Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

TOYOTA TSUSHO METALS LIMITED

COMPANY INFORMATION

Directors

Mr Toru Fujimori

Mr Paul Marney

Mr Akio Goto

Mr Hiroshi Tsunetomi

Company secretary: Mr Toru Fujimori

Registered office: 88 Wood Street, London EC2V 7DA

Independent Auditors: PricewaterhouseCoopers LLP,
7 More London Riverside,
London, SE1 2RT

The directors present their strategic report on Toyota Tsusho Metals Limited (the "Company") for the year ended 31 March 2021.

Business review

Toyota Tsusho Metals Limited (the "Company") is a commodity broker and dealer, a Category 2 Clearing Member of the London Metal Exchange (LME). The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). The results of the Company are set out in detail on page 9. The profit for the financial year ended 31 March 2021 is £2,779K (2020: £1,950K profit). The net assets of the business are £41,382K (2020: £40,493K).

The directors are pleased with the result in the context of the market conditions and the continued significant political and economic uncertainties experienced throughout this financial year. The Company's continued investment in its infrastructure and its personnel has facilitated and supported the improved quality and range of services that it provides to its target client base.
The directors monitor the performance of the Company against budgets produced from business plans agreed upon annually with its parent Company. There are no other KPI measurements that the directors use or consider relevant to an understanding of the business.

Future outlook

Toyota Tsusho Metals Japan Limited (TTMJ) - see note 22 - and Japan Branch have continued to provide the Company with access to clients based in Japan and to their key subsidiary companies in Asia and has facilitated the continued development of the Asian market. The Company will continue to broke and trade in non-ferrous and precious metals, concentrating on expanding business in the core domestic Japanese and Asian market. The Company continues to progress its initiative to maintain and grow its European business post Brexit. The directors continue to actively pursue plans to expand into new London Metal Exchange products and other futures markets to improve the Company's risk management services offered to clients in base metals.

The Company has navigated the challenges of the covid pandemic well and, with the global economic recovery leading to higher metal prices, we are optimistic for continued growth throughout 2021.

Principal risks

The Company activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk, cash flow risk and fair value interest rate risk as explained further in note 19. The Company's overall risk appetite remains conservative and trading limits, which take into account volumetric and market value considerations, are established for each trading book and are subject to regular review. The risk management programme continues to focus on the unpredictability of the relevant markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company is also exposed to operational, foreign exchange and regulatory risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

In the context of external events the Company has increased its focus on credit risk and continues to apply strict criteria in assessing all counterparties for credit purposes and trading facilities are granted accordingly. Counterparty trading facilities are reviewed at least annually, or more frequently as required in the light of market news and events and a Credit Committee meets weekly to monitor and review the process and examine outstanding issues. All counterparty positions are marked to market intra-day and margin collateral is collected where necessary.

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they become due. The Company monitors its liquidity position daily and maintains sufficient funds to conduct its business.

The Company operates in a control based environment and is reviewed annually by its parent Company. The Company also complies with J-Sox procedures as stipulated by the parent Company. Foreign exchange risk is the risk arising from adverse foreign exchange rates. Regulatory risk is the risk associated with the potential for laws related to a given industry, country, or type of security to change and impact relevant investments. Regulatory risk is also the risk of non-compliance. The Company continues to consult professionally and utilise its membership of a trade association to assist it in remaining compliant and keeping abreast of regulatory change.

S172(1) Statement

Under s.172 of the Companies Act 2006, the directors must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to the:

- Likely consequences of any decisions in the long-term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and others
- Impact of the company's operations on the community and environment
- Desirability of the company maintaining a reputation for high standards of business conduct
- Need to act fairly between shareholders of the Company

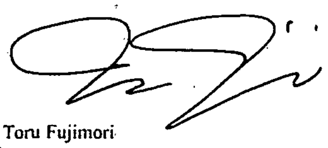
The Company believes identifying and considering the likely consequences of decisions in the long term is a necessary part of maintaining strong business relationships with customers and key to the risk management of the business.

The Company has implemented a Directors' Duties and Responsibilities Policy which sets out, inter alia, the responsibilities set out at s.172. This policy supplements the Toyota Tsusho Global Code of Ethics and Conduct and the directors and the employees are committed to the following principles:

- Creating and maintaining a safe and healthy work environment that complies with all applicable laws and regulations including anti-corruption, anti-trust and competition law, trade laws and financial reporting rules
- Acting with integrity, honesty and transparency, to protect and develop trust among all stakeholders
- Contributing to the sustainable development of society, adding value through innovation and pursuing environmentally friendly business practices
- Respecting human rights and embracing diversity and inclusion within the company and society.

Toyota Tsusho Metals Limited, as a wholly owned subsidiary of Toyota Tsusho Corporation, maintains a consistent strategy to that of its parent company.

Signed on behalf of the Board by:



Toru Fujimori
Director

8 July 2021

Company Number: 3674104

The directors present their report and the audited financial statements for the Company for the year ended 31 March 2021.

Branches outside the UK

Since 2005 the Company has a branch office in Japan which facilitates communication with both the parent Company in Japan and with Asian clients. Japan Branch provides the Company with access to clients based in Japan and to their key subsidiary companies in Asia, and makes possible the continued development of the Asian market.
The Branch's eleven employees, both traders and administrators provide continuity of the Company's trading during Asian markets hours. The Branch and the Company use the same trading system and report their combined results to the parent. The Branch keeps its accounting records only for Japanese tax purposes.

Future outlook

As already mentioned in the Strategic Report. Toyota Tsusho Metals Japan Limited (TTMJ) continues to provide the Company with access to clients based in Japan and has facilitated the development of the Asian market as a whole. The directors continue to actively pursue plans to expand into other futures markets to improve the Company's risk management services offered to clients in base metals.

Principal risks

As articulated in the Strategic Report, the Company's activities expose it to a variety of risks, which are set out in the Strategic Report. Further details on financial risks are provided in note 19.

J-SOX

From April 2009 it has been necessary for the Company to comply with J-SOX (Japan's Financial Instruments and Exchange Law) requirements, and to perform tests in accordance with the group-wide procedures of the parent. The Company's systems and controls were examined by management during the year for compliance by periodic internal assessments. The results of these tests are reported to the parent Company and found that no remedies were required.

Dividends

The directors are recommending a final dividend of £2,625K in respect of the year ending 31 March 2021. This was approved by the shareholders at the AGM held on 29 June 2021 (31 March 2020: £1,890K).

Political and charitable contributions

The Company made no political or charitable contributions during the year. (2020: £Nil).

Directors' and directors' interests

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

Mr Hiroto Nakane	Executive	(Resigned effective 31st March 2021)
Mr Paul Marney	Executive	
Mr John Wilkes	Executive	(Resigned effective 31st March 2021)
Mr Toru Fujimori	Executive	(Appointed effective 1st April 2021)
Mr Akio Goto	Non-executive	
Mr Hiroshi Tsunetomi	Non-executive	

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Pillar 3 Disclosure

Details of the Company's unaudited Pillar 3 disclosures as required by FCA rules are located on the Company's website - www.ttmetals.com.

Independent Auditors

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

Culture

Known as the Toyotsu Group Way, the Company bedrock principles that all employees share can be broadly broken down into:

- Shokon – a passion for business
- Genchi, Genbutsu, Genjitsu – On Site, Hands on, In Touch – Fundamental Awareness
- Team Power - Teamwork

Culture (continued)

Along with these principles come several other core values that all contribute fundamentally towards the vision and efforts to prosper together with people, society and the planet. The Company are fully committed to the Code of Conduct & Ethics (COCE) - strict regulatory obedience is followed whilst always striving to achieve customer satisfaction.

Kaizen or continuous improvement is another value adopted and underpins the drive for honesty, integrity and transparency, innovation and contribution towards improving as a sustainable, adaptable, environmentally friendly well-respected business that treats our customers fairly.

Going Concern

The financial statements have been prepared on a going concern basis.

COVID-19 has had a significant impact on the way the Company conducts its business with all employees transferring to working from home in line with government policy. The company will continue to follow government advice and outline future policy once the global and domestic position is more certain. There has been little or no interuption to normal business during this time and the directors are confident that the company will continue to manage its operations effectively.

Externally, the LME has temporarily shut its ring dealing operation and replaced it with an electronic version. The publication of a discussion paper by the LME has confirmed that the Ring will open again once it is safe to do so but that closing prices will move permantly to electronic determination. The increased volatility in the metals market over the past 12 months saw prices reach record lows at the virus outbreak and record highs during 2021 with prices expected to remain high into next year. This has led to a number of client margin calls, which were all settled on time, and increased levels of short-term borrowing. The Company has sufficent liquidity to cope with further price increases. At the time of signing revenue continues in line with last year, supported by the higher metal prices, which are forecast to continue.

The Company's conservative approach to credit policy continues through collating up-to-date information on client business operation and financial liquidity, not granting increases in credit facilities to new or existing clients and enhancement to existing controls to detect signs of financial weakness. In light of this, the Directors feel, that current provision levels are sufficient, but this policy will be constantly reviewed throughout the financial year.

The full impact of the pandemic is still unknown at present, but TTM has sufficient capital and funds available to allow it to manage this case on a stand-alone basis. In addition, TTM continues to fulfill a key role in supporting the business model of its parent company TTC in providing access to the derivatives markets for hedging purposes.

The Company has a number of clients in the EU and following the UK's exit continues to service these clients on a reverse solicitation basis. The strategic approach, to have a licensed subsidiary within an EU member state, is currently being researched.

As a result of forecasts, stress testing and budget projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Indemnity

There was no third-party indemnity in force for the benefit of one or more of the directors at any time during the financial year and also at the date of approval of the financial statements.

Signed on behalf of the board by:

Toru Fujimori
Director
Company Number: 3674104

8 July 2021

Independent auditors' report to the members of Toyota Tsusho Metals Limited

Report on the audit of the financial statements

Opinion

In our opinion, Toyota Tsusho Metals Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.
However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Toyota Tsusho Metals Limited (continued)

Reporting on other information (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the relevant rules of the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journal entries and potential management bias in accounting estimates relating to IFRS 9 expected credit losses under the simplified approach and valuation of LME shares at FVOCI. Audit procedures performed by the engagement team included:

- Reviewing of the minutes of the Board of Directors to identify any significant or unusual transactions or other matters that could require further investigation;
- Reviewing key correspondence with regulatory authorities being the FCA;
- Discussions with management and those charged with governance in relation to known or suspected instances of fraud and non-compliance with laws and regulations;
- Identifying and testing manual journal entries based on specified risk parameters;
- Assessing significant assumptions and judgements which could have had a material impact on management's measurement and conclusions in respect of the key accounting estimates; and
- Independent testing over derivative valuations of open positions with the LME.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Responsibilities for the financial statements and the audit (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Hannah Solway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
9 July 2021

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Note	31 March 2021	31 March 2020
		£000	£000
Revenue	3	9,363	6,990
Administrative expenses		(6,115)	(5,965)
OPERATING PROFIT		3,248	1,025
Dividend income from subsidiary	22	650	532
Interest income	8	5	869
Interest expense	9	(613)	(89)
PROFIT BEFORE TAXATION	4	3,290	2,337
Tax on profit	10	(511)	(387)
PROFIT FOR THE FINANCIAL YEAR	17	2,779	1,950

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	31 March 2021	31 March 2020
		£000	£000
Profit for the financial year	17	2,779	1,950
Total comprehensive income for the year		2,779	1,950

STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital	FVOCI Reserve	Profit and Loss Account	Total Shareholders' Funds
	£000	£000	£000	£000
Balance as at 1 April 2018	**10,500**	**1,235**	**27,779**	**39,514**
Profit for the financial year	-	-	2,582	2,582
Total comprehensive income for the year	-	-	2,582	2,582
Dividend paid	-	-	(928)	(928)
Balance as at 31 March 2019	**10,500**	**1,235**	**29,433**	**41,168**
Profit for the financial year	-	-	1,950	1,950
Total comprehensive income for the year	-	-	1,950	1,950
Dividend paid	-	-	(2,625)	(2,625)
Balance as at 31 March 2020	**10,500**	**1,235**	**28,758**	**40,493**
Profit for the financial year	-	-	2,779	2,779
Total comprehensive income for the year	-	-	2,779	2,779
Dividend paid	-	-	(1,890)	(1,890)
Balance as at 31 March 2021	**10,500**	**1,235**	**29,647**	**41,382**

The notes on pages 13 to 29 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	31 March 2021	31 March 2020
		£000	£000
Non-current assets			
Tangible assets	11a	59	65
Intangible assets	11b	201	512
Financial assets			
Financial assets held at fair value through other comprehensive income (FVOCI)	13a	1,440	1,440
Derivative financial instruments	12,14	47,335	15,215
Investments	13b	733	733
		49,768	17,965
Current assets			
Financial assets			
Derivative financial instruments	12	168,566	157,717
Debtors	14	180,400	29,674
Cash at bank and in hand		26,708	62,907
		375,674	250,298
Creditors: amounts falling due within one year	15	(337,304)	(214,021)
Net Current Assets		38,370	36,277
Total Assets less Current Liabilities		88,138	54,242
Creditors: amounts falling due after more than one year	12,15	(46,756)	(13,749)
Net assets		41,382	40,493
Capital and reserves			
Called up share capital	16	10,500	10,500
FVOCI Reserve	17	1,235	1,235
Profit and loss account	17	29,647	28,758
Total shareholders' funds		41,382	40,493

The financial statements on pages 10 to 29 are approved by the Board of Directors and authorised for issue on 29 June 2021 and signed on its behalf on the 8 July 2021 by:

Director, Toru Fujimori

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation

The financial statements for the Company have been prepared in accordance with The Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), comprising of United Kingdom Accounting Standards and applicable law. The Company meets the definition of a qualifying entity under FRS100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2021. The financial statements have therefore been prepared in accordance with FRS101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The principal accounting policies adopted, which have been applied consistently throughout the year, are described below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year. The financial statements are prepared under the historical cost convention modified to include the revaluation of certain financial assets and liabilities.

The financial statements of the Company are consolidated within the parent's thus being Toyota Tsusho Corporation, as detailed in Note 22 and such consolidated financial statements are publicly available from the parent's website, as per below:

http://www.toyota-tsusho.com/english/ir/

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IAS 7, 'Statement of cash flows'. A cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent Company, Toyota Tsusho Corporation, therefore the Company is not required to present a cash flow statement in these financial statements.

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- IAS 1, 'Presentation of financial statements': Section 40A-D requirements for a third statement of financial position.

- IAS 24 – Related party disclosures; Exemption for related party transactions entered into between two or more members of a group; Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

COVID-19 has had a significant impact on the way the Company conducts its business with all employees transferring to working from home in line with government policy. The company will continue to follow government advice and outline future policy once the global and domestic position is more certain. There has been little or no interuption to normal business during this time and the directors are confident that the company will continue to manage its operations effectively.

Externally, the LME has temporarily shut its ring dealing operation and replaced it with an electronic version. The publication of a discussion paper by the LME has confirmed that the Ring will open again once it is safe to do so but that closing prices will move permantly to electronic determination. The increased volatility in the metals market over the past 12 months saw prices reach record lows at the virus outbreak and record highs during 2021 with prices expected to remain high into next year. This has led to a number of client margin calls, which were all settled on time, and increased levels of short-term borrowing. The Company has sufficent liquidity to cope with further price increases. At the time of signing revenue continues in line with last year, supported by the higher metal prices, which are forecast to continue.

The Company's conservative approach to credit policy continues through collating up-to-date information on client business operation and financial liquidity, not granting increases in credit facilities to new or existing clients and enhancement to existing controls to detect signs of financial weakness. In light of this, the Directors feel, that current provision levels are sufficient, but this policy will be constantly reviewed throughout the financial year.

ACCOUNTING POLICIES (continued)

1.2 Going concern (continued)

The full impact of the pandemic is still unknown at present, but TTM has sufficient capital and funds available to allow it to manage this case on a stand-alone basis. In addition, TTM continues to fulfill a key role in supporting the business model of its parent company TTC in providing access to the derivatives markets for hedging purposes.

The Company has a number of clients in the EU and following the UK's exit continues to service these clients on a reverse solicitation basis. The strategic approach, to have a licensed subsidiary within an EU member state, is currently being researched.

As a result of forecasts, stress testing and budget projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the Company's financial statements.

1.4 Company information

The Company is a private company domiciled in England and Wales, and its legal form is as a private Limited company (Ltd) limited by shares. The country of incorporation is London in the United Kingdom.

1.5 Consolidation

The Company is a wholly-owned subsidiary of Toyota Tsusho Corporation. It is included in the consolidated financial statements of Toyota Tsusho Corporation which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

1.6 Revenue recognition

Revenue comprises commission and trading income. Commissions earned on fulfilling customer orders are recognised on an accruals basis. Trading income is made up of realised and unrealised gains and losses from the trading of forward metal contracts and other financial instruments designated as fair value through profit and loss.

1.7 Interest income and expense

Interest income and expense are recognised in the profit and loss account on an accruals basis.

1.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

1.9 Tangible fixed assets, intangible assets and depreciation

Tangible fixed assets and intangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributed to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost plus any associated delivery and labour charges less the estimated residual value of assets on a straight-line basis over their estimated useful economic lives as follows:

Fixtures and fittings	3-5 years
Computer equipment	3 years
Intangible assets	5 years

ACCOUNTING POLICIES (continued)

1.10 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

1.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively. The Company provides for taxation using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Deferred taxation

Deferred taxation provided at anticipated tax rates and on a non-discounted basis, is recognised in respect of all timing differences, arising from transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, which have occurred at the balance sheet date. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.13 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.14 Derivative financial instruments

Derivatives are initially accounted for and measured at fair value on the date the contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the profit and loss account. All derivatives are included in assets when their value is positive and liabilities when their fair value is negative after taking account of any master netting agreements in place.

1.15 Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income (FVOCI) are those intended to be held for an undefined period of time. They are initially recognised at FVOCI plus any transaction costs that are directly attributable to the acquisition. Gains and losses arising from changes in FVOCI are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the profit and loss account. Where it is not possible for management to determine a reliable estimate of FVOCI, the amounts are held at cost less impairment.
These are strategic investments and the group considers this classification to be more relevant. Please refer to note 13.

1.16 Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to reduce the asset and liability simultaneously.

ACCOUNTING POLICIES (continued)

1.17 Debtors

Debtors relate to accrued commission income and trade debtors. These have determinable payments which are not quoted in an active market and are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 14 for the net carrying amount of the receivables.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivables and has been considered under note 2.2

1.18 Creditors

All financial liabilities are recognised initially at fair value on the date the contract is entered into. Subsequently, with the exception of derivative financial liabilities, financial liabilities are measured at amortised cost using the effective interest rate method.

1.19 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Any leases held by the Company are short-term. Due to their nature they fall outside of scope of IFRS 16 and are accounted for through the profit and loss account.

1.20 Pension cost

The Company has a defined contribution staff pension plan. The amount charged to the profit and loss account in respect of pension costs is the contributions payable for the year. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.21 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

1.22 Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

2.1 Valuation of financial assets at fair value through comprehensive income (FVOCI) investments.

The Company holds 25,000 "B" shares in LME Holdings Limited for which no consideration was paid. It is a requirement of the LME that 25,000 "B" shares be held by Category one and two clearing members.
These shares are accounted for as an FVOCI investment. FVOCI investments are initially recognised at historic cost and are subsequently revalued to fair value with any gains and losses taken through the FVOCI reserve.

The LME can issue new "B" shares, subject to certain criteria being followed, and the most recent price set for this is £72 per share. The last time this LME comittee met was in 2014. There is trading of the "B" shares on the secondary market. The LME's Register of Transfers of B Shares lists the share price of the last three transactions of the FY ending 31 March 2021 at £58, £59.50 and £64. While this price reflects an approximation of the fair value as the Company has reached its minimum required shareholding, it would only be able to realise the investment if it were to cease its membership of the LME. In light of this, the directors believe it appropriate to apply a discount factor to the price to reflect the inherent illiquidity of the shareholding. While this exercise is subjective by its nature, the directors have set a valuation at a 20% discount to the most recent LME set price of £72, equating to £57.60.

2.2 Provision for impairment of accounts receivable

IFRS 9 'Finanical Instruments' was adopted by the Company from April 2018 and introduced a new approach for the classification and measurement of all financial assets which will affect whether balances are within the scope of the impairment guidance. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The model built by TTM to calculate the future losses impairment provision is based on guidance supplied by the parent TTC and uses historical data from records over the past seven years to determine the historical loss rates. The model calculates the average percentage of debtors, for each credit rating, which have defaulted and is known as the doubtful accounts rate. This is then applied to the debtors as at 31 March.

The Company also considered whether the historical experience is reflective of the future, and whether provision levels or default rates should be changed based on factors in the wider economic environment. As part of the forward-looking assessment TTM also considered the factors such as interest rates, economic growth, inflation amongst other factors that led to defaults previously occurring in TTM's client base.

3. REVENUE

Substantially the Company's entire revenue is generated from a single class of business, namely broking and dealing for clients in metal derivatives. Also, in the opinion of the directors, the Company, including its branch, trades with customers in a single international market. Therefore, no business or geographic segmental information has been provided.

Revenue is split between revaluation to fair value of open positions of £7,669K (2020: £3,833K), commission of £3,045K (2020: £3,962K) and fees and other of £1,351K (2020: £805K) and is shown net of LME exchange fees and rebate commissions paid to introducing brokers.

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after including:

	Note	2021	2020
		£000	£000
Auditors' remuneration:			
Audit services		93	90
Audit related services		8	7
Other		8	24
Rent		277	251
Depreciation and amortisation	11	537	458
Staff cost	7	3,288	3,041
Recharged staff costs payable to parent Company and fellow subsidiary	7	278	234

5. REMUNERATION OF DIRECTORS

	2021	2020
	£000	£000
Directors' emoluments	753	721

The directors of the Company did not receive any remuneration under long term incentive schemes or any shares in the Company (2020: £Nil). The emoluments of certain directors are paid by Toyota Tsusho UK Limited, a fellow subsidiary Company, which recharges the amount to the Company as a management fee (see note 4). These amounts are included within administrative expenses. The aggregate emoluments paid to or receivable by the highest paid director were £303K (2020: £270K).

6. NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS RECOGNISED IN PROFIT OR LOSS.

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2021	2020
	£000	£000
Movement in loss allowance for trade receivables and contract assets	77	146
	77	146

7. STAFF COSTS

The average monthly number of full time equivalent persons employed by the Company (including executive directors) during the year analysed by category, was as follows:

	2021 Number	2020 Number
Operational staff	9	9
Administrative staff	15	15
	24	24

The above does not include non-executives outlined on Page 4.

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	2,800	2,589
Social security costs	319	285
Pension costs	169	167
	3,288	3,041
Recharged staff costs payable to parent Company and fellow subsidiary	278	234
	3,566	3,275

The Company has a defined contribution staff pension plan to which individuals can make voluntary contributions.

8. INTEREST INCOME

	2021	2020
	£000	£000
Bank and other deposits interest	5	869
	5	869

Significant movement due to the average effective interest rate on the LME deposits falling from 1.81% in 2020 to negative 0.12% in 2021. LME interest receivable in 2020 was £474K.

9. INTEREST EXPENSE

	2021	2020
	£000	£000
Bank and other deposits interest	613	89
	613	89

During 2021, in order to meet the regulatory capital requirements, the Company incurred subordinated loan cost of £425K. Addionally, the average effective interest rate on the LME deposts has changed from 1.81% in 2020 to negative 0.12% in 2021. LME interest payable was £93K.

10. TAX ON PROFIT

I. Analysis of the charge in the year

Current tax

	2021	2020
	£000	£000
UK corporation tax current year at 19% (2020: 19%)	511	387
Tax per Income statement	511	387

II. Factors affecting the tax charge for the current year

The tax charge for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The timing difference is explained below:

	2021	2020
	£000	£000
Profit before taxation	3,290	2,337
Current tax at 19% (2020: 19%)	625	444
Effects of:		
Prior years' tax adjustments	(26)	4
Expenses not deductible for tax purposes	-	4
Impact of non-taxable income	(132)	(110)
Tax rate changes	-	(4)
Effects of overseas tax rates	44	49
Amounts not recognised	-	-
Rounding	-	-
Total tax charge (see I.)	511	387
Effective tax rate	16%	17%

11a. TANGIBLE ASSETS

	Fixtures and fittings	Computer equipment	Total
	£000	£000	£000
Balance at 1 April 2018	278	388	666
Additions	11	80	91
Disposals	-	(97)	(97)
Balance at 31 March 2019	289	371	660
Additions	-	5	5
Disposals	-	-	-
Balance at 31 March 2020	289	376	665
Additions	-	61	61
Disposals	-	-	-
Balance at 31 March 2021	289	437	726
Accumulated depreciation			
Balance at 1 April 2018	278	262	540
Disposals	-	(82)	(82)
Charge for the year	5	73	78
Balance at 31 March 2019	283	253	536
Disposals	-	-	-
Charge for the year	3	61	64
Balance at 31 March 2020	286	314	600
Disposals	-	-	-
Charge for the year	3	64	67
Balance at 31 March 2021	289	378	667
Net book value at 31 March 2021	0	59	59
Net book value at 31 March 2020	3	62	65

11b. INTANGIBLE ASSETS

	Software	Total
	£000	£000
Balance at 31 March 2019	1,775	1,775
Additions	88	88
Disposals	-	-
Balance at 31 March 2020	1,863	1,863
Additions	159	159
Disposals	-	-
Balance at 31 March 2021	2,022	2,022
Accumulated amortisation		
Balance at 31 March 2019	957	957
Disposals	-	-
Charge for the year	394	394
Balance at 31 March 2020	1,351	1,351
Disposals	-	-
Charge for the year	470	470
Balance at 31 March 2021	1,821	1,821
Net book value at 31 March 2021	201	201
Net book value at 31 March 2020	512	512

12. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2021		31 March 2020	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Derivative transactions				
Forwards, Futures and options positions	172,638	(186,789)	152,592	(124,970)
Forward foreign exchange positions	43,263	(38,108)	20,340	(20,455)
Total	**215,901**	**(224,897)**	**172,932**	**(145,425)**
Current portion	168,566	(178,141)	157,717	(131,676)
Non-current portion	47,335	(46,756)	15,215	(13,749)
Due from/to affiliated companies:				
Current portion	16,166	(23,327)	34,911	(8,157)
Non-current portion	-	(12,936)	958	(166)

Forwards, futures and options positions include metal and options contracts entered into in the normal course of operations. The maturity dates range from one day to five years. The forward foreign exchange contracts are entered into in order to match settlement amount and maturity of forward, futures & options positions. As is normal in the market place, settlements are made on a net basis as they fall due.

The fair value of exchange traded, non-exchange traded contracts, and foreign currency transactions is based on the market prices, including FX rates, provided by the London Metal Exchange as at the balance sheet date. Other relevant data such as discount rates, is provided by LME Clear. All fair value movements have been included in turnover for the year ended 31 March 2021.

13a. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2021	31 March 2020
	£000	£000
Shares in LME (Holdings) Limited "B" shares	1,440	1,440
LME (Holdings) Limited "B" shares	**1,440**	**1,440**

In May 2006 the Company received 30,000 "B" shares in LME Holdings Limited for which no consideration was paid. It is a requirement of the LME that 25,000 "B" shares be held by Category one and two clearing members.

The LME can issue new "B" shares, subject to certain criteria being followed, and the most recent price set for this is £72 per share. The last time this LME comittee met was in 2014. There is trading of the "B" shares on the secondary market. The LME's Register of Transfers of B Shares lists the share price of the last three transactions of the FY ending 31 March 2021 at £58, £59.50 and £64. While this price reflects an approximation of the fair value as the Company has reached its minimum required shareholding, it would only be able to realise the investment if it were to cease its membership of the LME. In light of this, the directors believe it appropriate to apply a discount factor to the price to reflect the inherent illiquidity of the shareholding. While this exercise is subjective by its nature, the directors have set a valuation at a 20% discount to the most recent LME set price of £72, equating to £57.60.

13b. INVESTMENTS

In 2013 Toyota Tsusho Metals Japan Limited (TTMJ) was established as a Subsidiary in Japan with ordinary share capital of JPY 105,000,000 equivalent of £733,000. The directors believe that the carrying value of the investments is supported by their underlying net assets.

14. DEBTORS

	31 March 2021	31 March 2020
	£000	£000
Amounts falling due within one year:		
Trade debtors	167,232	25,233
Less: Provision for impairment	(223)	(608)
Amount due from affiliated companies	3	4
Prepayments and accrued income	444	355
LME Clear members default fund	12,684	4,449
Other debtors	260	241
	180,400	**29,674**

	31 March 2021	31 March 2020
	£000	£000
Amounts falling due after more than one year:		
Derivative financial instruments (see note 12)	47,335	15,215
	47,335	**15,215**

An expected loss model, using expected lifetime default and default collection rates, has been used to calculate a provision for impairment. The 2020 provision for impairment included a specific provision of £461K.

15. CREDITORS

	31 March 2021	31 March 2020
	£000	£000
Amounts falling due within one year:		
Bank loans and overdrafts	40,630	20,904
Trade creditors	115,971	59,501
Derivative financial instruments (see note 12)	178,141	131,676
Other creditors and accruals	2,562	1,940
	337,304	214,021

	31 March 2021	31 March 2020
	£000	£000
Amounts falling due after more than one year:		
Derivative financial instruments (see note 12)	46,756	13,749
	46,756	13,749

16. CALLED UP SHARE CAPITAL

	31 March 2021	31 March 2020
	£000	£000
Authorised, allotted, called up and fully paid:		
10,500,000 (2020: 10,500,000) ordinary shares of £1 each	10,500	10,500

Share capital constitutes the managed capital of the Company. Called up share capital and the profit and loss account on the balance sheet qualify for inclusion as financial resources for regulatory purposes.
In addition, the Company can call on subordinated loans from third parties to supplement regulatory capital if required. There was $20,000K subordinated loan drawn down at the financial year end (2020: $26,000K). The Company is authorised and regulated by the Financial Conduct Authority ("FCA"), and is subject to the FCA's minimum capital standards and requirements as applicable to UK Non-MIFID Firms. These require, inter alia, that a minimum ratio of Capital available to risk weighted Capital Requirements of 100% is maintained at all times. In addition, there are concentration and liquidity mismatch calculations and reporting requirements and is measured on a daily basis.

The Company's FCA requirements are fully incorporated into capital management objectives, policies and processes. The major risk categories considered by both the FCA and the Company are those pertaining to Credit Risk, Market Risk, Regulatory Risk and Operational Risk.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share Capital	FVOCI Reserve	Profit and Loss Account	Shareholders' Funds 2021	Shareholders' Funds 2020
	£000	£000	£000	£000	£000
At 1 April	10,500	1,235	28,758	40,493	41,168
Profit for the financial year and total comprehensive income	-	-	2,779	2,779	1,950
Dividend paid	-	-	(1,890)	(1,890)	(2,625)
At 31 March	**10,500**	**1,235**	**29,647**	**41,382**	**40,493**

A dividend of £2,625K is proposed for 2021 (2020: £1,890K).

18. OTHER COMMITMENTS AND CONTINGENCIES

At the end of the financial year the Company had no other commitments and contingencies in place (2020: £Nil).

19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: price/market risk, credit risk, liquidity risk and cash flow, and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of relevant markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors determines the level of risk acceptable to the Company by setting limits within which senior managers monitor the Company's operations..

Price risk:

This risk arises from adverse movements in the price of derivatives in which the Company trades. The Company's objective is to be aware, control and minimise this risk. The Company's principal business involves acting as a broker and dealer in commodity derivatives and it holds positions primarily on a back to back basis with clients and brokers. Open trading positions held by the Company are small and largely result from client facilitation activities. Where open positions exists, the Company is exposed to adverse price movement in the price of commodities in which it trades and holds positions.

The Company has a policy to create trading limits set to take into account each commodity's volatility. These limits are monitored on a daily basis against both mark to market movement and position structure.

Financial assets at fair value through other comprehensive income

A 10% change in the price of the available for sale investment detailed in note 13a above would have resulted in a net change of £144K (2020: £144K) in the carrying market value of the assets at 31 March 2021.

Credit risk:

Credit risk arises from a counterparty defaulting on a contractual obligation involving cash and cash equivalents, deposits with banks and financial institutions, and from derivative financial instruments transactions. In particular the Company operates in a market that is largely driven by providing credit to counterparts.

The Company has credit policies and procedures in place under its Adequate Credit Management Policy (ACMP) and this helps ensure it deals only with counterparties of suitable credit standing. After considering a counterparty's financial results and other relevant data, all applications for credit lines are submitted to the parent Company's credit committee for formal approval, or rejection. Such lines granted are advised to the counterparty and are reviewed at least on an annual basis. All counterparty positions are monitored at least on a daily basis against lines granted. The Group calls margin for cover should net exposures covered by netting agreements exceed the lines granted. It considers its dealings with the present range commodities as one class of financial asset.

19. FINANCIAL RISK MANAGEMENT (continued)

The Company has determined that concentration risk can arise through exposure to any one counterparty or counterparty group, from the industry segment those counterparties are involved in, and from geographic region. Although at the year end there was no significant financial, geographic or industry concentration, the Group continues to have a major part of its business in Asia. The Company had exposure to a clearing house of £16,528K (2020: £25,536K). There were no impaired exposures. The amount that best represents the Company's exposure to credit risk at the year end, without taking account of collateral or other credit enhancements, was equivalent to the current assets as disclosed on the balance sheet less prepayments and accrued income of £444K (2020: £355K) as disclosed in note 14. Management, however, have in place master netting agreements that reduce the credit exposure significantly and through the netting of assets and liabilities in the event of a default.

Liquidity risk:

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Prudent liquidity risk management requires maintaining sufficient cash, cash equivalent, deposits and adequate bank facilities readily available to fund the Company's day to day business. Funding levels are reviewed at least annually by the Company and its parent Company and account taken of both business plans and market levels to ensure an appropriate level of uncommitted bank facilities are available to support the business. To achieve this, significant parent support by way of guarantees is provided to the banks that provide these facilities to the Company. The facilities cover funding for daily operational requirements of the Company to LME Clear, and subordinated loan funding when required for regulatory capital purposes. At the balance sheet date, the Company had adequate unutilised facilities.

The facilities cover funding for daily operational requirements of the Company to LME Clear, and subordinated loan funding when required for regulatory capital purposes. At the balance sheet date, the Company had adequate unutilised facilities.

The table below analyses the Company's total financial assets and liabilities into relevant maturity groupings based on the remaining year at the balance sheet date.

At 31 March 2021	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Total
	£000	£000	£000	£000	£000	£000
Assets						
Derivative financial instruments	184,295	29,854	31,067	52,830	11	298,057
Derivative financial instruments - due from affiliated entities	30,609	1,949	887	-	-	33,445
Trade debtors	167,009	-	-	-	-	167,009
Trade debtors – due from affiliated entities	3	-	-	-	-	3
LME default fund and other debtors	12,684	-	-	-	-	12,684
Cash at bank and in hand	26,710	-	-	-	-	26,710
TOTALS	421,310	31,803	31,954	52,830	11	537,908
Liabilities						
Derivative financial instruments	195,473	28,780	23,375	39,305	21	286,954
Derivative financial instruments -due to affiliated entities	16,643	13,104	10,859	12,936	-	53,542
Trade creditors	115,971	-	-	-	-	115,971
Bank Loans and overdrafts	40,630	-	-	-	-	40,630
Other creditors	2,562	-	-	-	-	2,562
TOTALS	371,279	41,884	34,234	52,241	21	499,659

19. FINANCIAL RISK MANAGEMENT (continued)

At 31 March 2020	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Total
	£000	£000	£000	£000	£000	£000
Assets						
Derivative financial instruments	169,702	43,718	35,537	19,499	265	**268,721**
Derivative financial instruments - due from affiliated entities	17,239	17,345	17,584	6387.831	-	**58,556**
Trade debtors	24,625	-	-	-	-	**24,625**
Trade debtors – due from affiliated entities	-	-	-	-	-	-
LME default fund and other debtors	5,049	-	-	-	-	**5,049**
Cash at bank and in hand	62,907	-	-	-	-	**62,907**
TOTALS	**279,522**	**61,063**	**53,121**	**25,887**	**265**	**419,858**
Liabilities						
Derivative financial instruments	170,534	43,304	35,831	18,963	128	**268,760**
Derivative financial instruments -due to affiliated entities	11,364	5,573	8,477	5,595	-	**31,009**
Trade creditors	59,501	-	-	-	-	**59,501**
Bank Loans and overdrafts	20,904	-	-	-	-	**20,904**
Other creditors	1,983	-	-	-	-	**1,983**
TOTALS	**264,286**	**48,877**	**44,308**	**24,558**	**128**	**382,157**

19. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk:

The Company is exposed primarily to movement in United States dollar (dollar) and sterling exchange rates because it operates mainly in dollar denominated commodities and reports the financial statements in sterling.

Management has set a policy that where the Company contracts in a currency other than dollar, that contract is normally immediately covered with respect to the dollar. The Company is also required to sell its dollar income stream for sterling on at least a monthly basis. The Company has receivables and payables in non-sterling currencies and the resulting currency exposure within net assets are exposed to currency translation risk.

An increase of 5% in respect of spot exchange rates to sterling at the balance sheet date would have resulted in a loss to profit and loss on translation difference in respect of net currency assets of £128K (2020: £36K) whilst a 5% decrease in the spot exchange rate to sterling would have resulted in a gain of £116K (2020: £32K).

The foreign exchange exposure of the Company, net of forward FX hedges, is as follows:

	31 March 2021	31 March 2020
	£000	£000
USD	178	(191)
JPY	1,283	1,220
EUR	(37)	(346)
	1,424	683

Interest rate risk:

The Company have an excess of current assets over current liabilities and are exposed to minimal cash flow interest rate risk. Surplus cash is invested on term deposits and interest is earned on funds held at the LME. Interest is not charged or incurred on outstanding derivative asset and liabilities with brokers or clients.

The average effective interest rate on these deposits for the Company at 31 March 2021 was -0.12% (2020: 1.81%).

An increase or decrease of 1% in interest rates on deposits and loans held at the balance sheet date for the Company would have resulted in a net gain to the profit and loss account of £55K (2020: £480K) in respect of an increase in rate, and a loss of £320K in respect of a decrease (2020: £26K).

Fair value hierarchy

The Company has disclosed their derivative positions under the three-tier hierarchy for fair value measurement as required under IFRS 9: Fair value measurement; disclosures for the year ended 31 March 2021. Level 1 relates to positions where quoted (unadjusted) prices are readily observable and obtainable for identical assets and liabilities in an active market. Level 2 relates to positions which require input (other than quoted prices included within level 1) that are observable for the asset and the liability, either directly (prices) or indirectly (derived from prices). Level 3 relates to positions which require inputs for the asset and liability that are not based on observable market data.

The Company has determined it has futures and options positions which are classified as Level 1, and metal forward and FX positions classified as Level 2. The total of Level 1 assets and liabilities is respectively £172,638K and £186,789K (see note 12). Level 2 assets and liabilities are respectively £43,263K and £38,108K (see note 12). All prices are derived from quotes or other information from the London Metal Exchange. Additionally, the Company has determined that financial assets at fair value through other comprehensive income of LME B shares of £1,440,000 are fair valued at year end using management's best effort valuation methods (see note 13a), are classified as Level 3. There has been no movement in Level 3 since the prior year (2020: £Nil).

20. DIVIDENDS

The directors are proposing a final dividend in respect of the financial year ending 31 March 2021 of £2,625K (2020: £1,890K).

21. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party of the Company is Toyota Tsusho Corporation, a Company incorporated in Japan. A copy of Toyota Tsusho Corporation's consolidated financial statements may be obtained from Toyota Tsusho Corporation, Toyota Building, 9-8 Meieki 4 – chome, Nakamura-ku, Nagoya 450-8575, Japan.

22. INVESTMENT IN SUBSIDIARIES

The amounts recognised in the balance sheet are as follows:

	2021	2020
	£000	£000
Toyota Tsusho Metals Japan	733	733
At 31 March	733	733

The amounts recognised in the income statement are as follows:

	2021	2020
	£000	£000
Toyota Tsusho Metals Japan	650	532
For the year ended	650	532

Toyota Tsusho Metals Japan Limited (TTMJ) is a wholly owned subsidiary whose office is located at Toyota Building, 9-8 Meieki 4 – chome, Nakamura-ku, Nagoya 450-8575, Japan. TTMJ continues to provide the Company with increased access to clients based in Japan and has facilitated the development of that market. The directors continue to actively pursue plans to expand into other futures markets and regions.

With effect from 1st April 2021 Toyota Tsusho Market Japan Limited has changed its name to Toyota Tsusho Metals Japan Limited. All the arrangements remain in place.

23. SUBSEQUENT EVENTS

There are no adjusting or non-adjusting events.