

Nippon Kaiji Kyokai (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2017



Company Registration No. 08998564 (England and Wales)

Nippon Kaiji Kyokai (UK) Limited

Company Information

Directors	Mitsuhiko Kidogawa Tsuyoshi Nabeya Daisuke Shiraki
Company number	08998564
Registered office	12th Floor Tower 42 25 Old Broad Street London EC2N 1HQ
Auditor	Kingston Smith LLP Devonshire House 60 Goswell Road London United Kingdom EC1M 7AD

Nippon Kaiji Kyokai (UK) Limited

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Nippon Kaiji Kyokai (UK) Limited

Directors' Report

For the year ended 31 December 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of ship classification, survey, audit & inspection.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mitsuhiko Kidogawa	(Appointed 1 April 2017)
Tsuyoshi Nabeya	
Daisuke Shiraki	
Dr Moideen Abdul Rahim	(Resigned 1 April 2017)

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Mitsuhiko Kidogawa

Director

27/09/18

Nippon Kaiji Kyokai (UK) Limited

Independent Auditor's Report

To the Member of Nippon Kaiji Kyokai (UK) Limited

Opinion

We have audited the financial statements of Nippon Kaiji Kyokai (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, 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, including 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 state of the company's affairs as at 31 December 2017 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Nippon Kaiji Kyokai (UK) Limited

Independent Auditor's Report (Continued)

To the Member of Nippon Kaiji Kyokai (UK) Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

We have nothing to report in respect of the following matters where 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; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Nippon Kaiji Kyokai (UK) Limited

Independent Auditor's Report (Continued)

To the Member of Nippon Kaiji Kyokai (UK) Limited

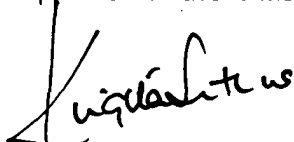
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



Jonathan Sutcliffe (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

28 September 2018

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
United Kingdom
EC1M 7AD

Nippon Kaiji Kyokai (UK) Limited

Profit and loss account

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	3	2,410,424	2,408,369
Administrative expenses		(2,514,196)	(2,549,642)
Other operating income		2,276	-
Operating loss	4	(101,496)	(141,273)
Interest payable and similar expenses	7	(15,280)	(63,355)
Loss before taxation		(116,776)	(204,628)
Taxation	8	10,394	17,156
Loss for the financial year		(106,382)	(187,472)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Nippon Kaiji Kyokai (UK) Limited

Statement of Comprehensive Income For the Year ended 31 December 2017

	2017 £	2016 £
Loss for the year	(106,382)	(187,472)
Other comprehensive income	20,608	2,676,909
Total comprehensive income for the year	<u>(85,774)</u>	<u>2,489,437</u>

Nippon Kaiji Kyokai (UK) Limited

Balance Sheet

As at 31 December 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	9		2,517		3,173
Tangible assets	10		4,512,241		4,608,960
			<u>4,514,758</u>		<u>4,612,133</u>
Current assets					
Debtors	11	169,625		369,059	
Cash at bank and in hand		726,464		367,647	
			<u>896,089</u>		<u>736,706</u>
Creditors: amounts falling due within one year	12	(608,092)		(475,122)	
Net current assets			<u>287,997</u>		<u>261,584</u>
Total assets less current liabilities			<u>4,802,755</u>		<u>4,873,717</u>
Creditors: amounts falling due after more than one year	13		(539,214)		(504,996)
Provisions for liabilities	15		-		(19,406)
Net assets			<u><u>4,263,541</u></u>		<u><u>4,349,315</u></u>
Capital and reserves					
Called up share capital	17		500,000		500,000
Other reserves			88,088		101,005
Profit and loss reserves			3,675,453		3,748,310
Total equity			<u><u>4,263,541</u></u>		<u><u>4,349,315</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21/09/18 and are signed on its behalf by:



Mitsuhiro Kidogawa
Director

Company Registration No. 08998564

Nippon Kaiji Kyokai (UK) Limited

Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital £	Capital contribution £	Profit and loss reserves £	Total £
Balance at 1 January 2016	500,000	1,496,821	(136,943)	1,859,878
Year ended 31 December 2016:				
Loss for the year	-	-	(187,472)	(187,472)
Other comprehensive income	-	-	2,676,909	2,676,909
Total comprehensive income for the year	-	-	2,489,437	2,489,437
Transfer from reserves	-	(1,395,816)	1,395,816	-
Balance at 31 December 2016	500,000	101,005	3,748,310	4,349,315
Year ended 31 December 2017:				
Loss for the year	-	-	(106,382)	(106,382)
Other comprehensive income	-	-	20,608	20,608
Total comprehensive income for the year	-	-	(85,774)	(85,774)
Other movements	-	(12,917)	12,917	-
Balance at 31 December 2017	500,000	88,088	3,675,453	4,263,541

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2017

1 Accounting policies

Company information

Nippon Kaiji Kyokai (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12th Floor Tower 42, 25 Old Broad Street, London, EC2N 1HQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The company has elected to early adopt the amendments to FRS 102 following the Triennial Review in 2017.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The individual accounts of Nippon Kaiji Kyokai (UK) Limited have adopted the following disclosure exemptions:

- a) The requirements of section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- b) The requirements of section 7 Cash Flows and section 3 Financial Statement presentation paragraph 3.17(d).
- c) The requirements of section 11 paragraphs 11.39 to 11.48A and section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- d) The requirement of section 33 Related Party Disclosures paragraph 33.7

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The turnover shown in the profit and loss account represents revenue derived from services supplied to customers during the year, net of value added tax. Revenue is recognised through the provision of a service agreement contract with the customer and is calculated upon costs of services which fall within the company's ordinary activities performed to date.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold Land	Nil depreciation charged
Buildings	10% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Discount factor applied to long term financing

The effective interest rate charge is subject to the change in external costs of financing. The effective interest rate is assessed annually and amended where necessary.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and physical condition of the assets.

Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value.

Revenue

Revenue is recognised through the provision of a service agreement calculated upon cost of services.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Share of Survey Fees	2,409,450	2,406,149
Technical Services	974	2,220
	<u>2,410,424</u>	<u>2,408,369</u>
	2017	2016
	£	£
Turnover analysed by geographical market		
Turnover attributable to geographical markets outside the UK	<u>2,410,424</u>	<u>2,408,369</u>

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

4 Operating loss

	2017 £	2016 £
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	7,000
Depreciation of owned tangible fixed assets	108,512	97,901
(Profit)/loss on disposal of tangible fixed assets	(1,755)	7,166
Amortisation of intangible assets	656	109
Operating lease charges	397,132	265,651
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Average number of persons employed by the company	<u>13</u>	<u>13</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,486,106	1,505,392
Social security costs	66,751	85,114
Pension costs	19,654	17,088
	<u>1,572,511</u>	<u>1,607,594</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>532,477</u>	<u>493,532</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	<u>143,675</u>	<u>198,968</u>

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable to group undertakings	15,280	63,355

8 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	9,320	-
Deferred tax		
Origination and reversal of timing differences	(19,714)	(17,156)
Total tax credit	(10,394)	(17,156)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Loss before taxation	(116,776)	(204,628)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)</i>	(22,187)	(40,926)
Tax effect of expenses that are not deductible in determining taxable profit	4,994	19,651
Tax effect of utilisation of tax losses not previously recognised	(2,585)	-
Unutilised tax losses carried forward	-	7,170
Adjustments in respect of prior years	(16,087)	-
Effect of change in corporation tax rate	104	-
Permanent capital allowances in excess of depreciation	13,202	-
Other non-reversing timing differences	-	(3,051)
Other permanent differences	12,165	-
Taxation credit for the year	(10,394)	(17,156)

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

9 Intangible fixed assets

	Software £
Cost	
At 1 January 2017 and 31 December 2017	3,282
Amortisation and impairment	
At 1 January 2017	109
Amortisation charged for the year	656
At 31 December 2017	765
Carrying amount	
At 31 December 2017	2,517
At 31 December 2016	3,173

10 Tangible fixed assets

	Freehold Land £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2017	4,622,263	61,070	85,430	4,768,763
Additions	-	12,538	-	12,538
Disposals	-	(16,731)	(4,869)	(21,600)
At 31 December 2017	4,622,263	56,877	80,561	4,759,701
Depreciation and impairment				
At 1 January 2017	106,633	23,700	29,470	159,803
Depreciation charged in the year	69,482	17,787	21,243	108,512
Eliminated in respect of disposals	-	(16,731)	(4,124)	(20,855)
At 31 December 2017	176,115	24,756	46,589	247,460
Carrying amount				
At 31 December 2017	4,446,148	32,121	33,972	4,512,241
At 31 December 2016	4,515,630	37,370	55,960	4,608,960

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

11 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	47,541	268,417
Other debtors	36,943	24,546
Prepayments and accrued income	84,833	76,096
	<u>169,317</u>	<u>369,059</u>
Deferred tax asset (note 14)	308	-
	<u>169,625</u>	<u>369,059</u>

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	79,720	4,827
Amounts due to group undertakings	47,000	236,306
Corporation tax	9,320	-
Other creditors	244,107	-
Accruals and deferred income	227,945	233,989
	<u>608,092</u>	<u>475,122</u>

13 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts due to group undertakings	<u>539,214</u>	<u>504,996</u>

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	<u>-</u>	<u>19,406</u>	<u>308</u>	<u>-</u>

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

14 Deferred taxation

(Continued)

Movements in the year:	2017 £
Liability at 1 January 2017	19,406
Credit to profit or loss	(19,714)
Liability/(Asset) at 31 December 2017	<u>(308)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

15 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	14	<u>-</u>	<u>19,406</u>

16 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	<u>19,654</u>	<u>17,088</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
500,000 Ordinary of £1 each	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

Nippon Kaiji Kyokai (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	339,043	281,698
Between two and five years	296,965	392,954
	<u>636,008</u>	<u>674,652</u>

19 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33.1A Related Party Disclosures not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

20 Controlling party

The immediate and ultimate parent undertaking is Nippon Kaiji Kyokai, a foundation registered in Japan.

Copies of Nippon Kaiji Kyokai's consolidated financial statements can be obtained from the Company Secretary at 4-7, Kioi-cho, Chuyoda-ku, Tokyo, 102-8567, Japan.