

Registered No. 05639474

“K” Line (Europe) Limited

Report and Financial Statements

31 March 2023

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Contents

	Page(s)
Company Information	2
Strategic Report	3 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 9
Statement of income and retained earnings	10
Balance Sheet	11
Notes to the Financial Statements	12 - 21

Company Information

Directors

A Misaki
B Y Ramlalsing
K Sekiya

Secretary

B Y Ramlalsing

Independent Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

MUFG Bank Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

SMBC Bank International PLC
100 Liverpool Street
London EC2M 2AT

Mizuho Bank Limited
30 Old Bailey
London EC4M 7AU

Registered Office

6th Floor
5 Aldermanbury Square
London EC2V 7BP

Registered No. 05639474

Strategic Report

The Directors present their Strategic Report of "K" Line (Europe) Limited (the "Company") for the year ended 31 March 2023.

Results

The profit for the financial year amounted to £ 99,543 (year ended 31 March 2022 – £150,012).

Principal activities and review of the business

The principal activities of the Company during the year were that of general shipping agents for car carriers throughout Europe and backend support services to its UK group companies. The Company's key financial performance indicators during the year were as follows:

	2023 £000	2022 £000	Change %
Turnover	2,516	3,549	(29%)
Profit for the financial year	86	150	(42%)
Total Shareholders' funds	2,555	2,568	(1%)
Cash and cash equivalents	3,714	2,725	36%

Turnover is attributed to agency activities which is a cost-plus margin arrangement. The turnover has reduced by 29% from the prior year because of decrease in administrative expenses primarily stems from the successful resolution of a legal case and the subsequent recovery of legal costs.

Profit for the financial year also decreased by 42% as a result of the cost-plus margin arrangement. Cash and cash equivalents increased by 36% compared to prior year due to the recovery of legal costs. Total shareholders' funds are in line with the previous year.

There were no non-financial KPIs used to monitor business performance in the year.

Principal risks and uncertainties

We considered risks below and we believed that the principal risks facing the Company are its financial risks due to cost-plus nature of our business:

Competitive risks

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

Legislative risks

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

Treasury operations and financial instruments

The Company operates a treasury function which is responsible for managing the liquidity, credit and market/price risks associated with the Company's activities.

The Company has established a risk and financial management framework whose primary objectives are to mitigate the exposure of the Company to risks that hinder the achievement of the Company's performance objectives with support from its ultimate parent company, Kawasaki Kisen Kaisha, Ltd, and its group companies. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Covid-19 Impact

The worldwide spread of Covid-19 from January 2020 caused serious disruption in the economic environment both in and outside UK. In March 2020, we successfully implemented our business continuity plan. The Directors have assessed the actual impact of Covid-19 on our business and do not foresee a material impact on the business due to its business model of cost-plus margin arrangement.

Strategic Report (continued)

Brexit, Russia/Ukraine Conflict, and Inflation from energy prices

The Directors have assessed actual impact of Brexit, Russia/Ukraine conflict and Inflation from energy prices and do not consider there is major impact on the business due to its cost-plus margin arrangement.

Cyber security risk

Over the years, cyber-attacks have continued to proliferate, escalating in frequency, severity, and impact. The COVID-19 pandemic has accelerated technological adoption yet exposed cyber vulnerabilities and unpreparedness. We rank cyber security as one of our top priority tasks.

Looking at the year ahead, we continue to develop more partnerships with industry experts, regulatory policy makers and educate our employees through e-learning and sessions delivered by senior managers and our digital security consultants. The programme is driving real change in awareness, but we remain vigilant as the threat continues to evolve.

Financial risks

Liquidity risk

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

The Company manages its cash flow in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

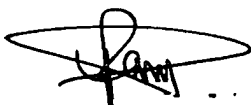
The Company has no significant exposure to foreign currency risk. The majority of the costs incurred by the Company are denominated in UK pounds sterling. The Company charges its services fees in UK pound sterling to reduce exposure to foreign currency exchange risks.

Credit risk

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

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

By order of the Board



B Y Ramlalsing

Company Secretary

Date: 27 October 2023

Registered No. 05639474

Directors' Report

The Directors present their Directors' Report and audited financial statements of "K" Line (Europe) Limited (the "Company") for the financial year ended 31 March 2023.

Directors

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

A Misaki

B Y Ramlalsing

K Sekiya (Appointed 1st April 2023)

Dividends and financial risk management

On 2nd February 2023, an amount of £100,000 was paid to "K" Line Holding (Europe) Limited in respect of a final dividend (year ended 31 March 2022 – £100,000). Financial risk management disclosure is included in Strategic Report on page 4.

Future developments

The Directors aim to maintain the same management as in recent years, and there is no significant change in the business direction. They consider that the year ending 31 March 2024 will show a similar pattern.

The Directors have assessed the actual impact of Covid-19 on the business. As the group companies still require the service of the Company as their administrative services provider, there has been no immediate decline or change in risk. The Company will continue to receive cost plus commission from its parent company. The Directors do not foresee a material impact on the business in the foreseeable future.

Going concern

The Company has adequate financial resources and will continue to receive cost plus commission from its parent company. Therefore, the Directors believe that the Company is well placed to manage its business risks successfully in the future.

The Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for a period of 12 months from the date of approval of the balance sheet. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' indemnities

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

Statement of Directors' responsibilities

The directors are 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 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

Directors' Report (continued)

Statement of Directors' responsibilities (continued)

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.

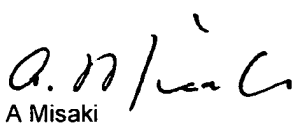
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

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 they ought to have taken as a director 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:



A Misaki

Director and Chief Executive Officer

Date: 27 October 2023

Independent auditors' report to the members of "K" Line (Europe) Limited

Opinion

We have audited the financial statements of "K" Line (Europe) Limited for the year ended 31st March 2023 which comprise the Statement of Income and Retained Earnings and the Balance Sheet and the related notes 1 to 18 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from the date of approval of the balance sheet.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives

rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting

"K" Line (Europe) Limited

irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.


- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; Companies Act 2006, Data Protection Act 1998, Proceeds of Crime Act 2002, Money Laundering Regulations 2003, UK Bribery Act, UK Tax Regulation and Health and safety regulations
- We understood how "K" Line (Europe) Limited is complying with those frameworks by corroborating our enquiries through a review of board minutes, as well as consideration of the results of our audit procedures and noted that there was no contradictory evidence. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of management as to any fraud risk framework within the entity.
 - Enquiry of management around actual and potential litigation and claims.
 - We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override and by assuming revenue to be a fraud risk. We performed journal entry testing to specifically address the risk of management override. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
 - Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence in our work performed over the value in use estimates for vessels at the year-end
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mohan Pandian (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditors

London

Date: 27 October 2023

Statement of income and retained earnings

for the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022
	Note	£	£
Turnover	2	2,516,191	3,549,082
Administrative expenses		<u>(2,397,358)</u>	<u>(3,378,563)</u>
Operating profit	3	118,833	170,519
Interest receivable and similar income	7	<u>7,739</u>	<u>180</u>
Profit before taxation		126,572	170,699
Tax on profit	8	<u>(40,233)</u>	<u>(20,687)</u>
Profit for the financial year		<u>86,339</u>	<u>150,012</u>
Retained earnings brought forward		2,558,196	2,508,184
Dividends paid	9	<u>(100,000)</u>	<u>(100,000)</u>
Retained earnings at the end of year		<u>2,544,535</u>	<u>2,558,196</u>

All amounts relate to continuing activities.

The notes on pages 12 to 21 form an integral part of these financial statements.

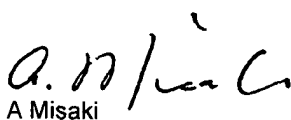
Balance sheet

as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Fixed assets			
Tangible assets	10	<u>435,842</u>	<u>38,420</u>
Current assets			
Debtors (including £64,049 (2022: £64,049) falling due after more than one year)	11	2,932,527	2,699,090
Cash and cash equivalents		<u>3,713,850</u>	<u>2,725,168</u>
		6,646,377	5,424,258
Creditors: amounts falling due within one year	12	<u>(4,265,503)</u>	<u>(2,351,841)</u>
Net current assets		2,380,874	3,072,417
Total assets less current liabilities		2,816,716	3,110,837
Provisions for liabilities	13	<u>(262,180)</u>	<u>(542,640)</u>
Net assets		<u>2,554,536</u>	<u>2,568,197</u>
Capital and reserves			
Called up share capital	14	10,001	10,001
Retained earnings		<u>2,544,535</u>	<u>2,558,196</u>
Total shareholders' funds		<u>2,554,536</u>	<u>2,568,197</u>

The notes on pages 12 to 21 form an integral part of these financial statements

The financial statements on pages 10 to 21 were approved by the Board of Directors and signed on their behalf by:


A Misaki

Director and Chief Executive Officer

Date: 27th October 2023

Company Registered No. 05639474

Notes to the financial statements

for the year ended 31 March 2023

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, 5 Aldermanbury Street, London, EC2V 7BP.

The principal activity of the Company during the year was that of general shipping agents for car carriers throughout Europe.

Statement of compliance

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

Summary of significant accounting policies

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

Basis of preparation

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

Exemptions for qualifying entities under FRS 102

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

The Company has taken advantage of the following exemptions:

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

Going concern

The Company has adequate financial resources and will continue to receive cost plus commission from its parent company. Therefore, the Directors believe that the Company is well placed to manage its business risks successfully in the future.

The Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for a period of 12 months from the date of approval of the balance sheet. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements (continued)

for the year ended 31 March 2023

1. Accounting policies (continued)

Tangible fixed assets

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

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

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

Leasehold property	–	2 – 5 years
Furniture and equipment	–	3 – 5 years

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

Taxation

i) Current tax

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

ii) Deferred taxation

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

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

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

Foreign currencies

i) Functional and presentation currency:

The Company's functional and presentation currency is GBP.

ii) Transactions and balances

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

Gains and losses on exchange are dealt with in profit or loss.

Cash and cash equivalents

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

Notes to the financial statements (continued)

for the year ended 31 March 2023

1. Accounting policies (continued)

Turnover recognition

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

Operating leases

Rental payments under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Lessor accounting

The Company subleases office space to a third party entity. The sublease is classified as an operating lease under FRS102. The rental income is recognised on a straight-line basis over the lease term.

Financial instruments

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

i) Financial assets

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.

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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors 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.

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 set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest receivable and Interest payable

Interest receivable and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

Dividends

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

Notes to the financial statements (continued)

for the year ended 31 March 2023

1. Accounting policies (continued)

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.

Provision for liabilities

A provision is recognised when the Company 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.

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. Management have considered possible critical accounting estimates and judgements and have determined that are none which would materially impact the financial statements.

2. Turnover

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

An analysis of turnover by geographical market is given below:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
United Kingdom	1,855,569	1,406,167
Rest of the World	660,622	2,142,915
	<u>2,516,191</u>	<u>3,549,082</u>

All turnover is derived from the company's principal operations.

3. Operating profit

This is stated after charging/(crediting):

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Depreciation of owned fixed assets (note 10)	66,601	50,643
Operating lease rentals – land and buildings	275,452	179,010
– plant and machinery	3,989	5,746
Foreign exchange (gain)	<u>(3,443)</u>	<u>(843)</u>

Notes to the financial statements (continued)

for the year ended 31 March 2023

4. Auditors' remuneration

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Audit of the financial statements for the current year	47,326	30,250
	<u>47,326</u>	<u>30,250</u>

5. Directors' remuneration

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Remuneration	542,007	486,661

There were no pension costs (2022: Nil) in respect of directors.

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

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Remuneration	379,862	351,231

One of the Directors is also a director of another UK subsidiaries. £189,931 of the total remuneration (£379,862), equating to 50% of the remuneration for the highest paid Director, has been recharged to a fellow subsidiary company.

6. Staff costs

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Wages and salaries	2,069,255	1,712,438
Social security costs	203,606	200,180
Other pension costs (note 15)	175,102	175,424
	<u>2,447,963</u>	<u>2,088,042</u>

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

	Year ended 31 March 2023 No.	Year ended 31 March 2022 No.
Administrative staff	29	31

Notes to the financial statements (continued)

for the year ended 31 March 2023

7. Interest receivable and similar income

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Bank interest receivable	7,739	180
	<u>7,739</u>	<u>180</u>

8. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Current tax:		
UK corporation tax on profit for the year	27,856	29,233
Adjustments in respect of previous years	(827)	-
Total current tax	<u>27,029</u>	<u>29,233</u>
Deferred tax:		
Origination and reversal of timing differences	10,035	6,826
Effect of changes in tax rates	3,169	(15,372)
Total deferred tax (note 8(c))	<u>13,204</u>	<u>(8,546)</u>
Total tax (note 8(b))	<u>40,233</u>	<u>20,687</u>

Notes to the financial statements (continued)

for the year ended 31 March 2023

8. Tax on profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK of 19% (year ended 31 March 2022 – 19%). The differences are explained below:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Profit before taxation	126,572	170,699
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (year ended 31 March 2022 – 19%)	24,049	32,433
<i>Effects of:</i>		
Expenses not deductible	13,842	3,626
Tax rate changes	3,169	(15,372)
Adjustments in respect of previous years	(827)	-
Total tax for the year (note 8(a))	40,233	20,687

(c) Deferred tax assets:

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

	31 March 2023 £	31 March 2022 £
Deferred tax	50,846	64,050
	2023 £	2022 £
Asset as at 1 April	64,050	55,504
Deferred tax charge to statement of income and retained earnings for the year (note 8(a))	(13,204)	8,546
Asset as at 31 March	50,846	64,050

Factors affecting current and future tax charges

In October 2022, the government announced changes to the Corporation Tax rate from 1 April 2023, increasing the main rate of Corporation Tax to 25%, which will impact the rate at which the deferred tax liabilities reverse and the effects have been reflected in the financial statements.

Notes to the financial statements (continued)

for the year ended 31 March 2023

9. Dividends paid

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
<i>Equity dividend</i>		
Declared and paid during the year:		
Equity dividend on ordinary shares	100,000	100,000

Dividend per share during current financial year was £10 (2022: £10).

10. Tangible assets

	<i>Furniture and equipment</i>	<i>Leasehold property</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2022	86,672	68,051	154,723
Additions	22,639	441,384	464,023
Disposals for the year	-	(68,051)	(68,051)
At 31 March 2023	109,311	441,384	550,695
Accumulated depreciation:			
At 1 April 2022	58,832	57,471	116,303
Charge for the year	19,239	47,362	66,601
Disposals for the year	-	(68,051)	(68,051)
At 31 March 2023	78,071	36,782	114,853
Net book value:			
At 31 March 2023	31,240	404,602	435,842
At 31 March 2022	27,840	10,580	38,420

11. Debtors

	31 March 2023	31 March 2022
	£	£
Trade debtors	2,257,918	1,478,439
Amounts owed by group undertakings	317,548	519,786
Amounts owed by related party undertakings	124,787	11,907
Other debtors	2,348	42,968
Deferred taxation (note 8(c))	50,845	64,049
Other taxation and social security	122,046	159,924
Prepayments and accrued income	57,035	422,017
	2,932,527	2,699,090

Amounts owed by group and related party undertakings are unsecured, interest free and repayable on demand.

The deferred tax asset is attributable to fixed assets which is regarded as due in more than one year.

There is no doubtful debt provision in the current financial year (2022: nil).

Notes to the financial statements (continued)

for the year ended 31 March 2023

12. Creditors: amounts falling due within one year

	31 March 2023	31 March 2022
	£	£
Trade creditors	427,000	573,000
Amounts owed to group undertakings	3,058,736	57,842
Other taxation and social security	103,880	99,613
Other creditors	30,696	436,993
Accruals and deferred income	645,191	1,184,393
	<u>4,265,503</u>	<u>2,351,841</u>

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand. The bank loans and overdrafts are unsecured.

13. Provision for liabilities

	£
<i>Dilapidation provision</i>	
1 April 2022	542,640
Movement in the year	<u>(280,460)</u>
At 31 March 2023	<u>262,180</u>

The dilapidations provision pertains to the Company's two office leases in London and Ipswich.

There has been a reduction in the current year of £280,460, primarily attributable to the termination of the lease for the London Aldersgate office and the subsequent dilapidation settlement. The provision for dilapidations for the new office in London Aldermanbury is lower than that of the previous lease.

The provision was re-assessed at the balance sheet date and it was determined that no adjustment was necessary.

14. Called up share capital

	No.	31 March 2023 £	No.	31 March 2022 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,001	<u>10,001</u>	10,001	<u>10,001</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15. Pensions

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £175,102 (2021 – £175,424). The amount of outstanding contributions at the year-end was £nil (2022 – £nil).

Notes to the financial statements (continued)

for the year ended 31 March 2023

16. Other financial commitments

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

	31 March 2023		31 March 2022	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases payments due:				
Not later than one year	596,339	16,598	1,043,003	7,249
Later than one year and not later than five years	1,518,546	16,966	318,479	8,898
Later than five years	7,392	-	-	-
	<u>2,122,277</u>	<u>33,564</u>	<u>1,361,482</u>	<u>16,147</u>

The Company has no other off-balance sheet arrangements.

17. Related party transactions

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

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

	<i>Expenses recharged to related party</i>	<i>Amounts owed from related party</i>
	£	£
Ocean Network Express (Europe) Limited		
2023	155,868	124,787
2022	181,336	11,907

Ocean Network Express (Europe) Limited is 100% owned by Ocean Network Express Holdings Limited which Kawasaki Kisen Kaisha, Ltd owns 31% of the ordinary shares.

The recharges to Ocean Network Express (Europe) Limited are purely related to expenses reimbursement.

18. Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is "K" Line Holding (Europe) Limited, which is incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Kawasaki Kisen Kaisha, Ltd which is incorporated in Japan.

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