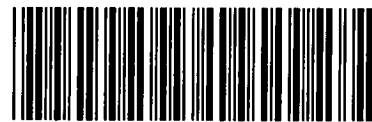


Marubeni Energy Europe Limited

Report and Financial Statements

31 March 2019

TUESDAY



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COMPANIES HOUSE

Directors

T Sano

K Hasimoto

W Yonehara

S Kamizono (appointed 1 April 2019)

Secretary

M Hammill

Auditors

Ernst and Young LLP

1 More London Place

London SE1 2AF

Bankers

Mizuho Bank, Ltd

Mizuho House

30 Old Bailey

London EC4M 7AU

MUFJ Bank Ltd

Ropemaker Place

25 Ropemaker Street

London EC2Y 9AN

Registered Office

95 Gresham Street

London EC2V 7AB

United Kingdom

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 March 2019.

Principal activity and review of the business

The Company was established specifically for trading in oil, LNG and petroleum products, and its principal commodities and activities are narrowly proscribed. Since April 2013 its trading consists of acting as an intermediary between suppliers of energy products and its principals, ultimate parent undertaking and one other entity within the wider Marubeni Corporation group.

The turnover for the year ended 31 March 2019 was US\$3,547,537 (2018: US\$2,642,585).

Key performance indicators

Revenue maintenance

To penetrate the European market, the Company is trying to expand existing business relationships as well as developing a new customer base.

Risks and uncertainties

The Company has identified the following principal risks:

Operational management

The Company must maintain core operational activities. We are continuously developing our disaster recovery procedures and carry out regular ongoing risk assessments. This is implemented through the internal control system of the parent undertaking, Marubeni Corporation.

Dependence on key customers

The Company has a number of larger customers which account for a significant proportion of revenue. To maintain these relationships, the Company works in partnership with key customers to deliver the specification and price of product required.

Risk management for financial instruments

The Company business, in common with other subsidiaries of general trading companies, is closely linked to its ultimate parent undertaking and one other entity within the wider Marubeni Corporation group with respect to trading transactions, the ability to obtain funding and the reduction of credit risk. The Company faces a relatively narrow range of risks in conducting its trading activities and does not consider the management of risk to be an important part of its function. This is because it acts primarily as an intermediary (or agent) rather than as a principal, and so it is not significantly exposed to the same range of risks as its two main principals Marubeni Corporation and one other entity within Marubeni group.

Going concern

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the 2019 financial statements.

Employees

The Company is committed to offering equal opportunities to all people in their recruitment, training, continuing employment and career development, having regard for their particular aptitudes and abilities. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the group, an opportunity for retraining. It is group policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

The Company recognises the value of good employee relations and communications. To promote employee interest in the performance of the Company, there is an incentive scheme for all employees. It is the Company's established practice that all employees have access to their immediate superiors and ultimately the directors, to discuss matters of concern to them as employees; and that the views of employees are sought and taken into account in making decisions likely to affect their interests.

Strategic report

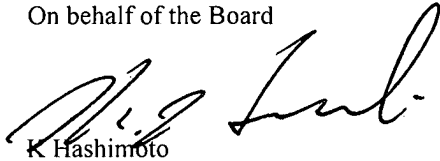
Anti-Bribery and Corruption

The Company is committed to acting professionally, fairly and with integrity in all its business dealings. As part of its commitment to ethical business practices, the Company will not tolerate any form of bribery or corruption. The Company maintains a comprehensive Anti-Bribery and Corruption policy which outlines the behaviour and principles required to support this commitment.

Environmental Information

The Company operates a comprehensive environmental policy, complying with legislation, standards and best practice.

On behalf of the Board



K Hashimoto

Director

4th September 2019

Registered No. 5786247

Directors' report

The directors present their report and financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year after taxation amounted to US\$300,626 (2018 – profit of US\$232,569). During the year, an interim dividend of US\$243,685 was paid to the shareholders (2018 – \$nil).

Future developments

The directors expect to continue in the same business but expect increasingly competitive markets. The outlook for the next twelve months is challenging in terms of trading margins.

Directors

The directors who served the Company during the year were as follows:

Y Konishi (resigned 31 March 2019)

T Sano

M Ishizuki (resigned 31 March 2019)

K Hashimoto

W Yonehara (appointed 1 May 2018)

R Shirakawa (resigned 1 May 2018)

S Kamizono (appointed 1 April 2019)

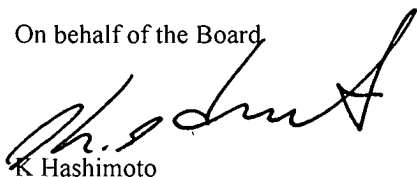
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

Ernst and Young LLP are deemed to be reappointed as the company's auditor in accordance with Section 487 (2) of the Companies Act 2006.

On behalf of the Board



K Hashimoto

Director

4th September 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 the profit or loss for that period.

- select suitable accounting policies and then apply them consistently;
- make judgments and 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.

Independent auditors' report

to the members of Marubeni Energy Europe Limited

Opinion

We have audited the financial statements of Marubeni Energy Europe Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on 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.

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

Use of our report

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

Ernst & Young LLP

William Binns (Senior Statutory Auditor)

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

London

6 September 2019

Statement of Comprehensive Income

for the year ended 31 March 2019

	Notes	2019 US\$	2018 US\$
Turnover	2	3,547,537	2,642,585
Gross profit		3,547,537	2,642,585
Administrative expenses		(3,263,484)	(2,422,830)
Operating profit	3	284,053	219,755
Interest receivable and similar income		81,862	61,004
Interest payable and similar charges		–	(17,357)
Profit on ordinary activities before taxation		365,915	263,402
Income tax	5	(65,289)	(30,833)
Total comprehensive income for the year		300,626	232,569

All results in the current financial year derive from continuing operations and are attributable to the equity holders of the immediate parent undertaking.

Statement of Changes in Equity

for the year ended 31 March 2019

	<i>Share capital</i> <i>(Note 9)</i> <i>US\$</i>	<i>Retained</i> <i>earnings</i> <i>US\$</i>	<i>Shareholders</i> <i>' funds</i> <i>US\$</i>
At 1 April 2017	5,000,000	11,116	5,011,116
Profit for the year	–	232,569	232,569
Total comprehensive income for the year		232,569	232,569
At 1 April 2018	5,000,000	243,685	5,243,685
Profit for the year	–	300,626	300,626
Dividend paid	–	(243,685)	(243,685)
At 31 March 2019	5,000,000	300,626	5,300,626

The amount of dividend paid would equate to approximately US\$0.05 per share.

Statement of Financial Position

at 31 March 2019

	Notes	2019 US\$	2018 US\$
Fixed assets			
Tangible fixed assets	6	9,278	11,710
Deferred tax assets	5(c)	10,176	12,897
		<u>19,454</u>	<u>24,607</u>
Current assets			
Debtors	7	5,584,022	6,057,362
Cash and cash equivalents		205,171	66,180
		<u>5,789,193</u>	<u>6,123,542</u>
Creditors: amounts falling due within one year	8	(452,336)	(874,973)
Income tax payable		<u>(55,685)</u>	<u>(29,491)</u>
Net current assets		<u>5,281,172</u>	<u>5,219,078</u>
Total assets less current liabilities		<u>5,300,626</u>	<u>5,243,685</u>
Pension liability	10	–	–
Net assets]		<u>5,300,626</u>	<u>5,243,685</u>
Capital and reserves			
Called up share capital	9	5,000,000	5,000,000
Profit and loss account		<u>300,626</u>	<u>243,685</u>
Shareholders' funds		<u>5,300,626</u>	<u>5,243,685</u>

All capital and reserves are attributable to the owners of the Company, as there is no non-controlling interest. The financial statements on page 10 to 20 of Marubeni Energy Europe Limited (registered number 5786247) were approved by the board of directors and authorised for issue on 4th September 2019.


K Hashimoto
Director

Notes to the financial statements

at 31 March 2019

1. Accounting policies

Authorization of financial statements and statement of compliance with FRS 101

The financial statements of Marubeni Energy Europe Limited (the “Company”) for the year ended 31 March 2019 were authorized for issue by the board of directors on 4th September 2019 and the Statement of Financial Position was signed on the board’s behalf by K Hasimoto. The Company is limited by shares, incorporated and domiciled in United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (FRS 101) and in accordance with applicable accounting standards. The principal accounting policies adopted by the Company are set out below.

Basis of preparation

The Company’s financial statements are prepared in accordance with FRS 101 and under historical cost conversion except for derivative financial instruments that have been measured at fair value and presented in United States dollars as the directors consider this to be the Company’s functional currency and all the values are rounded to the nearest dollar.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2019.

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

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment;
- d) the requirements of paragraphs 10(d), 16, 38A to 38D, 40A, 40B, 40C and 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- g) the requirements of IAS 7 Statement of Cash Flows;
- i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- j) 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.
- k) The requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

a) Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 5.

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

b) *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 10.

Tangible Fixed Assets – Furniture & Fittings and equipment

Furniture & Fitting and Other equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of Furniture & Fitting and Other equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Furniture & Fitting and Other equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

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

	<i>Depreciation rate (%) or period</i>	<i>Method</i>
Furniture & Fitting	over 5 to 10 years	Straight-line, zero residual value
Other equipment	over 2 to 9 years	Straight-line, zero residual value

An item of Furniture & Fitting and Other equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Commission on Sales and purchases of crude oil, LNG and petroleum products are recognised in the profit and loss account at the bill of lading month or the equivalent date. These are both included in turnover.

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Foreign currency

All monetary assets and liabilities denominated in foreign currency at the year-end have been translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currency are recorded at the rate ruling on the date of the transaction. All differences are taken to the profit and loss account. The average exchange rate between British Pounds and US Dollars for the year was USD1.31719 (2018: USD 1.32397 and the year-end exchange rate between British Pounds and US Dollars was USD 1.30312 (2018: USD 1.40276).

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Pensions

Certain employees of the Company are members of the pension scheme named Marubeni UK Pension and Life Insurance Fund, which is operated by Marubeni Europe Plc in conjunction with other fellow UK subsidiary undertakings of Marubeni Corporation. The scheme is a defined benefit pension scheme, which requires contributions to be made to a separately administered fund.

With effect from 1 April 2014, the scheme was closed to new entrants. Any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs. The net interest cost on the scheme assets less liabilities is shown as a net amount of other finance costs included with interest payable and similar costs. Actuarial gains and losses are recognised immediately in other comprehensive income.

Pension scheme assets are measured using market values and liabilities are measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred taxation (where appropriate), is presented within provisions for liabilities on the face of the balance sheet. The Company operates unfunded defined benefit pension arrangements in overseas branches which are accounted for in the same way as the UK scheme. In addition to this the Company operates a defined contribution plan in the UK; the Company pays contributions to a privately administered pension insurance plan on a mandatory and contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on deposit with banks that are readily convertible to known amounts of cash and which are subject to insignificant penalties on early termination.

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss and include trade and other receivables. The Company determines the classification of its financial assets at initial recognition. Receivables are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using effective interest (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses.

Impairment of financial asset

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial asset is impaired. An allowance is made when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired.

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

Financial Assets (continued)

The amount of the allowance is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against bad and doubtful debts in profit and loss statement.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and include trade and other payables. Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Company routinely enters into derivative futures commodity contracts for trading purposes. Derivative contracts are financial instruments, such as futures and forwards.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in statement of comprehensive income.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivative assets and derivative liabilities are offset and presented on a net basis only when both right of set-off exists and the intention to net settle the derivative contract is present.

Current period changes in the assets and liabilities from these activities (resulting primarily from newly originated transactions and the impact of price movements) are recognised in the statement of comprehensive income.

The prices used to value these transactions reflect the Company's best estimate, considering various factors including closing commodity exchanges.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible on other years and it further excludes items that are never taxable or deductible. The Company's liability for the current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit and is accounted for using statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

2. Turnover

The turnover represents fixed commission and service fees, which is stated net of value added tax, received and receivable from the Company's continuing activity on behalf of Marubeni Group.

No geographical analysis of turnover, profit or net assets is given as, in the opinion of the directors, to provide such information would be seriously prejudicial to the interests of the Company.

3. Operating profit

This is stated after profit:

		2019 US\$	2018 US\$
Auditor's remuneration	– audit services	22,673	22,904
	– tax services (non-audit services)	9,069	9,300
Depreciation		6,254	6,403
Net foreign currency loss		26,122	29,065
Operating lease rental	– building	191,930	176,818

Marubeni Energy Europe Limited does not have future minimum lease payments under non-cancellable operating leases given that the Company has a one-month notice period to vacate their rented premises should they decide to do so.

Notes to the financial statements

at 31 March 2019

4. Staff costs

	2019 US\$	2018 US\$
Wages and salaries	1,743,459	1,292,955
Social security costs	8,631	2,973
Pension costs	–	1,703
	<u>1,752,090</u>	<u>1,297,631</u>

The average monthly number of employees was 7 (2018 – 6).

The aggregate directors' remuneration in respect of services as directors of the Company during the year were US\$1,020,419 (2018 – US\$659,342) and the highest paid director for 2019 was US\$391,283 (2018 – US\$353,872). The highest paid director did not exercise any share options and receive or is due to receive a long term incentive scheme as none was provided.

5. Tax

(a) Tax on profit on ordinary activities

The tax on profit is made up as follows:

	2019 US\$	2018 US\$
Current tax:		
Current tax on the profit for the year	77,331	55,653
Adjustment in respect of prior years	(14,764)	(24,820)
Total current tax	<u>62,567</u>	<u>30,833</u>
Deferred tax:		
Current year	1,343	–
Adjustment in respect of previous periods	1,519	–
Effect of changes in tax rates	(140)	–
Total deferred tax	<u>2,722</u>	<u>–</u>
Tax per income statement	<u>65,289</u>	<u>30,833</u>

Notes to the financial statements

at 31 March 2019

5. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 US\$	2018 US\$
Profit on ordinary activities before tax	365,915	263,402
profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	69,524	50,046
<i>Effects of:</i>		
Adjustments in respect of prior periods	(13,245)	(24,820)
Expenses not deductible for tax purposes	9,150	5,607
Tax rate changes	(140)	–
Income tax on profit reported in the income statement	65,289	30,833

(c) Deferred tax

	2019 US\$	2018 US\$
<i>Deferred tax assets</i>		
Assets at start of year	(12,897)	(12,883)
Adjustment in respect of prior years	1,519	–
Deferred tax charge to I/S for the period	1,202	–
Other movement	–	(14)
	(10,176)	(12,897)
	2019 US\$	2018 US\$
Deferred tax assets	(10,176)	(12,897)

Notes to the financial statements

at 31 March 2019

6. Tangible fixed assets

	<i>Furniture and fittings</i> US\$	<i>Other equipment</i> US\$	<i>Total</i> US\$
Cost:			
At 1 April 2018	47,857	70,797	118,654
Additions	–	3,822	3,822
Disposals	–	–	–
At 31 March 2019	47,857	74,619	122,476
Depreciation:			
At 1 April 2018	47,857	59,087	106,944
Provided in year	–	6,254	6,254
Disposals	–	–	–
At 31 March 2019	47,857	65,341	113,198
Net book value:			
At 31 March 2019	–	9,278	9,278
At 1 April 2018	–	11,710	11,710

7. Debtors

	2019 US\$	2018 US\$
Amounts due from parent undertaking	3,018	101,883
Amounts due from fellow subsidiary undertakings	5,054,416	5,016,009
Accrued income and prepayments	138,820	129,524
Other debtors	387,768	809,946
	<u>5,584,022</u>	<u>6,057,362</u>

All the balances are due within one year and amounts due from fellow subsidiary undertakings are interest bearing (ICE LIBOR).

8. Creditors: amounts falling due within one year

	2019 US\$	2018 US\$
Amounts due to parent undertaking	14,746	32,165
Amounts due to fellow subsidiary undertakings	66,440	446,327
Accruals	31,014	32,544
Other creditors	340,136	363,937
	<u>452,336</u>	<u>874,973</u>

All balances are non-interest bearing and most are due within one year. All balances are non-interest bearing and most are due within one year. The amounts of US\$ 330,156 (2018 - US\$ 330,156) included in Other creditors related to demurrage claim which is not yet settled.

Notes to the financial statements

at 31 March 2019

9. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2019</i>	<i>No.</i>	<i>2018</i>
		<i>US\$</i>		<i>US\$</i>
Ordinary shares of US\$1	5,000,000	<u>5,000,000</u>	5,000,000	<u>5,000,000</u>

10. Pensions

UK Defined Benefit Pension Scheme

The Company operates a funded pension plan. The assets of the Fund are held in a separate trustee administered fund. The Fund closed to the accrual of future benefits on 31 March 2017. Benefits for all employees from 1 April 2017 will be accrued in the Company's defined contribution plans.

Under the defined benefit scheme, each member's pension is related to their pensionable service and final pensionable salary. The weighted average duration of the expected benefit payments from the scheme is around 24 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Company, and trustees who ensure the Fund's rules are strictly followed.

The funding target is for the Fund to hold assets equal in value to the accrued benefits. If there is a shortfall against this target, then the Company and trustees will agree on deficit contributions. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover future deficits that arise.

The Company's treatment of actuarial gains and losses are to recognise them immediately through other comprehensive income.

Over the 2016/17 accounting period Marubeni Energy Europe Limited ceased to participate as an employer within the Fund, triggering a debt under section 75 of the Pensions Act 1995. This debt was subsequently paid on 24 March 2017, extinguishing the Company's share of the Fund's assets and liabilities under FRS101.

11. Related party transactions

The Company has taken advantage of the exemptions afforded by paragraph 8(1e) of FRS 101 not to disclose transactions with related parties where the related party is wholly owned within the Marubeni Corporation group, of which the Company is a wholly owned subsidiary. Balances with group undertakings are shown in note 7 and 8.

12. Contingent liabilities

At 31 March 2019, the Company has open letters of credit by ING Bank amounting to US\$43,795,400 (2018: US\$45,561,063). These were issued in March 2019 and expired in May 2019.

13. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking and controlling party is Marubeni Corporation, which is incorporated in Japan. Copies of Marubeni Corporation's group financial statements, which include the Company, can be obtained from its registered office at Tokyo Nihombashi Tower, 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo, 103-6060, Japan.