Company Registration No. 05786247

Marubeni Energy Europe Limited

Report and Financial Statements

31 March 2021

Directors
T Sano
K Hashimoto
W Yonehara
S Kamizono

Secretary
M Hammill (Resigned 1 April 2020)

Auditors
Ernst and Young LLP
1 More London Place
London SE1 2AF

Bankers
Mizuho Bank, Ltd
Mizuho House
30 Old Bailey
London EC4M 7AU

MUFG 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 2021.

Principal activity and review of the business

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

The turnover for the year ended 31 March 2021 was US$2,797,238 (2020: US$3,263,454) and comprises the commission received for the administration of transactions for the purchase of various petroleum products and oil commodities on behalf of Marubeni Petroleum.

The Company is focused on expanding its business relationships with the existing suppliers as well as developing a new supplier base, so it can source the best quality products, deliver favourable pricing and ensure shorter delivery terms for the transactions entered on behalf of Marubeni Group.

Risks and uncertainties

The Company has identified the following principal risks:

Operational management

The Company's main focus is to maintain its core operational activities. The Directors carry out regular risk assessments, which is implemented through the internal control system of the parent undertaking, Marubeni Corporation.

Dependence on the key customers

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

Risk management for financial instruments

The Company's business, in common with other subsidiaries of the general trading companies, is closely linked to its ultimate parent undertaking and one other entity within the wider Marubeni Corporation group with respect to its trading transactions, the ability to obtain funding and the management of credit risk. The Company faces a relatively narrow range of risks in conducting its trading activities and does not consider risk management 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, thus, 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.

Brexit

The UK's withdrawal from European Union took full effect as 2021 began. A number of uncertainties still remain affecting general economic conditions both in the UK and in the European Union. The Directors of the Company believe that there is no significant impact of Brexit on the business of Marubeni Energy Europe Limited because the Company does not perform import and export operations between the UK and the European Union member states.

Strategic report (continued)

Going concern

Marubeni Energy Europe Limited is a profitable business with net assets of US$5,407,619 as at 31 March 2021 (2020 - US$5,457,745) and a profit of US$407,619 for the year ended 31 March 2021 (2020 - US$457,745). As at 31 March 2021 the Company has cash reserves of US$65,757 in the form of the cash balances held in banks and US$5,866,635 of receivables balance due from other group undertakings under the existing cash pooling arrangements within the Marubeni Group (2020 - US$131,542 and US$5,262,970, respectively).

The financial statements have been prepared on the assumption that the Company will continue as a going concern. In making this assessment the Directors have considered the effects of the outbreak of Covid-19 on the Company's ability to maintain its trading activity and, thus, service income at the level sufficient to meet its obligations as they fall due in the next twelve-month period. Operationally, as an intermediary company, Marubeni Energy Europe Ltd is not expected to be significantly impacted by Covid-19 given that its service income for the fiscal year is guaranteed by Marubeni Group at a sufficient level to cover the operating costs associated with the running of the Company's business. However, the Company's performance in the subsequent period to date reflect overall volatility on the oil and petroleum products market caused by the pandemic and might affect its liquidity position during the next twelve months considering the timing of its cash flows, e.g. when the Company receives service income from Marubeni Group for the services rendered and is due to discharge its obligations.

The Directors conclude that the Company has sufficient liquidity resources available from the existing cash and receivables balance due from other group companies under the cash pooling arrangements to meet its immediate obligations. Accordingly, these financial statements have been prepared on a going concern basis, which assumes that the Company will realise its assets and discharge its liabilities in the normal course of business.

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
26/07/2021

Registered No. 5786247

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to US$407,619 (2020 – profit of US$457,745). During the year, an interim dividend of US$457,745 was paid to the shareholders (2020 – US$300,626). No final dividend was authorised by the directors.

Future developments

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

Directors

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

T Sano
K Hashimoto
W Yonehara
S Kamizono

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 the 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
26/07/2021

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 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 11, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 2021 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Independent auditors' report

to the members of Marubeni Energy Europe Limited (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

Independent auditors' report

to the members of Marubeni Energy Europe Limited (continued)

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and relevant health and safety, data and tax laws and regulations
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes as well as consideration of the results of our audit procedures across the company and we did not identify any contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand their risk assessment process and how these risks are being mitigated. We also considered performance targets and their influence on efforts made by management to manage revenue and profit.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved tailoring our audit procedures around revenue testing to address the risk of management manipulation of revenue.

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.

William Binns

William Binns (Senior Statutory Auditor)

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

London

Date: 29 July 2021

Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	*2021 US$*	*2020 US$*
Turnover	2	2,797,238	3,263,454
Gross profit		2,797,238	3,263,454
Administrative expenses		(2,330,818)	(2,801,532)
Operating profit	3	466,420	461,922
Interest receivable and similar income		3,938	84,825
Interest payable and similar charges		(218)	(1)
Profit on ordinary activities before taxation		470,140	546,746
Income tax	5	(62,521)	(89,001)
Total comprehensive income for the year		407,619	457,745

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 Financial Position

at 31 March 2021

	Notes	2021 US$	2020 US$
Fixed assets			
Tangible fixed assets	6	6,778	10,046
Deferred tax assets	5(c)	9,559	10,251
		16,337	20,297
Current assets			
Debtors	7	5,866,635	6,314,289
Cash and cash equivalents		65,757	131,542
		5,932,392	6,445,831
Creditors: amounts falling due within one year	8	(541,110)	(959,066)
Income tax payable		-	(49,317)
Net current assets		5,391,282	5,437,448
Total assets less current liabilities		5,407,619	5,457,745
Net assets		5,407,619	5,457,745
Capital and reserves			
Called up share capital	9	5,000,000	5,000,000
Profit and loss account		407,619	457,745
Shareholders' funds		5,407,619	5,457,745

All capital and reserves are attributable to the owners of the Company, as there is no non-controlling interest.

The financial statements on the pages from 9 to 20 of Marubeni Energy Europe Limited (registered number 5786247) were approved by the Board of directors and authorised for issue on 26th July 2021.

K Hashimoto
Director

Statement of Changes in Equity

for the year ended 31 March 2021

	Share capital (Note 9) US$	*Retained earnings US$*	*Shareholders 'funds US$*
At 1 April 2019	5,000,000	300,626	5,300,626
Profit for the year	–	457,745	457,745
Dividend paid	–	(300,626)	(300,626)
Total comprehensive income for the year	5,000,000	457,745	5,457,745
At 1 April 2020	5,000,000	457,745	5,457,745
Profit for the year	–	407,619	407,619
Dividend paid	–	(457,745)	(457,745)
At 31 March 2021	5,000,000	407,619	5,407,619

The amount of divided paid would equate to approximately US$0.09 per share.

Notes to the financial statements

at 31 March 2021

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 2021 were authorized for issue by the Board of directors on 26 July 2021 and the Statement of Financial Position was signed on the Board's behalf by K Hashimoto. The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with the 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 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 2021.

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".

Going concern

Marubeni Energy Europe Limited is a profitable business with net assets of US$5,407,619 as at 31 March 2021 (2020 - US$5,457,745) and a profit of US$407,619 for the year ended 31 March 2021 (2020 - US$457,745). As at 31 March 2021 the Company has cash reserves of US$65,757 in the form of the cash balances held in banks and US$5,866,635 of receivables balance due from other group undertakings under the existing cash pooling arrangements within the Marubeni Group (2020 - US$131,542 and US$5,262,970, respectively).

The financial statements have been prepared on the assumption that the Company will continue as a going concern. In making this assessment the Directors have considered the effects of the outbreak of Covid-19 on the Company's ability to maintain its trading activity and, thus, service income at the level sufficient to meet its obligations as they fall due in the next twelve-month period. Operationally, as an intermediary company, Marubeni Energy Europe Ltd is not expected to be significantly impacted by Covid-19 given that its service income for the fiscal year is guaranteed by Marubeni Group at a sufficient level to cover the operating costs associated with the running of the Company's business. However, the Company's performance in the subsequent period to date reflect overall volatility on the oil and petroleum products market caused by the pandemic and might affect its liquidity position during the next twelve months considering the timing of its cash flows, e.g. when the Company receives service income from Marubeni Group for the services rendered and is due to discharge its obligations.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Going concern (continued)

The Directors conclude that the Company has sufficient liquidity resources available from the existing cash and receivables balance due from other group companies under the cash pooling arrangements to meet its immediate obligations. Accordingly, these financial statements have been prepared on a going concern basis, which assumes that the Company will realise its assets and discharge its liabilities in the normal course of business.

Judgements and key sources of estimation uncertainty

The preparation of the 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 the actual outcomes could differ from those estimates.

- ***Taxation***

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

- ***Impairment of financial assets***

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 debtor is impaired.

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 & Fittings 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:

	Depreciation rate (%) or period	*Method*
Furniture & Fittings	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 & Fittings 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.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Turnover

Commission is charged to Marubeni Group based on the service agreements in respect of project work research and advisory services in relation to crude oil, LNG and petroleum products.

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 USD1.30209 (2020: USD 1.27407 and the year-end exchange rate between British Pounds and US Dollars was USD 1.37962 (2020: USD 1.23991).

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.

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 rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an 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 debtor is impaired.

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

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

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

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 2021

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 finance position and the corresponding tax bases used in the computation of taxable profit and is accounted for using statement of finance 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 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:

			2021	*2020*
			US$	*US$*
Auditor's remuneration	–	audit services	26,899	23,790
	–	tax services (non-audit services)	9,822	8,754
Depreciation			6,970	6,101
Net foreign currency (gain)/loss			(206)	39,362
Operating lease rental	–	building	181,689	183,951

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 2021

4. Staff costs

	2021	*2020*
	US$	*US$*
Wages and salaries	1,393,700	1,558,745
Social security costs	13,618	12,475
Pension costs	6,485	5,776
	1,413,803	1,576,996

The average monthly number of employees was 7 (2020 – 8).

The aggregate directors' remuneration in respect of services as directors of the Company during the year were US$643,070 (2020 – US$644,125) and the highest paid director for 2021 received US$323,593 (2020 – US$329,896). 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:

	2021	*2020*
	US$	*US$*
Current tax:		
Current tax on the profit for the year	88,837	108,173
Adjustment in respect of prior years	(27,008)	(19,097)
Total current tax	61,829	89,076
Deferred tax:		
Current year	692	1,122
Effect of changes in tax rates	-	(1,197)
Total deferred tax	692	(75)
Tax per income statement	62,521	89,001

(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% (2020 – 19%). The differences are explained below:

	2021	*2020*
	US$	*US$*
Profit on ordinary activities before tax	470,140	546,746
profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	89,327	103,882
Effects of:		
Adjustments in respect of prior periods	(27,008)	(19,097)
Expenses not deductible for tax purposes	202	5,413
Tax rate changes	-	(1,197)
Income tax on profit reported in the income statement	62,521	89,001

Notes to the financial statements

at 31 March 2021

5. Tax (continued)

(c) Deferred tax

	2021	*2020*
	US$	*US$*
Deferred tax assets		
Assets at start of year	(10,251)	(10,176)
Deferred tax charge to I/S for the period	692	(75)
	(9,559)	(10,251)

	2021	*2020*
	US$	*US$*
Deferred tax assets	(9,559)	(10,251)

6. Tangible fixed assets

	Furniture and fittings	*Other equipment*	*Total*
	US$	*US$*	*US$*
Cost:			
At 1 April 2020	47,857	81,488	129,345
Additions	–	3,702	3,702
Disposals	–	–	–
At 31 March 2021	47,857	85,190	133,047
Depreciation:			
At 1 April 2020	47,857	71,442	119,299
Provided in year	–	6,970	6,970
Disposals	–	–	–
At 31 March 2021	47,857	78,412	126,269
Net book value:			
At 31 March 2021	–	6,778	6,778
At 1 April 2020	–	10,046	10,046

Notes to the financial statements

at 31 March 2021

7. Debtors

	2021 US$	2020 US$
Amounts due from parent undertaking	3,347	60,936
Amounts due from fellow subsidiary undertakings	5,156,753	5,410,296
Accrued income and prepayments	208,707	133,735
Other debtors	497,828	709,322
	5,866,635	6,314,289

All the balances are due within one year and the amounts due from fellow group undertakings are interest bearing (ICE LIBOR). Other debtors represent receivables due from the suppliers of oil and petroleum products as a result of demurrage claims made by the Company in relation with its core trading activity, which are then owed to other group entities or to the external customers. Under the service agreements with Marubeni, the Company is indemnified for the losses incurred in its core business activity, thus, does not bear a recoverability risk with regards to these receivables.

8. Creditors: amounts falling due within one year

	2021 US$	2020 US$
Amounts due to parent undertaking	51,860	138,875
Amounts due to fellow subsidiary undertakings	104,621	450,039
Accruals	46,107	31,345
Other creditors	338,522	338,807
	541,110	959,066

All balances are non-interest bearing and most are due within one year. The amounts due to fellow subsidiary undertakings and, also, included in other creditors relate to demurrage claims made by the Company to the suppliers that are due to Marubeni entities or the external customers as part of the Company's core trading activity, which have not yet been settled by the suppliers.

As at 31 March 2021 Marubeni Energy Europe Limited has a total of US$316,000,000 lines of credit available with the commercial traders and various financial institutions (2020 – US$331,000,000). These credit facilities are being supported by the ultimate parent Marubeni Corporation with the parent guarantee agreements and used by the Company from time to time to draw letters of credit, etc. to finance its core trading activity. There have been no amounts drawn down from the above credit facilities and outstanding as of 31 March 2021 (2020 – US$NIL).

9. Issued share capital

		2021		2020
Allotted, called up and fully paid	*No.*	*US$*	*No.*	*US$*
Ordinary shares of US$1	5,000,000	5,000,000	5,000,000	5,000,000

Notes to the financial statements

at 31 March 2021

10. Related party transactions

The Company has taken advantage of the exemptions afforded by paragraph 8(le) 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.

11. 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 4-2, Ohtemachi 1-Chome Chiyoda-ku Tokyo, 100-8088, Japan.