

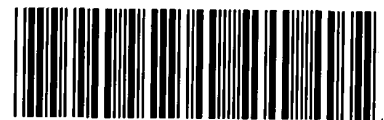
Arca Shipping Limited

Registered No. 5480773

Report and Financial Statements

52 week period ended 25 March 2017

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COMPANIES HOUSE

DIRECTORS AND ADVISORS

DIRECTORS

R J Gregor
S Lowry
H W J Hanna
K Greenfield
J M Pascoe

SECRETARY

J M Pascoe

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

BANKERS

Royal Bank of Scotland plc
3 Hampshire Business Park
Templars Way
Chandlers Ford
SO53 3RY

SOLICITORS

Travers Smith Limited
10 Snow Hill
London
EC1A 2AL

REGISTERED OFFICE

Gunwharf Terminal
Gunwharf Road
Portsmouth
Hampshire
PO1 2LA

STRATEGIC REPORT

The directors present their strategic report for the 52 week period ended 25 March 2017.

REVIEW OF THE BUSINESS

Strategy

The company acts as a holding company.

Both the level of business during the period and the financial position at the end of the period are considered to be satisfactory.

For further details on the business review including details of principal risks and uncertainties and KPIs, please refer to the Report and Financial Statements of Arca Topco Limited.

Future developments

The directors expect that the present level of activity will be sustained or improved in the foreseeable future.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of interest rate risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related finance costs.


Interest rate risk

The company's net borrowings are in the form of long-term fixed rate intercompany debt, the nature of which is, in the opinion of the directors, appropriate to the company's operations.

Liquidity risk

The company's policy on funding capacity is to ensure that it always has sufficient long-term group funding in place to meet foreseeable peak borrowing requirements.

On behalf of the Board



S Lowry
Director
26 July 2017

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 week period ended 25 March 2017.

RESULTS AND DIVIDENDS

The loss for the financial period amounted to £7,576,000 (52 weeks ended 26 March 2016: loss of £9,550,000). Both the level of business during the period and the financial position at the end of the period were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

The directors do not recommend the payment of a dividend (52 weeks ended 26 March 2016: £nil).

GOING CONCERN

The company had net liabilities at the period end due to intercompany loans with the company's parent undertaking. The directors have prepared these financial statements on a going concern basis as the intercompany loans are not repayable until 2044. The parent undertaking is also unable to demand repayment of these amounts if such repayment would result in the company becoming insolvent.

There are fixed and floating charges over the assets of the group and company in favour of the trustee for the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties.

PRINCIPAL ACTIVITIES

The company acts as a holding company.

DIRECTORS

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

R J Gregor
S Lowry
H W J Hanna
K Greenfield (appointed 23 November 2016)
J Burrows (resigned 23 November 2016)
J M Pascoe

DIRECTORS LIABILITIES

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

EMPLOYEES

The company has no employees.

DIRECTORS' REPORT**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 period. 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.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board



S Lowry
Director
26 July 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCA SHIPPING LIMITED**REPORT ON THE FINANCIAL STATEMENTS****Our opinion**

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

- give a true and fair view of the state of the company's affairs as at 25 March 2017 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Statement of Financial Position as at 25 March 2017;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCA SHIPPING LIMITED**RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT****Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

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



Sarah Harrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
26 July 2017

STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 25 March 2017

	<i>Note</i>	<i>52 week period ended 25 March 2017 £000</i>	<i>52 week period ended 26 March 2016 £000</i>
Income from shares in group undertakings	2	14,200	12,226
Finance costs	5	(21,776)	(21,776)
LOSS BEFORE TAXATION		(7,576)	(9,550)
Tax on loss	6	-	-
LOSS FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE EXPENSE		(7,576)	(9,550)

The results above relate entirely to continuing operations.

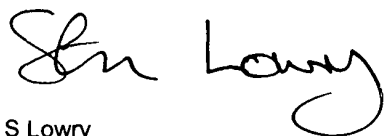
The notes on pages 10 to 18 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 25 March 2017

		25 March 2017 £000	26 March 2016 £000
	Note		
FIXED ASSETS			
Investments	7	228,000	228,000
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: amounts falling due within one year	8	(68,268)	(68,268)
NET CURRENT LIABILITIES			
		(68,268)	(68,268)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		159,732	159,732
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: amounts falling due after more than one year	9	(256,237)	(248,661)
NET LIABILITIES			
		(96,505)	(88,929)
EQUITY			
Called up share capital	10	100	100
Accumulated Losses		(471,527)	(463,951)
Other reserves		374,922	374,922
TOTAL SHAREHOLDERS DEFICIT			
		(96,505)	(88,929)

The notes on pages 10 to 18 form an integral part of these financial statements.

The financial statements on pages 7 to 18 were approved by the Board and signed on its behalf on 26 July 2017



S Lowry
Director

STATEMENT OF CHANGES IN EQUITY
For the 52 week period ended 25 March 2017

	<i>Called up Share capital £000</i>	<i>Accumulated Losses £000</i>	<i>Other reserves £000</i>	<i>Total equity £000</i>
Balance as at 28 March 2015	100	(454,401)	374,922	(79,379)
Loss for the financial period and total comprehensive expense	-	(9,550)	-	(9,550)
Balance as at 26 March 2016	100	(463,951)	374,922	(88,929)
Loss for the financial period and total comprehensive expense	-	(7,576)	-	(7,576)
Balance as at 25 March 2017	100	(471,527)	374,922	(96,505)

Other reserves arose on acquisition of the company by Arca Bidco Limited in 2015. As part of the purchase, £374,922,000 of the amount due to the company's previous parent undertaking, MEIF Shipping Holdings was forgiven. This amount is distributable.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017**General information**

The company is a private limited company limited by shares and is incorporated and domiciled in England, United Kingdom. Arca Shipping Limited was formerly known as MEIF Shipping Limited. The change of name took place on 29 October, 2015. The address of its registered office is Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA.

The company acts as a holding company.

Statement of compliances

The financial statements of Arca Shipping Limited have been prepared in compliance with 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards in the United Kingdom and Companies Act 2006. 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.

Going Concern

The company had net liabilities at the period end due to intercompany loans with the company's parent undertaking. The directors have prepared these financial statements on a going concern basis as the intercompany loans are not repayable until 2044. The parent undertaking is also unable to demand repayment of these amounts if such repayment would result in the company becoming insolvent.

There are fixed and floating charges over the assets of the group and company in favour of the trustee for the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties.

Consolidated financial statements

The financial statements contain information about Arca Shipping Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its intermediate parent company, Arca Topco Limited, a company incorporated in the United Kingdom (see note 13).

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;
- (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); and
- (iv) from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Foreign currencies****i) Functional and presentation currency**

The company's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken against profit or loss.

Revenue

Revenue comprises dividend income from subsidiary undertakings.

Employee benefits

The company has no employees.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting 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 tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the reporting date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the reporting date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- net 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 average 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 reporting date.

Investments

Investments are stated at cost less any provision for impairment. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in subsidiary is measured at its deemed cost which is the carrying amount at the date of transition as determined under the entity's new UK GAAP (FRS 102).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Impairment of non-financial assets***

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation thereafter any excess in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes cash in bank and in hand, restricted cash, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, 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.

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 profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including bank loans and amounts owed to group undertakings, 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Exceptional items***

Costs incurred or income earned by the company that is considered to be significant and one-off in nature are highlighted as exceptional to aid understanding of the company's results in any one period.

Capital instruments

Instruments are included in shareholders' funds where in substance they offer a residual interest in the assets of the group after deducting all of its liabilities. Other instruments are classified as liabilities if, in substance, they contain an obligation to transfer economic benefits. The finance cost, including debt issue costs, recognised in profit or loss in respect of new capital instruments designated as liabilities is allocated to periods over the term of the instrument at a constant rate on the carrying amount. Debt issue costs associated with a restructuring of existing debt are recognised in profit or loss in the period incurred.

Liquid resources

Liquid resources comprise surplus cash placed in short-term high interest deposit accounts.

Related party disclosures

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned.

Critical accounting judgements and key source of 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, income 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 directors consider there to be no critical accounting estimates or key sources of estimation uncertainty within the company's financial statements that require specific disclosure.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017

2. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	<i>52 week period ended 25 March 2017 £000</i>	<i>52 week period ended 26 March 2016 £000</i>
Dividends from subsidiary undertakings	14,200	12,226

3. DIRECTORS' REMUNERATION AND AUDITORS' FEES

Mr R J Gregor, Mr S Lowry and Mr H W J Hanna are remunerated by Basalt Infrastructure Partners LLP rather than by the company.

Mr K Greenfield, Mr J Burrows and Mr J M Pascoe are subject to service agreements with and are remunerated by the company's subsidiary undertaking, Wightlink Limited.

Auditors' fees are borne by the company's subsidiary undertaking, Wightlink Limited and the fees payable for audit and non-audit services are disclosed within this company's financial statements.

4. STAFF COSTS

The company had no employees during the current period (52 week period ended 26 March 2016: nil).

5. FINANCE COSTS

	<i>52 week period ended 25 March 2017 £000</i>	<i>52 week period ended 26 March 2016 £000</i>
Interest payable to group undertakings	(21,776)	(21,776)
	<u>(21,776)</u>	<u>(21,776)</u>

6. TAX ON LOSS

(a) Tax on loss

There is no current or deferred tax charge or credit for the year (52 week period ending 26 March 2016: nil).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017

6. TAX ON LOSS (continued)

(b) Factors affecting tax charge for period

The tax assessed on the loss before taxation for the period is higher (52 week period ended 26 March 2016: higher) than the standard rate of corporation tax in the UK of 20% (52 week period ended 26 March 2016: 20%). The differences are reconciled below:

	52 week period ended 25 March 2017 £000	52 week period ended 26 March 2016 £000
Loss before taxation	(7,576)	(9,550)
Loss before taxation multiplied by the standard rate of Corporation tax in the UK of 20% (2016: 20%)	(1,515)	(1,910)
Effects of:		
Income not subject to tax	(2,840)	(2,445)
Expenses not deductible	-	1,804
Deferred tax not recognised	-	-
Group relief surrendered for nil consideration	4,355	2,551
<i>Total tax (note 6(a))</i>	-	-

The Finance (No.2) Act 2015 was substantively enacted on 26 October 2015. It reduced the standard rate of corporation tax in the UK from 20% to 19% from 1 April 2017 and to 18% with effect from 1 April 2020. The Finance Act 2016 was substantively enacted on 6 September 2016 and further reduced the rate to 17% from 1 April 2020.

At each balance sheet date, UK deferred tax assets and liabilities have been measured using the substantively enacted rates at which they are forecast to unwind.

(c) Deferred tax

The company has unrecognised deferred tax assets of £8,106,000 (52 week period ended 26 March 2016: an unrecognised deferred tax asset of £8,583,000) relating to tax losses.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 March 2017

7. INVESTMENTS

	<i>Subsidiary undertakings £000</i>
Cost:	
At 26 March 2016 and at 25 March 2017	269,995
Impairment provision:	
At 26 March 2016 and at 25 March 2017	41,995
Net book value:	
At 26 March 2016 and at 25 March 2017	228,000

The company holds either directly or indirectly the entire issued share capital which comprises solely ordinary share capital for each and every company of the following subsidiary undertakings, all of which are registered in England and Wales unless indicated below with the address Gunwharf Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA. The directors believe that the carrying value of the investments is supported by their underlying net assets.

<i>Name of company</i>	<i>Nature of business</i>
Wightlink Limited	Operation of ferry services to the Isle of Wight
Wightlink (Guernsey) Limited *	Provision of seafarers to crew Wightlink vessels
Wightlink Shipping Limited	Liquidated- dissolved 28 Feb 2017
Wightlink Holdings Limited	Liquidated- dissolved 8 Feb 2017
Wightlink Group Limited	Liquidated- dissolved 8 Feb 2017
Wightlink Nominees Limited	Liquidated- dissolved 8 Feb 2017
Wightlink Holidays Limited	Liquidated- dissolved 8 Feb 2017
Channel Crewing Services Limited	Liquidated- dissolved 8 Feb 2017

* Registered in Guernsey with address PO Box 293, Granite House, La Grande Rue, St Martin, Guernsey, GY1 3RS

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>25 March 2017 £000</i>	<i>26 March 2016 £000</i>
Amounts owed to group undertakings	68,263	68,263
Accruals and deferred income	5	5
	<u>68,268</u>	<u>68,268</u>

Amounts owed to group undertakings are repayable on demand and carry an interest rate of 9.25% (52 week period ended 26 March 2016: 9.25%).

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 March 2017

9. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amounts owed to group undertakings

	25 March 2017 £000	26 March 2016 £000
<i>Amounts owed to group undertakings are repayable:</i>		
After more than five years	256,237	248,661

Loans are classified in the statement of financial position as:
Amounts falling due after one year

256,237	248,661
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Amounts owed to parent undertaking incur interest at a rate of 9.25% per annum. These amounts are repayable on 13 February 2044.

10. CALLED UP SHARE CAPITAL

	25 March 2017 No.	26 March 2016 No.	25 March 2017 £000	Authorised 26 March 2016 £000
Ordinary shares of £1 each	150,000,000	150,000,000	150,000	150,000

	25 March 2017 No.	26 March 2016 No.	25 March 2017 £000	26 March 2016 £000
				<i>Allotted, called up and fully paid</i>
Ordinary shares of £1 each	100,001	100,001	100	100

11. CONTINGENT LIABILITIES

There are fixed and floating charges over the assets of the group and company in favour of the trustee for the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties. The total amount outstanding under such guarantees at 25 March 2017 amounted to £133,105,000 (26 March 2016: £112,000,000).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 25 March 2017

12. RELATED PARTIES

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of Arca Topco Limited, whose financial statements are publicly available.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The entire share capital of the company is held by Arca Bidco Limited, a company registered in England and Wales. The smallest group into which the company is consolidated is Arca Midco Limited and the largest group into which the company is consolidated is Arca Topco Limited both companies are registered in England and Wales and a copy of their financial statements is available from Gunwharf, Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA

The largest group of which the company is a member is Arca Luxco s.a.r.l.

In the directors' opinion, the company's ultimate parent undertaking and ultimate controlling party is Basalt Infrastructure Partners LLP, an English limited liability partnership with its registered office in Guernsey.