Registered No. 4830352

“K” Line Bulk Shipping (UK) Limited

Report and Financial Statements

31 March 2019

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Company Information

Director
A.Misaki

Secretary
B Y Ramlalsing

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Registered No. 4830352

Strategic Report

The Director presents the Strategic report of "K" Line Bulk Shipping (UK) Limited (the "Company) for the financial year ended 31 March 2019.

Results and dividends

The loss for the financial year amounted to US$ 7,348,954 (year ended 31 March 2018 – loss of US$ 6,162,181). The Director does recommend a final dividend of $nil (year ended 31 March 2018 – US $5M).

Principal activities and Review of the business

The principal activities of the Company are the chartering and ownership of bulk vessels.

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

	2019 *$000*	*2018* *$000*	*Change* *%*
Turnover	197,279	187,065	5%
Loss for the financial year	(7,349)	(6,162)	19%
Total shareholders' funds	34,817	42,034	(17%)
Cash and cash equivalents	16,437	25,053	(34%)

Turnover increased by 5% during the year as a result of improved freight rates compared to the previous years. The increase in loss which is 19% for the year was due to market conditions and a higher interest rate on the Company's loan compared to previous years and a provision for onerous leases.

Total shareholders' funds decreased by 17% primarily due to loss from operations.

Cash and cash equivalents decreased by 34% mainly due to cash used in operations, market conditions, and a new loan provided to group company.

Future developments

The uncertain global economic outlook and the increased imbalance between supply and demand have led to low freight rates and bulk market recession. However, the current trend appears optimistic. As a result, the Company's overall business in expected to perform better over the coming year as compared to 2018/19.

Principal risks and uncertainties

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

Competitive risks

The bulk carrier industry is characterised by intense competition to secure contracts and profitable rates. The Company tries to minimise this risk with medium to long term contracts with a number of customers.

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 Organisation). These standards are subject to continuous revision.

The maritime industry is preparing for IMO 2020 sulphur cap regulation, which might impact on fuel price. Daily dry bulk market rates take into account fuel oil fluctuations and no adverse effect is expected.

The implication of Brexit is unclear at the moment and will be continually monitored.

Strategic Report (continued)

Financial risks

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

Treasury operations and financial instruments

Ships are financed by way of third party bank loans, inter-group loans and by way of finance leases. Borrowings are undertaken at variable rates principally in USD and JPY. To the extent not covered by derivative instruments the Company is exposed to fluctuations in interest rates.

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. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk. This is done through the type of derivative financial instruments as planned currency exposures arising from material transactions which are not denominated in USD.

Market/price risk

The Company uses interest rate swaps to mitigate interest rate exposure by fixing interest payments where payments are variable and hence exposed to interest rate movements. The Company uses foreign currency exchange rate swaps to mitigate currency exchange rate exposure by fixing exchange rate for payments in foreign currency and hence exposed to exchange rate fluctuations. The Company also has in place a forward freight agreement and a bunker swap agreement to minimise the risk of fluctuations in market freight rates and bunker fuel prices respectively (note 19).

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: 11 September 2019

Registered No. 4830352

Director's Report

The Director presents the Director's Report and audited financial statements of "K" Line Bulk Shipping (UK) Limited (the "Company") for the financial year ended 31 March 2019.

Director

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

A.Misaki (Appointed 01st October 2018)
N Fujii (Resigned 30th September 2018)

Dividends and financial risk management

Dividend and financial risk management disclosures are included in the Strategic Report on page 3.

Future Developments

The Company's overall business is expected to perform better over the coming year as compared to 2018/2019. More details are given in the Strategic report on page 3.

Going concern

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 Director believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Notwithstanding the net current liability position of $38.7M, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuous financial support of the ultimate parent company. The Director has received confirmation that Kawasaki Kisen Kaisha Ltd intend to support the Company for at least one year after these financial statements are signed.

Director's indemnities

As permitted by the Articles of Association, the Director has 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 Director's and Officers' liability insurance in respect of itself and its Director.

Statement of Director's Responsibilities

The director is responsible for preparing the Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Director's Report (continued)

Statement of Director's Responsibilities (continued)

The director is 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.

The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Disclosure of information to the auditors

So far as the Director is aware, there is no relevant audit information, of which the company's auditors are unaware and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board
A Misaki
Director
Date: 11 September 2019

Independent auditors' report to the members of "K" Line Bulk Shipping (UK) Limited

Report on the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2019; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Director's Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting
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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2019

Income statement

for the year ended 31 March 2019

	Note	*Year ended 31 March 2019 US$*	*Year ended 31 March 2018 US$*
Turnover	2	197,278,689	187,064,555
Cost of sales		(193,498,710)	(185,104,394)
Gross Profit		3,779,979	1,960,161
Administrative expenses		(3,488,157)	(3,554,472)
Exceptional items	5	-	5,930,250
Operating Profit	3	291,822	4,335,939
Other interest receivable and similar income	8	1,603,961	1,191,041
Interest payable and similar expenses	9	(9,161,517)	(11,401,731)
Loss before taxation		(7,265,734)	(5,874,751)
Tax on loss	10	(83,220)	(287,430)
Loss for the financial year		(7,348,954)	(6,162,181)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 March 2019

	Year ended 31 March 2019 US$	*Year ended 31 March 2018 US$*
Loss for the financial year	(7,348,954)	(6,162,181)
Other comprehensive income/(expense):		
Items that are or may be recycled subsequently to the Income statement		
Movement in fair value of cash flow hedges	131,828	(99,707)
Other comprehensive income/(expense) for the year	131,828	(99,707)
Total comprehensive expense for the year	(7,217,126)	(6,261,888)

The notes on pages 12 to 28 form an integral part of these financial statements.

Balance sheet

as at 31 March 2019

	Note	*31 March 2019 US$*	*31 March 2018 US$*
Fixed assets			
Tangible assets	11	308,683,048	326,066,657
Current assets			
Stocks	12	1,994,068	4,776,534
Debtors	13	57,641,078	80,998,594
Cash and cash equivalents		16,436,930	25,052,568
		76,072,076	110,827,696
Creditors: amounts falling due within one year	14	(114,776,235)	(60,207,765)
Net current (liabilities)/ assets		(38,704,159)	50,619,931
Total assets less current liabilities		269,978,889	376,686,588
Creditors: amounts falling due after more than one year	15	(235,162,287)	(334,652,860)
Net assets		34,816,602	42,033,728
Capital and reserves			
Called up share capital	18	33,979,116	33,979,116
Other reserves		(308,555)	(440,383)
Retained earnings		1,146,041	8,494,995
Total shareholders' funds		34,816,602	42,033,728

The notes on pages 12 to 28 form an integral part of these financial statements.

The financial statements on pages 9 to 28 were approved by the Director and were signed by:

A Misaki

Director

Date: 11 September 2019

Statement of changes in equity

for the year ended 31 March 2019

	Called-up share capital US$	Other reserves US$	Retained earnings US$	Total shareholders funds US$
At 1 April 2018	33,979,116	(440,383)	8,494,995	42,033,728
Loss for the year	–	–	(7,348,954)	(7,348,954)
Other comprehensive income for the year	–	131,828	–	131,828
Total comprehensive income	–	131,828	(7,348,954)	(7,217,126)
At 31 March 2019	33,979,116	(308,555)	1,146,041	34,816,602

	Called-up share capital US$	Other reserves US$	Retained earnings US$	Total shareholders fund US$
At 1 April 2017	33,979,116	(340,676)	19,657,176	53,295,616
Loss for the year	–	–	(6,162,181)	(6,162,181)
Other comprehensive expense for the year	–	(99,707)	–	(99,707)
Total comprehensive income	–	(99,707)	(6,162,181)	(6,261,888)
Dividend paid	–	–	(5,000,000)	(5,000,000)
At 31 March 2018	33,979,116	(440,383)	8,494,995	42,033,728

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies

General Information

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

The principal activities of the Company are the chartering and ownership of bulk vessels.

Statement of compliance

The financial statements of "K" Line Bulk Shipping (UK) 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.

The company has an agreement with Cardinal Shipping Limited which is accounted for as a joint arrangement in accordance with FRS102. The company recognises its 50% share of revenues and costs, assets and liabilities from the arrangement for the financial year in its Income Statement and Balance Sheet.

In the Company's prior year financial statements, the Income Statement disclosed only the net result of the arrangement and the Balance Sheet, the net asset position. In the current year financial statements, the comparative figures have been represented on a gross basis in line with the current year presentation. As a result, turnover increased by $2.9m, cost of sales increased by $0.9m and cash increased by $1.2m. The Director does not consider the impact of this representation to be material.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention, modified by revaluation of financial assets held at fair value through profit and loss.

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's key management personnel compensation in total, as required by FRS 102 paragraph 33.7.

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies (Continued)

Going concern

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 Director believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Notwithstanding the net current liability position of $38.7M, the Director believes that preparing the financial statements on the going concern basis is appropriate due to the continuous financial support of the ultimate parent company. The Director has received confirmation that Kawasaki Kisen Kaisha Ltd intend to support the Company for at least one year after these financial statements are signed.

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. 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 useful life, as follows:

Vessels	–	15 years to 20 years
Furniture and equipment	–	3 years to 5 years

The Company's vessels are required to undergo periodic dry docking 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.

Capitalisation of interest

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

Impairment of tangible fixed assets

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. At the end of each financial reporting period, the Company assesses whether there is any indication that its vessels, other fixed assets and intangible assets may have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

The assessment of whether there is an indication that an asset is impaired is made with reference to trading results, predicted trading results, market rates, technical and regulatory changes and market values. If any such indication exists, the recoverable amount of the asset or income-generating unit ("IGU") is estimated in order to determine the extent of any impairment loss.

The first step in this process is the determination of the lowest level at which largely independent cash flows are generated, starting from the individual asset level. An IGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated from other

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies (Continued)

Impairment of tangible fixed assets (Continued)

assets or groups of assets. In identifying whether cash inflows from an asset or group of assets are largely independent, and therefore determining the level of the IGUs, the Company considers many factors including management's trading strategies, how management makes decisions about continuing or disposing of the assets, nature and terms of contractual arrangements and actual and predicted employment of the vessels. Based on the above the Company has determined at the reporting date it has IGUs comprising of individual vessels.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. Fair value less costs to sell is determined as the amount at which assets may be disposed of on a willing seller, willing buyers' basis, less directly associated costs of disposal. In estimating fair value, the Company considers recent market transactions for similar assets, and the views of reputable shipbrokers.

If the recoverable amount is less than the carrying amount of the asset or IGU, the asset is considered impaired and an expense is recognised equal to the amount required to reduce the carrying amount of the vessel or the IGU to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Such reversal is recognised in the statement of income and retained earnings.

Stocks

Stocks consist of bunker fuel oil and diesel fuel oil which are ascertained on a "first-in-first-out" basis. These are stated at the lower of cost and estimated selling price. Estimated selling price is based on estimate selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

i) Current tax

Current tax, is provided using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date on the excess of taxable income and allowable expenses. The Company is also subject to corporation tax under the UK Tonnage Tax regime.

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.

Finance leases

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

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies (Continued)

Finance leases (continued)

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 a finance lease liability. 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 statement of income and retained earnings 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 year.

Operating leases

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

Foreign currencies

i) Functional and presentation currency:

The Company's functional and presentation currency is US$.

ii) Transactions and balances

Transactions in GBP 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 dollar are retranslated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the statement of income and retained earnings.

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

The exchange rate between GBP and USD was 1.3031 at 29 March 2019 (31 March 2018 – 1.4028).

Pension contributions

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call or with maturities of less than 3 months with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

Financial instruments

i) Financial assets

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies (Continued)

i) Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings..

ii) Financial liabilities

Basic financial liabilities, including trade creditors and other creditors and short term loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current creditors. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss as appropriate, unless they are included in a hedging arrangement when the changes in fair value are recognised in equity.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans payable

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when liabilities are derecognised or impaired, as well as through the amortisation process.

Turnover recognition

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

Time Charter, bareboat charter and brokerage income

Turnover is recognised on a straight lines basis over the period of the contract.

Voyage Charter income

Voyage charter income and related profits from the Company's vessel chartering activities (including any demurrage) is recognised on completion of the voyage. The completion of the voyage is considered a specific and most significant act to be performed under a voyage charter arrangement.

Interest and similar income

Turnover is recognised as interest accrues using the effective interest method.

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies (Continued)

Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

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.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owed.

Joint ventures and arrangements

The Company entered into an agreement with "Cardinal Shipping Limited" to procure and subsequently time charter a Capesize bulk carrier. The vessel is co-owned by the two parties. The Company and Cardinal Shipping Limited established a trade partnership, E&K Amanda Partners which is responsible for the day to day running of the vessel and charters out the vessel to JERA Trading Pte. Ltd. The company recognises its 50% share of revenues and costs, assets and liabilities from the partnership activities for the financial year in its Income Statement and Balance Sheet.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company has critical accounting judgements in the following areas:

Leases: The Company is party to several arrangements involving the use of assets, some of which contain a lease. Accounting for lease arrangements first involves making a determination, at inception of a lease arrangement, whether a lease is classified an operating lease or a finance lease. A key judgement required when making the distinction in lease classification is to determine whether substantially all of the risks and rewards of ownership of the asset have passed to the Company. Where it is assessed that substantially all of the risks and rewards have transferred to the Company, a finance lease exists.

Impairment: At the year-end, the Company undertook an assessment to determine whether there were any triggers for impairment of vessels. This included the consideration of a number of internal and external factors including market conditions, time charter rates and forecast future operating results. The consideration of these factors requires management's judgement and no impairment triggers were noted. The freight rates are improving as compared to 2017/18 and the current trend appears optimistic. See note 11 for the carrying amount of the vessels.

Notes to the financial statements for the year ended 31 March 2019

2. Turnover

Turnover, which arises on continuing activities, represents the amounts receivable for services during the year, exclusive of VAT and other sales taxes or duty.

An analysis of turnover by geographical market is given below:

	Year ended 31 March 2019 US$	*Year ended 31 March 2018 US$*
United Kingdom	5,024,644	7,005,659
Europe	67,207,377	64,384,683
Rest of the world	125,046,668	115,674,213
	197,278,689	187,064,555
Income from time charter activities	96,907,543	88,076,297
Income from voyage activities	63,598,904	60,258,387
Income from cargo relet activities	36,335,345	37,982,087
Other income	436,898	747,784
	197,278,689	187,064,555

3. Operating profit

This is stated after charging/ (crediting)

	Year ended 31 March 2019 US$	*Year ended 31 March 2018 US$*
Auditors' remuneration	65,253	70,140
Depreciation of owned assets	17,600,000	19,820,974
Depreciation of leased assets	4,509,421	4,489,546
Operating lease rentals – vessel hire	81,694,621	62,680,856
Inventories recognised as an expense	18,063,270	19,565,726
Foreign exchange loss/ (gain)	182,291	(88,811)
Exceptional items (note 5)	–	(5,930,250)

Notes to the financial statements for the year ended 31 March 2019

4. Auditors' remuneration

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Audit of the financial statements for the current year	65,253	70,140
	65,253	70,140

5. Exceptional items

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Result/(Profit) on disposal of fixed assets	–	(5,930,250)
	–	(5,930,250)

An impairment charge of $nil (2018: $nil) was recognised against the carrying value of the assets. Refer to Note 11 for further details.

No vessels were sold during the year (2018: one for a consideration of $18m with a profit of on disposal of $5.9m after deducting net book value of $12m).

6. Directors' remuneration

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Remuneration	225,000	467,000

No pension contributions were paid by the Company to the Director during the year (year ended 31 March 2018 – US $nil).

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

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Remuneration	225,000	467,000

Notes to the financial statements for the year ended 31 March 2019

7. Staff costs

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Wages and salaries	1,259,308	1,674,718
Social security costs	64,503	80,081
Other pension costs	65,674	91,339
	1,389,485	1,846,138

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

	Year ended 31 March 2019	*Year ended 31 March 2018*
	No.	*No.*
Administration	14	15

8. Other interest receivable and similar income

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Bank interest receivable	367,143	716,342
Loan interest receivable	1,236,818	474,699
	1,603,961	1,191,041

9. Interest payable and similar expenses

	Year ended 31 March 2019	*Year ended 31 March 2018*
	US$	*US$*
Bank loan and swap interest payable	7,610,373	5,934,744
Finance lease interest payable	3,427,252	3,320,900
Loss/(gain) on change in fair value of derivatives	153,883	(128,226)
Foreign exchange (gain)/loss on retranslation of loans	(2,029,991)	2,274,313
	9,161,517	11,401,731

Notes to the financial statements for the year ended 31 March 2019

10. Tax on loss

(a) Tax on loss

The tax charge is made up as follows:

	Year ended 31 March 2019 US$	Year ended 31 March 2018 US$
Current tax:		
UK corporation tax on the loss for the year	83,220	287,430
Total current tax charge (note 10(b))	83,220	287,430

(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 19% (year ended 31 March 2018 – 19%). The differences are explained below:

	Year ended 31 March 2019 US$	Year ended 31 March 2018 US$
Loss before taxation	(7,265,734)	(5,874,751)
Loss multiplied by standard rate of corporation tax in the UK of 19% (year ended 31 March 2018 – 19%)	(1,380,490)	(1,116,203)
Effects of:		
Non-deductible expenses	4,310	16,640,374
Effects of group relief/other relief	150,237	-
Effects of overseas tax rates	-	98,284
Deferred tax not recognised	1,309,163	(15,502,584)
Tonnage tax profit	-	167,559
Total tax charge for the year (note 10(a))	83,220	287,430

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

(c) Deferred tax

The Company was in the UK Tonnage Tax regime until 13th December 2017. Accordingly, the Company's tax charge was based upon the tonnage of the vessels operated by the Company and not the amount of profits arising from the operation of vessels. Income and expenses falling outside of the Tonnage Tax regime were subject to corporation tax at the statutory rate for the year.

Notes to the financial statements for the year ended 31 March 2019

10. Tax on loss (continued)

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Tangible assets

	Vessels	*Dry-Docking*	*Furniture and equipment*	*Total*
	US$	*US$*	*US$*	*US$*
Cost:				
At 1 April 2018	517,000,380	7,690,967	242,556	524,933,903
Additions	324,546	4,401,266	–	4,725,812
Disposal	–	(2,278,570)	–	(2,278,570)
At 31 March 2019	517,324,926	9,813,663	242,556	527,381,145
Accumulated Depreciation and Impairment				
At 1 April 2018	(194,667,580)	(3,986,358)	(213,308)	(198,867,246)
Charge for the year - owned assets	(14,908,546)	(2,663,591)	(27,863)	(17,600,000)
Charge for the year - leased assets	(4,509,421)	–	–	(4,509,421)
Disposal	–	2,278,570	–	2,278,570
At 31 March 2019	(214,085,547)	(4,371,379)	(241,171)	(218,698,097)
Net book value:				
At 31 March 2019	303,239,379	5,442,284	1,385	308,683,048
At 31 March 2018	322,332,800	3,704,609	29,248	326,066,657

Included within the net book value of US$308,683,048 is US$69,071,988 (year ended 31 March 2018 – US$73,581,409) relating to assets held under finance lease. The depreciation charged to the financial statements in the year in respect of such assets amounted to US$4,509,421 (year ended 31 March 2018 – US$4,489,546). Finance costs capitalised in the year amounted to US$ nil (year ended 31 March 2018 – US$ nil).

Management has undertaken an impairment trigger assessment as at the balance sheet date and no indicators for impairment have been noted. An impairment charge of $nil (2018: $nil) was recognised against the carrying value of the vessels.

No vessels sold during the year. (2018:1 vessel for consideration of $18m.) (note 5)

Notes to the financial statements for the year ended 31 March 2019

12. Stocks

	31 March 2019	*31 March 2018*
	US$	*US$*
Stocks	1,994,068	4,776,534

Stocks consist of bunker fuel oil and diesel fuel oil.

The amount of stock recognised as an expense during the year ended 31 March 2019 is US$ 18,063,270 (2018: US$ 19,565,726).

13. Debtors

	31 March 2019	*31 March 2018*
	US$	*US$*
Trade debtors	2,009,104	1,698,902
Amounts owed by group undertakings	2,407,033	4,257,395
Derivative financial instruments	62,403	334,181
Loans owed by group undertakings	40,483,371	53,783,712
Prepayments and accrued income	12,679,167	20,924,404
	57,641,078	80,998,594

Amounts owed from group undertakings and unincorporated joint venture are unsecured, with no interest and no fixed repayment date. Loans receivable from group companies are unsecured and governed by a rolling contract, with interest rates fixed every 3 months based on LIBOR at the date of agreement, and repayable within 5 working days once demanded.

Amounts falling due after more than one year included above are Derivative financial instruments amounting to $62,403 (2018: US$ 334,181).

Notes to the financial statements for the year ended 31 March 2019

14. Creditors: amounts falling due within one year

	31 March 2019 US$	31 March 2018 US$
Bank loans and overdrafts (note 17)	60,368,376	18,732,769
Trade creditors	2,619,328	3,005,702
Amounts owed to group undertakings	618,749	184,019
Derivative financial instruments	–	117,895
Provisions	1,648,372	–
Group loans	31,544,175	11,254,175
Corporation tax payable	39,536	37,931
Other creditors	620,172	5,533,551
Obligations under finance leases and hire purchase contracts (note 16)	5,647,216	5,478,383
Accruals and deferred income	11,670,311	15,863,340
	114,776,235	60,207,765

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment terms.

Accruals and deferred income relates to services to be provided to Kawasaki Kisen Kaisha Limited, the ultimate parent company, amounting to $1,848,945 (2018: $5,552,112).

The Company has 3 unsecured loans provided by group companies as follows (outstanding balance at 31 March 2019 is US$ 31,544,175 (note 14) and US$ 36,019,173 (note 15)):

- The first loan of $19,635,000 is repayable by 2021 in 8 equal instalments of $935,000 and 1 final instalment of $12,155,000. The rate of interest payable on the loan is 0.63% above LIBOR. The loan is provided by Kawasaki Kisen Kaisha Limited, the ultimate parent company.
- The second loan of $24,690,000 is repayable by 2019 in 2 equal instalments of $1,100,000 and 1 final instalment of $22,490,000. The rate of interest payable on the loan is 0.25% above LIBOR. The loan is provided by K Line TRS S.A., a group company.
- The third loan of $23,238,348 is repayable by 2021 in 9 equal instalments of $778,544 and 1 final instalment of $16,231,450. The rate of interest payable on the loan is 1.30% above LIBOR. The loan is provided by Kawasaki Kisen Kaisha Limited, the ultimate parent Company.

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

	31 March 2019 US$	31 March 2018 US$
Bank loans and overdrafts (note 17)	118,575,698	180,743,051
Group loans (note 14)	36,019,173	67,563,349
Obligations under finance leases and hire purchase contracts (note 16)	80,258,861	85,906,077
Derivative financial instruments	308,555	440,383
	235,162,287	334,652,860

Notes to the financial statements for the year ended 31 March 2019

16. Obligations under finance leases and hire purchase contracts

Amounts due under finance leases:

	31 March 2019 US$	31 March 2018 US$
Amounts payable:		
Within one year	8,301,680	8,297,936
In two to five years	85,931,632	94,231,368
	94,233,312	102,529,304
Less: finance charges allocated to future years	(8,327,235)	(11,144,844)
	85,906,077	91,384,460

Analysis of present value of finance lease liabilities:

	31 March 2019 US$	31 March 2018 US$
In one year or less or on demand	5,647,216	5,478,383
In more than one year but not more than five years	80,258,861	85,906,077
	85,906,077	91,384,460

17. Bank loans

	31 March 2019 US$	31 March 2018 US$
Amounts repayable:		
In one year or less or on demand	60,368,376	18,732,769
In more than one year but not more than two years	35,852,801	61,657,193
In more than two years but not more than five years	73,062,897	91,993,314
	169,284,074	172,383,276
In more than five years	9,660,000	27,092,544
	178,944,074	199,475,820

The Company has 9 loans secured against 9 individual vessels as follows:

- The first loan of $14,518,498 (JPY1,606,980,000) is repayable by 2023 in 16 equal instalments of $500,700 (JPY55,420,000) and 1 final instalment of $6,507,295 (JPY720,260,000). The rate of interest payable on the loan is 0.4875% above LIBOR. The loan is secured by a guarantee provided by the ultimate group company. The carrying amount of the respective vessel is $18,829,625 at as 31 March 2019.

Notes to the financial statements for the year ended 31 March 2019

17. Bank loans (Continued)

- The second loan of $15,750,000 is repayable by 2021 in 9 equal instalments of $525,000 and 1 final instalment of $11,025,000. The rate of interest payable on the loan is 0.6% above LIBOR. The loan is secured by a fixed charge over the vessel and by guarantee provided by the ultimate parent company. The carrying amount of the respective vessel is $20,147,483 at as 31 March 2019.
- The third loan of $16,800,000 is repayable by 2022 in 11 equal instalments of $525,000 and 1 final instalment of $11,025,000. The rate of interest payable on the loan is 1% above LIBOR. The loan is secured by a fixed charge over the vessel and by guarantee provided by the ultimate parent company. The carrying amount of the respective vessel is $21,002,298 at as 31 March 2019.
- The fourth loan of $17,850,000 is repayable by 2019 in 1 equal instalment of $525,000 and 1 final instalment of $17,325,000. The rate of interest payable on the loan is 0.76% above LIBOR. The loan is secured by a fixed charge over the vessel. The carrying amount of the respective vessel is $20,651,607 at as 31 March 2019.
- The fifth loan of $29,615,576 (JPY3,278,000,000) is repayable by 2019 in 1 equal instalment of $876,361 (JPY97,000,000) and 1 final instalment of $28,739,215 (JPY3,181,000,000). The rate of interest payable on the loan is 0.65% above LIBOR. The loan is secured by a fixed charge over the vessel. The carrying amount of the respective vessel is $44,498,320 at as 31 March 2019.
- The sixth loan of $15,540,000 is repayable by 2023 in 16 equal instalments of $420,000 and 1 final instalment of $8,820,000. The rate of interest payable on the loan is 0.925% above LIBOR. The loan is secured by a fixed charge over the vessel. The carrying amount of the respective vessel is $24,784,159 at as 31 March 2019.
- The seventh loan of $26,550,000 is repayable by 2020 in 6 equal instalments of $450,000 and 1 final instalment of $23,850,000. The rate of interest payable on the loan is 1.15% above LIBOR. The loan is secured by a guarantee provided by the ultimate group Company. The carrying amount of the respective vessel is $27,985,952 at as 31 March 2019.
- The eighth loan of $18,860,000 is repayable by 2024 in 20 equal instalments of $460,000 and 1 final instalment of $9,660,000. The rate of interest payable on the loan is 0.925% above LIBOR. The loan is secured by a fixed charge over the vessel. The carrying amount of the respective vessel is $25,558,300 at as 31 March 2019.
- The ninth loan of $23,460,000 is repayable by 2023 in 15 equal instalments of $345,000 and 1 final instalment of $18,285,000. The rate of interest payable on the loan is 0.68% above LIBOR. The loan is secured by a fixed charge over the vessel. The carrying amount of the respective vessel is $29,768,073 at as 31 March 2019.

18. Called up share capital

		31March 2019		*31March 2018*
Allotted, called up, ,issued and fully paid	*No.*	*US$*	*No.*	*US$*
Ordinary shares of £1 each	19,989,662	33,979,116	19,989,662	33,979,116

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

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the financial statements for the year ended 31 March 2019

19. Financial instruments

The Company has the following financial instruments:	*31 March 2019 US$*	*31 March 2018 US$*
Financial assets at fair value through profit and loss		
Derivative financial assets	62,403	334,181
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors (note 13)	2,009,104	1,698,902
Amounts owed by group undertakings (note 13)	2,407,033	4,257,395
	4,416,137	5,956,297
Financial liabilities measured at amortised cost:		
Trade creditors (note 14)	2,619,328	3,005,702
Bank loans (note 17)	178,944,074	199,475,819
Amounts owed to group undertakings (note 14)	618,749	184,019
Group loans (note 14)	67,563,348	78,817,524
Other creditors (note 14)	620,172	5,533,551
Obligations under finance leases and hire purchase contracts (note 16)	85,906,077	91,384,460
	336,271,748	378,401,075
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities	308,555	558,278

The Company uses interest rate swap contracts to reduce interest rate exposures. In addition, bunker swap and forward freight agreements are also used by the Company to mitigate its exposure to market price fluctuations. The fair values of the derivatives held at the balance sheet date (which was recognised in the financial statements), determined by reference to their market values.

The valuation was adjusted to reflect selected market risks. It was not adjusted to reflect credit, liquidity, model risk, operational cost, or other factors. Rather, it is meant to represent our best estimate of mid-market pricing as of the close of business on the valuation date. As this represents mid-market pricing, the actual price at which on any valuation date it would (subject to the agreement) be possible to 'close-out' the position would be adjusted for bid/offer spreads and market liquidity.

20. 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$65,674 (year ended 31 March 2018 – US$91,339). The amount of outstanding contributions at the year end was US $nil (year ended 31 March 2018 – US $nil).

Notes to the financial statements for the year ended 31 March 2019

21. Other financial commitments

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as set out below:

	31 March 2019	*31 March 2018*
	Vessel hire	*Vessel hire*
	US$	*US$*
Operating leases which expire:		
Within one year	36,608,075	53,391,414
In two to five years	84,291,941	132,252,948
Over five years	6,854,232	22,423,956
	127,754,248	208,068,318

The company has entered into several non-cancellable contracts with the vessel owners for which minimum future operating lease payment to be received as above table.

At 31 March 2019 the Company had future minimum lease income under non-cancellable operating leases as set out below:

	31 March 2019	*31 March 2018*
	Vessel hire	*Vessel hire*
	US$	*US$*
Operating leases which expire:		
Within one year	47,985,904	48,603,970
In two to five years	8,935,800	25,339,700
	56,921,704	73,943,670

The company has entered into several non-cancellable contracts for its vessels with the charterers for which minimum future operating lease income to be received as above table.

22. 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.

23. Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is "K" Line Holdings (Europe) Limited, which is incorporated in UK. 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.