2%)	987
Increase in life expectancy of one year for all members reaching 60	2.2%	302

1 The inflation assumption sensitivity applies to both the assumed rate of increase in the CPI and the RPI, and includes the impact on the rate of increases to pensions, both before and after retirement.

Defined contribution schemes

There are a number of defined contribution schemes in the Group, the principal scheme being the Braemar Pension Scheme, which is open to all UK employees. Cash contributions paid into the defined contribution schemes are accounted for as an income statement expense as they are incurred. The total charge for the year in respect of this and other defined contribution schemes amounted to £2,842,000 (2018: £2,811,000) of which £2,014,000 (2018: £2,768,000) was in respect of continuing operations.

Contributions of £141,000 were due to these schemes at 28 February 2019 (2018: £188,000).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

26 Share capital

Group and Company	Ordinary shares 2019 Number	Ordinary shares 2018 Number	Ordinary shares 2019 £'000	Ordinary shares 2018 £'000
a) Authorised				
Ordinary shares of 10 pence each	**34,903,000**	34,903,000	**3,490**	3,490

Group and Company	Ordinary shares 2019 Number	Ordinary shares 2018 Number	Ordinary shares 2019 £'000	Ordinary shares 2018 £'000	Share premium 2019 £'000	Share premium 2018 £'000
b) Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	**31,436,351**	30,173,759	**3,144**	3,018	**55,805**	52,510
Shares issued as part of acquisitions	**–**	1,262,592	**–**	126	**–**	–
Shares issued and fully paid (see below)	**–**	–	**–**	–	**–**	3,295
As at end of year	**31,436,351**	31,436,351	**3,144**	3,144	**55,805**	55,805

No shares were issued as part of acquisitions during the year ended 28 February 2019.

No shares were issued in the year as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2019 or 28 February 2018.

The Company has one class of ordinary shares which carry no right to fixed income.

c) Share-based payments
The Company operates a variety of share-based payment schemes which are listed below.

i. Share options

The Company operates an employee save-as-you-earn option scheme called the Braemar Shipping Services plc 2014 Savings-Related Share Option Scheme ("SAYE") and the Braemar Shipping Services Plc 2008 International Savings-Related Share Option Scheme (the "International SAYE Scheme"). No option may be granted under any scheme which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option). Options are granted at a 20% discount to the prevailing market price.

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 March 2018	Granted	Exercised	Lapsed	Number at 28 February 2019	Exercise price (pence)	Exercisable between
SAYE								
	2015	72,578	–	–	(72,578)	**–**	402.7	2018–2019
	2017	480,629	–	–	(160,399)	**320,230**	245.0	2020–2021
		553,207	–	–	(232,977)	**320,230**		

Options are valued using a binomial pricing model. The fair value per option granted and the assumptions used in the calculation at the date of grant were as follows:

	SAYE 2017	SAYE 2015
Grant date	**15 Jun 2017**	1 Aug 2015
Share price at grant date	**262.00p**	461.95p
Exercise price	**245.04p**	402.67p
Number of employees	**204**	239
Shares under option	**523,737**	353,254
Vesting period (years)	**3.0**	3.0
Expected volatility	**35.60%**	42.90%
Option life (years)	**3.5**	3.5
Risk-free rate	**0.38%**	1.90%
Expected dividends expressed as a dividend yield	**5.30%**	5.00%
Possibility of ceasing employment before vesting	**8.00%**	5.00%
Expectation of meeting performance criteria	**100.00%**	100.00%
Fair value per option	**47.30p**	118.90p

The expected volatility is based on historical volatility of the Company's shares as traded on the London Stock Exchange. The risk-free rate of return is based on LIBOR.

26 Share capital continued
No options were exercised in the current year or the prior year. The weighted average share price for share options exercised in 2017 was 385.07 pence.

ii. Deferred Bonus Plan
In 2005 the Company put in place a Deferred Bonus Plan (the "Plan") whereby part of the annual performance-related bonus is delivered in shares, on a discretionary basis, to staff including Executive Directors. Under the Plan, the shares are bought and held in an employee trust ("ESOP") for three years, after which the employee beneficiary will become absolutely entitled to the shares provided they remain in employment. Shares are valued at fair value at the date of grant.

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2018	Granted	Exercised	Lapsed	**Number at 28 February 2019**	Exercise price (pence)	Exercisable between
Deferred Bonus Plan	1,359,533	735,515	(331,156)	(275,089)	**1,488,803**	nil	2019–2022

The weighted average exercise price for awards exercised during the year was £nil (2018: £nil).

The Company also grants certain awards under the Deferred Bonus Plan to attract and retain key staff hires. As a result, an additional 234,787 options were granted in the financial year. These awards will vest over a period of up to five years.

iii. Restricted Share Plan
During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up and awarded to employees to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping plc. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment.

During the year ended 28 February 2015 the Company issued 1,409,000 RSP awards, of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group.

During the year ended 2016 a further 315,000 RSP awards were granted of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group.

During the year ended 28 February 2018 a further 77,120 RSP awards were granted, of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group.

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2018	Granted	Exercised	Lapsed	**Number at 28 February 2019**	Exercise price (pence)	Exercisable between
Restricted Share Plan	728,870	–	(292,125)	(59,625)	**377,120**	nil	2019–2023

No RSP awards were granted in the year ended 28 February 2019.

The weighted average exercise price for awards exercised during the year was £nil (2018: £nil).

iv. Long-term Incentive Plan ("LTIP")
The Company also has LTIP awards, which allow for the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to a performance condition based on earnings per share ("EPS").

In 2014, the performance criteria of the LTIP is that awards vest over a three-year period based on growth in EPS.

In June 2015, awards over 143,157 awards were made to two Executive Directors and one senior member of management.

In June 2016, awards over 263,007 awards were made to two Executive Directors and three senior members of management.

In June 2018, awards of 527,464 shares were made to one Executive Director and three senior members of management.

27 Shares to be issued

Group and Company	£'000
At 28 February 2017	2,962
Gift of funds to ESOP for the acquisition of shares	1,073
ESOP shares allocated	(1,334)
At 28 February 2018	2,701
Gift of funds to ESOP for the acquisition of shares	1,712
ESOP shares allocated	(967)
At 28 February 2019	**3,446**

The net cost the shares purchased for the shares to be issued in respect of the ESOP are a deduction from shareholders' funds and represent a reduction in distributable reserves.

An Employee Share Ownership Plan ("ESOP") was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held on trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. As at 28 February 2019, the ESOP held 706,701 (2018: 359,798) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift and the Trustees have contracted with the Company to waive the ESOP's right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the income statement as they fall due.

As part of the acquisition of ACM Shipping Group plc in July 2014, the Company issued 125,621 shares into an Employee Trust ("EBT") previously run by ACM Shipping Group plc. As at 28 February 2019, the EBT held 62,290 (2018: 75,540) ordinary shares of 10 pence.

The total cost to the Company of shares and cash held in the ESOP and EBT at 28 February 2019 was £3,446,000 (2018: £2,701,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2019 of £1,364,959 (2018: £1,062,225). The distribution of these shares is determined by the Remuneration Committee.

382,347 shares (2018: 616,785) have been released to employees during the year.

28 Other reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
At 28 February 2017	396	21,346	7,891	(682)	28,951
Cash flow hedges					
– Transfer to net profit	–	–	–	852	852
– Fair value gains in the period	–	–	–	158	158
Share-based payments reserve	–	–	–	–	(1,804)
Exchange differences	–	–	(3,674)	–	(3,674)
Deferred tax on items taken to equity	–	–	–	(202)	(202)
At 28 February 2018	396	21,346	4,217	126	26,085
Cash flow hedges					
– Transfer to net profit	–	–	–	(158)	(158)
– Fair value losses in the period	–	–	–	(49)	(49)
Exchange differences	–	–	(2,999)	–	(2,999)
Deferred tax on items taken to equity	–	–	–	(22)	(22)
At 28 February 2019	**396**	**21,346**	**1,218**	**(103)**	**22,857**

Company	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2017, 28 February 2018 and 28 February 2019	396	21,346	21,742

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred of £49,000 liability (2018: £158,000 asset). A deferred tax liability of £22,000 (2018: £0.2 million liability) is attributable to these transactions.

Notes to the consolidated financial statements continued

29 Cash flow from operations

	Group 2019 £'000	Group 2018 £'000
Loss/(profit) before tax for the year from continuing operations	(3,140)	(2,388)
Loss before tax for the year from discontinued operations	(22,700)	279
Adjustments for:		
– Depreciation of property, plant and equipment (continuing)	691	1,165
– Depreciation of property, plant and equipment (discontinuing)	145	39
– Amortisation of computer software	478	583
– Impairment of computer software	1,055	–
Specific items:		
– Impairment of assets held for sale	13,045	–
– Gain on disposal of investment	(100)	–
– Amortisation of other intangible assets	1,073	2,378
– Other specific items	10,935	6,689
– Finance income	(297)	(95)
– Finance expense	1,555	713
– Share-based payments (excluding restricted share plan)	1,282	1,131
– Net foreign exchange gains and financial instruments	229	(809)
Changes in working capital:		
– Trade and other receivables	(56)	3,936
– Trade and other payables	5,456	(3,628)
Contribution to defined benefit pension scheme	(450)	(450)
Provisions	(330)	(310)
Cash generated from operations before acquisition and disposal-related activities	8,871	9,233
Acquisition fees paid	–	(2,870)
Amounts due to acquisition-related retention payments	–	(2,980)
Cash generated from operations after acquisition and disposal-related activities	8,871	3,383

30 Financial commitments

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 28 February are as follows:

	Land and buildings				
2019	Lease minimum payments £'000	Sub-lease income £'000	Net minimum lease repayments £'000	Other £'000	Total £'000
Within one year	2,629	(481)	1,920	122	2,042
Between one and five years	9,466	(1,831)	7,610	37	7,647
Over five years	–	–	–	–	–
	12,095	(2,312)	9,530	159	9,689

	Land and buildings				
2018	Lease minimum payments £'000	Sub-lease income £'000	Net minimum lease repayments £'000	Other £'000	Total £'000
Within one year	4,086	(1,159)	2,926	111	3,037
Between one and five years	11,815	(1,735)	10,080	56	10,136
Over five years	3,563	(615)	2,949	–	2,949
	19,464	(3,509)	15,955	167	16,122

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases motor vehicles, plant and machinery under non-cancellable operating lease agreements.

31 Contingent liabilities

The Group has contingent liabilities in respect of guarantees entered into in the normal course of business given as follows:

	Group	
	2019 £'000	2018 £'000
Bank guarantees given to:		
HM Revenue and Customs	**1,410**	1,410
Third parties (cash-collateralised)	**113**	252
Third parties (non-cash-collateralised)	**831**	794
Total	**2,354**	2,456

There are no bank guarantees issued by the Company.

In addition, the Company and certain of its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure their borrowing facilities and other financial instruments (see Note 23).

Under the Merger Agreement dated 7 March 2001 between the Company and Braemar Shipbrokers Ltd, the vendors gave a joint and several indemnity to the Company for any warranty and tax indemnity claims up to an aggregate of £10 million. The former Chief Executive, Alan Marsh, and a former Director of the Company, Quentin Soanes, were Braemar Shipbrokers vendors and remain shareholders in the Company. During the year ended 28 February 2006, the Company received an assessment for corporation tax and interest totalling £2.2 million which is recoverable under the above indemnity in relation to gifts to the Braemar Shipbrokers Ltd Employee Benefit Trust, held in Gibraltar. Following receipt of the assessment, the Company received funds of £1.6 million from the vendors which were paid to HMRC in order to prevent interest accruing. Such funds would become repayable to the vendors in the event that the appeal is successful. £0.6 million (2018: £0.6 million) remains outstanding pending the appeal result. The assessment remains under appeal and the Company does not expect to incur any cost in respect of this assessment or these contingent liabilities.

The Group is aware of the legislative changes concerning disguised remuneration that will take effect in April 2019. The Group is in correspondence with the Trustee of the Braemar Shipbrokers Ltd Employee Benefit Trust, Castle Trust, concerning this. At this stage, we do not believe that these changes will have a material impact on the Group's assets and financial performance.

From time to time the Group may be engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

32 Related party transactions

During the period the Group entered into the following transactions with joint ventures and investments:

	2019			2018		
Group	**Recharges to/(from) £'000**	**Dividends £'000**	**Balance due from £'000**	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000
London Tanker Broker Panel	**330**	**–**	**–**	325	–	–

All recharges to related parties are carried out on an arm's-length basis.

Key management compensation is disclosed in Note 4.

Following the acquisition of NAVES Corporate Finance GmbH in the year, the Group has an additional related party, Risorto GmbH, which is controlled by its management. The amount charged by Risorto GmbH in the year to the Group was €0.6 million (2018: €0.8 million) and the amount charged to Risorto GmbH in the year was less than €0.1 million (2018: less than €0.1 million). The balance owing to Risorto GmbH as at 28 February 2019 was €nil (2018: €0.7 million).

The Company has applied the disclosure exemption of FRS 101 in respect of transactions with wholly owned subsidiaries. The Company did not enter into any related party transactions aside from those with wholly owned subsidiaries.

A list of the Group's subsidiary undertakings is below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation.

A list of the Group's subsidiary undertakings is below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation.

32 Related party transactions continued

Subsidiaries

Direct holdings of the Company as at 28 February 2019:

Incorporated in the UK One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	One Strand, Trafalgar Square, London WC2N 5HR	Principal activity
Braemar ACM Group Limited	Holding company	Cory Brothers Shipping Agency Limited	Ship agents/logistics
Braemar Technical Services Holdings Limited	Holding company	Seascope Capital Services Limited	Dormant
Braemar Financial Holdings Limited	Holding company	GFL (UK) Limited	Dormant
Braemar Shipbrokers Limited	Shipbroking	Braemar Atlantic Securities Holdings Limited	Holding company

Indirect holdings of the Company:

Incorporated in the UK One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	One Strand, Trafalgar Square, London WC2N 5HR	Principal activity
Braemar ACM Shipbroking Limited	Shipbroking	ACM Shipping EBT Limited	Dormant
Braemar ACM Valuations Limited	Valuations	ACM Shipping CIS Limited	Dormant
Braemar ACM Shipbroking (Dry Cargo) Limited	Shipbroking	Braemar Maritime Limited	Dormant
ACM Shipping USA Limited	Shipbroking	Braemar Burness Maritime Limited	Dormant
Braemar ACM Shipbroking Group Limited	Holding company	Burness Marine (Gas) Limited	Dormant
Cagnoil Limited	Dormant	Burness Marine (Tankers) Limited	Dormant
Orca Shipping Limited	Dormant	Braemar Developments Limited	Dormant
Braemar Technical Services (Adjusting) Limited	Energy loss adjuster	Braemar Chartering Limited	Dormant
Braemar Technical Services (Engineering) Limited	Energy consultants	Braemar Pension Trustees Limited	Dormant
Braemar Technical Services Limited	Marine consultants	Braemar Tankers Limited	Dormant
Braemar Response Limited	Environmental services	Braemar Logistics Limited	Dormant
Braemar-NAVES Corporate Finance Limited	Corporate finance	CB (Newcastle) Limited	Dormant
Braemar Atlantic Securities Limited	Futures broker	Cory Logistics Limited	Dormant
Fred Olsen Freight Limited	Ship agents/logistics	Red Dragon Line Limited	Dormant

Navarm House, West Approach Road, Woolavington, Puriton, Somerset TA7 8AD	Principal activity
Cory Navarm Logistics Limited (60% owned)	Ship agents/logistics

Incorporated in Singapore Great Eastern Centre, 1 Pickering Street –#8/01, Singapore 048659	Principal activity	Great Eastern Centre, 1 Pickering Street – #8/01, Singapore 048659	Principal activity
Braemar ACM Shipbroking Pte Limited	Shipbroking	Braemar Technical Services Pte Limited	Marine consultants
Braemar Technical Services (Offshore) Pte Limited	Marine consultants	Cory Brothers Shipping Agencies Pte Limited	Ship agents/logistics
Asian Energy Services Pte Limited	Energy consultants	ACM Shipping Asia Pte Limited	Shipbroking
Braemar Technical Services (Adjusting) Pte Limited	Energy loss adjuster	ACM Shipping Dry Cargo Asia Pte Limited	Shipbroking
Braemar-NAVES Corporate Finance Pte Limited	Corporate finance		

Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, USA	Principal activity	2800 North Loop West, Suite 900, Houston, Texas 77092, USA	Principal activity
Braemar Holdings (USA) Inc	Holding company	Braemar Technical Services Inc	Marine consultants
Braemar ACM Shipbroking (USA) Inc	Shipbroking	Cory Brothers (USA) Inc	Ship agents/logistics
Braemar Technical Services (USA) Inc	Energy loss adjuster	Braemar Technical Services (Engineering) Inc	Energy consultants

Incorporated in Australia Level 5, 432 St Kilda Road, Melbourne, Victoria 3004, Australia	Principal activity	Unit 4, Churchill Court, 335 Hay Street, Subiaco, Western Australia 6008	Principal activity
Braemar ACM Shipbroking Pty Limited	Shipbroking	Braemar Technical Services (Offshore) Pty Limited	Marine consultants
ACM Shipping Endeavour Holdings Pty Limited	Shipbroking		
ACM Shipping Endeavour Pty Limited	Shipbroking		

Incorporated in Germany Amtsgericht Hamburg HRB 114161, Germany	Principal activity	Amtsgericht Hamburg HRB 114161, Germany	Principal activity
Braemar-NAVES Corporate Finance GmbH	Corporate finance	Braemar Financial Holdings Germany GmbH	Holding company

Incorporated in other overseas countries Unit No. 17A & 17B GF, Vasant Square, Plot No. A, Sector B, Community Centre, Pocket V, Vasant Kunj, New Delhi – 110070	Principal activity	Shanghai Bund International Tower, 99 Huangpu Road, 1101, Shanghai 200080, China	Principal activity
Braemar ACM Shipbroking India Private Limited	Shipbroking	Braemar Technical Services (Offshore) Shanghai Pte Limited	Marine consultants
		Braemar Salvage Association (Shanghai) Limited	Energy loss adjuster

Piazza 2 Giugno No 14, 54033 Carrara, Italy	Principal activity	801/A, Malhotra Chambers, Off. Govandi Station Road, Govandi (East), Mumbai – 400088, India	Principal activity
Braemar Seascope Italia SRL	Shipbroking	Braemar Technical Services (Offshore) India Pvt Limited	Marine consultants

5th Floor, Dahanukar Bldg, 480, Kalbadevi Road, Mumbai, 400002, India	Principal activity	Suite 400 736, 8th Avenue SW, Calgary AB, Canada T2P 1H4	Principal activity
ACM Shipping India Limited	Shipbroking	Braemar Technical Services (Canada) Limited	Energy loss adjuster

Suite 2009, Building C Luneng International Center, No.211, GuoYoa Road, Pudong District, Shanghai, 200126	Principal activity	Dubai World Trade Centre Building 15th Level, PO Box 9222 Dubai, United Arab Emirates	Principal activity
Braemar ACM Shipbroking (Shanghai) Limited	Shipbroking	Braemar Technical Services LLC	Energy loss adjuster

24 Grassy Plain Street – Ste 4, Bethel, CT 06801-1700 USA	Principal activity
Braemar ACM Shipbroking LLP	Shipbroking

Unit number AG-14-E, AG Tower, Plot number JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates	Principal activity	Soganlik Yeni Mah Balikesir Cad Teknik Yapi Uprise Residence F.27 No.231 Kartal, Istanbul, Turkey	Principal activity
Braemar ACM Shipbroking DMCC	Shipbroking	Braemar Teknik Servis Denizcilik Limited Sirketi	Marine consultants

P. O. Box 556, Main Street, Charlestown, Nevis	Principal activity	13 Foregate Square, Table Bay Boulevard, Cape Town 8000, South Africa	Principal activity
Braemar Technical Services Holdings Pte Limited	Marine consultants	Braemar Technical Services SA (Pty) Limited	Marine consultants

Suite 1603, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	Principal activity	Office No.801, 8th Floor, Abdulla Bin Darwish Bldg, Salam Street, PO Box 47664, Abu Dhabi, UAE	Principal activity
Braemar Technical Services (Offshore) Sdn Bhd	Marine consultants	Braemar Technical Services LLC	Marine consultants

Wisma Kodel 2nd Floor, Jl H.R. Rasuna Said, Kav. B-4, Jakarta 12910	Principal activity	Strawinskylaan 31278e verdiepin, Amsterdam, 1077 ZX, Netherlands	Principal activity
PT Braemar Technical Services Offshore (49% owned)	Marine consultants	Braemar LNG BV	Engineering consultants

Suite 550 Petrovietnam Tower, 8 Hoang Dieu Street, Vung Tau City, Vietnam	Principal activity	WTC Schipol Airport, Schipol Boulevard 231, 118 BH Amsterdam Schipol, Netherlands	Principal activity
Braemar Technical Services (Offshore) Vietnam Co Limited	Marine consultants	FSP LNG B.V. (33% owned)	Engineering consultants

4/222 Harbour Mall Building, Floor 5, Room No. 5B04 – 5B05, Moo 10, Sukhumvit Road, Tambol Thung Sukla, Amphur Sriracha, Chonburi, Thailand	Principal activity	Fosfaatweg 48, Amsterdam, 1013 BM, Netherlands	Principal activity
Braemar Technical Services (Offshore) (Thailand) Limited	Marine consultants	Cory Brothers (The Netherlands) B.V.	Ship agents/logistics

33 Events after the reporting date

On 13 May 2019 the Group announced the proposed divestment of the Technical division's Offshore, Marine and Adjusting product lines to Aqualis Offshore ASA ('Aqualis') in return for significant minority shareholding in Aqualis (see Note 9).

When considering the impact of the proposed divestment, a need for additional liquidity and covenant headroom was identified and negotiations were commenced with HSBC in order to ensure they would be available to the Group. The negotiations were successfully concluded before the transaction with Aqualis was executed to ensure that the Group would be able to continue to operate within its amended banking facilities and covenants.

Five-year financial summary (unaudited)

Consolidated income statement

Continuing operations	12 months to 28 February 2019 £'000	12 months to 28 February 2018 (Restated) £'000	12 months to 28 February 2017 £'000	12 months to 29 February 2016 £'000	12 months to 28 February 2015 £'000
Group revenue	**117,853**	103,043	135,935	159,125	145,601
Other operating expenses	**(108,787)**	(95,721)	(131,708)	(145,367)	(134,070)
Specific items (net)	**(11,719)**	(9,067)	(3,713)	(3,445)	(5,948)
Total operating expenses	**(120,506)**	(104,788)	(135,421)	(148,812)	(140,018)
Operating (loss)/profit	**(2,653)**	(1,745)	514	10,313	5,583
Gain on revaluation of investment	**500**	–	–	–	–
Interest (expenses)/income (net)	**(987)**	(643)	(303)	(387)	(293)
Share of profit/(loss) from joint ventures	**–**	–	–	–	(162)
Profit before taxation	**(3,140)**	(2,388)	211	9,926	5,128
Taxation	**(1,525)**	(474)	(20)	(2,826)	(2,187)
Loss for the year from discontinued operations	**(22,700)**	(32)	–	–	–
(Loss)/profit after taxation	**(27,365)**	(2,894)	191	7,100	2,941
Dividends					
Interim	**1,501**	1,501	2,838	2,659	2,694
Final proposed	**2,951**	2,951	1,476	4,990	4,989
	4,452	4,452	4,314	7,649	7,683
Earnings per ordinary share – pence					
Basic – underlying	**23.32p**	19.57p	10.72p	34.70p	32.28p
Diluted – underlying	**21.36p**	18.06p	9.70p	31.53p	29.48p

Note: The years ended 28 February 2017, 29 February 2016 and 28 February 2015 have not been restated for the reclassifications of discontinued operations.

Five-year financial summary (unaudited)

Consolidated balance sheet

	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000	As at 29 February 2016 £'000	As at 28 February 2015 £'000
Assets					
Goodwill	**83,812**	88,961	77,806	76,912	76,254
Other intangible assets	**2,226**	3,393	2,215	2,684	3,117
Property, plant and equipment	**1,978**	3,322	4,561	5,104	4,862
Investments	**1,773**	1,356	1,356	1,537	1,528
Deferred tax assets	**1,640**	3,120	3,584	2,177	1,548
Other receivables	**264**	300	385	355	244
	91,693	100,452	89,907	88,769	87,553
Current assets					
Trade and other receivables	**37,128**	52,605	57,199	58,135	57,442
Derivative financial instruments	**–**	159	–	–	–
Assets held for sale	**10,611**	2,865	–	–	–
Cash and cash equivalents	**3,590**	5,424	7,674	11,497	16,289
	51,329	61,053	64,873	69,632	73,731
Total assets	**143,022**	161,505	154,780	158,401	161,284
Liabilities					
Current liabilities					
Derivative financial instruments	**49**	–	–	–	–
Trade and other payables	**44,887**	41,462	46,707	44,253	42,332
Short-term borrowings	**15,323**	7,873	622	1,800	6,800
Current tax payable	**1,408**	1,858	996	1,640	757
Provisions	**90**	320	854	729	1,273
Convertible loan notes	**6,339**	–	–	–	–
Deferred consideration	**600**	366	–	–	–
Liabilities held for sale	**2,797**	766	–	–	–
	71,493	52,645	49,179	48,422	51,162
Non-current liabilities					
Long-term borrowings	**–**	–	–	500	2,300
Deferred tax liabilities	**900**	999	836	430	825
Provisions	**324**	424	288	533	1,242
Convertible loan notes	**4,579**	7,364	–	–	–
Deferred consideration	**5,357**	2,977	–	–	–
Pension deficit	**1,986**	3,437	4,305	1,211	1,482
	13,176	15,201	5,429	2,674	5,849
Total liabilities	**84,669**	67,846	54,608	51,096	57,011
Total assets less total liabilities	**58,353**	93,659	100,172	107,305	104,273
Equity					
Share capital	**3,144**	3,144	3,018	3,011	2,998
Share premium	**55,805**	55,805	52,510	52,314	51,970
Shares to be issued	**(3,446)**	(2,701)	(2,962)	(3,439)	(3,611)
Other reserves	**22,857**	26,086	28,951	26,474	24,950
Retained earnings	**(20,007)**	11,324	18,655	28,945	27,966
Total equity	**58,353**	93,659	100,172	107,305	104,273

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Timetable

Ex-dividend date for 2018/19 final dividend:	20 June 2019
Annual General Meeting:	3 July 2019
2018/19 Final dividend record date:	21 June 2019
2018/19 Last date for DRIP elections:	5 July 2019
2018/19 Final dividend payment date:	26 July 2019

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