

Registered number: 02275739

## **ALTA TRADING UK LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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## **COMPANY INFORMATION**

<b>Directors</b>	C P Tuke G Baker J Saraiva E Silva (resigned 2 November 2020) T Aurstad (appointed 22 April 2021) E Mills-Webb (appointed 22 April 2021)
<b>Registered number</b>	02275739
<b>Registered office</b>	15 Adam Street 6th Floor London WC2N 6AH
<b>Independent auditor</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

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**ALTA TRADING UK LIMITED**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

**Organisation and principal activity**

The ultimate parent company of the Company is Farahead Holdings Limited, a company incorporated in Cyprus. The principal activity of the Company during the period was the purchase and sale of oil related derivatives and physical oil cargoes.

On 1 December 2017, the Company became authorised and regulated by the Financial Conduct Authority as required by the EU Markets in Financial Instruments Directive ("MiFID2" - Directive 2014/65/EU) & Regulation ("MiFIR" - Regulation (EU) No 600/2014), which came into force on 3 January 2018.

**Business review**

The year commenced with the market experiencing extreme demand destruction due to the Covid-19 pandemic with Brent futures falling to a low of \$15.98 and WTI prices reaching a negative price of \$40.32. This was associated with deep contango and a spike in freight rates as excess supply was moved to floating storage. OPEC+ cut its production back to compensate and this brought the market back into balance, inventories were subsequently drawn down resulting in Brent prices rallying briefly to over \$70 by March 2021 and the market moving into backwardation.

In the early part of the year, the Company was able to profit from the extreme contango in the market through storage of crude oil and optimisation of freight positions. The Company continued to re-engage in physical markets and commenced trading in the North Sea Crude Benchmarks towards the middle of the financial year. Gross profit for 2021 was \$51.6 million. Overheads were successfully reduced throughout the year and the Company relocated its office in September 2020 as part of the restructuring of its costs.

The Company's activities are subject to significant risks that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. In addition, public health threats, such as Covid-19 could adversely impact our operations.

**Principal risks and uncertainties**

**Credit risk** - Credit risk is the risk that a counter party will fail to discharge its obligations and create a financial loss. Concentrations of credit risk exist, amongst other factors, to the extent that there are significant balances outstanding at the statement of financial position date due from companies carrying on business in oil trading and balances with group undertakings.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the statement of financial position are net of allowance for doubtful debts, estimated by the Company's management based on prior experience and the current economic environment.

**Interest rate risk** - The Company finances its operations via trade finance facilities which bear interest at fixed and variable rates.

**Liquidity risk** - The Company's liquidity is managed by a dedicated Treasury Department to ensure adequate bank lines are maintained to meet its financial requirements. The Company maintains a level of cash deposits and bank facilities deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

**Commodity price risk** - The Company seeks to mitigate its commodity pricing exposure through the use of futures, swaps and contracts for difference. The market value of contracts outstanding at the end of the year is included in open position valuations.

**Value at Risk** - The Company uses value at risk (VaR) risk management tool to monitor commodity price risk.

**Compliance with market regulation** - The regulatory environment the Company operates in continues to evolve and the Company is required to be in compliance with such regulations. The Company has dedicated internal resources and external support from specialist firms in order to ensure compliance.

**Market Risks** - Separate trading books are monitored and reviewed constantly. The Company uses mark-to-market accounting where active markets exist in accordance with IFRS measurement requirements.

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

**ALTA TRADING UK LIMITED**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

**Section 172(1) Statement (continued)**

- a. likely consequences of any decisions in the long-term;
- b. interests of the company's employees;
- c. need to foster the company's business relationships with suppliers, customers and others;
- d. impact of the company's operations on the community and environment;
- e. desirability of the company maintaining a reputation for high standards of business conduct; and
- f. need to act fairly as between members of the company.

In discharging its section 172 duties the Company has regard to the factors set out above. The Company also has regard to other factors which consider relevant to the decision being made. Those factors, for example, its relationship with the Financial Conduct Authority.

Through an open and transparent dialogue with the Company's key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board considers the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including responsible business practices and the likely consequences of decisions in the long term.

As is normal for large companies, the Company delegates authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing the execution of the business strategy and related policies. The Company reviews risk, compliance and legal matters at every Board meeting. The Company also reviews other areas over the course of the financial year including the Company's financial and operational performance; stakeholder-related matters and corporate responsibility matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The views and the impact of the Company's activities on the Company's stakeholders (including its employees and counter parties) are an important consideration for it when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, generally stakeholder engagement best takes place at an operational or group level. The Company finds this a more efficient and effective approach.

During the period the Company received information to help it understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in reports and presentations on our financial and operational performance, risk and corporate governance matters. As a result of this the Company has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Company.

An example of how the Company has had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties is its risk allocation and investment decisions.

**Financial key performance indicators**

It is considered that the Company's key performance indicators are those that communicate financial performance and strength of the Company as a whole, these being turnover on oil trading classified as financial instruments, the results for the year and the level of administrative expenses spent to generate these returns. The financial results of the Company were as follows:

	2021	2020
	\$000s	\$000s
Gross profit	51,581	9,335
Administrative expenses	20,743	14,267
Profit (loss) before tax	26,079	(4,834)

We do not consider the Company to have non-financial key performance indicators.

**Future developments**

The Company is continuing to expand its trading teams across the crude and oil products markets.

This report was approved by the board and signed on its behalf.



**G Baker**  
Director  
Date: 23 July 2021

**ALTA TRADING UK LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

**Dividends**

The profit for the year, after taxation, amounted to \$23.8 million (2020 - \$4.8 million loss). No dividends were paid or declared during the year.

**Directors**

The directors who served during the year were:

C P Tuke  
G Baker  
J Saraiva E Silva (resigned 2 November 2020)  
T Aurstad (appointed 22 April 2021)  
E Mills-Webb (appointed 22 April 2021)

**Future developments**

In accordance with s414C(11) of the Companies Act the directors have chosen to include information on the activities, future developments and exposure to our policies for, managing risk within its Strategic Report.

**Directors' indemnity insurance**

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the Company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

**Financial Instruments**

Information on the risks faced by financial instrument transactions are disclosed in the Strategic Report.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**ALTA TRADING UK LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

**Post statement of financial position events**

There have been no significant events affecting the Company since the year end.

**Business relationships**

The directors recognise the need to foster relationships with suppliers, customers and others with whom the company interacts. The directors recognise the key relationships to be with counterparties in physical trades, brokers and financial institutions. Engagement with these parties is fostered through regular contact by senior management with the objective of developing mutually beneficial partnerships built on trust and transparency.

**Environmental Matters**

The Company has followed the UK Government's environmental reporting guidance of 2019 and has used the 2021 conversion factor of 0.21233 for electricity consumption. The results for the year to 31 March 2021 are as follows;

<b>Scope 2</b>	<b>Energy use (kWhr)</b>	<b>Greenhouse gas emissions (metric tons CO2e)</b>	<b>Metric tons CO2e per employee</b>
Energy consumption	437,433	92.9	4.9

All consumption is generated in the UK. The Company has not identified material scope 1 energy consumption.

During the year, the Company has sought to improve energy efficiency by advocating for sustainable consumption of paper, water and energy by employees and for them to adhere to the provisions relating to waste separation.

**Auditors**

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
G Baker  
Director  
Date: 23 July 2021

## **ALTA TRADING UK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALTA TRADING UK LIMITED**

We have audited the financial statements of Alta Trading UK Limited (the 'company') for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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**

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 Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **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.



## **ALTA TRADING UK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALTA TRADING UK LIMITED (continued)**

#### **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 the 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 our 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 and the 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 page 5, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

**ALTA TRADING UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALTA TRADING UK LIMITED (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**  
Chartered Accountants & Statutory Auditors  
6th Floor

2 London Wall Place  
London

EC2Y 5AU

Date: 23 July 2021

**ALTA TRADING UK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$000s</b>	<b>\$000s</b>
Gross sales on trading		<b>562,624</b>	146,552
Future trading, commissions and other costs		<b>(37,064)</b>	18,252
Cost of sales on trading		<b>(473,979)</b>	(155,469)
Gross profit	<b>3</b>	<b>51,581</b>	9,335
Administrative expenses	<b>4</b>	<b>(20,743)</b>	(14,267)
Other operating income		<b>119</b>	112
Increase in fair value of investments		<b>795</b>	123
Foreign exchange (gain) loss		<b>(90)</b>	333
Operating profit (loss)		<b>31,662</b>	(4,364)
Interest receivable and similar income		<b>4</b>	300
Interest payable and similar expenses	<b>8</b>	<b>(5,587)</b>	(770)
Profit (loss) before tax		<b>26,079</b>	(4,834)
Tax (charge) credit	<b>9</b>	<b>(2,273)</b>	7
Profit (loss) after tax and total comprehensive income (loss) for the year		<b>23,806</b>	(4,827)

There was no other comprehensive income for 2021 (2020: \$nil).

The notes on pages 13 to 25 form part of these financial statements.

**ALTA TRADING UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

		<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	Note	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Fixed assets</b>					
Tangible assets	10		<b>1,746</b>		651
Intangible assets	11		<b>375</b>		206
Investments	12		<b>4,118</b>		3,489
			<b>6,239</b>		4,346
<b>Current assets</b>					
Debtors: amounts falling due within one year	13	<b>119,558</b>		32,128	
Financial instruments held for trading	16	<b>105,161</b>		12,596	
Cash at bank and in hand	14	<b>15,944</b>		48,661	
		<b>240,663</b>		93,385	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	<b>(185,967)</b>		(37,402)	
Financial instruments held for trading	16	<b>(11,875)</b>		(36,421)	
		<b>(197,842)</b>		(73,823)	
<b>Net current assets</b>			<b>42,821</b>		19,562
<b>Total assets less current liabilities</b>			<b>49,060</b>		23,908
Creditors: amounts falling due after more than one year	17		<b>(1,346)</b>		—
<b>Net assets</b>			<b>47,714</b>		23,908
<b>Capital and reserves</b>					
Called up share capital	19		<b>114,500</b>		114,500
Capital redemption reserve	20		<b>17,500</b>		17,500
Profit and loss account	20		<b>(84,286)</b>		(108,092)
			<b>47,714</b>		23,908

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2021.



G Baker  
Director

The notes on pages 13 to 25 form part of these financial statements.

**ALTA TRADING UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	\$000s	\$000s	\$000s	\$000s
At 31 March 2019	114,500	17,500	(103,265)	28,735
Comprehensive loss for the year	—	—	(4,827)	(4,827)
At 31 March 2020	114,500	17,500	(108,092)	23,908
Comprehensive income for the year	—	—	23,806	23,806
At 31 March 2021	<u>114,500</u>	<u>17,500</u>	<u>(84,286)</u>	<u>47,714</u>

The notes on pages 13 to 25 form part of these financial statements.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**1. Accounting policies**

**1.1 General Information**

Alta Trading UK Limited (formerly known as Arcadia Petroleum Limited) is a private limited company limited by shares, incorporated in England and Wales. The Company's registration number is 02275739. The principal activity of the Company during the period was the purchase and sale of oil related derivatives and physical oil cargoes. Its registered office and principal place of business is 15 Adam Street, 6<sup>th</sup> floor, London, United Kingdom, WC2N 6AH.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, subject to the revaluation of certain intangible assets and financial instruments to fair value, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The financial statements are prepared and presented in US dollars, the currency of the primary economic environment in which the entity operates, rounded to the nearest \$1,000. The exchange rate with sterling, which was used in the preparation of these accounts at the statement of financial position date was 1.38 (2020: 1.24).

The financial statements have been prepared on the going concern basis, which contemplates the realisation of assets and the settlement of current liabilities in the ordinary course of the business. At 31 March 2021, the Company reported net current assets of \$42.8 million (2020: \$19.6 million), and net assets of \$47.7 million (2020: \$23.9 million). The directors are satisfied that the Company will have sufficient resources to meet its debts as they fall due for the forthcoming twelve months.

The following accounting policies have been applied:

**1.3 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - 1 paragraph 79(a)(iv) of IAS 1;
  - 2 paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - 3 paragraph 118(e) of IAS 38 Intangible assets
- the requirements of paragraph 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**1.4 Changes in accounting policy and disclosures**

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application 1 April 2019 without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

**1.5 Revenue recognition**

The Company trades in physical cargoes, futures, swap, options and contracts for difference, all of which are traded on recognised and liquid markets. From time to time the Company also enters into arrangements for the provision of freight services.

Revenue from the sale of physical cargoes is recognized when the performance obligations of the sales contract have been met and when control of the goods has been transferred from the Company to the buyer. This is typically once the goods have been delivered to the vessel or destination specified by the customer.

Revenue is measured based on consideration specified in the contract with the customer. For certain commodities the sales price is determined on a provisional basis at the date of sale, as the final price is still subject to movements in market prices up until the date of final pricing (which can be up to 90 days after initial recognition). Revenue on provisionally priced receivables is based on the estimated fair value of the total consideration receivable at the statement of financial position date. The fair value of such contracts is estimated continuously by reference to forward market prices up until the date of final pricing. Revenue related to the provision of shipping services is recognized over time as the service is rendered.

Future Trading Commission and other costs includes the costs of purchasing, storing and transporting goods. It also includes changes in the mark to market valuation of all inventories, derivatives, and forward contracts.

Costs of Sales includes the purchase price of all sales at the statement of financial position date.

**1.6 Tangible fixed assets**

Tangible fixed assets are recognised under the cost model. Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 5 years (20% per annum)
Computer equipment	- 3 years (33.3% per annum)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

**1.7 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

### 1.8 Intangible fixed assets

Intangible fixed assets are recognised under the revaluation model. Intangible fixed assets are initially recognised at cost and subsequently carried at the revalued amount. An increase in value will be recognised as other comprehensive income and accumulated in equity. However the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss. The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset, the excess shall be recognised in the profit or loss.

### 1.9 Investments

All equity investments in scope of IFRS 9 are measured at fair value in the statement of financial position, with value changes recognised in profit or loss.

### 1.10 Leases

IFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see Note 1.4. The following policies apply subsequent to the date of initial application, 1 April 2019.

#### *Identifying Leases*

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The company obtains substantially all the economic benefits from use of the asset; and
- (c) The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

#### *Lease Measurement*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.



#### **1.10 Leases (continued)**

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

#### **1.11 Cash, cash equivalents and amounts held by clearers**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **1.12 Financial instruments**

The Company's accounting policies in respect of financial instruments transactions are explained below:

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

##### **Fair value through profit or loss**

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

#### **1.12 Financial instruments (continued)**

##### **Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The company provides for financial assets held at amortised cost using a lifetime expected credit loss model. Impairments are recognised in the profit and loss account included within revenue as net trading income.

##### **Financial liabilities**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

##### **Fair value through profit or loss**

The financial liabilities comprise only out-of-the-money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised through profit or loss.

#### **1.13 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **1.14 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Foreign exchange gains/(losses)'.

#### **1.15 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense through profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**1.16 Interest income**

Interest income is recognised through profit or loss using the effective interest method.

**1.17 Borrowing costs**

All borrowing costs are recognised through profit or loss in the year in which they are incurred.

**1.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised through profit or loss, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates and quoted market prices. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key estimates and assumptions applied by management are as follows:

Financial assets measured at amortised cost have been impaired using an expected credit loss model, this is based upon the estimated outcome of future events.

Amounts recognised as provisions, including tax, legal, contractual and other exposures or obligations, are the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

**3. Analysis of gross profit**

An analysis of turnover is as follows:

	2021	2020
	\$000s	\$000s
Gross sales on trading	562,624	146,552
Future trading, commissions and other costs	(37,064)	18,252
Cost of sales on trading	(473,979)	(155,469)
	<u>51,581</u>	<u>9,335</u>

Due to the nature of trading, a geographic analysis is not practical or meaningful.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**4. Operating profit (loss)**

Operating profit (loss) is stated after charging:

	2021	2020
	\$000s	\$000s
Administrative expenses	17,285	7,880
Employment costs	699	671
Depreciation of tangible fixed assets	2,099	2,992
Systems and subscriptions	160	1,880
Legal and professional	3	175
Bad debt write off	497	669
Other expenses	20,743	14,267

**5. Auditors' remuneration**

	2021	2020
	\$000s	\$000s
Fee for audit of the Company	77	65
	77	65

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	\$000s	\$000s
Wages and salaries	14,977	6,980
Social security costs	2,149	679
Costs of defined contribution pension scheme (note 21)	159	221
	17,285	7,880

The average monthly number of employees, including directors, during the year was as follows:

	2021	2020
Oil traders	5	8
Administration	14	15
	19	23

**7. Directors' remuneration**

	2021	2020
	\$000s	\$000s
Directors' emoluments	—	51
Company contributions to defined contribution pension schemes	—	3
	—	54

During the year, retirement benefits were accruing to no directors (2020 - one director) in respect of defined contribution pension schemes. The highest paid director received remuneration of \$nil (2020 - \$0.04 million).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$nil (2020 - \$0.003 million). The directors are considered to be the key management personnel.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**8. Interest payable and similar expenses**

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
Interest payable on Right of Use asset	27	—
Interest payable on third party borrowings	549	17
Interest payable on group loans	5,011	753
	<u>5,587</u>	<u>770</u>

**9. Tax**

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
<b>Corporation tax</b>		
Current tax on profit (loss) for the year	(2,289)	(3)
<b>Total current tax</b>	(2,289)	(3)
<b>Deferred tax</b>		
Origination and reversal of timing differences	16	10
<b>Total deferred tax</b>	16	10
	<u>(2,273)</u>	<u>7</u>
<b>Taxation (charge) credit on profit (loss) on ordinary activities</b>		

**Factors affecting tax charge for the year**

The tax assessed for the year is different than that resulting from applying the standard rate of corporation in the UK of 19%. The differences are explained below:

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
Profit (loss) on ordinary activities before tax	26,079	(4,834)
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	4,955	(918)
Effects of:		
Expenses not deducted of tax purposes	372	(1)
Current tax (prior period) exchange differences	40	9
Current tax settlement exchange differences	124	—
Utilisation of tax losses	(3,218)	903
Current tax charge (credit) for the year	<u>2,273</u>	<u>(7)</u>

**Factors that may affect future tax charges**

The UK government has announced that corporation tax will go up to 25% from 1 April 2023, which will increase the Company's future tax charges accordingly.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**10. Tangible fixed assets**

	Fixtures and fittings	Right of use asset	Total
	\$000s	\$000s	\$000s
<b>Cost</b>			
At 1 April 2020	1,368	856	2,224
Additions	62	1,883	1,945
Disposals	(959)	(856)	(1,815)
At 31 March 2021	471	1,883	2,354
<b>Depreciation</b>			
At 1 April 2020	1,101	472	1,573
Charge for the year	169	530	699
Disposals	(895)	(769)	(1,664)
At 31 March 2021	375	233	608
<b>Net book value</b>			
At 31 March 2021	96	1,650	1,746
At 31 March 2020	267	384	651

The Company entered into a five year lease for its office premises on 18 August 2020, which resulted in the Right of Use asset.

**11. Intangible fixed assets**

	NYMEX seats
	\$000s
<b>Valuation</b>	
At 1 April 2020	206
Valuation gain	169
At 31 March 2021	375

**12. Investments**

	CME shares	Other	Total
	\$000s	\$000s	\$000s
<b>Cost</b>			
At 1 April 2020	3,459	30	3,489
Revaluation gain	626	—	626
Foreign exchange movement	—	3	3
At 31 March 2021	4,085	33	4,118

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**13. Debtors**

	<u>2021</u>	<u>2020</u>
	\$000s	\$000s
Trade debtors	102,350	17
Amounts owed by group undertakings	14,507	11,762
Other debtors	94	371
Prepayments and accrued income	1,854	19,941
Corporation tax	700	—
Deferred taxation (note 18)	53	37
	<u>119,558</u>	<u>32,128</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**14. Cash and cash equivalents**

	<u>2021</u>	<u>2020</u>
	\$000s	\$000s
Cash at bank and in hand	9,025	8,399
Cash held at clearers	6,829	40,262
Cash collateral supporting forward foreign exchange transaction	90	—
	<u>15,944</u>	<u>48,661</u>

Included within cash at bank and in hand is restricted cash in the sum of \$9.3 million (2020: \$3.5 million).

**15. Creditors: Amounts falling due within one year**

	<u>2021</u>	<u>2020</u>
	\$000s	\$000s
Bank loans and overdrafts	265	4,336
Trade creditors	69,265	—
Amounts owed to clearers	59,622	—
Cash collateral payable to third parties	1,280	—
Amounts owed to group undertakings	—	23,855
Amounts owed to parent undertaking	9,419	163
Amounts owed to related parties	147	5,330
Amounts owed for Right of Use Asset	426	384
Other creditors	—	1,450
Social security costs	1,645	221
Accruals and deferred income	43,898	1,663
	<u>185,967</u>	<u>37,402</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**16. Financial instruments held for trading**

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	<u>105,161</u>	<u>12,596</u>
	<u>105,161</u>	<u>12,596</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit and loss	<u>(11,875)</u>	<u>(36,421)</u>
	<u>(11,875)</u>	<u>(36,421)</u>

Financial Assets measured at fair value through profit and loss comprise in-the-money derivatives. Derivative instruments are initially recognised at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently measured at fair value at the end of each accounting period. Fair values are determined using quoted market prices or dealer prices using active markets. Any profit or loss on revaluation is recognised in Turnover.

Financial Liabilities measured at fair value through profit and loss comprise out-of-the-money derivatives. Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemptions, are initially recognised at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently measured at fair value at the end of each accounting period. Fair values are determined using quoted market prices or dealer prices using active markets. Any profit or loss on revaluation is recognised in Turnover. Collateral of \$6.8 million is held by brokers as security for trading derivatives.

**17. Creditors: amounts falling due after more than one year**

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
Amounts owed for Right of Use Asset	<u>1,346</u>	<u>—</u>
	<u>1,346</u>	<u>—</u>

**18. Deferred taxation**

	<u>Total</u>
	<u>\$000s</u>
At 1 April 2020	37
Credited to the profit and loss account (note 9)	16
At 31 March 2021	<u>53</u>
In respect of prior year;	
At 1 April 2019	27
Credited to the profit and loss account (note 9)	10
At 31 March 2020	<u>37</u>

The deferred tax assets is made up as follows;

	<u>2021</u>	<u>2020</u>
	<u>\$000s</u>	<u>\$000s</u>
Depreciation in excess of capital allowances	<u>53</u>	<u>37</u>
	<u>53</u>	<u>37</u>

No deferred tax asset has been recognised for deferred taxation on available trading losses carried forward due to the uncertainty of future recoverability. The total unprovided asset at 31 March 2021 is \$7.6 million (2020: \$11.2 million), based on a tax rate of 19%.



**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**19. Share capital**

	2021	2020
	\$000s	\$000s
<b>Allotted, called up and fully paid</b>		
114,500 ordinary shares of \$1,000 each	114,500	114,500
	<u>114,500</u>	<u>114,500</u>

Each ordinary share entitles the holder to one vote and to receive dividends.

**20. Reserves**

**Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the Company.

**Profit and loss account**

This reserve is used to record the accumulated distributable profits and losses realised during the course of the year.

**21. Pension commitments**

The Company operates an independently administered non-contributory pension scheme for all employees. This scheme is a defined contribution scheme. The amount charged in the profit and loss account for pension costs was \$0.2 million (2020: \$0.2 million). Contributions totaling \$nil (2020: \$nil) were payable to the fund at the statement of financial position date.

**22. Contingencies and commitments**

The Company provides security to banks on monies due or to become due from the Company in connection with the financing of purchases and sales of physical crude oil, principally by way of rights over futures, swaps and contracts for difference as well as charges over deposits, general pledged agreements, security and assignment deeds and letters of hypothecation.

At 31 March 2021, the Company had outstanding letters of credit totaling \$171million in relation to short term crude oil purchases and collateral provided to third parties under Master Trading agreements.

The Company entered into a five year lease for its office premises on 18 August 2020, which resulted in the Right of Use asset. Amounts payable at 31 March 2021 are as follows;

	2021	2020
	\$000s	\$000s
Payable within one year	426	—
Payable within two and five years	1,346	—
Payable after five years	—	—
	<u>1,772</u>	<u>—</u>

**23. Related party transactions**

The Company has taken advantage of the exemption in paragraph 8(k) of FRS101 from the requirement to disclose transactions with wholly owned members of the group.

Share of budgeted costs of \$0.4 million (2020: \$0.5 million) were incurred during the year to Seatankers Management Co Ltd, a company under common control. At the year end \$0.26 million (2020: \$0.07 million) was payable to Seatankers Management Co Ltd.

Credit analysis consultancy fees of \$0.004 million (2020: \$0.01 million) were incurred during the year to Credit Solutions, a company controlled by a director of Arcadia Energy (Suisse) SA. At the year end \$nil (2020: \$nil) was payable to Credit Solutions.

In the year ended 31 March 2021, the Company made net freight payments of \$53.0 million (2020: \$8.5 million) to Frontline Ltd for vessels chartered in by the Company. At 31 March 2021, \$0.04 million was owed by Frontline Ltd (2020: \$5.3 million payable). Frontline Ltd is considered a related party due to an investor who exerted significant influence over both the Company and Frontline Ltd.

**ALTA TRADING UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**24. Controlling party**

The Company's parent company and ultimate parent undertaking is Farahead Holdings Limited, incorporated in Cyprus. This parent company forms the smallest and largest group into which the Company is consolidated. Copies of group accounts are held on public record at the Department of Registrars, Xenios Building, 1427 Nicosia, Cyprus.