

“K” Line (Europe) Limited

Report and Financial Statements

31 March 2016



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Company Information

Directors

D Arai
T Suzuki

Secretary

B Y Ramlalsing

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

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 EC4N 4TA

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

Registered Office

6th Floor
200 Aldersgate Street
London EC1A 4HD

Registered No. 05639474

Strategic report

The Directors present their Strategic report of "K" Line (Europe) Limited (the "Company") for the year ended 31 March 2016.

Results

The profit for the financial year amounted to £439,926 (year ended 31 March 2015 – £535,057).

Principal activities and review of the business

The principal activity of the Company during the year was that of general shipping agents for containerships and car carriers throughout Europe. The Company's key financial performance indicators during the year were as follows:

| | <i>Year ended 31 March 2016 £000</i> | <i>Year ended 31 March 2015 £000</i> | <i>Change %</i> |
|-------------------------------|--|--|---------------------|
| Turnover | 12,937 | 16,544 | (22%) |
| Profit for the financial year | 440 | 535 | (18%) |
| Total Shareholders' funds | 4,823 | 4,484 | 8% |
| Cash at bank and in hand | 7,157 | 4,778 | 50% |

Turnover is attributed to agency activities which is a cost plus margin arrangement. The reduction in turnover for the current year is attributed to the scaling down of some of the divisions as well as some other cost savings measures introduced. Cash at bank and in hand has increased by 50% from the prior year and is mainly attributable to excess budgeted commission income received from Kawasaki Kisen Kaisha Limited which will be settled post year end based on actual costs.

Principal risks and uncertainties

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

Competitive risks

In the UK, the Company is not subject to any major competitor risk as the main income is supported by a service fee agreement with its ultimate parent undertaking located in Japan.

Legislative risks

In the UK and Europe, the main legislative risks are EU competition law, employment law, UK Bribery Act and tax laws. These standards are subject to continuous revision; however, they are not expected to have a material impact on the ability of the Company to generate a profit.

Strategic report (continued)

Principal risks and uncertainties (continued)

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 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 with support from its ultimate parent company Kawasaki Kisen Kaisha Limited and its group companies. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

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.

Foreign currency risk

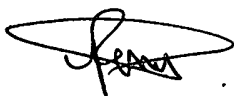
The Company has no significant exposure to foreign currency risk.

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.

By order of the Board



B Y Ramlalsing

Company Secretary

Date: 9 May 2016

Registered No. 05639474

Directors' report

The Directors present their Directors' Report and audited financial statements of "K" Line (Europe) Limited (the "Company") for the financial year ended 31 March 2016.

Directors

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

D Arai

T Suzuki

G King (Resigned: 26/04/2016)

Dividends

On 17th September 2015, an amount of £100,000 was paid to "K" Line Holding (Europe) Ltd in respect of a final dividend (year ended 31 March 2015 – £100,000).

Future developments

The Directors aim to maintain the management policies which have resulted in the Company's growth in recent years. They consider that 2017 will show a similar pattern.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above.

The Company has adequate 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.

Directors' indemnities

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

Disclosure of information to the auditors

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 auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board:



Director and Chief Executive Officer

Date: 9 May 2016

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 (Europe) Limited

Report on the financial statements

Our opinion

In our opinion, "K" Line (Europe) 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 2016 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

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

- The Statement of income and retained earnings as at 31 March 2016;
- The Balance sheet 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

Opinion on other matter 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 to the members of "K" Line (Europe) 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 parent 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.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 May 2016

Statement of income and retained earnings

for the year ended 31 March 2016

| | | <i>Year ended 31 March 2016</i> | <i>Year ended 31 March 2015</i> |
|--|-------------|---|---|
| | <i>Note</i> | <i>£</i> | <i>£</i> |
| Turnover | 2 | 12,936,898 | 16,543,870 |
| Administrative expenses | | <u>(12,315,143)</u> | <u>(15,750,351)</u> |
| Operating profit | 3 | 621,755 | 793,519 |
| Interest receivable and similar income | 7 | <u>10,147</u> | <u>10,259</u> |
| Profit on ordinary activities before taxation | | 631,902 | 803,778 |
| Tax on profit on ordinary activities | 8 | <u>(191,976)</u> | <u>(268,721)</u> |
| Profit for the financial year | | <u>439,926</u> | <u>535,057</u> |
| Retained earnings brought forward | | <u>4,473,503</u> | <u>4,038,446</u> |
| Dividends paid | | (100,000) | (100,000) |
| Retained earnings at the end of year | | <u>4,813,429</u> | <u>4,473,503</u> |

All amounts relate to continuing activities.

The notes on pages 11 to 21 form an integral part of these financial statements.

Balance sheet

as at 31 March 2016

| | | 31 March 2016 | 31 March 2015 |
|---|------|------------------|------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible assets | 10 | 582,397 | 876,703 |
| Current assets | | | |
| Debtors | 11 | 5,807,914 | 8,727,800 |
| Cash at bank and in hand | | 7,156,786 | 4,778,180 |
| | | 12,964,700 | 13,505,980 |
| Creditors: amounts falling due within one year | 12 | (8,525,333) | (9,768,760) |
| Total assets less current liabilities | | 5,021,764 | 4,613,923 |
| Provisions for liabilities | | | |
| Other provisions | 16 | (198,334) | (130,419) |
| Net assets | | 4,823,430 | 4,483,504 |
| Capital and reserves | | | |
| Called up share capital | 13 | 10,001 | 10,001 |
| Retained earnings | | 4,813,429 | 4,473,503 |
| Total shareholders' funds | | 4,823,430 | 4,483,504 |

The notes on pages 11 to 21 form an integral part of these financial statements

The financial statements on pages 9 to 21 were approved by the Board of Directors and signed on their behalf by:



D Arai

Director and Chief Executive Officer

Date: 9 May 2016

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies

General Information

The Company is limited by shares and is incorporated in England. The address of its registered office is 6th Floor, 200 Aldersgate Street, London, EC1A 4HD.

The principal activity of the Company continues to be general shipping agents for containerships and car carriers throughout Europe.

Statement of compliance

The financial statements of "K" Line (Europe) Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in Note 19.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows prepared by the ultimate parent company, includes the Company's cash flows;
- ii) from providing the financial instruments disclosures set out in sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
- iv) from disclosing the Company key management personnel compensation in total, as required by FRS 102 paragraph 33.7.

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

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.

Notes to the financial statements (continued)

for the year ended 31 March 2016

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation commences from the point when the assets are available for use.

The cost of tangible fixed assets includes expenditure that is incurred during construction, delivery, modification and capitalised finance costs. The commencement date for capitalisation of costs occurs when the company first incurs expenditure 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 useful life, as follows:

| | | |
|-------------------------|---|-------------|
| Leasehold property | – | 2 – 5 years |
| Furniture and equipment | – | 3 – 6 years |

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

Taxation

i) Current tax

Current tax is provided using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date on the excess of taxable income and allowable expenses.

ii) Deferred taxation

Deferred tax 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 a right to pay less or to receive more, tax, with the following exception:

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

i) Functional and presentation currency:

The Company's functional and presentation currency is GBP.

ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Gains and losses on exchange are dealt with in the statement of income and retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

Notes to the financial statements (continued)

for the year ended 31 March 2016

1. Accounting policies (continued)

Turnover recognition

Turnover is based on the recharge of costs for services provided to group companies with a 5% mark up. Turnover is recognised on an accruals basis following the provision of the related goods or services.

Operating leases

Rental payments under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

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.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Pension contributions

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.

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.

Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes to the EU-directives and UK Companies Regulations. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. Management is assessing the impact as at the date of financial statements but does not expect a material impact. The amendments to FRS 102 (issued in July 2015) have not been early adopted by the Company in these financial statements.

Notes to the financial statements (continued)

for the year ended 31 March 2016

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:

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|-------------------|---|---|
| United Kingdom | 850,368 | 794,706 |
| Rest of the World | 12,086,530 | 15,749,164 |
| | <u>12,936,898</u> | <u>16,543,870</u> |

3. Operating profit

This is stated after charging:

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|--|---|---|
| Auditors' remuneration (note 4) | <u>15,000</u> | <u>12,000</u> |
| Depreciation of owned fixed assets (note 10) | 386,337 | 458,375 |
| Operating lease rentals – land and buildings | 867,836 | 867,836 |
| – plant and machinery | 134,187 | 136,973 |
| Foreign exchange loss | 3,892 | 18,011 |
| (Loss)/Profit on disposal of fixed assets | <u>(7,659)</u> | <u>3,209</u> |

4. Auditors' remuneration

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|--|---|---|
| Audit of the financial statements for the current year | <u>15,000</u> | <u>12,000</u> |
| | <u>15,000</u> | <u>12,000</u> |

Notes to the financial statements (continued)

for the year ended 31 March 2016

5. Directors' remuneration

| | <i>Year ended 31 March 2016 £000</i> | <i>Year ended 31 March 2015 £000</i> |
|---|--|--|
| Remuneration | 454 | 1,405 |
| Company contributions paid to personal money purchase pension schemes | — | — |

Number of Directors in respect of whom contributions were made in the year:

| | <i>No.</i> | <i>No.</i> |
|-----------------------|------------|------------|
| Pension contributions | — | — |

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

| | <i>Year ended 31 March 2016 £000</i> | <i>Year ended 31 March 2015 £000</i> |
|---|--|--|
| Remuneration | 293 | 1,227 |
| Company contributions paid to personal money purchase pension schemes | — | — |

6. Staff costs

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|-------------------------------|---|---|
| Wages and salaries | 7,386,009 | 9,974,826 |
| Social security costs | 514,889 | 798,428 |
| Other pension costs (note 14) | 600,046 | 673,862 |
| | <u>8,500,944</u> | <u>11,447,116</u> |

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

| | <i>No.</i> | <i>No.</i> |
|----------------------|------------|------------|
| Administrative staff | 175 | 186 |

Notes to the financial statements (continued)

for the year ended 31 March 2016

7. Interest receivable and similar income

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|--------------------------|---|---|
| Bank interest receivable | 10,147 | 10,259 |
| | <u>10,147</u> | <u>10,259</u> |

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|--|---|---|
| Current tax: | | |
| UK corporation tax on profit for the year | 168,550 | – |
| Group relief payable | – | 227,561 |
| Adjustments in respect of previous years | – | 20,242 |
| Total current tax | <u>168,550</u> | <u>247,803</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | 15,893 | 27,502 |
| Effect of changes in tax rate on opening liability | 9,998 | (6,710) |
| Adjustments in respect of previous years | (2,465) | 126 |
| Total deferred tax (note 8(c)) | <u>23,426</u> | <u>20,918</u> |
| Tax on ordinary activities (note 8(b)) | <u>191,976</u> | <u>268,721</u> |

Notes to the financial statements (continued)

for the year ended 31 March 2016

8. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (year ended 31 March 2015 – 21%). The differences are explained below:

| | <i>Year ended 31 March 2016 £</i> | <i>Year ended 31 March 2015 £</i> |
|--|---|---|
| Profit on ordinary activities before taxation | <u>631,902</u> | <u>803,778</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (year ended 31 March 2015 – 21%) | 126,380 | 168,793 |
| <i>Effects of:</i> | | |
| Disallowed expenses and non taxable income | 58,063 | 80,600 |
| Tax rate changes | 9,998 | (914) |
| Adjustments in respect of previous years | (2,465) | 20,242 |
| Total tax for the year (note 8(a)) | <u>191,976</u> | <u>268,721</u> |

(c) Deferred tax assets:

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

| | <i>31 March 2016 £</i> | <i>31 March 2015 £</i> |
|--|--------------------------------|--------------------------------|
| Included in debtors (note 11) | <u>89,984</u> | <u>113,410</u> |
| | <i>2016 £</i> | <i>2015 £</i> |
| Provision as at 1 April | 113,410 | 134,328 |
| Deferred tax charge to income statement for the year (note 8(a)) | (23,426) | (20,918) |
| Provision as at 31 March | <u>89,984</u> | <u>113,410</u> |

Notes to the financial statements (continued)

for the year ended 31 March 2016

9. Dividends

| <i>Equity dividend</i> | <i>31 March 2016 £</i> | <i>31 March 2015 £</i> |
|------------------------------------|--------------------------------|--------------------------------|
| Declared and paid during the year: | | |
| Equity dividend on ordinary shares | <u>100,000</u> | <u>100,000</u> |

10. Tangible assets

| | <i>Furniture and equipment £</i> | <i>Leasehold property £</i> | <i>Total £</i> |
|--------------------------|--|-------------------------------------|--------------------|
| Cost: | | | |
| At 1 April 2015 | 5,059,467 | 1,001,507 | 6,060,974 |
| Additions | 131,330 | (370) | 130,960 |
| Disposals | (73,345) | – | (73,345) |
| At 31 March 2016 | <u>5,117,452</u> | <u>1,001,137</u> | <u>6,118,589</u> |
| Depreciation: | | | |
| At 1 April 2015 | 4,774,660 | 409,611 | 5,184,271 |
| Provided during the year | 166,090 | 220,247 | 386,337 |
| Disposals | (34,416) | – | (34,416) |
| At 31 March 2016 | <u>4,906,334</u> | <u>629,858</u> | <u>5,536,192</u> |
| Net book value: | | | |
| At 31 March 2016 | <u>211,118</u> | <u>371,279</u> | <u>582,397</u> |
| At 31 March 2015 | <u>284,807</u> | <u>591,896</u> | <u>876,703</u> |

11. Debtors

| | <i>31 March 2016 £</i> | <i>31 March 2015 £</i> |
|---|--------------------------------|--------------------------------|
| Trade debtors | 4,677,641 | 6,997,660 |
| Amounts owed by group undertakings | 75,354 | 238,410 |
| Amounts owing from related party undertakings | 4,266 | 1,393 |
| Other debtors | 622,715 | 550,142 |
| Corporation tax receivable | – | 82,396 |
| Deferred taxation (note 8(c)) | 89,984 | 113,410 |
| Prepayments and accrued income | 337,954 | 744,389 |
| | <u>5,807,914</u> | <u>8,727,800</u> |

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

Notes to the financial statements (continued)

for the year ended 31 March 2016

12. Creditors: amounts falling due within one year

| | 31 March 2016 | 31 March 2015 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 939,420 | 986,079 |
| Trade creditors | 3,235,694 | 3,194,329 |
| Amounts owed to group undertakings | 3,166,513 | 4,017,884 |
| Other taxation and social security | 347,233 | 296,920 |
| Other creditors | 225,579 | 454,205 |
| Corporation tax payable | 17,378 | – |
| Accruals and deferred income | 593,516 | 819,343 |
| | <u>8,525,333</u> | <u>9,768,760</u> |

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

13. Called up share capital

| | 31 March 2016 | | 31 March 2015 | |
|---|------------------|---------------|------------------|---------------|
| <i>Allotted, called up and fully paid</i> | No. | £ | No. | £ |
| Ordinary shares of £1 each | 10,001 | <u>10,001</u> | 10,001 | <u>10,001</u> |

14. Pensions

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £600,046 (2015 – £673,862). The amount of outstanding contributions at the year end was £nil (2015 – £nil).

15. Other financial commitments

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as set out below:

| | 31 March 2016 | | 31 March 2015 | |
|--------------------------------|-------------------------------|----------------|-------------------------------|----------------|
| | <i>Land and buildings</i> | <i>Other</i> | <i>Land and buildings</i> | <i>Other</i> |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | 1,097,630 | 83,713 | 1,097,630 | 137,591 |
| In two to five years | 1,284,410 | 56,712 | 1,796,324 | 136,693 |
| Over five years | 423,695 | – | – | – |
| | <u>2,805,735</u> | <u>140,425</u> | <u>2,893,954</u> | <u>274,284</u> |

Notes to the financial statements (continued)

for the year ended 31 March 2016

16. Other provisions

| | £ |
|--------------------------------|----------------|
| <i>Dilapidations provision</i> | |
| 1 April 2015 | 130,419 |
| Movement in the year | 67,915 |
| At 31 March 2016 | <u>198,334</u> |

The dilapidations provision covers a period of 5 years from the start of the office lease; the annual charge of dilapidation is £67,915.

17. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 from disclosing transactions with related parties, which are 100% owned and controlled within the Kawasaki Kisen Kaisha Limited group.

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 2016 are as follows:

| | <i>Income from related party</i> | <i>Purchases from related party</i> | <i>Amounts owed from related party</i> | <i>Amounts owed to related party</i> |
|---------------------------------|--------------------------------------|---|--|--|
| | £ | £ | £ | £ |
| Polar LNG Shipping (UK) Limited | | | | |
| 2016 | – | – | 4,266 | – |
| 2015 | – | – | 1,393 | – |

"K" Line Holding (Europe) Limited owns 42.5% of the ordinary shares in Polar LNG Shipping (UK) Limited.

18. 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 Building, 1-1, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8540, Japan.

Notes to the financial statements (continued)

for the year ended 31 March 2016

19. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. FRS 102 has been adopted by the Company for year ended 31 March 2016. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There are no changes in accounting policies which would impact for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.