Company Registration No. 5085910 (England and Wales)

FC SHIPPING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FC SHIPPING LIMITED

COMPANY INFORMATION

Directors	G P Sheach	
	C Harvie	(Appointed 1 June 2016)
	E D E Maandag	(Resigned 1 June 2016)
Secretary	Endeavour Secretary Limited Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW	
Company number	5085910	
Registered office	Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW	
Independent Auditors	PricewaterhouseCoopers LLP The Capitol, 431 Union Street Aberdeen Aberdeenshire AB11 6DA	
Bankers	ABN Amro Bank Coolsingel 119 Postbus 949 Rotterdam The Netherlands 3000 DD ROTTERDAM	
Solicitors	Endeavour Partnership LLP Tobias House St. Mark's Court Teesdale Business Park Teesside TS17 6QW	

FC SHIPPING LIMITED

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FC SHIPPING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and audited financial statements for the year ended 31 December 2016.

Review of the business

		2016	2015	Change
		£	£	%
Revenue		38,475	41,450	-7%
Profit Before tax		4,738	5,283	-10%

The loss for the financial year amounted to £1,806 (2015: loss of £2,683).

Principal risk and uncertainties:

Operational risk

The long-term success of the company is dependent on the ability of its management to secure suitable financing opportunities at profitable rates. Where the company has secured such opportunities, it may still be negatively impacted should counter-party elect to repay some or all of that finance earlier than anticipated.

Credit risk

Credit risk is the risk of financial loss arising from the default of a customer or counterparty to which the company has directly provided credit, or for which the company has assumed a financial obligation, after realising collateral held. The credit quality of customer assets is mitigated by the credit approval in place. Credit risk is mitigated by security taken over the borrower's assets.

Should particular exposures begin to show adverse features such as payment arrears, covenant breaches or business trading performance that is materially worse than expected at the point of lending, a full risk reappraisal is undertaken.

The company's knowledge of the related party lease counterparties gives its management a good understanding of the company's credit risk.

Interest rate risk

The company is exposed to an element of interest rate risk. This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the company's Statement of Financial Position, and from the investment of the company's reserves. Interest rate risk primarily arises in the company's leasing trade. The exposure in this regard is minimal as the majority of the interest rate exposure has been transferred to the lease counterparties

Liquidity risk

The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") at its head. VGBV is facing liquidity problems and announced a unilateral standstill agreement in respect of mortgage-loan repayments in December 2016. Although VGBV's solvency position remains sound, this solvency can – under the present, distressed, market conditions – not be turned into liquidity. VGBV is in discussions with its Lenders to negotiate and conclude a debt-restructuring agreement. This agreement should adjust the Company's repayment obligations to match its cash-flow-generation (EBITDA) capabilities and allows sufficient liquidity to be maintained by the Company to continue operations.

The company has a number of long-term contracts with various related parties. As a consequence, the directors believe that the company is well placed to manage its business risks successfully

On behalf of the board

C Harvie
Director
Aberdeen
24 May 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of lessor and financier of assets for the shipping sector.

Results and dividends

The results for the financial year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G P Sheach	
E D E Maandag	(Resigned 1 June 2016)
C Harvie	(Appointed 1 June 2016)

Auditor

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern
The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") at its head. VGBV issues guarantees to the Company's Lenders. These guarantees are subject to financial covenant restrictions. Due to distressed shipping markets and a sharp reduction in cash-flow generation, VGBV's financial covenants are no longer met since September 2016. Based on aforementioned and on the group-wide cash-flow structure and the material interdependency on the liquidity reserves within the group, the management of the Company identifies a material risk concerning the 'going concern' status of the Company.

In late summer of 2016 VGBV advised its stakeholders that it was encountering difficulties generating sufficient cash flow to meet its 2017-2018 loan-repayment obligations and comply with some of its loan covenants at year-end 2016. After consultation with its Lenders, VGBV appointed debt-restructuring and legal advisors and announced to all its Lenders a unilateral standstill as from December 2016. Interest (and interest-rate derivative) payments and creditors' payments will be made when due.

A restructuring plan was presented to all Lenders in January 2017. When successfully executed, the plan foresees full repayment to all Lenders. In the months ahead VGBV expects to further negotiate and conclude a debt-restructuring agreement with all Lenders, which will also cover the obligations the group has under various newbuilding contracts.

These breaches in covenants and loan agreements, combined with the fact that no restructuring agreement is yet in place for VGBV, indicate the existence of a material uncertainty, based on which there could be significant doubt about the continuity of the Company and its ability to realise assets and discharge liabilities in the normal course of business.

VGBV, and the management of the Company, expect these negotiations to be successfully completed prior to the summer of 2017, based on ongoing negotiations, management expectations of the business and the feasibility of the restructuring plan. Therefore, the financial statements of the Company are prepared on a going-concern basis.

Small Companies Exemption
In preparing this report, the Directors have taken advantages of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board

C Harvie
Director
Aberdeen
24 May 2017

Independent auditors' report to the members of FC Shipping Limited

Report on the financial statements

Our opinion

In our opinion, FC Shipping Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. This ability is dependent on whether the Group can complete its refinancing and restructuring to meet is debt and covenants obligations. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Other Comprehensive Income for the year then ended;
- the Statement of Change in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by 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
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
24 May 2017

FC SHIPPING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue		38,475	41,450
Administrative expenses		(288)	(466)
		38,187	40,984
Interest payable and similar charges	5	(33,449)	(35,701)
Profit before taxation		4,738	5,283
Tax on profit	6	(6,544)	(7,966)
Loss and total comprehensive expense for the financial year		(1,806)	(2,683)

The income statement has been prepared on the basis that all operations are continuing operations.

FC SHIPPING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Non-current Assets			
Finance Lease Receivables	7	3,730,123	3,782,188
Current assets			
Trade and other receivables	9	225,637	144,338
Cash at bank and in hand		3,033	1,385
		228,670	145,723
Current liabilities			
Borrowings	10	25,351	25,471
Trade and other payables	11	3,830,077	3,772,207
Taxation and social security		6,544	6,606
		3,861,972	3,804,284
Net current liabilities		(3,633,302)	(3,658,561)
Total assets less current liabilities		96,821	123,627
Non-current liabilities			
Borrowings	10	100,000	125,000
Net liabilities		(3,179)	(1,373)
Equity			
Called up share capital		100	100
Retained earnings		(3,279)	(1,473)
Total equity		(3,179)	(1,373)

The financial statements were approved by the board of directors and authorised for issue on 24 May 2017 and are signed on its behalf by:

C Harvie
Director
Aberdeen
Company Registration No. 5085910

FC SHIPPING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015		100	1,210	1,310
Year ended 31 December 2015:				
Loss and total comprehensive expense for the year		-	(2,683)	(2,683)
Balance at 31 December 2015		100	(1,473)	(1,373)
Year ended 31 December 2016:				
Loss and total comprehensive expense for the year		-	(1,806)	(1,806)
Balance at 31 December 2016		100	(3,279)	(3,179)

1 Accounting policies

Company information

FC SHIPPING LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is Tobias House, St. Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historic cost accounting rules.

These financial statements were prepared for the first time in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS101 issues in July 2015 and effective immediately have been applied. No specific differences were noted on transition.

In transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), making amendments where necessary in order to comply with the Companies Act 2006. The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's: and;
- Disclosures in respect of the compensation of Key Management Personnel

The Company proposes to continue to adopt the reduced disclosure framework in its next financial statements.

The Company's ultimate parent, Vroon Vessel Participations I B.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Vroon Vessel Participations I B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2015 for the purposes of the transition to FRS 101.

No judgments, made by the directors, in the application of these accounting policies, are considered to have a significant effect on the financial statements. No estimates have a significant risk of material adjustment in the next year.

1 Accounting policies **(Continued)**

1.2 Going concern

The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") at its head. VGBV issues guarantees to the Company's Lenders. These guarantees are subject to financial covenant restrictions. Due to distressed shipping markets and a sharp reduction in cash-flow generation, VGBV's financial covenants are no longer met since September 2016. Based on aforementioned and on the group-wide cash-flow structure and the material interdependency on the liquidity reserves within the group, the management of the Company identifies a material risk concerning the 'going concern' status of the Company.

In late summer of 2016 VGBV advised its stakeholders that it was encountering difficulties generating sufficient cash flow to meet its 2017-2018 loan-repayment obligations and comply with some of its loan covenants at year-end 2016. After consultation with its Lenders, VGBV appointed debt-restructuring and legal advisors and announced to all its Lenders a unilateral standstill as from December 2016. Interest (and interest-rate derivative) payments and creditors' payments will be made when due.

A restructuring plan was presented to all Lenders in January 2017. When successfully executed, the plan foresees full repayment to all Lenders. In the months ahead VGBV expects to further negotiate and conclude a debt-restructuring agreement with all Lenders, which will also cover the obligations the group has under various newbuilding contracts.

These breaches in covenants and loan agreements, combined with the fact that no restructuring agreement is yet in place for VGBV, indicate the existence of a material uncertainty, based on which there could be significant doubt about the continuity of the Company and its ability to realise assets and discharge liabilities in the normal course of business.

VGBV, and the management of the Company, expect these negotiations to be successfully completed prior to the summer of 2017, based on ongoing negotiations, management expectations of the business and the feasibility of the restructuring plan. Therefore, the financial statements of the Company are prepared on a going-concern basis.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Revenue from finance leases is recognised in accordance with the company's policy on leases (see below).

Finance income and finance costs

Income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through the statement of profit or loss are determined using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument excluding future credit losses. The calculation includes all amounts paid or received by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of the financial instrument and all other premiums or discounts. Interest income on assets classified as loans and receivables, interest expense on liabilities classified at amortised cost and interest income are recognised in the Statement of Comprehensive income.

1 Accounting policies **(Continued)**

Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases and hire purchase contracts.

If the lease agreement transfers the risk and rewards of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and depreciated over the lower of the estimated useful life and the life of the lease. The corresponding rental obligations are recorded as borrowings. The aggregate benefit of incentives, if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1.4 Cash and cash equivalents

Cash is represented by cash in hand and in the bank.

1.5 Financial assets

The company classifies its financial assets as: financial assets at fair value through the statement of profit or loss and loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market and which are not classified as available-for-sale or fair value through the Statement of profit or loss.

Loans and advances to customers are classed as Loans and Receivables. 'Net investment in finance leases' are treated in accordance with the company's policy on finance lease agreements.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest rate method, less any impairment. Interest calculated using the effective interest rate method is recognised in the Statement of profit or loss. They are derecognised when the rights to receive cash flows have expired or the company has transferred substantially all of the risks and rewards of ownership.

1 Accounting policies **(Continued)**

Impairment of financial assets

At each reporting date the company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted, are experiencing significant financial difficulty, or the debt has been restructured to reduce the burden to the borrower. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the company about the following loss events:

a. significant financial difficulty of the issuer or obligor;

b. a breach of contract, such as a default or delinquency in interest or principal payments;

c. the company, for economic or legal reasons relating to the borrowers' financial difficulty, granting to the borrower a concession that the company would not otherwise consider;

d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   - adverse changes in the payment status of borrowers in the group; or
   - national or local economic conditions that correlate with defaults on the assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is not objective evidence of impairment for an individually assessed financial asset it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Impairment is calculated based on the probability of default, exposure at default and the loss of given default, using recent data. An adjustment is made for the effect of discounting cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measure as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable.

1.6 Financial liabilities

Financial liabilities are initially recognised when the company becomes contractually bound to the transfer of economic benefits in the future. Financial liabilities are derecognised when extinguished.

Non-trading financial liabilities are initially recognised at fair value net of transaction costs incurred. They are subsequently stated at amortised cost and the redemption value recognised in the Statement of Profit or Loss over the period of the liability using the effective interest rate method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1 Accounting policies **(Continued)**

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Ordinary shares are classified as equity.

1.8 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as and expense in the period in which profits arise. Taxable profit differs from 'Profit before tax' as reported in Statement of Comprehensive income because it excludes items that are never taxable or deductible. Taxable profit also includes items that are taxable or deductible that are not included in 'Profit before tax'. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

2 Loss for the financial year

	2016	2015
	£	£
Loss for the financial year is stated after (crediting):		
Exchange gains	(442)	(77)

3 Auditor's remuneration

	2016	2015
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the company's financial statements	2,000	2,000
For other services		
Tax services	2,000	2,000

Auditors' remuneration was borne by the intermediate controlling party Vroon Shipping U.K. Ltd in the current and preceding years.

4 Employees

The company had no employees in either the current year or the preceding year.

The directors are employed by and receive remuneration from other group companies. In the opinion of the directors it is not possible to apportion directors' remuneration to subsidiaries on the basis of level of service and accordingly no allocation has been made.

Retirement benefits are accruing to two director s under a defined contribution scheme (2015 -one).

5 Finance costs

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,839	4,484
Interest payable to group undertakings	30,052	31,294
Foreign exchange gains	(442)	(77)
	33,449	35,701

6 Income tax expense

	2016	2015
	£	£
Current tax		
Current year taxation	6,544	7,966

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	4,738	5,283
Expected tax charge/(credit) based on a corporation tax rate of 20.00%	948	1,057
Tax impact of assessment under UK tonnage tax regime(*)	5,596	6,909
Tax charge for the year	6,544	7,966

In December 2011, the company made an election to enter the UK tonnage tax regime with effect from 17 November 2011.

(*) Tonnage tax is an alternative method of calculating taxable profits which is available for companies with qualifying ships. Under tonnage tax, taxable profits are calculated based on the net weight of the vessel multiplied by a government specified daily profit rate rather than by the normal accounting method.

7 Finance Lease Receivable

	Current		Non-current	
	2016	2015	2016	2015
	£	£	£	£
Amounts receivable under finance lease	225,499	144,175	3,730,123	3,782,188

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

8 Analysis of Finance lease receivables

	2016	2015
	£	£
Gross amounts receivable under finance leases:		
Within one year	294,477	211,744
In two to five years	1,332,694	1,269,233
In over five years	4,727,219	5,085,158
	6,354,390	6,566,135
Unearned finance income	(2,398,768)	(2,639,772)
Present value of minimum lease payments receivable	3,955,622	3,926,363
The present value is receivable as follows:		
Within one year	225,499	144,175
In two to five years	407,555	323,528
In over five years	3,322,568	3,458,660
	3,955,622	3,926,363

8 Analysis of Finance lease receivables (Continued)

Analysed as:	2016	2015
	£	£
Non-current finance lease receivables		
(recoverable after 12 months)	3,730,123	3,782,188
Current finance lease receivables		
(recoverable within 12 months)	225,499	144,175
	3,955,622	3,926,363

In November 2011, the company made changes in the contracts for the leasing of its vessels. The lease terms were adjusted and are now contracted with related parties. Under the new lease terms, the company received additional rentals totalling £33,271,278 in November 2011. Accordingly, the remaining annual rentals are adjusted to be lower amounts than in the original payment scheme; but are receivable over the same time period and on the same payment dates. The company's finance leases are scheduled to be repaid in full in April 2031.

Residual values of assets leased under finance leases at 31 December 2016 is £nil (31 December 2015: £nil). The directors consider that the net investment in finance leases is approximately equal to their fair value.

9 Trade and other receivables

	2016	2015
	£	£
Amounts due from fellow group undertakings	225,637	144,338

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

10 Borrowings

	2016	2015
	£	£
Unsecured borrowings at amortised cost		
Bank loan	125,351	150,471

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2016	2015
	£	£
Current liabilities	25,351	25,471
Non-current liabilities	100,000	125,000
	125,351	150,471

The bank loan from Santander Asset finance plc, originally for £250,000, is repayable in 20 equal instalment of £12,500 every six months. At 31 December 2016 there were 10 instalments remaining on this loan. Interest accrues on this loan at 2.00% above LIBOR also payable every six months.

Maturity Analysis of Bank loan :

				2016	2015
Bank loan:				£	£
	Payable:	1-3 months		-	-
		3-12 months		25,351	25,471
		1-5 years		111,702	113,754
		Over 5 years		-	31,148
				---------	---------
				137,053 =======	170,373 =======

11 Trade and other payables

	Current 2016 £	2015 £
Amounts due to fellow group undertakings	3,830,077	3,772,207

Interest rate variations due under finance leasing contract:		2016 £	2015 £
Payable:	on demand or up to 1 month	52,449	50,096

The loan due to the company's parent undertaking attracts interest at 0.28% above LIBOR per annum and interest is payable quarterly. There is no fixed repayment schedule for the loan capital.

12 Events after the reporting date

There have been no significant events affecting the Company since the year end.

13 Related party transactions

The company has taken advantage of exemptions available under FRS 101 paragraph 8(K) from disclosing the related party transactions entered between two or more members of a company within the same group (wholly owned subsidiaries within the same group).

14 Controlling party

The company's immediate parent undertaking is Vroon Shipping U.K. Ltd, a company registered in England.

The ultimate holding company is Vroon Group B.V., a company registered in the Netherlands.

The consolidated financial statements of Vroon Group B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

15 First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.