Registered no. 5356484

"K" Line LNG Shipping (UK) Limited

Reports and Financial Statements

31 March 2015

WEDNESDAY
L4F32ZOH
LD2 02/09/2015 #37
COMPANIES HOUSE

Contents

Company Information

Directors
Y Goto
S Sato

Secretary
B Y Ramlalsing

Independent Auditor
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers
Mizuho Corporate Bank, Limited
Bracken House
One Friday Street
London EC4M 9JA

The Bank of Tokyo-Mitsubishi UFJ, Limited.
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

Sumitomo Mitsui Banking Corporation Europe Limited
99 Queen Victoria Street
London EC4V 4EH

Registered Office
6th Floor
200 Aldersgate Street
London EC1A 4HD

Registered No. 5356484

Strategic Report

The Directors present their Strategic Report and Financial Statements of "K" Line LNG Shipping (UK) Limited for the financial year ended 31 March 2015.

Results

The profit for the year, after taxation, amounted to US$14,831,731 (2014 – loss of US$10,395,337).

Principal activities and review of the business

The principal activities of the Company during the year were the ownership of one LNG vessel and ship management operations of LNG vessels.

The Company's key financial performance indicators during the year were as follows:

	Year ended 31 March 2015	*Year ended 31 March 2014*	*Change*
	$000	*$000*	*%*
Turnover	72,260	78,420	(8%)
Profit/(loss) after tax	14,832	(10,395)	243%
Shareholder's funds	58,870	44,039	34%
Cash at bank	31,491	20,265	55%

Revenue is generated from the time charter of the owned vessel Celestine River, vessel management fees and commission. The change in Turnover is mainly linked to vessel management activities whilst the movement in profit/ (loss) after tax is attributed to the exceptional loss recognised during the previous year.

Cash at bank increased mainly as a result of normal operating activities.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as:

Financial risks

The principal risks and uncertainties faced by the Company include the residual value of the finance leased vessel at the time of disposal. The Company undertakes an annual impairment review of the carrying value and useful economic lives of all ship assets, using value in use assessments.

Competitive risks

The existence of medium to long term contracts with some customers minimises the Company's exposure to a certain extent.

Legislative risks

In the UK and Europe, the main legislative risks are EU competition law, employment law, tax law, UK Bribery Act, low sulphur fuel regulations and shipping legislation, mostly originating from IMO(International Maritime Organization).These standards are subject to continuous revision; however, they are not expected to have a material impact on the Company's activities ability to generate a profit.

Treasury operations and financial instruments

The Company operates a treasury function which is responsible for managing the liquidity, credit and market/price risks associated with the Company's activities. The vessel is financed by way of a finance lease with a variable level of interest rate.

The Company has established a risk and financial management framework whose primary objectives are to mitigate the exposure of the Company to risks that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Strategic Report (continued)

Market/price risk

The existence of a fixed contract shelters the Company's main turnover to a certain extent. However, the variable interest rate on the finance lease does expose the Company to a smaller degree.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages its cash flow in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. Surplus funds are put on time deposits ranging from overnight to quarterly intervals.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary. The Company does not suffer from significant bad debt expense.

On behalf of the Board

B Y Ramlalsing
Secretary

Date: 15 May 2015

Registered No. 5356484

Directors' Report

The Directors present their Directors' Report and audited financial statements of "K" Line LNG Shipping (UK) limited (the "Company") for the financial year ended 31 March 2015.

Directors

The Directors who served the Company during the year and as at the date of this report are as follows:

Y Goto	(Appointed 1 April 2014)
S Sato	(Appointed 1 April 2014)
A Shoji	(Resigned 31 March 2014)
S Miyake	(Resigned 31 March 2014)

Dividends

The Directors do not recommend a final dividend (year ended 31 March 2014 – US $nil).

Future developments

The Directors aim to maintain the management policies which aim to improve the Company's profitability. They consider that the new financial year will provide a more stable growth in turnover arising from continuing operations because of the continuity of the contract for the time charter of the owned vessel and the restructuring of the finance lease.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 3.

The Company has sufficient financial resources together with existing contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Ernst & Young LLP resigned as auditor on 10th February 2015 under Section 516 of Company Act 2006. The Directors have then appointed PricewaterhouseCoopers LLP as the Company's auditor.

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be re-appointed as auditor in the absence of an Annual General Meeting.

S Sato

S Sato
Director

Date: 15 May 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' 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 judgments and 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.

Independent auditors' report

to the members of "K" Line LNG Shipping (UK) Limited

Report on the financial statements

Our opinion
In our opinion, "K" Line LNG Shipping (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its profit 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.

What we have audited
"K" Line LNG Shipping (UK) Limited's financial statements comprise:

- the Balance sheet as at 31 March 2015;
- the Profit and loss account 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 applicable law and United Kingdom Accounting Standards (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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, 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.

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.

Independent auditors' report (continued)

to the members of "K" Line LNG Shipping (UK) Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 6, 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 Strategic report, Directors' report and financial statements 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.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 15 May 2015

Profit and loss account

for the year ended 31 March 2015

	Notes	*Year ended 31 March 2015 US$*	*Year ended 31 March 2014 US$*
Turnover	2	72,259,857	78,419,823
Cost of sales		(48,057,432)	(52,710,514)
Gross profit		24,202,425	25,709,309
Administrative expenses		(6,760,757)	(8,559,506)
Operating profit	3	17,441,668	17,149,803
Exceptional items	17	–	(31,141,785)
Interest receivable and similar income	6	138,673	150,997
Interest payable and similar charges	7	(2,669,532)	(2,357,319)
Foreign exchange gain on retranslation of loans		–	6,038,486
Profit/(loss) on ordinary activities before taxation		14,910,809	(10,159,818)
Tax	8	(79,078)	(235,519)
Profit/(loss) for the financial year	16	14,831,731	(10,395,337)

All amounts relate to continuing activities.

The notes on pages 11 to 22 form an integral part of these financial statements.

There are no recognised gains or losses other than the profit attributable to the shareholder of the Company of US$14,831,731 for the year ended 31 March 2015 (2014 – loss of US$10,395,337). Consequently, no Statement of total recognised gains and losses has been prepared.

As the results disclosed in the Profit and loss accounts are prepared on an unmodified historical cost basis, a note on historical cost profits and losses has not been included in these financial statements.

Balance sheet

at 31 March 2015

	Notes	*31 March 2015 US$*	*31 March 2014 US$*
Fixed assets			
Tangible fixed assets	9	123,958,877	128, 757,715
Investment in joint venture	10	2,153,044	–
Total non current assets		126,111,921	128,751,715
Current assets			
Debtors	11	52,253,235	57,764,667
Cash at bank		31,491,263	20,264,604
		83,744,498	78,029,271
Creditors: amounts falling due within one year	12	(20,516,635)	(21,548,312)
Net current assets		63,227,863	56,480,959
Total assets less current liabilities		189,339,784	185,238,674
Provision for liabilities			
Deferred tax	8	(12,236)	–
Creditors:			
Creditors: amounts falling due after more than one year	13	(130,457,143)	(141,200,000)
Net assets		58,870,405	44,038,674
Capital and reserves			
Called up share capital	15	40,900,233	40,900,233
Profit and loss account	16	17,970,172	3,138,441
Shareholder's funds	16	58,870,405	44,038,674

The notes on pages 11 to 22 form an integral part of these financial statements

The financial statements on pages 9 to 22 were approved by the Board of Directors and signed on their behalf by:

Y Goto

Director

Date: 15 May 2015

Notes to the financial statements

at 31 March 2015

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with the Companies Act 2006 and Applicable Accounting Standards in the United Kingdom and under the historical cost convention.

The Directors consider that the Company's functional currency is the US dollar because its business contracts, trading and financing transitions are in US$. Since this is the operational currency, the financial statements are presented in US$.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of cash flows

The Directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the Company is wholly owned and its ultimate parent undertaking publishes group financial statements.

Turnover recognition

Revenue is recognised on an accruals basis following the provision of the related goods or services. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

(i) Charter hire income

The time charter equivalent of income from the Company's vessel chartering activities are recognised on a straight line basis over the period of the contract.

(ii) Management fees

The fees earned from the management of vessels, crew and technical matters are recognised when services are rendered.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and impairment losses. Depreciation commences from the point when the assets are available for use. Vessels under construction are not depreciated.

The cost of tangible fixed assets includes expenditures that are incurred during construction, delivery, modification and capitalised finance costs. The commencement date for capitalisation of costs occurs when the Company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected economic useful life, as follows:

Vessel	–	30 years
Equipment	–	3 years

Notes to the financial statements

at 31 March 2015

1. Accounting policies (continued)

The Company's vessel is required to undergo periodic dry dockings for replacement of certain components, major repairs and maintenance of other components. Dry-docking costs are recognised and capitalised at the total amount incurred at completion date. Amortisation of cost is allocated over the period until the next dry-docking which can range from 2 – 5 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Capitalisation of interest

Interest incurred on borrowings to finance the construction/acquisition of vessels is capitalised. Once the vessel is delivered, the interest is no longer capitalised.

Investments

Investments in subsidiaries, joint ventures, associates and trade investments are stated at cost less provision for impairment. Impairment reviews are carried out if there is an indication of a reduction in value. Dividends from investments are recognised when received or approved for payment by the investee.

Debtors

Debtors are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on possible losses which may arise from non-collection of certain amounts.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in Sterling and other foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the US$ are retranslated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the Profit and loss account.

The exchange rate between GBP and USD was 1.485 at 31 March 2015 (31 March 2014 – 1.667).

Operating leases

Rents payments under operating leases are charged against income on a straight-line basis over the lease term.

Notes to the financial statements

at 31 March 2015

1. Accounting policies (continued)

Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards of ownership.

Assets acquired by way of finance leases are stated at an amount equal to the lower of the fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as loans. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the interest expense and the reduction of the outstanding liability. Interest expense, which represents the difference between the total leasing commitments and the fair value of assets acquired, is recognised as an expense in the Profit and loss account over the term of the relevant lease so as to produce a constant periodic rate of change on the remaining balance of the obligation for each accounting period.

Joint venture

A joint venture is an entity in which the Company holds an interest on a long-term basis and which is jointly controlled by the Company and one or more other ventures under a contractual agreement.

The Company's share of the results of joint ventures is included in the Profit and Loss account using the gross equity method of accounting. Investments in joint ventures are carried in the Balance sheet at cost plus post-acquisition changes in the Company's share of the net assets of the entity, less any impairment in value.

Provision for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Notes to the financial statements

at 31 March 2015

2. Turnover

Turnover, which arises on continuing activities, represents the amounts receivable for services provided during the year, exclusive of VAT.

An analysis of turnover by geographical market is given below:

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
UK	41,422,274	41,877,047
Rest of the World	30,837,583	36,542,776
	72,259,857	78,419,823
Income from charter hire	29,426,957	29,402,085

Turnover of $1.3m (2014: $1.4m) is derived from fellow group undertakings and is based on arm's length prices.

3. Operating profit

This is stated after charging/ (crediting):

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Auditors' remuneration – audit of the financial statements	38,597	32,943
–other fees to auditor for taxation services	–	65,712
Depreciation of owned assets	55,647	18,887
Depreciation of leased assets	6,857,826	7,011,659
Net (gain)/loss on foreign currency translation	(121,749)	111,542

4. Directors' remuneration

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Remuneration	349,352	469,891

No pension contributions were paid by the Company to Directors during the year.

The amounts in respect of the highest paid Director are as follows:

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Remuneration	241,142	334,907

Notes to the financial statements

at 31 March 2015

5. Staff costs

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Wages and salaries	3,085,086	3,198,633
Social security costs	228,775	249,594
Other pension costs	210,731	246,081
	3,524,592	3,694,308

The average monthly number of employees during the year was made up as follows:

	No.	*No.*
Administrative staff	23	28

6. Interest receivable and similar income

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Bank interest receivable	38,025	24,951
Loan interest receivable from group undertakings	98,864	126,046
Other interest receivable	1,784	–
	138,673	150,997

7. Interest payable and similar charges

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Bank interest payable	–	395,183
Finance lease interest payable	2,669,532	1,962,136
	2,669,532	2,357,319

The Finance lease interest payable for the year ended 31 March 2015 is $2,484,754 (2014: $2,012,407). The guarantee fees payable for the year ended 31 March 2015 is $184,778 (2014: $290,129).

Notes to the financial statements

at 31 March 2015

8. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Current tax:		
UK corporation tax on the profit for the year	–	287,680
Group relief payable	135,152	–
Adjustment in respect of previous periods	(68,310)	(52,161)
Total current tax (note 8(b))	66,842	235,519
Deferred tax:		
Origination and reversal of timing differences	13,236	–
Effect of changes in tax rate on opening balance	(1,000)	–
Tax on profit on ordinary activities	79,078	235,519

(b) Factors affecting tax charge for the year

The tax assessed on the profit/(loss) on ordinary activities is lower than the standard rate of corporation tax in the UK of 21% (2014 – 23%). The differences are reconciled below:

	Year ended 31 March 2015 US$	*Year ended 31 March 2014 US$*
Profit/(loss) on ordinary activities before tax	14,910,809	(10,159,818)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 – 23%)	3,131,270	(2,336,758)
Effects of:		
Non-taxable loss/(income)	(2,962,270)	2,624,438
Adjustments in respect of previous periods	(68,310)	(52,161)
Capital allowances in excess of depreciation	(33,848)	–
Current tax for the year (note 8(a))	66,842	235,519

Non-taxable loss/(income) principally relates to activities falling within the UK Tonnage Tax regime.

Notes to the financial statements

at 31 March 2015

8. Tax (continued)

(c) Deferred tax

The deferred tax liability included in the balance sheet is as follows:

	31 March 2015 US$	*31 March 2014 US$*
Provision for liabilities	12,236	–

	31 March 2015 US$	*31 March 2014 US$*
Accelerated capital allowances	12,236	–
Other timing differences	–	–
	12,236	–
At 1 April	–	–
Profit and loss account movement arising during the year (note 8(a))	12,236	–
At 31 March	12,236	–

9. Tangible fixed assets

	Vessel US$	*Dry docking US$*	*Equipment US$*	*Total US$*
Cost:				
At 1 April 2014	160,876,892	3,734,594	131,898	164,743,384
Additions	1,919,456	–	195,179	2,114,635
At 31 March 2015	162,796,348	3,734,594	327,077	166,858,019
Depreciation:				
At 1 April 2014	33,923,755	1,950,289	111,625	35,985,669
Charge for the year	5,363,988	1,493,838	55,647	6,913,473
At 31 March 2015	39,287,743	3,444,127	167,272	42,899,142
Net book value:				
At 31 March 2015	123,508,605	290,467	159,805	123,958,877
At 1 April 2014	126,953,137	1,784,305	20,273	128,757,715

Vessel with net book value of US$123,508,604 (2014 – US$126,953,137) has been placed as security under finance lease arrangement.

Notes to the financial statements

at 31 March 2015

10. Investment

	31 March 2015 US$	31 March 2014 US$
Investment in joint venture	2,153,044	–
	2,153,044	–

In February 2015, "K" Line LNG Shipping (UK) Limited entered into a joint venture investment agreement with Chartris with a contribution of $2.1m. This investment represents a share for the co-ownership of a new LNG vessel to be delivered in future.

11. Debtors

	31 March 2015 US$	31 March 2014 US$
Amounts owed from group undertakings	–	193,104
Amounts owed from related party undertakings	4,350,569	1,531,511
Prepayments and accrued income	2,104,791	3,741,761
Loans receivable from group undertaking	40,814,738	40,715,873
Corporation tax receivable	25,287	–
Other debtors	4,957,850	11,582,418
	52,253,235	57,764,667

Amounts owed from group undertakings are unsecured, with no interest and no fixed repayment date.

12. Creditors: amounts falling due within one year

	31 March 2015 US$	31 March 2014 US$
Trade creditors	1,392,480	2,708,897
Amounts owed to group undertakings	262,463	76,057
Amounts owed to related party undertakings	–	1,579,552
Corporation tax payable	–	37,601
Accruals and deferred income	8,118,835	6,403,348
Obligations under finance leases and hire purchase contracts (note 14)	10,742,857	10,742,857
	20,516,635	21,548,312

Amounts owed to group undertakings are unsecured, with no interest and no fixed repayment date.

Notes to the financial statements

at 31 March 2015

13. Creditors: amounts falling due after more than one year

	31 March 2015 US$	*31 March 2014 US$*
Obligations under finance leases and hire purchase contracts (note 14)	130,457,143	141,200,000

14. Obligations under finance leases and hire purchase contracts

Amounts due under finance leases:

	31 March 2015 US$	*31 March 2014 US$*
Amounts payable:		
Within one year	13,138,298	13,319,017
In two to five years	50,661,374	51,411,709
In more than five years	87,869,704	100,257,667
	151,669,376	164,988,393
Less: finance charges allocated to future periods	(10,469,376)	(13,045,536)
	141,200,000	151,942,857

Analysis of present value of finance lease liabilities:

	31 March 2015 US$	*31 March 2014 US$*
In one year or less or on demand	10,742,857	10,742,857
In more than one year but not more than five years	42,971,429	42,971,429
In more than five years	87,485,714	98,228,571
	141,200,000	151,942,857

In June 2013, the Company terminated its finance lease arrangement related to the Celestine River and entered into a new finance lease arrangement with two of the three original lenders who were party to the previous finance lease arrangement via a new third party Company ("the counter party"). The counter party which is beneficially owned by two Japanese banks (two of the original lenders) entered into a loan financing arrangement with these banks to finance the new finance lease arrangement with the Company.

Under the terms of the new finance lease arrangement, the counter party has the right to terminate the arrangement in the case that it suspends payments of its debts or is unable to continue paying its debts to the Japanese banks. Upon occurrence of such an event, the counter party is entitled to transfer the title of the vessel to the Company and the Company is obliged to purchase the vessel and repay the amounts due under the new finance lease arrangement. In addition to this, the new finance lease arrangement conditionally provides for the counter party's ability to refinance the bank loan at its maturity date which is determined at seven years following the first drawdown date. The inability of the counter party to refinance the bank loan at its maturity date is contracted in the new finance lease arrangement as the "Early termination date" upon which the Company is obliged to repay certain amounts calculated based on the outstanding loan amount between the Japanese banks and the counter party whereas in the contrary case the Company and the counter party are to adjust the charter hire payments to reflect the conditions of the refinanced bank loan.

Notes to the financial statements

at 31 March 2015

14. Obligations under finance leases and hire purchase contracts (continued)

The substance of the above terms is that the counter party which is the contractual party of the new finance lease arrangement is acting as a special purpose vehicle on behalf of the banks and the transaction effectively represents a secured bank loan with a maturity of seven years, despite the fact that the term of the finance lease is until 2037.

The rate of interest payable on the finance lease is 1.4% above LIBOR.

15. Issued share capital

		31 March 2015		*31 March 2014*
Allotted, called up and fully paid	*No.*	*US$*	*No.*	*US$*
Ordinary shares of £1 each	25,488,646	40,900,233	25,488,646	40,900,233

The issued share capital is denominated in GBP and has been translated into US$ at the historical rates ruling on the respective dates when the shares were issued.

16. Reconciliation of shareholder's funds and movements on reserves

	Share capital	*Profit and loss account*	*Total share-holder's funds*
	US$	*US$*	*US$*
At 1 April 2013	40,900,233	13,533,778	54,434,011
Profit for the year	–	(10,395,337)	(10,395,337)
At 1 April 2014	40,900,233	3,138,441	44,038,674
Profit for the year	–	14,831,731	14,831,731
At 31 March 2015	40,900,233	17,970,172	58,870,405

17. Exceptional item

	Year ended 31 March 2015	*Year ended 31 March 2014*
	US$	*US$*
Lease restructuring costs	–	31,141,785
	–	31,141,785

The lease restructuring costs represent primarily payments made to the lenders on termination of the original finance lease of the Celestine River (see Note 14).

Notes to the financial statements

at 31 March 2015

18. Pensions

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost and charge represent contributions payable by the Company to the fund and amounted to US$210,731 (2014 – US$246,081). The amount of outstanding contributions at the year end was US $nil (2014 – US $nil).

19. Related party transactions

The Company has taken advantage of the exemption available in FRS 8 from disclosing transactions with related parties, 100% of whose voting rights are controlled within the Kawasaki Kisen Kaisha Limited group.

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March 2015, are as follows:

	Income from related party	*Amounts owed from related party*	*Amounts owed to related party*
	US$	*US$*	*US$*
Related party			
Polar LNG Shipping Limited			
31 March 2015	11,995,317	–	1,082,339
31 March 2014	12,511,445	–	838,549
J5 Nakilat No.3 Limited			
31 March 2015	6,459,478	1,777,137	–
31 March 2014	5,754,076	972,847	–
J5 Nakilat No.7 Limited			
31 March 2015	6,706,158	1,358,329	–
31 March 2014	9,746,037	–	241,279
Peninsula LNG No.2 Limited			
31 March 2015	4,958,807	405,126	–
31 March 2014	5,753,194	–	499,724
Trinity LNG Transport S.A			
31 March 2015	11,447,571	809,977	–
31 March 2014	13,380,675	558,664	–
Total at 31 March 2015	41,567,331	4,350,569	1,082,339
Total at 31 March 2014	47,145,427	1,531,511	1,579,552

The above companies are affiliates of Kawasaki Kisen Kaisha Limited (the ultimate parent undertaking of "K" Line Holding (Europe) Limited).

Notes to the financial statements

at 31 March 2015

20. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Kawasaki Kisen Kaisha Limited, which is incorporated in Japan.

The financial statements of Kawasaki Kisen Kaisha Limited, which represent the smallest and largest group in which the Company is consolidated, are available from Kawasaki Kisen Kaisha Limited, Iino Buildings, 1-1 Uchisaiwaicho 2 – Chome, Chiyoda-ku, Tokyo 100-8540, Japan.