Company Registration Number 02205323

Polar LNG Shipping (UK) Limited

Report and Financial Statements

31 December 2017

Directors
Y. Goto
J Watson
Y Tsuneto
S Kambe
H Osterhus

Secretary
J Watson

Independent Auditors
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Strategic report

The Directors present their strategic report for the year ended 31 December 2017.

Results

The profit for the financial year amounted to US$1,144,693 (2016: US$329,140).

Review of the business

During the year the principal activity of Polar LNG Ltd ("the Company") continued to be the operation and management of two LNG vessels.

The two bare boat charters which the Company held with Northern LNG Transport Company No. 1 Ltd and Northern LNG Transport Company No. 2 ("The Owners") have or will be terminated following the expiry of the contracts on 15th of February and 14th of July 2018 for both vessels respectively.

Following the expiry and termination of the above mentioned contracts the intention of the Directors is to cease the trading activities of the Company and place the Company into dormancy. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities. The Directors have made an assessment of the Company's cash flows and have a reasonable expectation that there are adequate resources to meet all outstanding liabilities as they arise.

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

	2017	*2016*	*Change*
	$000	*$000*	*%*
Turnover	47,128	44,863	5%
Profit for the financial year	1,145	329	248%
Total shareholders' funds	1,845	1,029	79%
Cash at bank and in hand	4,938	2,791	77%

Turnover increased by 5% which was due to no off-hire during the current financial year as compared to last year.

Profit for the financial year increased by 248% mainly attributed to the increase in income as compared to the prior year, while cost of sales remained constant.

Total shareholders' funds increased by 79% due to the increase in income; this net movement was driven directly by higher profit for the financial year.

Cash at bank and in hand increased by 77% which was due to the increase in profit, timing of dividend distributions and of chartering costs payments compared to last year.

Principal risks and uncertainties

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

Competitive risks

The existence of fixed rate charter contracts with the customer minimises the Company's exposure to adverse market movements in Charter Hire rates at least until the expected cessation of trade by the Company as explained earlier in this report.

Strategic report (continued)

Legislative risks

In the UK and Europe, the main legislative risks are EU competition law, employment law and tax law. 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 before the cessation of trade as explained earlier in this report.

Treasury operations

The Company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Company's activities.

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events 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.

The Company has no significant exposure to foreign currency risk as it incurs all revenues and the majority of costs in US Dollars.

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.

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. 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

Y. Goto
Director

Date: 23 March 2018

Registered No. 02205323

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Y. Goto	S Kambe
J Watson	H Osterhus
Y Tsuneto	

Dividends

On 30 March 2017, a dividend amounting to $329,140 was paid to the shareholders (2016 – $1,837,853).

Future developments

For the period prior to the expiry of the current contractual agreements, as explained in the Strategic report, the Directors aim to maintain the management policies which have resulted in the Company's stability in recent years. Following this it is the intention of the directors to place the company into dormancy.

Financial Risks

Refer to the Strategic report for disclosures made on financial risks

Going concern

The Company's review of business activities together with the factors likely to affect its future development, risk management, performance and position are set out in the Strategic report on page 2. As explained in the Strategic report the Directors have the intention to cease trading activities and place the Company into dormancy following the expiry of the current bare boat charters which has taken place on 15th of February for one vessel and will take place on 14th of July 2018 for the second vessel.

The Company has adequate financial resources and the Directors have a reasonable expectation that there are adequate resources to meet all outstanding liabilities as they arise. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.
Given the intention to cease trading activities and place the Company into dormancy, these financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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 of which the auditors are unaware and each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

Y. Goto
Director
Date: 23 March 2018

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 directors have 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 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 the financial statements, the directors are 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.

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.

The directors 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 Polar LNG Shipping (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Polar LNG Shipping (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows 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 December 2017; the Statement of income and retained earnings, the statement of cash flows 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. Following the period end the directors have decided that the entity will cease trading and the entity will be placed into dormancy during the next financial year. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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 Directors' 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 Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 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 Directors' 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 Directors' responsibilities set out on page 5, 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.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 March 2018

Statement of income and retained earnings

for the year ended 31 December 2017

	Note	2017 $	2016 $
Turnover	2	47,127,718	44,863,274
Cost of sales		(43,562,677)	(42,323,337)
Gross profit		3,565,041	2,539,937
Administrative expenses		(2,146,973)	(2,124,448)
Operating profit	3	1,418,068	415,489
Interest payable and similar expenses	6	–	(226)
Profit before taxation		1,418,068	415,263
Tax on profit	7	(273,375)	(86,123)
Profit for the financial year		1,144,693	329,140
Retained earnings brought forward		929,140	2,437,853
Dividends paid		(329,140)	(1,837,853)
Retained earnings at the end of year		1,744,693	929,140

All amounts relate to continuing activities.

The notes on pages 11 to 19 form an integral part of these financial statements.

Balance sheet

at 31 December 2017

	Note	*2017* $	*2016* $
Current assets			
Debtors	8	3,606,101	4,199,166
Cash at bank and in hand		4,938,483	2,791,481
		8,544,584	6,990,647
Creditors: amounts falling due within one year	9	(6,699,891)	(5,961,507)
Net current assets		1,844,693	1,029,140
Total assets less current liabilities		1,844,693	1,029,140
Net assets		1,844,693	1,029,140
Capital and reserves			
Called up share capital	10	100,000	100,000
Retained earnings		1,744,693	929,140
Total shareholders' funds		1,844,693	1,029,140

The notes on pages 11 to 19 form an integral part of these financial statements.

The financial statements on pages 8 to 19 were approved by the Board of Directors and signed on their behalf by:

Y. Goto

Director

Date: 28 March 2018

Statement of cash flows

for the year ended 31 December 2017

	Note	2017 $	2016 $
Net cash inflow/(outflow) from operating activities	11(a)	2,602,772	(3,113,717)
Returns on investments and servicing of finance			
Interest paid		–	(226)
		–	(226)
Taxation			
Corporation tax paid		(126,630)	(539,884)
Net cash inflow/(outflow) before financing		2,476,142	(3,653,827)
Financing			
Dividends paid		(329,140)	(1,837,853)
Increase/(Decrease) in cash	11(b)	2,147,002	(5,491,680)

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies

General Information

The Company is 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 activity of the Company continues to be the operation and management of two LNG vessels.

Statement of compliance

The financial statements of Polar LNG 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

Going concern

The two bare boat charters which the Company held with Northern LNG Transport Company No. 1 Ltd and Northern LNG Transport Company No. 2 ("The Owners") will be terminated following the expiry of the contracts which has taken place on 15th of February for one vessel and will take place on 14th of July 2018 for the second vessel.

Following the completion of the above it is the intention of the directors to cease trading activities and place the Company into dormancy. The Directors have made an assessment of the Company's cash flows and have a reasonable expectation that there are adequate resources to meet all outstanding liabilities as they arise. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Given the intention to cease trading activities and place the Company into dormancy, these financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

The accounting policies have been applied consistently throughout the year and no updates have been necessary given the change in basis of preparation.

The prior year comparatives are presented under the going concern basis of preparation.

Notes to the financial statements

for the year ended 31 December 2017

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.

1. Accounting policies (continued)

Foreign currencies

i) Functional and presentation currency:

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

ii) Transactions and balances

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

The exchange rate between GBP and USD was 1.3528 at 31 December 2017 (2016 – 1.2357).

The average exchange rate for the year between GBP and USD was 1.2943 (2016 – 1.3458).

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.

Operating leases

Rentals paid under operating leases are charged to the statement of income and retained earnings as they fall due.

Turnover recognition

The time charter equivalent of income from the Company's vessel chartering activities is recognised on a time proportion basis.

Notes to the financial statements

for the year ended 31 December 2017

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:

	2017	2016
	$	$
Europe	47,127,718	44,863,274

3. Operating profit

This is stated after charging:

	2017	2016
	$	$
Auditors' remuneration:		
Audit of the financial statements	18,939	17,300
Depreciation of owned fixed assets	–	72
Operating lease rentals – vessels	33,622,723	31,667,906
Net loss on foreign currency translation	5,097	8,231

4. Directors' remuneration

	2017	2016
	$	$
Remuneration	17,605	18,201

No pension contributions were paid by the Company in respect of the Directors (2016: Nil). The above remuneration is in relation to one Director (2016: One), the other Directors were remunerated by other Companies. The other Directors did not recharge any remuneration from the other affiliated Companies during the year in respect of their services to the Company (2016: Nil). The Directors believe that it is impractical to apportion the amount paid by other affiliated Companies to the Directors of this Company between their services as Directors of this Company and their services as directors of the other affiliated Companies.

Notes to the financial statements

for the year ended 31 December 2017

5. Staff costs

	2017	*2016*
	$	*$*
Wages and salaries	17,605	18,201
Social security costs	1,293	1,309
	18,898	19,510

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

	2017	*2016*
	No.	*No.*
Administrative	1	1

6. Interest payable and similar expenses

	2017	*2016*
	$	*$*
Other interest payable	–	226
	–	226

7. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2017	*2016*
	$	*$*
Current tax:		
UK corporation tax on the profit for the year	273,375	83,356
Adjustments in respect of prior periods	–	2,780
Total current tax	273,375	86,136
Deferred tax:		
Origination and reversal of timing differences (note 7(c))	–	(13)
Tax on profit on ordinary activities	273,375	86,123

Notes to the financial statements

for the year ended 31 December 2017

7. Tax on profit (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017	2016
	$	$
Profit before taxation	1,418,068	415,263
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	272,930	83,053
Effects of:		
Expenses not deductible for tax purposes	445	290
Adjustments in respect of prior periods	-	2,780
Total tax for the year (note 7(a))	273,375	86,123

(c) Deferred tax

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

	2017	2016
	$	$
Other timing differences	–	–
Deferred tax liability	–	-

	$
At 1 January 2017	-
Statement of income movement arising during the year (note 7(a))	-
At 31 December 2017	-

(d) Factors that may affect future tax charges

At the balance sheet date there were unrecognised tax losses of £2,627,581 (2016 – £2, 627,581) relating to capital losses, resulting in an unrecognised deferred tax asset of £525,516 (2016 - £525,516) for the company at 31 December 2017. The deferred tax asset has not been recognised as there is insufficient evidence that this deferred tax asset will be recoverable.

Notes to the financial statements

for the year ended 31 December 2017

8. Debtors

	2017	2016
	$	$
Amounts owed by group undertakings (note 13)	1,258,509	1,727,670
Other debtors	3,124	11,481
Corporation tax	–	144,308
Prepayments and accrued income	2,344,468	2,315,707
	3,606,101	4,199,166

Prepayments and accrued income includes amounts for related party undertakings as follows:

	2017	2016
	$	$
Northern LNG Transport Co. I Limited	632,168	632,439
Northern LNG Transport Co. II Limited	587,810	588,061
"K" Line LNG Shipping (UK) Limited	1,122,417	1,094,083
	2,342,395	2,314,583

Notes to the financial statements

for the year ended 31 December 2017

9. Creditors: amounts falling due within one year

	2017 $	2016 $
Trade creditors	13,551	–
Amounts owed to group undertakings (note 13)	2,519,597	1,750,271
Corporation tax	2,436	–
Accruals and deferred income	4,164,306	4,211,236
	6,699,890	5,961,507

Accruals and deferred income includes amounts for related party undertakings as follows:

	2017 $	2016 $
"K" Line LNG Shipping (UK) Limited	–	106,580
Statoil ASA	4,117,296	4,088,962
	4,117,296	4,195,542

10. Called up share capital

Allotted, called up and fully paid	2017 *No.*	2017 *$*	2016 *No.*	2016 *$*
A ordinary shares of $1 each	50,000	50,000	50,000	50,000
B ordinary shares of $1 each	50,000	50,000	50,000	50,000
		100,000		100,000

The "A" shares shall entitle the shareholders to dividends from one of the vessels pro-rated to the number of "A" shares held by each shareholder.

On a return of capital or a winding-up or otherwise (but not in respect of any redemption, conversion or purchase of shares by the Company), the vessel's assets available for distribution among the shareholders shall be distributed pro-rated to the number of "A" shares held by each shareholder.

As regards voting, the shareholders of the "A" shares shall be entitled to receive notice of, to attend and to vote at general meetings of the company in accordance with these Articles.

The "B" shares shall entitle the shareholders to dividends from the second vessel pro-rated to the number of "B" shares held by each shareholder.

On a return of capital or a winding-up or otherwise (but not in respect of any redemption, conversion or purchase of shares by the Company), the second vessel's assets available for distribution among the shareholders shall be distributed pro-rated to the number of "B" shares held by each shareholder.

As regards voting, the shareholders of the "B" shares shall be entitled to receive notice of, to attend and to vote at general meetings of the Company in accordance with these Articles.

Notes to the financial statements

for the year ended 31 December 2017

11. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2017	*2016*
	$	*$*
Operating profit	1,418,068	415,489
Depreciation of tangible fixed assets	–	72
Decrease/(Increase) in debtors	448,756	(495,841)
Increase /(Decrease) in creditors	735,948	(3,033,437)
Net cash inflow/(outflow) from operating activities	2,602,772	(3,113,717)

(b) Analysis of net funds

	At 1 January 2017	*Cash flow*	*At 31 December 2017*
	$	*$*	*$*
Cash at bank	2,791,481	2,147,002	4,938,483

(c) Reconciliation of net cash flow to movement in net funds

	2017	*2016*
	$	*$*
Increase/(Decrease) in cash	2,147,002	(5,491,680)
Movement in net funds in the year	2,147,001	(5,491,680)
Net funds at 1 January	2,791,481	8,283,161
Net funds at 31 December	4,938,483	2,791,481

12. Other financial commitments

At 31 December the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2017	*2016*
	$	*$*
Other operating leases which expire:		
Within one year	11,052,777	33,622,723
In two to five years	–	11,052,777
	11,052,777	44,675,500

On the 15th of February 2018 and the 14th of July 2018 the charters of both vessels will complete. Please refer to the strategic report for further detailed disclosure.

Notes to the financial statements

for the year ended 31 December 2017

13. Related party transactions

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

Related party	*Income from related party* $	*Purchases from related party* $	*Amounts owed from related party* $	*Amounts owed to related party* $
Statoil ASA [01]				
2017	47,127,718	–	–	2,434,621
2016	44,863,274	–	–	1,727,670
"K" Line (Europe) Limited [02]				
2017	–	–	–	84,976
2016	–	–	–	22,601
"K" Line LNG Shipping (UK) Limited [03]				
2017	–	12,015,344	1,258,509	–
2016	–	12,717,475	1,727,670	–
Northern LNG Transport Co. I Limited [04]				
2017	–	16,775,071	–	–
2016	–	16,425,935	–	–
Northern LNG Transport Co. II Limited [04]				
2017	–	16,847,652	–	–
2016	–	15,241,971	–	–

[01] Statoil ASA owns 32% of the ordinary shares in the Company.

[02] "K" Line (Europe) Limited is wholly owned by "K" Line Holding (Europe) Limited and recharges the Company administrative costs paid on its behalf.

[03] "K" Line LNG Shipping (UK) Limited is wholly owned by "K" Line Holding (Europe) Limited and charges the Company for its ship management activities and operating costs.

[04] The Company charters its vessels from Northern LNG Transport Co. I Limited and Northern LNG Transport Co. II Limited. Both of these Companies are affiliates of Kawasaki Kisen Kaisha Limited (the ultimate parent undertaking of "K" Line Holding (Europe) Limited).

Refer to note 10 for related party balances included in prepayments and accrued income and note 11 for related party balances included in accruals and deferred income.

14. Ultimate parent undertaking and controlling party

The Company is owned by "K" Line Holding (Europe) Limited (42.5%), Statoil ASA (32%), Mitsui &Co. Limited (14.5%) and Iino Kaiun Kaisha Limited (11%). In the opinion of the Directors, the Company has no ultimate parent undertaking or controlling party.