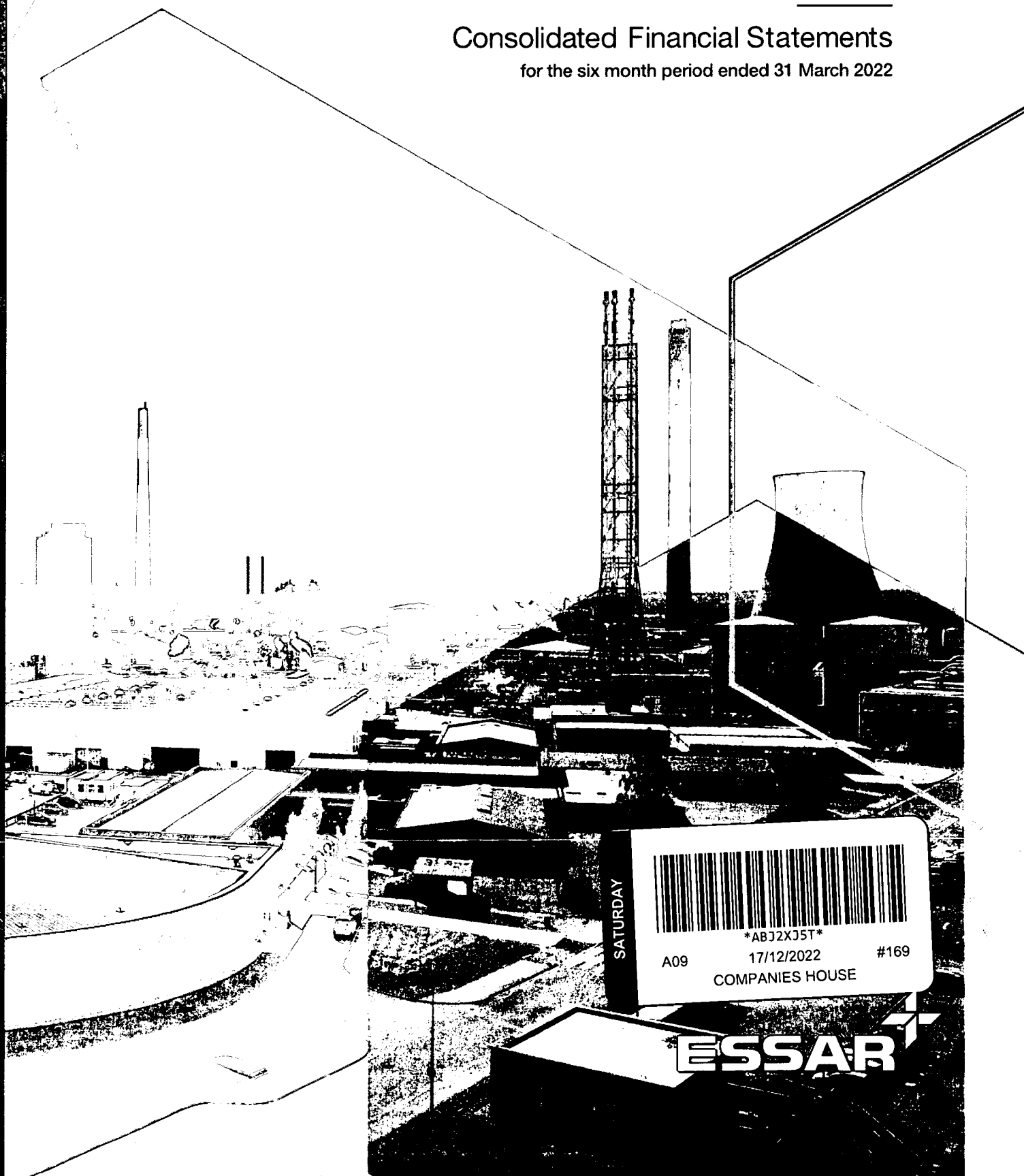


# 2022 Essar Oil UK Limited Annual Report

Consolidated Financial Statements  
for the six month period ended 31 March 2022



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COMPANIES HOUSE

**ESSAR**

“

The secret of change is  
to focus all of your energy  
not on fighting the old,  
but on building the new! ”

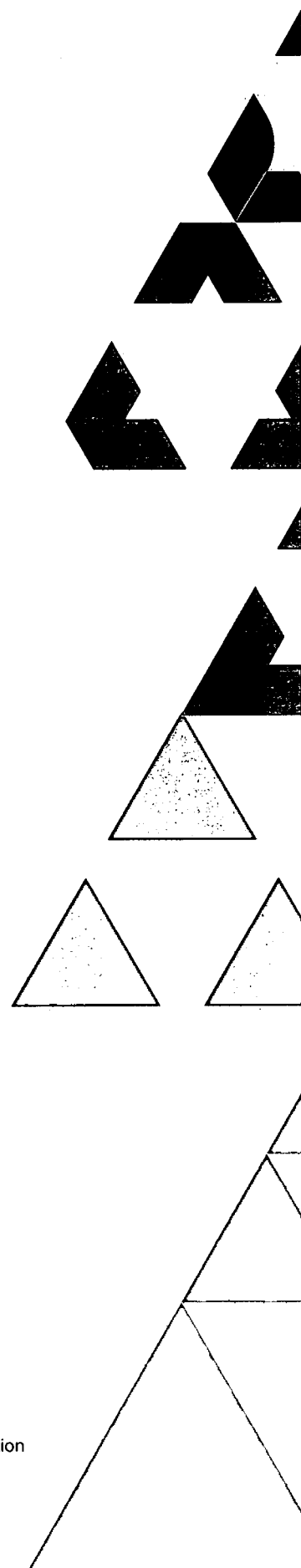
**Socrates**

**Transforming for Tomorrow**

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Note: please refer to Note 1 of the Financial Statements (General Information) on page 56 for an explanation of the expressions "EOUK", "Company", "Parent Company" and "Group" used in this report.



# Officers And Professional Advisors

## DIRECTORS

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**P Ruia**  
Chairman, Non-Executive Director



**T Bullock**  
Independent Non-Executive Director



**S K Puri**  
General Counsel & Company Secretary



**S Thangapandian**  
Non-Executive Director



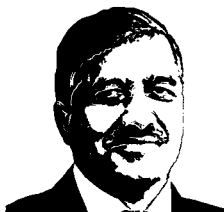
**K N Venkatasubramanian**  
Non-Executive Director



**A R H Wright**  
Non-Executive Director



**D K Maheshwari**  
CEO, Essar Oil UK



**B C Tripathi** (Resigned 31st March 2022)  
Non-Executive Director

## COMPANY SECRETARY

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## REGISTERED OFFICE

---

**Essar Oil (UK) Ltd (EOUK)**  
5th Floor  
The Administration Building  
Stanlow Manufacturing Complex  
Ellesmere Port  
CH65 4HB

## INDEPENDENT AUDITOR

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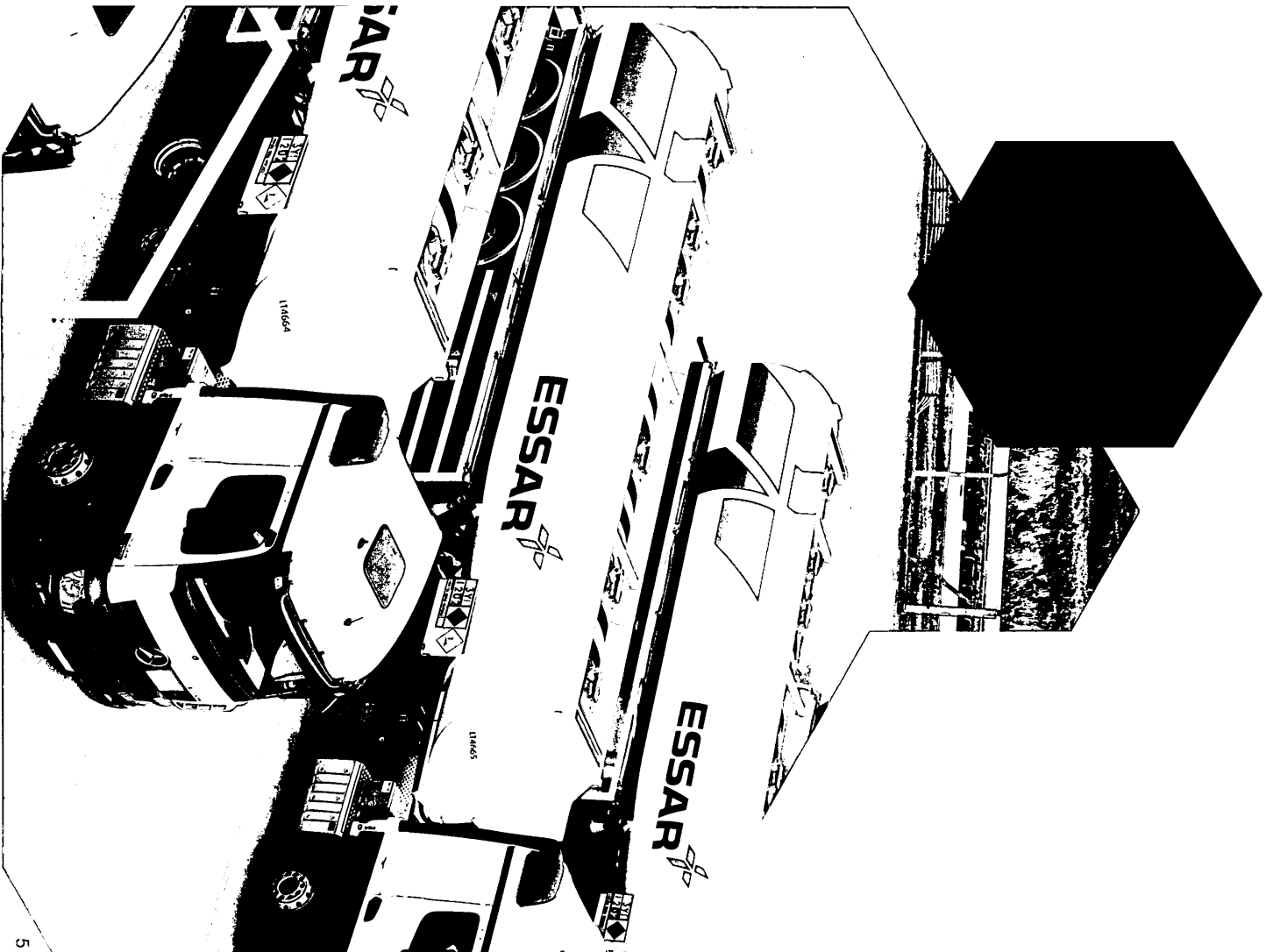
**PKF Littlejohn LLP**  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

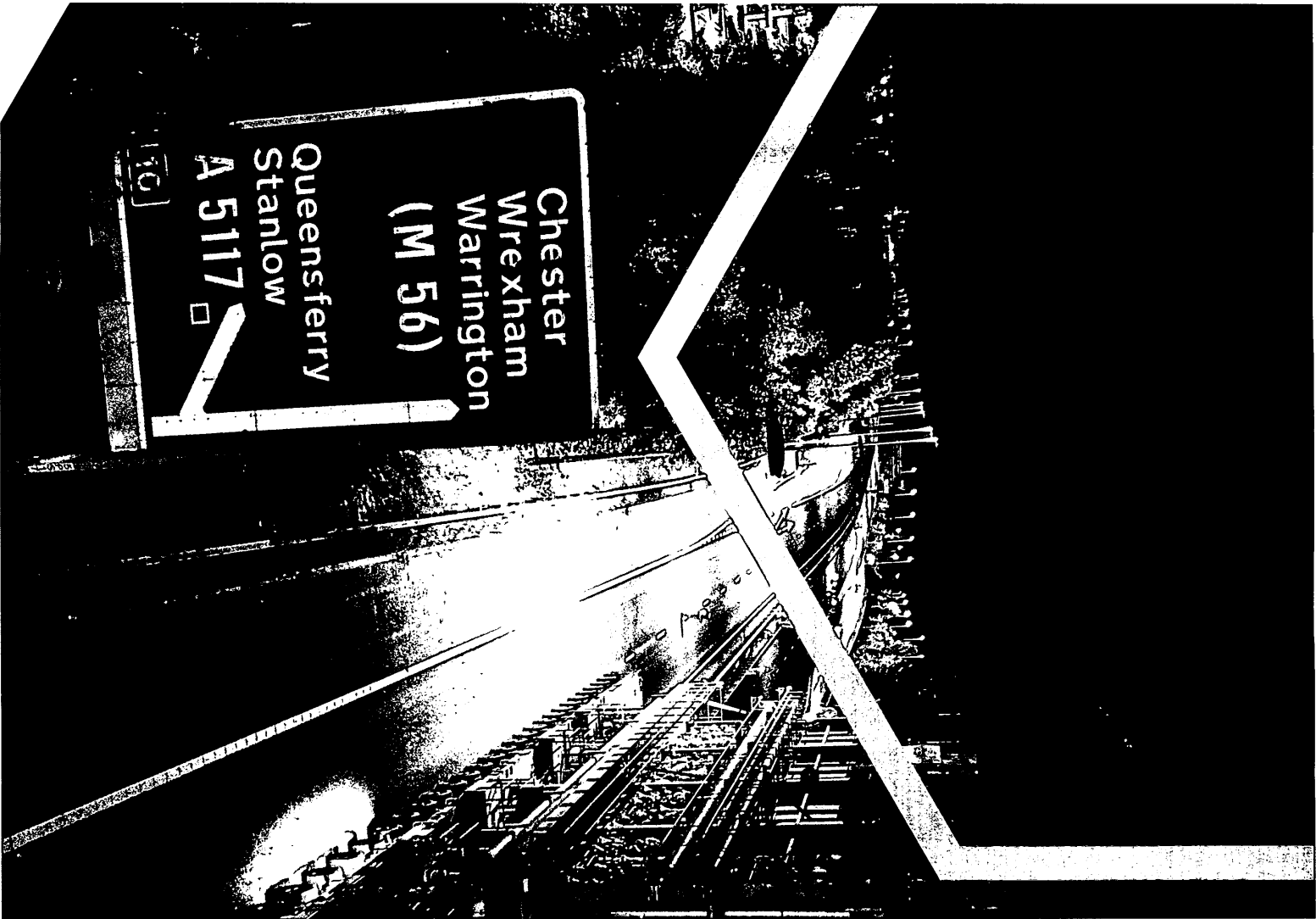
## BANKERS

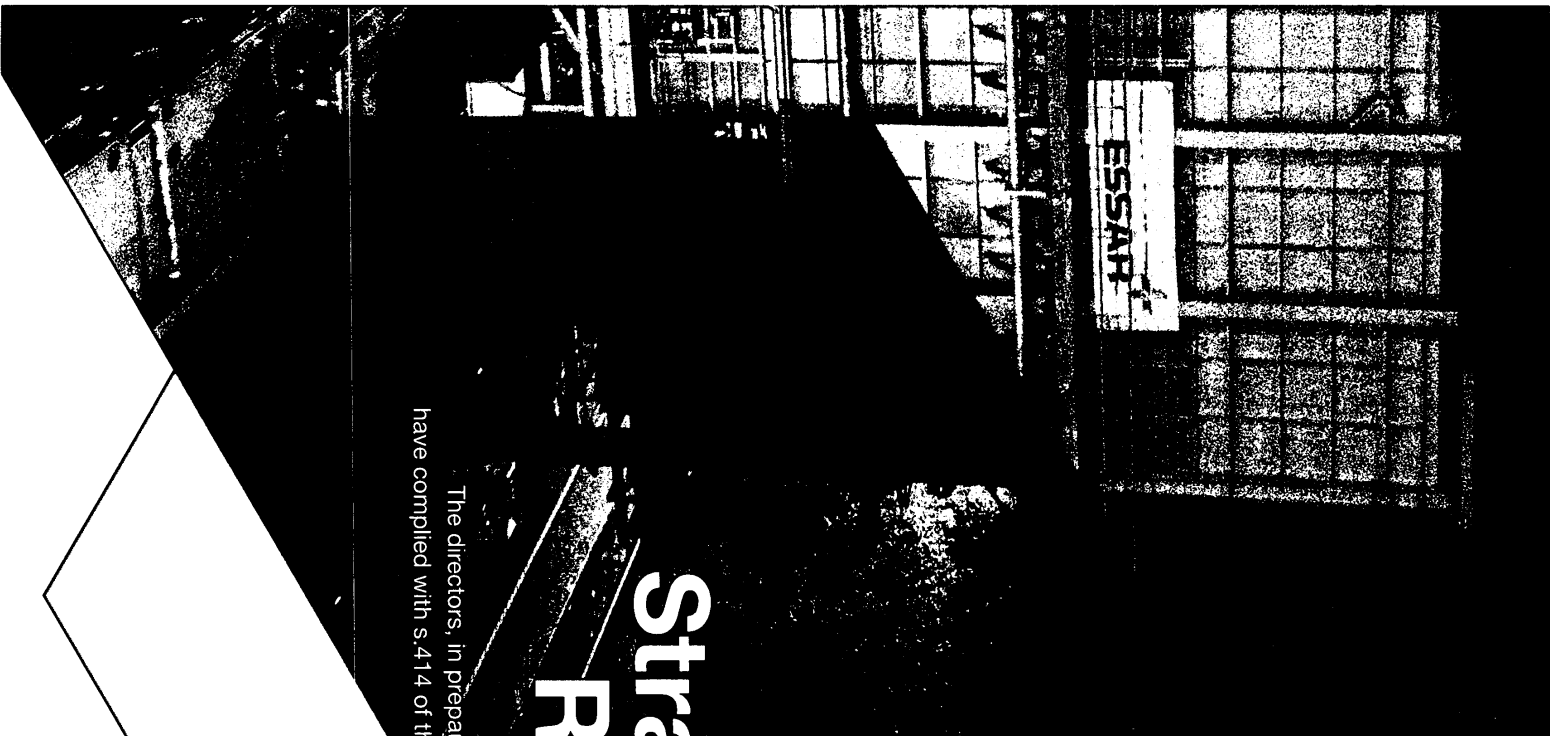
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**Macquarie Bank Limited**  
Ropemaker Place  
29 Ropemaker Street  
London  
EC2Y 9HD

**Barclays Bank Plc**  
1 Churchill Place  
London  
E14 5HP







The directors, in preparing this strategic report,  
have complied with s.414 of the Companies Act 2006.

# Strategic Report

## Principal Activities

The principal activity of the Group is to refine crude oil and to market refined petroleum products in the domestic UK and international market from its primary place of business at Stanlow. The Group owns and operates the Stanlow Refinery and Stanlow Terminals Limited, which are located on the south side of the Mersey estuary in North West England.

The Group also owns an equity stake in United Kingdom Oil Pipelines Limited (UKOP), JV interest in Kingsbury Terminal and full ownership of Northampton Terminal.

The Stanlow refinery is capable of handling and processing a wide variety of light and heavy crudes from global sources including the North Sea, West and North Africa, USA and Canada. The Group's assets represent a critical part of the UK's transport and energy infrastructure, supplying approximately 16% of the UK's road fuel demand.

The Group also owns an 11.15% equity stake in UKOP, a 45.35% share of the Kingsbury Terminal in a JV with Shell and full ownership of Northampton Terminal both located in the Midlands area of the UK.

The Group's Essar branded retail station network as at 31 March 2022 stood at 71.

## Performance of the Group During the Reporting Period

### Operational and Financial Review

The current results are for the 6-month period ending 31st March 2022. The prior reported results are for the 12-month period ending 30 September 2021 as the Group shortened its financial period to 6-months to align the accounting period with the smallest and largest group into which these accounts are consolidated.

The Group's operational and financial performance during the 6-month period improved significantly in comparison to the previous reporting period. This is due to increased demand of petroleum product and consequently higher refining margins following lifting of pandemic related restrictions.

Crude throughput at the refinery was at 32.72

million barrels during the 6-month period. On a like-for-like pro rata basis for a 12-month period, throughput during the year was 65.44 million barrels compared to 62.58 million barrels in the preceding 12-month period.

The refinery achieved a Current Price GRM (definition on page 12) of US\$10.0/bbl for the period, compared with a Current Price GRM of US\$5.6/bbl in the prior year.

Operational EBITDA (definition within the Key Performance Indicators section) improved to a US\$78.7m in the 6-month period, compared to a loss of US\$ (166.6)m in the prior 12-month period.

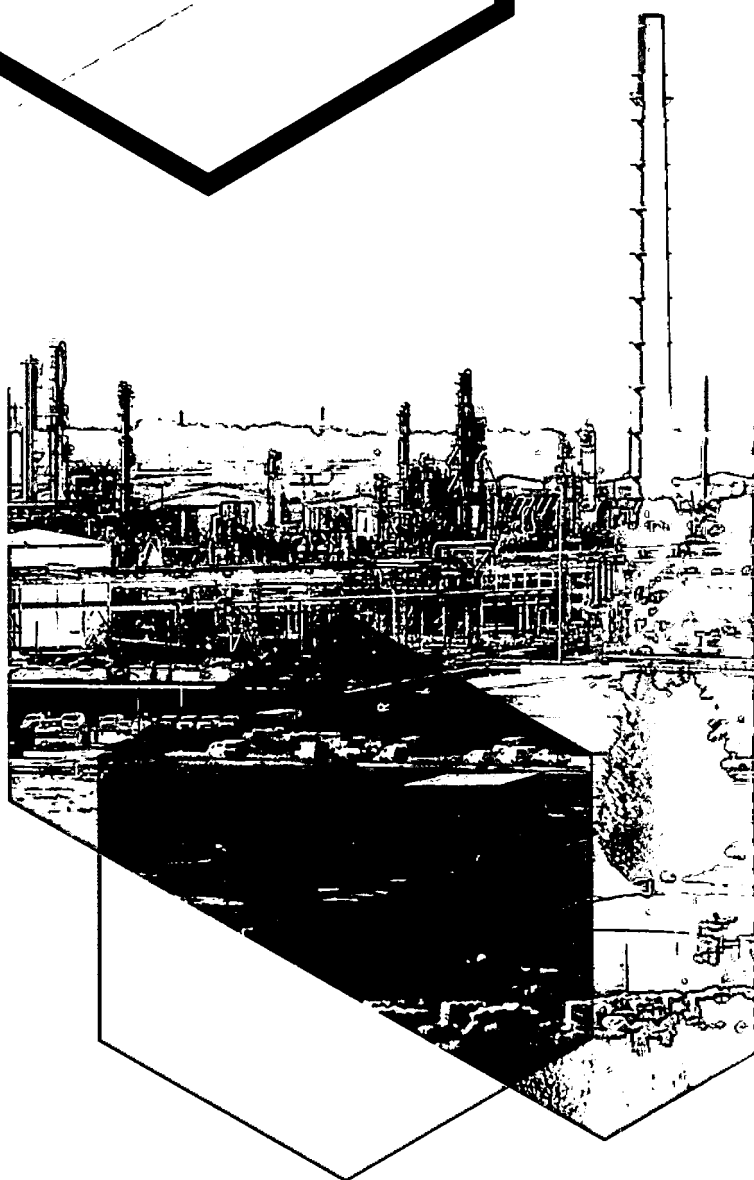
The Group did not pay any dividends. (2021: Nil)

## Income Statement

The Group generated revenues of \$4,942.2m during 6-month period in 2022 (2021: \$7,320.3m during 12-month period) and made a net loss before tax of \$63.1m during the 6-month period (2021: net loss before tax of \$321.3m during 12-month period). Revenues are lower due to 6-month reporting period in 2022. On a like-for-like pro rata basis revenue is higher due to the increase in the average price of each barrel of oil to \$90.9/bbl (2021: \$61.9/bbl) mainly due to improved demand post pandemic.

## Balance Sheet

At the period end the Group had net assets (net worth) of \$230.6m (2021: \$285.5m). The movement in net assets was driven by the losses incurred in the 6-month period and negative movement in cash flow hedge reserve as a result of improvement in refinery margins which has been partially offset by an increase in revaluation reserve.



## Principal Risk And Uncertainties

### Health Safety and Environment

The Group is committed to achieving excellence in safety performance and provided and maintains safe and healthy working conditions and follows the best operating practices to protect the impact of its activities on the environment. Our goal is to ensure no harm to people, to maintain a sustainable environment and to institutionalise a culture of safety in the organisation.

Given the inherently hazardous nature of the work undertaken, the Group focuses on identifying and managing risk of any injury and is mindful of the potential of serious injury from our operations. The risks of serious injury to any individual would also have an adverse effect on our people and on the Group's reputation as a reasonable and prudent operator.

Any untoward incident might have an adverse effect on the environment and also on the Group's reputation as a reasonable and prudent operator. The Group is also at risk of commercial and reputational damage as a result of any incidents which negatively impacts the natural environment given its operations.

The Group has a formal Health, Safety and Environmental (HSE) policy, with related HSE management systems in place. These are communicated to the relevant business partners and employees, with training provided on a regular basis. Regular reviews are carried out on compliance with the HSE policy. The Group is in the process of transitioning to the Essar Oil Management System (EO-MS) which incorporates the Health, Safety, Environment Management

Systems (HSE-MS) as well as adherence with regulatory requirements. The directors ultimately monitor the effectiveness of the various HSE policies and systems through a HSE sub-committee that reports on to the Board. The Group also reports performance to the Environment Agency as it relates to permits issued under the Environmental Permitting Regulations on a quarterly and annual basis.

The Group followed Public Health England guidance in response to the pandemic, with the health, safety and wellbeing of

our staff a top priority. To protect our staff during the pandemic, the Group introduced measures such as allowing non-critical staff to work from home where possible and implemented measures to protect our operational staff. These measures minimise contact with colleagues and the public to provide a safe working environment.

***Board responsibility – The Health, Safety and Environment Committee of the Board provides oversight of the management of this risk.***

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## Pandemic Risk

During the period, the Group continued to focus on the appropriate measures taken in the prior year to help mitigate the risk of virus transmission within the business, including enabling our workforce to work from home where possible.

The Group continued to closely monitor and follow the guidelines issued by Public Health Authorities and the UK Government. A Steering Group, formed in 2020, continued to meet on a regular basis to take note of the changing scenarios to ensure that there was a co-ordinated and a well-thought-through response and to maintain ongoing communication with our workforce. All these measures ensured the continued safe operations of our facility and supply of fuel products to the region while maintaining the wellbeing and safety of our staff as our top priority.

The Group understands and acts on its position as part of the UK's Critical National Infrastructure and its responsibility to ensure the refinery's ongoing production supports the people, the communities, the industries and the cities that depend on it.

Pandemic related restrictions had begun to be lifted towards the end of the reporting period covered in these financial statements. At the time of writing, all public restrictions in the UK have now been lifted and economic activities are back to normal. The return of economic activity has led to an increase in product demand and refining margins are higher than pre-pandemic levels.

***Board responsibility – Given the complexity of this risk, the Board provides oversight of the management of this risk.***

---

## Fluctuation of Crude Oil Prices, Refined Petroleum Products Prices and Refining Margins

The refining business is dependent on margins between crude oil prices and refined petroleum product prices. Refined products normally track changes in feedstock prices, however a lag in the product prices can have a substantial impact on profitability and on the Group's working capital requirements. The refinery can process a wide variety of crudes and therefore is able to take advantage of price arbitrage between various crude grades. This risk was exacerbated at the end of this reporting period by the

repercussions of aggression in Ukraine.

The Group has a robust risk management process in place and uses commodity hedging and margin hedging to manage its exposures to oil price fluctuations on inventories and to protect its refining margins respectively.

***Board responsibility – The Risk Management Sub-Committee provides oversight of the management of this risk.***

## Foreign Exchange Risk

The Group's functional and presentational currency for accounting for its transactions and preparation of books and accounts is the US Dollar. The Group has exposure to foreign currency fluctuations mainly on the domestic trade receivables (from the billing date up to the collection date) and in respect of certain operating and capital expenditure, which are largely denominated in British Pounds (GBP).

These risks could significantly impact the operational and reported results. To mitigate

such exchange risks, the Group reviews its risks from time to time and determines the strategy to cover its currency exposures to the extent possible and accordingly, appropriate forward hedge contracts are entered into under the guidance of Group's Risk Management Committee (RMC). Note 26 provides further details on mitigation.

***Board responsibility – The Risk Management Sub-Committee provides oversight of the management of this risk.***

## Liquidity Risk

Oil refining and marketing requires sizeable financing arrangements to support day-to-day operations and commitments. Throughout the period, the Group has continued access to commercial arrangements via the inventory monetisation agreements with Macquarie Bank Limited, London Branch. The inventory monetisation arrangement meets the crude and product requirements of the refinery including storage and supply on a just-in-time basis.

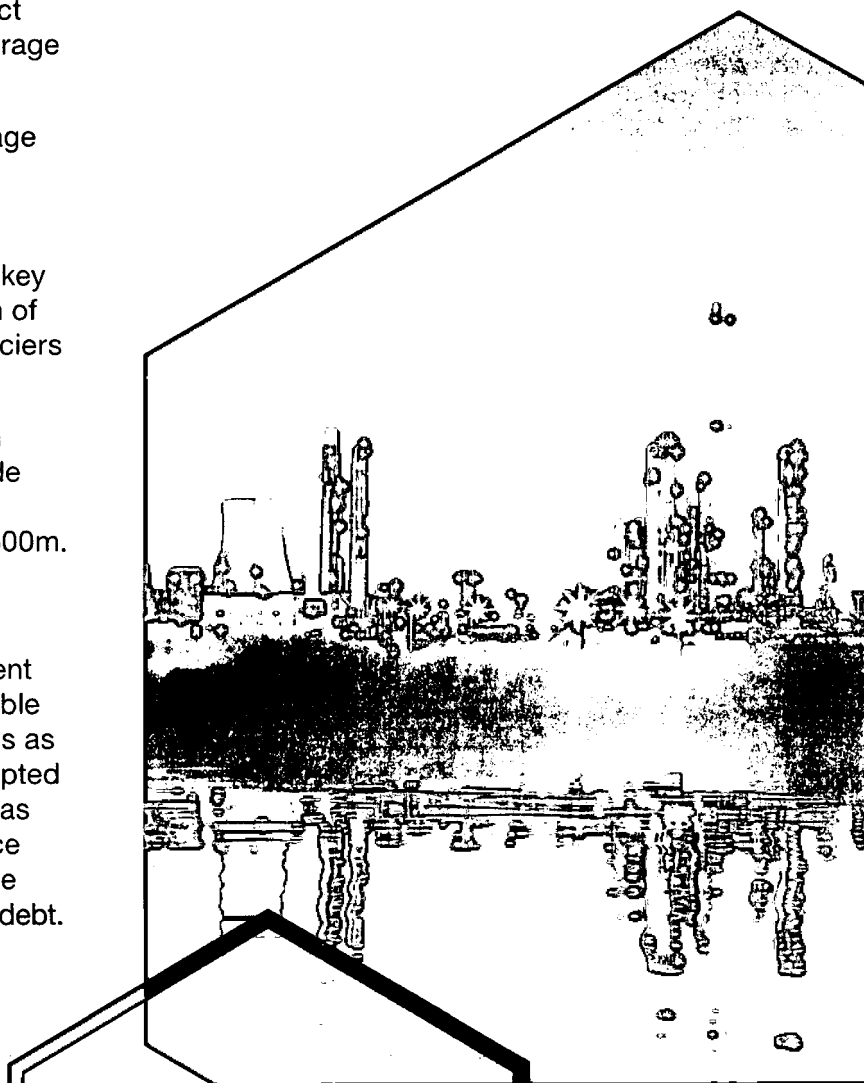
In addition, the Group continued to manage the liquidity with various new financial arrangements from a diversified range of sources, including bilateral and supply chain financing arrangements with a few key customers. In addition, a total of ~\$400m of receivable financing is in place with financiers at the end of the reporting period.

The Group has been able to continue with a large portion of its short term rolling trade credits in the pre-pandemic period into a committed and medium-term facility of \$500m.

These arrangements, supported by the improved trading conditions during the reporting period and a further improvement in margins post the reporting period, enable the Group to meet its payment obligations as and when they fall due. To have uninterrupted availability of these facilities, the Group has adequate monitoring mechanisms in place to ensure substantive compliance with the banking covenants and timely servicing of debt.

Further details on the consideration of going concern and linked material uncertainty are provided in the Directors' Report and note 3.

***Board responsibility – The Board provides oversight of the management of this risk.***



## Geopolitical Risk

The Russian invasion of Ukraine was towards the end of the reporting period for this report. Actions taken in response by the UK and by other governments had an immediate impact on the oil and gas supply chain. The Group had to immediately manage and respond to legislative changes, international sanctions, and consumer expectations of self-sanction which required engagement with a range of stakeholders. The Group successfully managed the risk and was able to adjust its operations to this changing environment.

The Board's approach to managing financial risk associated with commodity, foreign exchange, liquidity and international conflict is described above.

***Board responsibility – The Board provides direct oversight of the management of this risk.***

## Key Performance Indicators (KPI)

The Group benchmarks itself against a variety of performance indicators to measure its performance:

| KPI                                | 6-month period ended 31 Mar 2022 | Year ended 30 Sept 2021 | Context                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------|----------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lost time injuries                 | 3                                | 3                       | The Group strives to have no injuries, whilst acknowledging that there are significant risks associated with operating a refinery. This figure represents the number of injuries resulting in lost time on site due to injury during the period.                                                                                                                           |
| Current price GRM/bbl <sup>1</sup> | \$10.0                           | \$5.6                   | The current price Gross Refinery Margin (GRM) is the spread the Group earns between the sales price and crude related costs. This is a widely used industry yardstick to measure an oil refinery's operating performance. Improvement in GRM in the current period driven by better market spread because of restart of economic activities and improvement in oil market. |
| Operational EBITDA <sup>2</sup>    | \$78.7m                          | \$(166.6)m              | This measure is commonly used by management to reflect the operating earnings of the Group and excludes exceptional items.                                                                                                                                                                                                                                                 |

<sup>1</sup>Current price Gross Refining Margin (GRM) represents the GRM/bbl before the impact of timing differences in crude and product prices, inventory movement and hedging.

<sup>2</sup>Operational EBITDA represents earnings before interest, tax, depreciation, amortisation and exceptional income or losses, being operating gain of \$29.2m with \$49.5m of depreciation and amortisation added back.

## Major Trends and Factors likely to affect Future Developments, Performance and Position

### Achieving Net Zero – Decarbonisation of Industrial Processes

The UK Government hosted COP26 in 2021 and reaffirmed its commitment to its Green Industrial Revolution Ten Point Plan. It subsequently builds on this in the British Energy Security Strategy. The Group has plans in place which align with and deliver against this plan.

In January 2022, the Group created Vertex Hydrogen, a transformative joint-venture between EOUK (90% shareholding) and Progressive Energy Limited (10% shareholding) which will produce low carbon hydrogen. Vertex Hydrogen is part of HyNet, the UK's leading industrial decarbonisation cluster and will produce and store hydrogen to decarbonise the North West of England and North East Wales. Together with carbon capture and storage (CCS), these technologies have the potential to reduce carbon dioxide (CO<sub>2</sub>) emissions significantly in the region.

Vertex Hydrogen will provide the Group with low carbon hydrogen to decarbonise its own energy demand in addition to creating

a hydrogen economy across North West England and North East Wales.

In October 2021, HyNet was selected as a Track-1 cluster for the mid-2020s and will likely be taken forward into Track-1 negotiations as part of the UK's Carbon Capture, Usage and Storage (CCUS) Cluster Sequencing Process.

HyNet, which includes EOUK, Progressive Energy, ENI and Cadent Gas plus a host of other partners, is committed to delivering an integrated carbon capture and the first low carbon hydrogen production system in the country.

Vertex Hydrogen will construct the low carbon hydrogen production plants at Stanlow. This is a potential significant investment, supporting a hydrogen economy across North West England and North East Wales. A planning application for the plants has been submitted to Cheshire West and Chester Council.

---

### Biofuel Development

The Group, through Stanlow Terminals Limited, has also announced plans to develop the UK's largest biofuels storage hub located in the North West of England over the next three years. This is a key pillar in the Group's strategic objective to become the UK's largest bulk liquid storage and energy infrastructure solutions provider. It will deliver 300,000 cubic metres of capacity to support customers in delivering the UK's net zero transition.

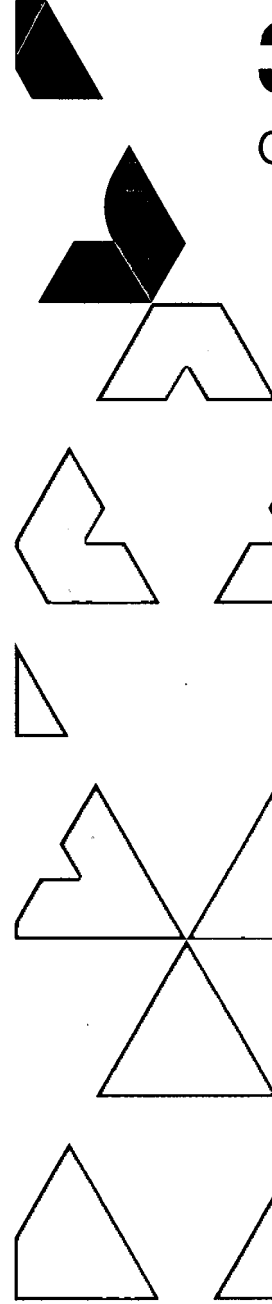
The new facilities at the Stanlow Manufacturing Complex and Tranmere Terminal will allow customers to store, blend and distribute bio-fuels suitable for use in the energy transition as drop-in replacement transport fuels for road, aviation and marine.

This new customer-led investment will support the growth of initiatives such as sustainable aviation fuel (SAF) linked to

Fulcrum's Northpoint project, sustainable hydrotreated vegetable oil (HVO) and will include waste-based feedstock import facilities, blending and capacity expansion for existing bio-ethanol and bio-methanol. The market for energy from renewable sources in the UK is expanding rapidly, driven by legislative obligations to encourage lower carbon fuels.

Additional storage investment opportunities for low carbon energy products, are all progressing through feasibility studies.

These investments reflect the growing demand from partners and customers who are seeking storage facilities and expertise in future fuels handling, as businesses across the economy look to decarbonise and operate in a more sustainable way.



# 300,000 cubic metres

biofuel storage capacity to  
support customers in delivering  
the UK's net zero transition

## Sector Rationalisation

Nearly 3.3 million barrels of global refining capacity has closed since 2020, with another 0.9 million barrels of closures officially announced. With the delay in new capacities coming online, structurally there is no longer an immediate need for any further rationalisation.

The current market tightness, caused by the response of global governments to the Russian invasion of Ukraine will support longer life to the refineries.

Longer term, continuing demand destruction could 'catch-up' to global refining capacity and compel more rationalisation of smaller and less complex refineries. Markets with the weakest demand outlooks and greatest threat of import competition (like Europe) could rationalise more capacity sooner.

## Significant Relationships

The Group fosters effective stakeholder relationships which are aligned to our purpose of Transforming for tomorrow and where stakeholders have a material interest and influence on the delivery of our long term strategy, our business plan and our business objectives.

In engaging with stakeholders, the Board takes a balanced approach and ensures that it acts fairly in responding to the different stakeholder needs and between members of the Group.

The process by which the Board identifies key stakeholders and ensures that we have meaningful and effective engagement with

Vertex Hydrogen will construct the

# low carbon hydrogen

production  
plants

them is described in the Governance Report section of this document (page 33).

**The Group has significant relationships with the following stakeholder groups:**

---

## Colleagues

Our approach to engagement with our colleagues is described in the Social Responsibility Report section of this document (page 25).

---

## Business relationships (customers and suppliers)

Retaining existing customers, helping to support their growth and obtaining new customers is a key objective for the Group in delivering its strategy. Our customer base includes supermarkets, major oil companies, commercial bulk users, resellers, aviation companies and independent retailers.

Revenues from the single largest customer contributes to approximately 21% (2021: 28%) of the Group's overall revenues.

To improve our relationships, we continuously review and enhance our product offering and make multi-year commitments with key customers. Regular interaction with our customers and suppliers through our dedicated teams has been a key differentiator in attracting new relationships.

The Group also works closely with suppliers to optimise supply chains and implement efficient processes. The business is also investing into technological improvements to improve the customer business experience.

---

## Regulators

The oil and gas sector is subject to significant safety and environmental regulation and the Group continuously monitors regulatory developments to ensure compliance and maintain good interaction with the regulators to gain insight and contribute positively.

Members of the Executive Leadership hold regular update meetings with the Health and Safety Executive, the lead regulator, and with representatives of relevant local authority leadership teams.

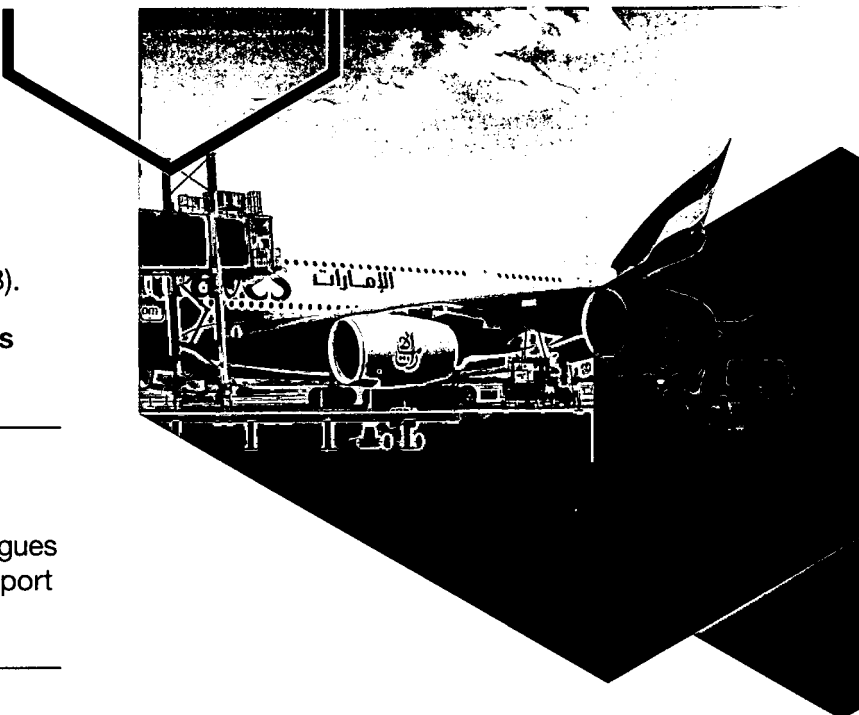
Working with our regulatory stakeholders, the Group is committed to sustainable refinery processes and conducts its operations within responsible environmental standards. This includes a responsibility to limit the impact on the environment by mitigating risks, minimising pollution, reducing our environmental footprint and optimising natural resource consumption. This broad commitment is across a wide range of health, safety and environmental initiatives and informs the strategic and operational direction and decision-making processes.

---

## Financing

The Group has an inventory monetisation facility with Macquarie Bank Limited, which it entered into in June 2019 plus receivable financing facilities arranged by financial institutions. The Group also uses supply chain

financing facilities. The detailed disclosures with regard to financing and going concern are given in note 3 to the financial statements and are not replicated in this section.



## Shareholders

Communication and engagement with shareholders is predominantly delivered through Board meetings which are held at least once a quarter. All key matters, including strategic, operational or financial

are discussed in line with a pre-agreed agenda. In addition, regular communications, such as financial updates and investment plans are provided to ensure transparency, inputs and ongoing engagement.

---

## Government (Local and National)

Developing effective relationships with national and local policy makers, built on a shared understanding of one another's ambitions and objectives is essential to the effective strategic development and day-to-day operation of business.

Members of the Executive Leadership hold regular update meetings with the Department for Business, Energy and Industrial Strategy. The importance of having an effective relationship in place has been particularly important as the Group has sought to support the UK Government in its prompt and robust response to Russian aggression in the Ukraine. The Group has fully complied with the statutory framework of sanctions implemented by the UK Government and has participated in the Russian Oil Task Force, supporting the policy objective of banning imports of oil and oil products from Russia.

Engagement has also focused on the role the Group plays in delivering the ambitions of the UK Government's Ten Point Green Industrial Revolution Plan. As part of HyNet, the Group was pleased that the initiative was selected, in October 2021, for the Track One negotiations as part of the UK's Carbon Capture, Usage and Storage Cluster Sequencing Process. Detailed negotiations will commence for this from August 2022.

The Group has close working relationships with the members of Parliament who represent the areas of our operations and with our local authority. Again, by working together day-to-day issues can be addressed and strategic conversations supported.

This engagement informs both the strategic and operational direction and decisions of the Group.

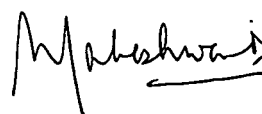
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## Community

Our approach to engagement with our local community is described in the Social Responsibility Report section of this document (page 25).

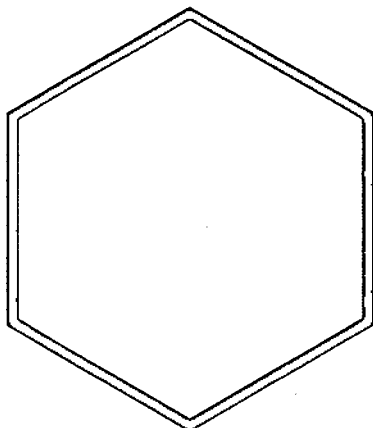
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All of the statements included in this section are approved by the Board of Directors and signed on behalf of the Board.



**Deepak K Maheshwari**  
Director

31 August 2022





# Environment Report

## Introduction

The Group is committed to the highest standards of environmental performance and plans to substantially reduce its operational carbon emissions. This Environment Report describes the Group's approach to managing those environmental factors which are material to our business.

Regular reporting of all material environment impacts is undertaken and provided quarterly and annually to the Environment Agency. This process supports compliance with the permits which have been granted to the Group under the requirements of the Environmental Permitting Regulations.

Reporting in this section covers all items required by the Streamlined Energy and Carbon Reporting regulations and this section includes:

- The Essar Oil UK Health, Safety and Environment Management System
- Streamlined Energy and Carbon Reporting – managing carbon emissions
- Performance in managing use of water
- Performance in managing waste

### The Essar Oil UK Health, Safety and Environment Management System

The Essar Oil UK HSE-MS (Health, Safety & Environment – Management System) is premised on the basis that effective management of health, safety, environment and major accident hazards requires a systematic approach with appropriate governance structures in place. It requires that every employee has clearly defined

and unambiguous accountabilities that must be met to achieve its objectives.

The Management System is hierarchical, and its content aligns the ten elements set out in ISO 14001 (2015) and the ISO 45001. The HSE-MS has been accredited to ISO 14001 and ISO9001 since 1999.

## Streamlined energy and carbon reporting – managing carbon emissions

### Introduction

The following information meets the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations for the Essar Oil UK Ltd operations in the UK for the reporting period from 1st October 2021 to 31st March 2022.

The Group reports under this requirement as it meets the description of a large Group as defined in sections 465 and 466 of the Companies Act 2006 and this report has been developed on that basis.

## Scope and Boundary

The Group has used the operational control approach for setting the boundary for greenhouse gas reporting. The reporting boundary includes energy usage and resultant GHG emissions from electricity and gas usage from the Stanlow Manufacturing Complex, Ellesmere Port, Cheshire, UK that were within the operational control of the Group during the reporting period:

Group joint ventures and franchises where the Group does not have operational control or where the subsidiary does not meet the reporting thresholds for these regulations are not included in this report. The following subsidiaries are not within the scope of the reporting boundary:

- Essar Midlands Limited
- Infranorth Limited

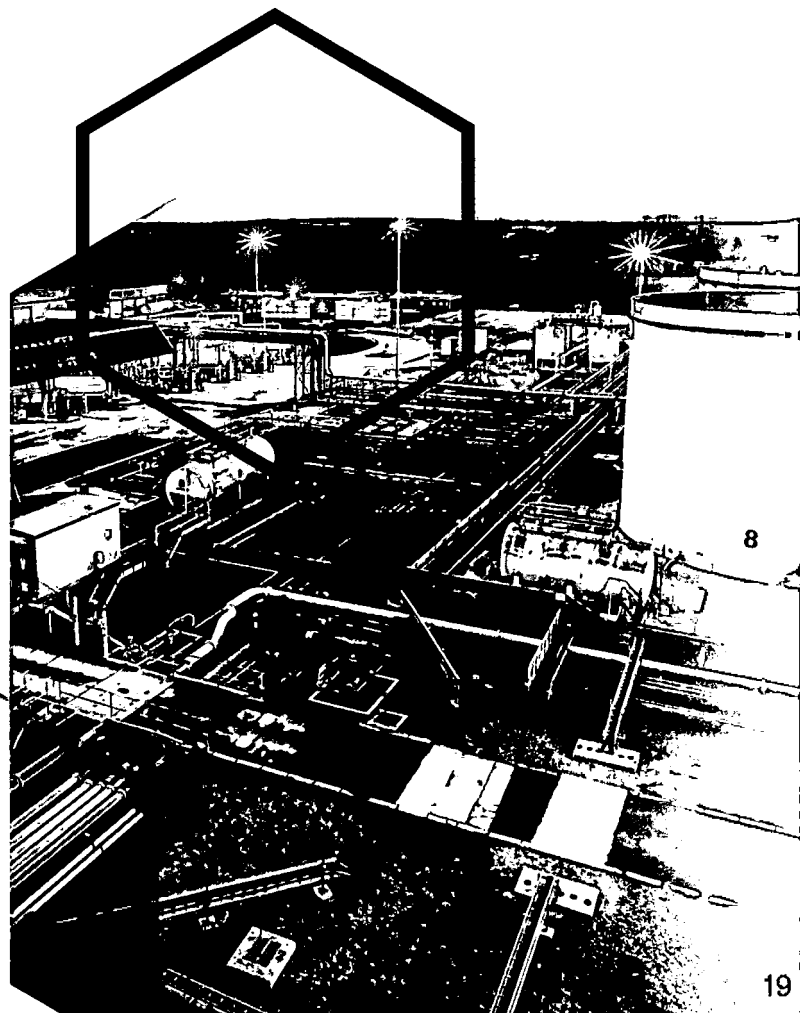
### Essar Midlands Limited

Essar Midlands Limited is not in the scope of this reporting boundary due to its ownership model. This is made up of the UK Oil Pipeline Network (UKOP) and the Kingsbury Joint Venture (JV), which is responsible for the Kingsbury Terminal.

- United Kingdom Oil Pipeline (UKOP) is currently owned by a consortium of five shareholders of which the Group's subsidiary company Essar Midlands Ltd is part of. UKOP is operated by UKOP's Agent, the British Pipeline Agency (BPA). Under the operational control approach, BPA are therefore responsible for reporting under SECR.
- Kingsbury Terminal is currently owned by Essar Midlands Limited along with its JV shareholder Shell UK Limited. The terminal is operated by Shell UK Ltd in six shifts running a 24-hour, seven day a week operation, 52 weeks of the year, therefore under the operational control approach Shell UK Ltd are responsible for reporting under SECR

### Infranorth Ltd

Infranorth Ltd (INL), which is responsible for the Northampton Fuel Terminal, is a wholly owned subsidiary of Essar Midlands Ltd (EML) and is operated by PX Limited. It is not required to report under these regulations as it does fall within the scope and meeting the description of a large business or LLP as defined in sections 465 and 466 of the Companies Act 2006.



## Site Overview

The Stanlow refinery has operated in its current form since the 1970s. It is the second largest refinery by capacity in the UK and operates the largest fluidised catalytic cracker (FCCU) in Europe. The refinery is situated near to Ellesmere Port and was acquired by Essar Oil (UK) Ltd from Shell Plc in 2011. The refinery processes up to 10 million tonnes of crude oil every year and has the ability to handle a range of crude feedstock.

The site is regulated under COMAH, the EU Industrial Emissions Directive (IED) and United Kingdom Emissions Trading Scheme (UK-ETS) and consists of a crude off-loading and storage (Stanlow Terminals), crude distillation, FCCU, gas plant, gasoline hydrotreating, platformer and naphtha hydrotreating, ethyl benzene unit, aromatics, HFA unit (including SHU and butamer), diesel hydrotreater, sulphur recovery unit,

centralised control room (CCR), road tanker loading, workshops and office blocks.

Stanlow's crude oil is received at Tranmere terminal where there are two berths (Tranmere North and South) used to unload the oil to storage tanks within the terminal, after which it is pumped 15 miles by pipeline to Stanlow. There are also import of other blending components and Ultra Low Sulphur Diesel (ULSD).

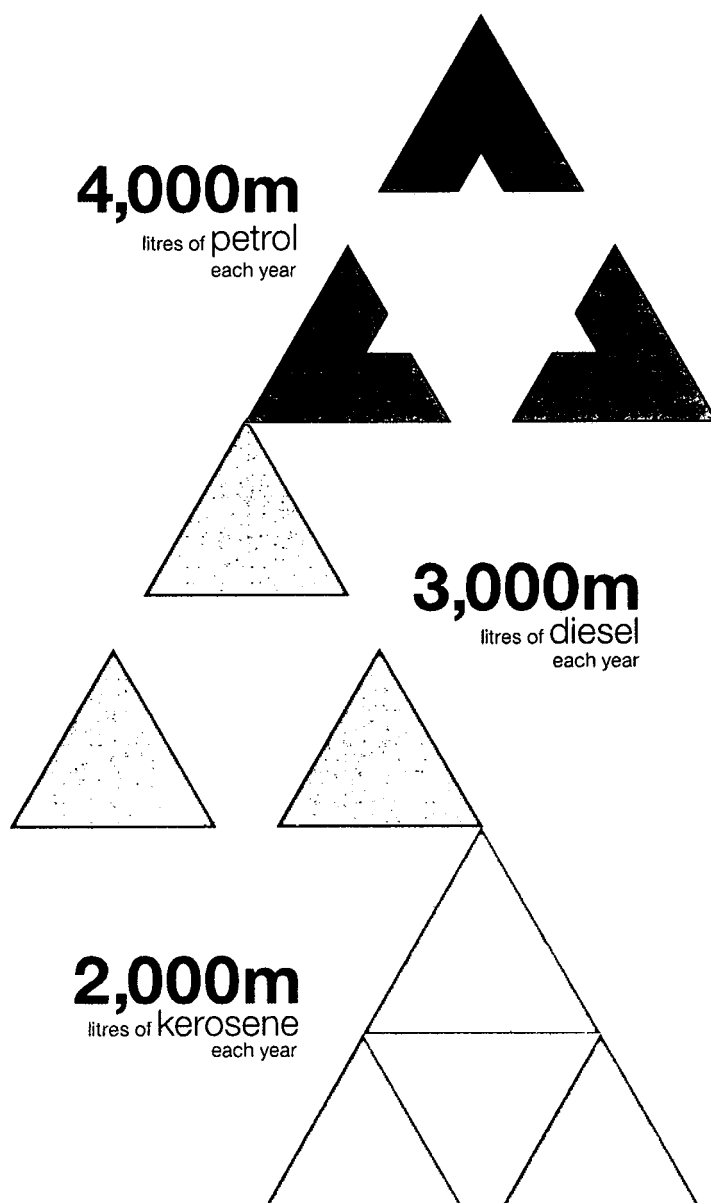
The terminal opened in the 1960s to handle vessels of up to 65,000 tonnes and at present it is capable of handling cargo sizes up to 170,000 tonnes on part laden very large crude carriers (VLCCs). Approximately 4,000 million litres of petrol, 3,000 million litres of diesel and 2,000 million litres of kerosene are managed at Tranmere and Stanlow each year.

## Data Sources

Data for electricity, fuel and gas consumption at the sites has been sourced from UK-ETS data collection spreadsheets, direct meter readings and invoice data collected throughout the reporting period. Two data sources that sit outside of the UK-ETS reporting parameters were also incorporated within the reporting boundary.

## Assumptions and limitations

In line with the guidelines of the GHG Protocol Corporate Standard, the energy and carbon figures relating to business travel have been excluded from these reporting requirements as they are estimated to be less than 1% of the total energy and carbon totals.



## Methodology

In preparing this report, the Group has followed the HM Government Environmental Reporting Guidelines (March 2019)<sup>1</sup> as well as the GHG Protocol Corporate Standard<sup>2</sup>. The 2021 UK Government's Conversion Factors for Group Reporting have been used to calculate GHG emissions 2.

Energy totals are reported in kilowatt-hours

(kWh) and GHG totals are reported in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). The chosen intensity measurement ratio is total emissions per tonne of crude oil processed (tCO<sub>2</sub>e/TCOP).

Table 1 presents Essar's energy consumption and resultant GHG emissions for the reporting period.

Table 1 – SECR Summary

### REPORTING PARAMETER

|                                                                                                            | Six month<br>period Ended<br>31 Mar 2022 | Year Ended<br>30 Sept 2021 |
|------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|
| <b>Total energy consumption (kWh)</b>                                                                      | <b>4,374,019,041*</b>                    | <b>9,560,502,921*</b>      |
| Energy consumption from combustion of gas (scope 1)                                                        | 2,397,747,170*                           | 5,945,648,132*             |
| Energy from other activities which the Group own or control including operating of facilities (Scope 1)    | 1,940,717,166*                           | 3,541,216,246*             |
| Energy consumption from purchased electricity (scope 2)                                                    | 35,554,706*                              | 73,638,543*                |
| <b>Total gross GHG emissions (tCO<sub>2</sub>e)</b>                                                        | <b>1,041,631*</b>                        | <b>2,224,716*</b>          |
| Emissions from combustion of gas (Scope 1)                                                                 | 425,151*                                 | 1,089,656*                 |
| Emissions from other activities which the Group own or control including operating of facilities (Scope 1) | 608,930*                                 | 1,037,877*                 |
| Emissions from purchased electricity (Scope 2)                                                             | 7,549*                                   | 15,636*                    |
| <b>Intensity ratio (tCO<sub>2</sub>e/TCOP)</b>                                                             | <b>0.24</b>                              | <b>0.27</b>                |

\*Figures have been rounded

<sup>1</sup>Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance (March 2019), HM Government - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/850130/Env-reporting-guidance\\_inc\\_SECR\\_31March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf)

<sup>2</sup>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), GHG Protocol <https://ghgprotocol.org/corporate-standard> Page 3

## Energy Efficiency Actions Taken

In the period covered by the report, Essar has introduced several energy efficiency measures and a number of projects have been started with the aim to help reduce energy consumption and drive down carbon emissions. Upon completion, those

projects will lead to substantial efficiency improvements and energy savings.

Table 2 presents Essar's energy saving measures and projects that have been started and progressed in the reporting period.

Table 2: Energy Saving Projects

A new dashboard has been implemented to increase visibility of energy KPIs to all site stakeholders

| Name of Project                               | Description of Project                                                                                                                                                                                                  | Benefit                                                                                                                       |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| CDU4 H2 ready Furnace Upgrade                 | Design and Fabrication completed, package being transported to site.                                                                                                                                                    | Energy efficiency savings of 20 KTA CO <sub>2</sub> , when switched to H <sub>2</sub> will reduce by 200,000 tonnes per annum |
| Fired Equipment Stack Heat Recovery           | Project to implement a new online fuel gas analyser was commenced, to allow further optimisation of stack temperature. Key orders placed for implementation Q3 22.                                                      | 1.5 MW                                                                                                                        |
| Replace Major Platformer Heat Exchange system | Replacement and upgrade of major heat exchanger, new design will use enhanced tube internals to maximise heat recovery, project sanctioned for implementation Q3 2023                                                   | 9 MWth of heat recovery                                                                                                       |
| Upgrade Hydrotreater heat exchangers          | Installation of enhanced Twisted Tube Bundles in a major heat exchanger in hydroprocessing unit, to improve heat recovery. Project Sanctioned for implementation Q3 2023                                                | 4.5 MW                                                                                                                        |
| New Combined Heat & Power (CHP)               | Design Revised to improve efficiency of proposed new CHP, and extend scope to provide power for major electrification projects and the Vertex H <sub>2</sub> plant.                                                     | 12 MWe +30 MWth                                                                                                               |
| F501 burner and air control improvements      | Scouting in progress to replace burners and upgrade air controls on furnace.                                                                                                                                            | 1 MWth                                                                                                                        |
| Site Electrification Study                    | Feasibility study underway to replace large steam turbine drives with electric motors.                                                                                                                                  | 34 MWth                                                                                                                       |
| PP Splitter Heat Pump study                   | Feasibility study underway to install a heat pump on a major distillation column, potentially saving 25 MW of steam use, whilst needing only 5 MW of power.                                                             | 25 MWth                                                                                                                       |
| HDS-2 Anti-fouling chemical trial             | An antifouling chemical is being trialled on a major heat exchanger system. Initial results are promising, long term reduction in fouling rate needs to be monitored.                                                   | 5 MW average over run                                                                                                         |
| Steam vs Chemical use in Desalter             | Water quality in the operation can be controlled by a combination of steam stripping or chemical usage. A system was established to optimise between use of steam or chemicals.                                         | 0.5 MW                                                                                                                        |
| Vertex Hydrogen Plant Energy Integration      | Around a dozen opportunities to improve efficiency of the new Vertex H <sub>2</sub> plant via integration and synergies with the site have been identified. These are being reviewed for inclusion in the plant design. | Upto 10 MW                                                                                                                    |
| Tranmere Variable Speed Drives                | Feasibility study to replace major pumps at the import terminal with variable speed drives.                                                                                                                             | 0.5 MW                                                                                                                        |
| Tranmere CHP                                  | Feasibility study to install a CHP at the import terminal.                                                                                                                                                              | 3 MWe                                                                                                                         |

## Performance in managing use of water

In line with permits provided under the Environmental Permitting Regulations, the Group reports on water and waste water use and management on a quarterly and annual basis to the Environmental Agency. There is a well-established understanding of the environmental issues relating to water use and disposal. Some examples of this include:

- **Water management:** the refinery's processes use water from a number of sources. Water usage on site is monitored and reported as part of the Environmental permitting requirements. Where possible water is recycled within the refinery processes in order to minimise the fresh water usage. New projects on site consider minimisation of fresh water use as a part of the design process.
- **Waste-water management:** waste-water on site is monitored for quantity and quality and reported as part of the Environmental permitting requirements. The Group is in the process of commissioning a multi-million pound project to route some of the waste water to the United Utilities Ellesmere Port Sewage Treatment works, where it will be further treated to reduce the environmental impact.

## Performance in managing waste

The Group has operating practices in place to minimise waste and to recycle waste materials back into production processes where possible. All office or household waste is collected by a specialist recovery Group who again seek to maximise opportunities for recycling and reuse of materials. This approach to waste management is regulated by the Environment Agency.

Maximising  
opportunities  
for recycling  
and reuse of  
materials





# Social Responsibility Report

## Overview

The Social Responsibility report describes the Group's approach to identifying and delivering activity which is in the best interests of society and which meets the wider expectations our stakeholders.

This section includes :

- Safety - The Control of Major Accident Hazard Regulations
- Community programme
- Charitable giving
- Colleague engagement
- Wider economic contribution

## The Control of Major Accident Hazard Regulations - The Regulatory Oversight Process for Our Safety Performance

The Control of Major Accident Hazard Regulations provide the regulatory oversight process for safety performance at the Group's sites. This is a form of management system and enables the Group to demonstrate that it can safely and adequately control major accident hazards.

To support the Group in complying with all aspects of these regulations the Group has implemented a management system which covers these comprehensive requirements. The Health and Safety Executive is the lead regulatory authority for COMAH and the Group provides regular reports to them on our performance. Known as the 'competent authority', the regulator has an intervention programme in place which is used to test operational compliance with requirements.

The interventions also test that the Group has adopted recommended good practice.

Oversight of the Group's approach to safety is provided by the Health, Safety and Environment Committee of the Board. The Committee have set a number of leading and lagging key performance indicators for the business in the subject areas like HSE Goal Zero performance, personal safety, process safety, regulatory issues, asset integrity etc.

The Group participates in combined industry/regulatory working groups looking to develop best practice and currently chairs the UKPIA process safety leadership network. This is part of a commitment to improve process safety performance across the whole sector.

## Engaging our Colleagues in Safety

The health, safety and wellbeing of colleagues is a primary consideration in the way the Group operates. There is a continuous process of recognising hazards and assessing health, safety and environmental risks in operations through audits, risk assessments and review of standard operating procedures and taking steps to mitigate risks.

A culture of continual improvement is fostered, HSE performance is benchmarked and best practices in HSE adopted. This ensures that learning from incidents is embedded into the Group's management system. In addition, regular safety standstills are conducted to share best practices and also the lesson learned from any mishaps.

## Community Programme

Overview: Through the community programme, the Group aims to be a catalyst for positive change in society. Working with and supporting our local communities through partnerships with agencies and charities, activity is delivered in line with our programme themes of education, environment, wellbeing and community.

### Environment

Protecting the environment is more important than ever as movement is made towards a carbon neutral world and more sustainable future.

The Group supports the Cheshire Wildlife Trust by providing a base for them at the Company-owned Holly Bank House and Gowy Meadows woodland area. This spring, work with them provided a range of activities for over 130 children and teachers to learn about protecting and working with the natural environment. Each activity was linked to either the Science or PSHCE curriculum for the relevant year



group and follow-on visits took place with schools to embed the learning,

The Trust also delivered Family Woodland Experience Sessions for our colleagues and a number of families took part in this woodland activity.

The Cheshire Wildlife Trust continue to support the Gowy Meadows and working together, this provides a popular local recreation site and a place where visitors can learn more about the natural environment.

### Education

The Group's educational programme provides support to children from a range of backgrounds and stages in their academic life. Focused on inspiring a passion for STEM-based subjects, initiatives highlight opportunities and showcase the science involved in future job roles available to them as they grow older.

Engagement activities have been limited because of the pandemic and a new programme is being developed in partnership with Passion for Learning for 2022-23.

The Group continues to support the Fred

Venables Higher Education Trust which supports students most in need with grants in the critical period as they transition from school and home to further and higher education. This focused support is especially for students from challenging backgrounds. Grants average £700 and in February, seven students received grants from the Trust. Students benefitting from this funding come predominantly from Whitby High School, Neston High School, Ellesmere Port Catholic High School and Ellesmere Port Church of England College.

## Wellbeing

Wellbeing is key priority across all parts of society and the Group understands the important role that sport can play as everyone recovers from the pandemic.

The Group has an occupational health centre for the wellbeing of colleagues and the experienced Occupational Health Team proactively manages programmes designed to support the health and wellbeing of colleagues. This includes monthly wellbeing advice information, one to one support and direct interventions to respond to emerging themes or issues.

The Group also supports the Chester Half Marathon and it was great to see around 4,000 runners, including around 50 Essar colleagues, participating in this year's 40th Anniversary event. The event also includes a Family Fun Run which encourages children to engage with support.

The half marathon follows the Essar-supported Four Villages Half Marathon which sees 1,500 runners each year pass close by our site as they complete their 13-mile course.

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## Community

Working collaboratively with our local community is a priority for the Group as it recognises the significant contribution and impact that our operations can have on them.

Bi-annual Community Liaison Panel meetings are held and this provides the opportunity to hear from the parish councils of fenceline communities, local councillors, the local authority, the regional teams from our regulators and our Member of Parliament. The event provides invaluable insight to the Group about the local communities' concerns and helps opportunities to be developed in a collaborative way.

Representatives of the Group support the Ellesmere Port Development Board which brings business, the local authority, public sector representatives and charities together to support the development of Ellesmere Port. The Chair of Board, Chris Farrow, recently retired and the Group would like to take this opportunity to formally thank him for his invaluable contribution to the Board.

The Group also continues to provide support to Entep Properties. Established to provide a space for start-up businesses in our local community, the Company now hosts a range of small successful businesses and is considering development plans for the coming years.

Proud shirt sponsors of Tranmere Rovers Football Club, this partnership also reaches into the local community where the Group regularly collaborates with the club's registered charity 'Tranmere Rovers in the Community' to deliver its community outreach programme and initiatives. In December 2021, this included funding the provision of food parcels at the height of the Covid lockdown and supporting the Super White Christmas appeal, ensuring that local children from financially struggling backgrounds get to enjoy the kind of Christmas that many of us take for granted.



## Charitable Giving

Overview: The Group, which has an established and local history of supporting causes across the region, backed 14 different projects last year from its community fund.

Applications to the fund are made by local organisations that deliver programmes which:

- Support wellbeing, education, community and environmental initiatives
- Support activity in our fenceline communities
- Colleagues support

It is crucial that the business which has such a prominent footprint in the community gives back in ways that it can. This community fund enables the Group to give back to worthy causes, on our doorstep, that improve people's lives every day and which are valued by our colleagues.

### Safety Performance Benefitting the Community

Since 2003, Families United (FUn) has supported children with special educational needs and their families through the organisation of specifically tailored activities that allow member families to participate in and enjoy together. These activities also help the families build a social network of like-minded people, which they can lean on for support and understand together the impact that having such a special child can have on their family life.

The Group's 'Let's Give' scheme, links commitment to safety directly with charitable giving and came after one million hours without a Lost Time Injury were recently achieved at the refinery. In 2021, reaching this significant safety milestone saw the Group make a £3,000 donation made to Special Educational Needs (SEN) charity, Families United in Warrington.

## Colleague Engagement

### Recruitment and Development

The Group recruits people who are enthusiastic and focused on operational excellence and serving customers, as well as having the potential to progress from the Group's internal career opportunities which the Group offers.

Employee development is monitored by way of continual assessment and appraisal and the Group has introduced a competency-based employee performance management system. Training is available to all employees and financial assistance is given to employees wishing to pursue professional qualifications in order to ensure opportunity

for advancement. The Group has a monthly average number of 758 employees (including executive directors) (2021: 778)

Full consideration is given to applications for employment from people with disabilities where the requirements of the job can be adequately fulfilled by a person with a disability. The Group provides on-going employment, wherever practicable, to employees who may become disabled during the course of employment and provides training and a career development programme for those with disabilities.

## Recognition

The Group has a formal recognition agreement in place with the trade union, Unite. Meaningful engagement between the Group and Unite is underpinned by the appointment of elected representatives, a tripartite Partnership Agreement and an Employee Forum.

The partnership agreement commits the Group to the establishment of tripartite forums, attended by the senior leadership team, senior Unite stewards and Employee Forum representatives. This work done together through these channels supports the underpinning relationships required to facilitate the transition of Stanlow into an energy transition hub.

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## Engagement

The executive leadership ensure that employees receive engaging information on the Group's activities, plans and performance. These communications also provide an invaluable opportunity for employees to ask questions directly of the senior management team.

Employee engagement includes weekly refinery updates from the COO, regular business updates from the CEO and multiple emails and news posted on the Group intranet. During 2021/22, face to face engagement was significantly reduced and the use of virtual meeting technology provided a valuable communication mechanism.

---

## Pensions

The Group operates a final salary defined benefit pension scheme for employees who commenced working at Stanlow before 1 August 2011 and a defined contribution scheme for all employees within the Group who commenced employment on or after this date.

### Defined Contribution Scheme

The Group's defined contribution scheme is operated by Aviva for the benefit of all employees who commenced work with the Group on or after 1 August 2011.

### Defined Benefit Scheme

Disclosures with regard to the position of the Essar Oil (UK) Pension Scheme and performance of the scheme in accordance with IAS 19 (2011 revised) can be found in note 33 to these financial statements. This scheme has now been closed for any future accrual as at 1 January 2022.

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## Gender Pay Gap

The Group is committed to continuing to make good progress and this is reflected in our most recent Gender Pay Gap report. The reporting period was significantly impacted by the restrictions applied to respond to Covid-19 pandemic and comparisons should consider longer-term trends as well as year-on-year changes.

Both the mean and median gender pay gap reduced – from 22% to 15% for the means and from 18% to 13% for the median. The gender bonus gap also improved and around one in five men and women received a bonus.

Plans in place to improve performance include building on learning from ways of

working during the pandemic to further develop flexible working practices, improving gender representation in our executive and senior leadership teams through key appointments, working with our awarding

body GQA to increase the number of female assessors we have on site and better understanding why our recruitment processes may limit the progression on women and take action to address any hurdles.

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## Training and Development

Essar values and supports the ongoing development of all colleagues. Colleagues take ownership of their learning and development with comprehensive support throughout the process.

Development opportunities are focused on enabling colleagues to be able to demonstrate the competences required to carry out their current and future job roles, based on a planned, organised positive problem approach.

As a top tier COMAH site, competence is essential and highly valued. This is reflected in the Health and Safety and technical training colleagues are required to undertake. Important skills and knowledge gained give

colleagues a starting point to demonstrate competence in their roles.

All our HSE competencies have been developed to ensure the Group is safe and meeting regulatory requirements.

Functional competence relates to technical requirements in each job role and functional competence development is achieved in a variety of ways both on the job and/or via more formal training programmes. Business competence focuses on delivering for our customers and taking the right commercial decisions for the business. Personal competence is pivotal to our success, as it is essential for all staff to build relationships and work with others.

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## Apprenticeship Programme

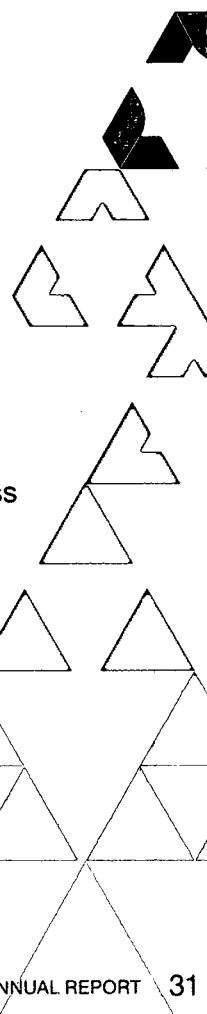
Essar understands and appreciates the value, benefit and opportunity that apprenticeship programmes bring and we're delighted to announce that, this year, all engineering apprentices have qualified and been offered opportunities within the organisation.

The work that our 15 apprentices, all in their early twenties, have put in over the last few years has been incredible given the impact of the pandemic. The apprentices were fortunate to be able to continue with no breaks in their training.

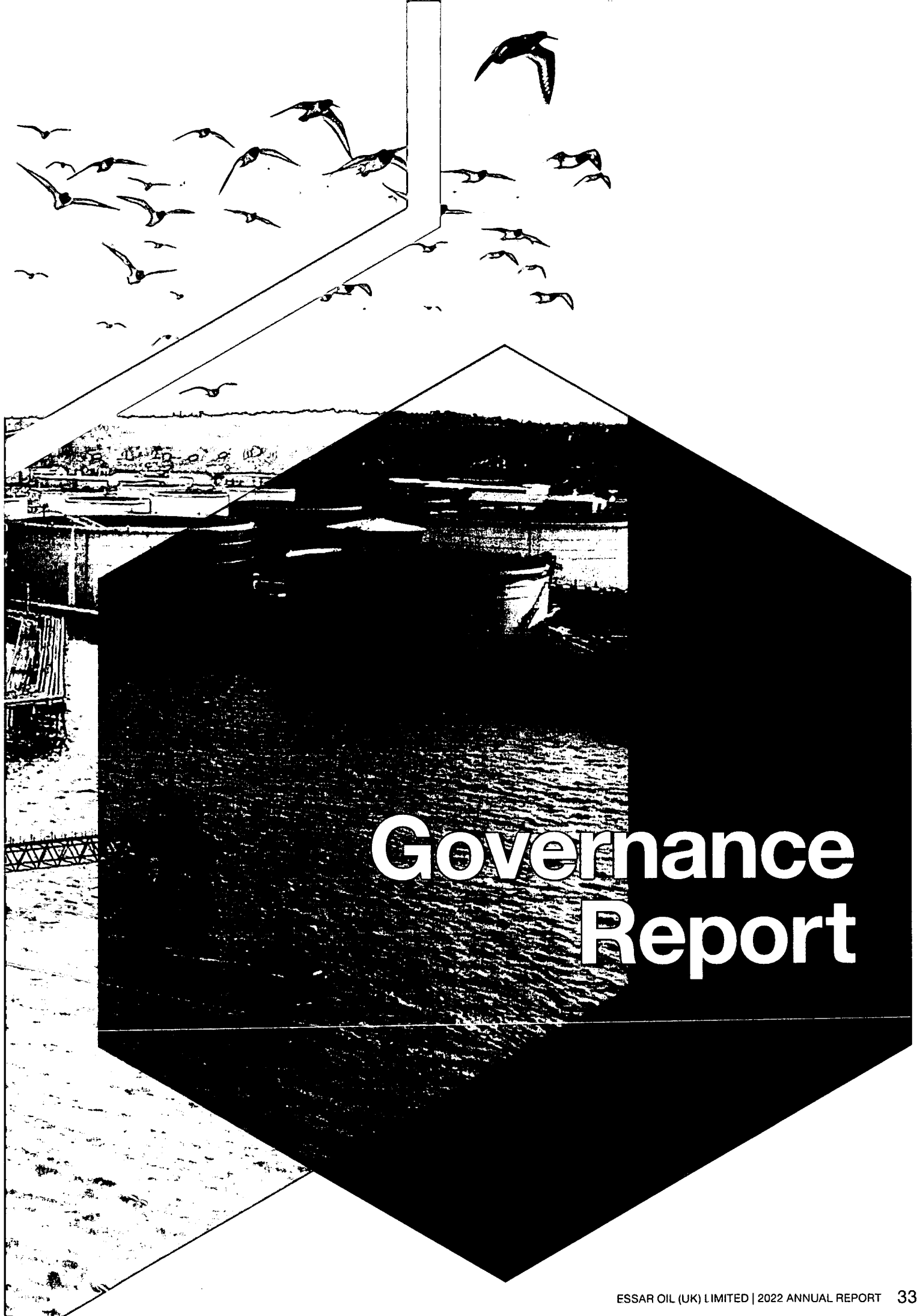
The apprenticeship programme is delivered in partnership with Training Tomorrow's Engineers (TTE) based in Ellesmere Port and provides the following qualifications:

- BTEC Level 3 Science Industry Maintenance technician
- BTEC Level 3 Science Manufacturing technician
- NVQ Level 3 Diploma in process/maintenance engineering

This year we are recruiting for roles in engineering and manufacturing (in partnership with local training provider TTE), IT, commercial, legal and business administration areas of our Group.





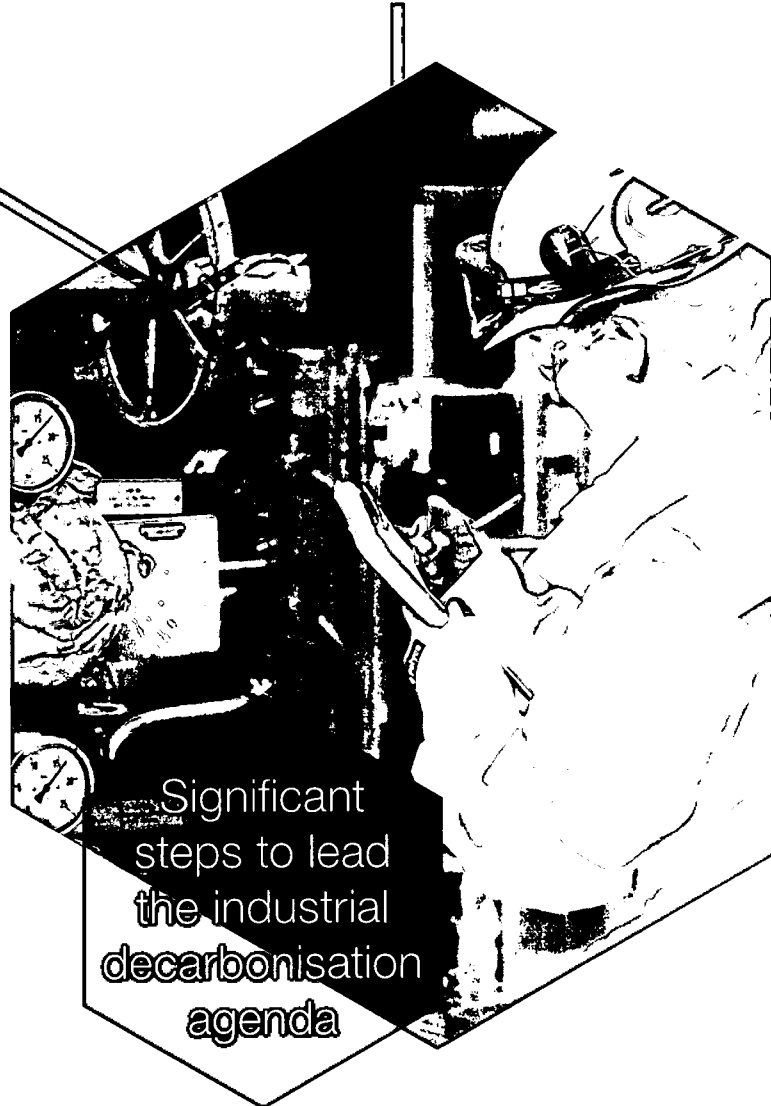


# Governance Report

## Overview

The Governance report describes the Group's approach to governance and demonstrates how the Group has embedded the Wates Corporate Governance Principles for Large Private Companies into our structures and processes. All elements of the Wates principles have been adopted by the Group.

In preparing this section the directors have also complied with the section 172 of the Companies Act 2006 and the Companies Act Miscellaneous Reporting Regulations 2018.



## Purpose and Leadership

The Group is committed to playing a key role in the decarbonisation of the UK economy, with ambitious plans to build an energy transition park at our site in the North West of England and to become the UK's first low carbon refinery. Our vision is 'transforming for tomorrow and this aligns with the UK

Government's Ten Point Plan on the Green Industrial Revolution and with its British Energy Security Strategy.

The Board promotes the purpose within the organisation and ensures that the Group's strategy, objectives and culture align with the purpose.

## The Business Plan

Each year with the exception of pandemic years, the Board undertakes an in-depth review of the Group's strategy, including the business plan for the following five years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions,

and also the future strategic direction of the Group. Specific business objectives are evaluated on a number of factors, including how they deliver the strategic plan, financial outcomes (using long term cash flow modelling) and impact on business reputation, amongst others.

## Long Term Strategy

The Group is taking significant steps to lead the industrial decarbonisation agenda as announced by the UK Government as part of Ten Point Green Industrial Plan in November

2020 and confirmed in the policy document, the 'British Energy Security Strategy (April 2022) which are detailed in Future Development section of the Strategic Report (page 7)

## Board Composition

The Company Board comprises one Executive Director and six Non-Executive Directors. The individual directors bring a wide range of experience, aligned to our purpose, including finance, sales, marketing, HSE and trading, project execution and governance and risk assessment. All director appointments are subject to approval by the Remuneration, Nomination & Diversity Committee.

Additionally, the Group has an independent Advisory Council. This was put in place in July 2021. The new four-person Council comprises highly experienced senior leaders from across the legal, financial and diplomatic sectors and advises the Board and providing an additional layer of independent, third-party expertise on a range of strategic priorities, including both commercial risk management and corporate finance matters.

A short biography for each Board Director and member of the Advisory Council can be found on our website:

[essaroil.co.uk/about-us/board-of-directors/](https://essaroil.co.uk/about-us/board-of-directors/)  
and  
[essaroil.co.uk/about-us/advisory-council/](https://essaroil.co.uk/about-us/advisory-council/)

The Company's directors, who held office during the period and up to and including the date of signing the accounts are as follows:

- **P Ruia**
- **T Bullock**
- **S Thangapandian**
- **K N Venkatasubramanian**
- **A R H Wright**
- **D K Maheshwari**
- **B C Tripathi** (Resigned on 31 March 2022)

## Director Accountabilities

The Board meets regularly throughout the year to review the performance of the Group and deal with matters requiring board approval. It also convenes on a more ad-hoc basis, as required, to manage the business of the Group.

The Board is mindful in all of its dealings of the desire for the Group to maintain its reputation for high standards of business conduct and acts, through its Governance processes to achieve this aim.

The Board and individual directors have a clear understanding of their responsibilities and accountabilities.

Certain items of business are delegated to the three principal Board committees: the Audit and Risk Committee; the Remuneration, Nomination & Diversity Committee; and the HSSE Committee. Each committee operates under clear terms of reference.

The Board utilises its committees to assist it in providing oversight, challenge and guidance to the Executive in the areas of Risk, Audit, Remuneration, Diversity, HSSE and Information Security.

The Chief Executive Officer and the rest of his Executive Leadership Team (ELT) are responsible for implementing the strategy set by the Board and leading the day-to-day running and operations of the Group.

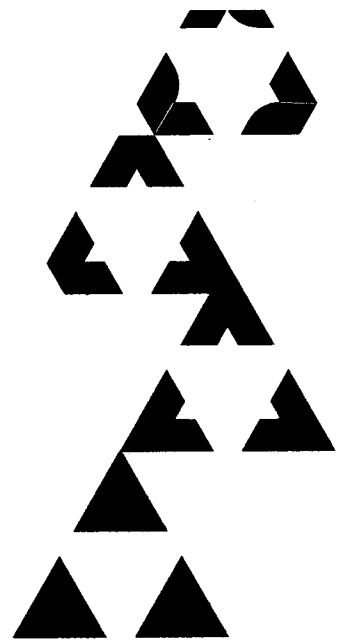
A short biography for each member of the ELT can be found on our website:  
[essaroil.co.uk/about-us/executive-leadership-team/](https://essaroil.co.uk/about-us/executive-leadership-team/)

Quarterly performance updates of the Group are provided to the Board by the ELT. The Board meets with the Executive Leadership Team on a regular basis and also engages with the Advisory Council.

## Remuneration

The Board has established a Remuneration, Nomination & Diversity Committee. The Committee determines the terms and conditions of service of Executive Directors. The remuneration and terms and conditions of appointment of non-executive directors are set by the Board. Remuneration is designed to be appropriate and fair, to recruit and retain high quality directors, management and workforce.

The committee also sets objectives for performance related incentives, aligned with our purpose and strategic objectives, for Executive Directors and other senior management, and reviews performance against those objectives.



## Risk Management

The Group recognises the opportunities and risks to the achievement of our objectives and purpose. The Board has established an Audit and Risk Committee with delegated responsibility for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on. The committee meets with the auditors and discusses their reports on the accounts and the Group's financial controls and recommends the appointment of auditors. It also reviews the internal controls and risk management processes, including the output from internal audits.

Given the high volatility of crude/petroleum product prices, it is necessary for the Group to

constantly monitor and evaluate its exposure to uncertainty in prices. In order to protect the Group against adverse movements in price, it is necessary for the Group to adopt industry best practices of price risk management.

To manage this the Board has established a management committee comprising of the CEO, CFO, Head of International Supply & Trading and the Chief Risk Officer - collectively the Risk Management Committee (RMC). The RMC meets as required, usually weekly but not less than monthly, to manage pricing and commodity risk. The Chief Risk Officer will manage the assurance and enterprise risk.

## Stakeholder Engagement

The Board ensures a dialogue with all stakeholders including: our primary shareholder (Essar Global Fund Limited), Government departments, regulators, customers, suppliers, the communities local to our operations and employees.

The Group places a high importance on engagement with its various stakeholders, at both local and national level. The Group also has Board representation on the Ellesmere Port Development Board, an enterprise which looks to attract inward investment into Ellesmere Port, create employment and improve the quality of life of its residents.

The Board has identified and develops effective working relationships with those stakeholders who have a material interest in the Group and ensures that insight provided from this engagement informs both strategic and operational decision-making.

The key stakeholders identified by the Group and the approach to developing effective working relationships with them is described in the Strategic Report (page 7).



# Directors' Report

## Anti-Corruption and Anti-Bribery Statement

The directors are committed to applying the highest standards of ethical conduct and integrity in its business activities.

Every employee and individual acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting business honestly and professionally.

Anything less has a detrimental impact in business by undermining good governance and distorting free markets.

The Group benefits from carrying out business in a transparent and ethical way. The Board and senior management are committed to implementing and enforcing effective systems to prevent and eliminate bribery, in accordance with the Bribery Act 2010. The Group has an anti-bribery and corruption policy, and these policies apply to all employees.

## S172 Companies Act 2006 Statement

As demonstrated in this report, the Group's Board of Directors consider they have acted prudently and in good faith and in a manner most likely to promote the success of the Group for the benefit of its members and of its shareholders, as a whole.

The details on how directors' fulfil their duties with regard to S172 are covered within the Director's report section. The directors of the Group have acted in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006. The directors have regard to the likely consequences of any decisions in the

long term, (see Governance Report, page 33), the interests of the Group's employees (see Social Responsibility Report page 25), the need to foster the Group's business relationships with suppliers, customers and others (see Strategic Report, page 7), the impact of the Group's operations on the community and environment (see Social Responsibility Report, page 25), the desire for the Group to maintain its reputation for high standards of business conduct (see Governance Report, page 33), and the need to act fairly between members of the Group (see Strategic Report, page 7).

## Going concern

The detailed disclosures with regard to going concern are provided in note 3 to these financial statements and are not replicated in this report. The directors have carefully considered the impact of the recent geo-political situation, coupled with demand for transportation and aviation fuel continuing to rise towards pre-pandemic levels which is leading to tightness in the supply of fuel particularly of middle distillates (Diesel and Jet). The UK and Europe are a net importer of middle distillates and supply tightness

globally and particularly in the region have led to a significant rise in refining margins. The management has prepared forecasts based on forward curves and available market inputs, and available funding solutions and concluded that the adequate financial resources will continue to be available to the Group so as to enable it to continue to trade as a going concern. As a result, the directors are satisfied that it is fair to adopt the going concern basis of accounting in the preparation of the Group's financial statements.

## Directors' Disclosure Statement

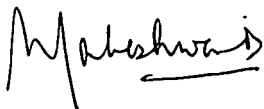
Each of the persons who are directors at the date of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware
- the director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

The auditors, PKF Littlejohn LLP, have expressed their willingness to continue in office as auditor. All of the statements included in this section are approved by the Board of Directors and signed on behalf of the Board



**Deepak K Maheshwari**

Director

31 August 2022



Carrying out  
business in  
a transparent  
and ethical  
way

# Directors' Responsibilities Statement

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 Group and Company financial statements for each financial year. The directors have elected under company law to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group and the Company for that period.

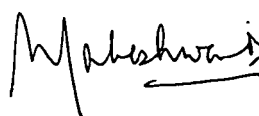
In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently

- make judgements and accounting estimates that are reasonable and prudent
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

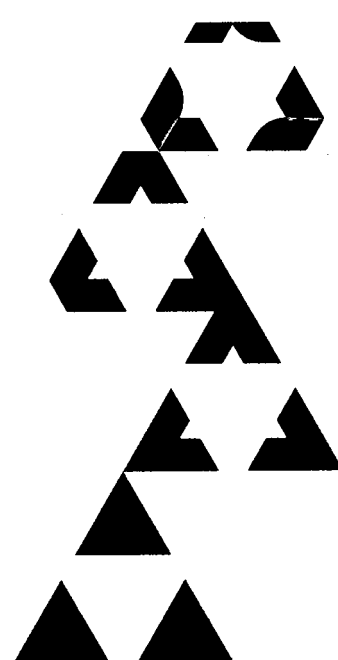
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements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

All of the statements included in this section are approved by the Board of Directors and signed on behalf of the Board.



**Deepak K Maheshwari**  
Director

31 August 2022



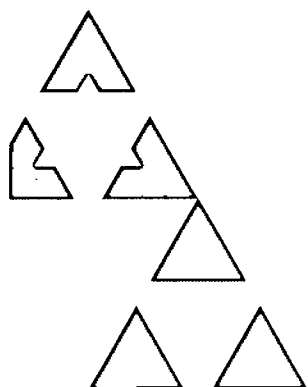
# Independent Auditor's Report

to the Members of Essar Oil (UK Limited)

## Opinion

We have audited the financial statements of Essar Oil (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.



In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's loss for the period then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements 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 Group and parent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included obtaining management's assessment of going concern and associated budgets for a period of 13 months from the date of approval of the financial statements. We have reviewed the inputs to the forecast financial information for reasonableness, compared to historic financial information, and

stress-tested where appropriate.

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

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

## Other Information

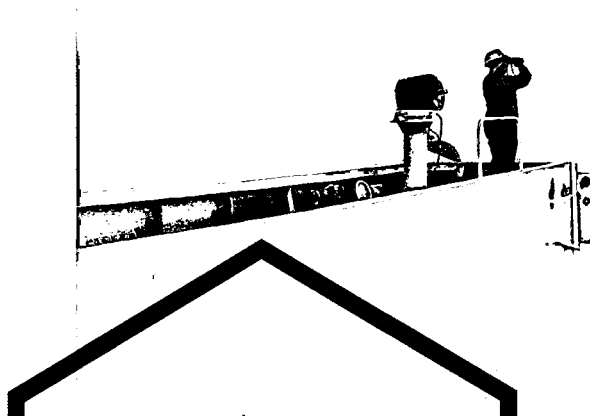
The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this gives rise to 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 this 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 period for which the financial statements are prepared is consistent with the financial statements
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements



## Matters on which we are required to report by exception

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

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

- adequate accounting records have not been

kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us

- the parent Company financial statements are not in agreement with the accounting records and returns
- certain disclosures of directors' remuneration specified by law are not made
- 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, the directors are responsible for the preparation of the Group and parent Company 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 Group and parent Company financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the Group and parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry

research, application of cumulative audit knowledge and experience of the sector.

- We determined the principal laws and regulations relevant to the Group and parent Company in this regard to be those arising from:
  - Companies Act 2006
  - Employment law
  - Bribery Act
  - Health and Safety regulations
  - Environmental law
  - Control of Major Accident Hazards Regulations
  - Anti Money Laundering Legislation
  - Tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and parent Company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, revenue recognition and the carrying value of Property, Plant and Equipment. Discounted cash flow models are prepared to assess the value in use of the assets, of which incorporates areas of judgement and estimation uncertainty.

We have obtained supporting documentation and explanations for those inputs, and challenged accordingly, including performing sensitivity analysis accordingly to assess the impact on the value in use.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

## Use of our Report

This report is made solely to the Group'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 Group'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.



**Joseph Archer**  
(Senior Statutory Auditor)

For and on behalf of

**PKF Littlejohn LLP**  
Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London E14 4HD

31 August 2022



# Financial Statements

# Consolidated Income Statement

Period Ended 31 March 2022

|                                  | Note | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|----------------------------------|------|-------------------------------------------------|-----------------------------------|
| <b>Revenue</b>                   | 4    | 4,942.2                                         | 7,320.3                           |
| Cost of sales                    |      | (4,868.2)                                       | (7,449.5)                         |
| <b>Gross profit / (loss)</b>     |      | <b>74.0</b>                                     | <b>(129.2)</b>                    |
| Selling and distribution costs   |      | (17.3)                                          | (18.5)                            |
| Administrative expenses          |      | (30.2)                                          | (77.5)                            |
| Net foreign exchange losses      |      | 2.7                                             | (37.5)                            |
| <b>Operating profit / (loss)</b> | 5    | <b>29.2</b>                                     | <b>(262.7)</b>                    |
| Curtailment loss on pension      | 33   | (33.9)                                          | -                                 |
| Finance income                   | 7    | 9.5                                             | 18.4                              |
| Finance costs                    | 8    | (67.9)                                          | (77.0)                            |
| <b>Loss before tax</b>           |      | <b>(63.1)</b>                                   | <b>(321.3)</b>                    |
| Income tax expense               | 9    | 2.3                                             | 16.5                              |
| <b>Loss</b>                      |      | <b>(60.8)</b>                                   | <b>(304.8)</b>                    |

The above results all derive from continuing operations.

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

# Consolidated Statement of Comprehensive Income

Period Ended 31 March 2022

|                                                                            |      | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|----------------------------------------------------------------------------|------|-------------------------------------------------|-----------------------------------|
|                                                                            | Note |                                                 |                                   |
| Loss for the period                                                        |      | (60.8)                                          | (304.8)                           |
| <b>Items that may subsequently be reclassified to the income statement</b> |      |                                                 |                                   |
| Cash flow Hedge Accounting reserve                                         | 34   | (50.7)                                          | 32.9                              |
| <b>Items that will not be reclassified to the income statement</b>         |      |                                                 |                                   |
| Actuarial gains on defined benefit pension scheme                          | 33   | 13.9                                            | 10.2                              |
| Increase in Asset Revaluation Reserve                                      |      | 49.4                                            | -                                 |
| <b>Other comprehensive (loss) / income for the period before tax</b>       |      | <b>12.6</b>                                     | <b>43.1</b>                       |
| Tax relating to components of other comprehensive income                   |      | (6.7)                                           | (18.8)                            |
| <b>Total other comprehensive (loss) / income for the period</b>            |      | <b>5.9</b>                                      | <b>24.3</b>                       |
| Total comprehensive income attributable to:                                |      |                                                 |                                   |
| <b>Owners of the Group</b>                                                 |      | <b>(54.9)</b>                                   | <b>(280.5)</b>                    |

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

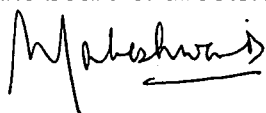
# Consolidated Statement of Financial Position

As at 31 March 2022

|                                                          | Note | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------------------------|------|------------------|------------------|
| <b>Non-Current Assets</b>                                |      |                  |                  |
| Intangible assets                                        | 10   | 8.9              | 8.8              |
| Property, plant and equipment                            | 11   | 1,033.7          | 987.0            |
| Right of use assets                                      | 12   | 75.1             | 71.8             |
| Long term deposits                                       | 16   | 8.4              | -                |
| Long term loans                                          | 17   | 1.1              | 226.5            |
| Retirement benefits                                      | 33   | 22.7             | 32.2             |
|                                                          |      | <b>1,149.9</b>   | <b>1,326.3</b>   |
| <b>Current Assets</b>                                    |      |                  |                  |
| Current tax receivable                                   | 18   | 11.5             | 18.5             |
| Inventories                                              | 19   | 526.4            | 327.4            |
| Short term loans                                         | 17   | 225.5            | -                |
| Short term deposits                                      | 16   | 123.3            | 111.5            |
| Trade and other receivables                              | 20   | 437.9            | 492.2            |
| Derivative financial instruments                         | 21   | 7.8              | 10.9             |
| Cash and cash equivalents                                | 22   | 90.0             | 85.4             |
|                                                          |      | <b>1,422.4</b>   | <b>1,045.9</b>   |
| <b>Total Assets</b>                                      |      | <b>2,572.3</b>   | <b>2,372.2</b>   |
| <b>Current Liabilities</b>                               |      |                  |                  |
| Trade and other payables                                 | 23   | 1,167.8          | 1,121.0          |
| Lease liabilities                                        | 28   | 1.9              | 1.8              |
| Advances received against trade receivables              | 24   | 117.2            | 70.7             |
| Provisions                                               | 29   | 21.0             | 19.8             |
| Derivative financial instruments                         | 21   | 43.8             | 28.3             |
| Liability in relation to Inventory Monetisation Facility |      | 339.0            | 200.4            |
|                                                          |      | <b>1,690.7</b>   | <b>1,442.0</b>   |
| <b>Net Current Liabilities</b>                           |      | <b>(268.3)</b>   | <b>(396.1)</b>   |
| <b>Non-Current Liabilities</b>                           |      |                  |                  |
| Lease liabilities                                        | 28   | 80.0             | 78.1             |
| Long term liability                                      | 25   | 500.0            | 500.0            |
| Deferred tax liabilities                                 | 27   | 71.0             | 66.6             |
|                                                          |      | <b>651.0</b>     | <b>644.7</b>     |
| <b>Total Liabilities</b>                                 |      | <b>2,341.7</b>   | <b>2,086.7</b>   |
| <b>Net Assets</b>                                        |      | <b>230.6</b>     | <b>285.5</b>     |
| <b>Equity</b>                                            |      |                  |                  |
| Share capital                                            | 30   | 694.1            | 694.1            |
| Retained deficit                                         |      | (591.4)          | (530.6)          |
| Actuarial Valuation Reserve                              | 33   | 10.4             | -                |
| Cash Flow Hedge Accounting Reserve                       | 34   | (34.4)           | 7.2              |
| Asset Revaluation Reserve                                | 35   | 151.9            | 114.8            |
| <b>Total Equity</b>                                      |      | <b>230.6</b>     | <b>285.5</b>     |

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

The financial statements of Essar Oil (UK) Limited, registered number 07071400, were approved by the board of directors and authorised for issue on 31 August 2022 and signed on its behalf by:



**Deepak Maheshwari**, Director

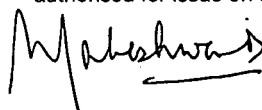
# Company Statement of Financial Position

As at 31 March 2022

|                                                          | Note | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------------------------|------|------------------|------------------|
| <b>Non-Current Assets</b>                                |      |                  |                  |
| Intangible assets                                        | 10   | 8.8              | 8.7              |
| Property, plant and equipment                            | 11   | 695.3            | 697.2            |
| Right of use assets                                      | 12   | 9.0              | 9.5              |
| Net Investment in lease                                  | 13   | 71.8             | 69.1             |
| Investment in subsidiaries                               | 14   | 6.6              | 6.7              |
| Long term deposits                                       | 16   | 8.4              | -                |
| Long term loans                                          | 17   | 23.6             | 249.4            |
| Retirement benefits                                      | 33   | 22.7             | 32.2             |
|                                                          |      | <b>846.2</b>     | <b>1,072.8</b>   |
| <b>Current Assets</b>                                    |      |                  |                  |
| Current tax receivable                                   | 18   | 11.5             | 18.5             |
| Inventories                                              | 19   | 506.7            | 310.2            |
| Short term loans                                         | 17   | 420.7            | 208.4            |
| Short term deposits                                      | 16   | 108.6            | 96.4             |
| Trade and other receivables                              | 20   | 489.9            | 536.5            |
| Derivative financial instruments                         | 21   | 7.8              | 10.9             |
| Cash and cash equivalents                                | 22   | 80.1             | 71.8             |
|                                                          |      | <b>1,625.3</b>   | <b>1,252.7</b>   |
| <b>Total Assets</b>                                      |      | <b>2,471.5</b>   | <b>2,325.5</b>   |
| <b>Current Liabilities</b>                               |      |                  |                  |
| Trade and other payables                                 | 23   | 1,165.4          | 1,107.5          |
| Lease liabilities                                        | 28   | 1.9              | 1.8              |
| Advances received against trade receivables              | 24   | 117.2            | 70.7             |
| Provisions                                               | 29   | 21.0             | 19.8             |
| Derivative financial instruments                         | 21   | 43.8             | 28.3             |
| Liability in relation to Inventory Monetisation Facility |      | 339.0            | 200.4            |
|                                                          |      | <b>1,688.3</b>   | <b>1,428.5</b>   |
| <b>Net Current Liabilities</b>                           |      | <b>(63.0)</b>    | <b>(175.8)</b>   |
| <b>Non-Current Liabilities</b>                           |      |                  |                  |
| Lease liabilities                                        | 28   | 80.0             | 78.1             |
| Long Term Liability                                      | 25   | 500.0            | 500.0            |
| Deferred tax liabilities                                 | 27   | 5.3              | 12.6             |
|                                                          |      | <b>585.3</b>     | <b>590.7</b>     |
| <b>Total Liabilities</b>                                 |      | <b>2,273.6</b>   | <b>2,019.2</b>   |
| <b>Net Assets</b>                                        |      | <b>197.9</b>     | <b>306.3</b>     |
| <b>Equity</b>                                            |      |                  |                  |
| Share capital                                            | 30   | 694.1            | 694.1            |
| Retained deficit                                         |      | (472.2)          | (395.0)          |
| Actuarial Valuation Reserve                              | 33   | 10.4             | -                |
| Cash Flow Hedge Accounting Reserve                       | 34   | (34.4)           | 7.2              |
| <b>Total Equity</b>                                      |      | <b>197.9</b>     | <b>306.3</b>     |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income. The Company reported loss after tax for the year ended 31 March 2022 of \$77.2m (2021: loss after tax of \$334.8m). The accounting policies and notes on pages 55 to 121 form part of these financial statements.

The financial statements of Essar Oil (UK) Limited, registered number 07071400, were approved by the board of directors and authorised for issue on 31 August 2022 and signed on its behalf by:



**Deepak Maheshwari**, Director

# Consolidated Statement of Changes In Equity

As at 31 March 2022

|                                         | Share<br>Capital<br>\$m | Retained<br>Deficit<br>\$m | Actuarial<br>Valuation<br>reserve<br>\$m | Cash Flow<br>Hedge<br>Accounting<br>Reserve<br>\$m | Asset<br>Revaluation<br>Reserve<br>\$m | Total equity<br>\$m |
|-----------------------------------------|-------------------------|----------------------------|------------------------------------------|----------------------------------------------------|----------------------------------------|---------------------|
| <b>30 September 2020</b>                | <b>694.1</b>            | <b>(225.8)</b>             | <b>(7.3)</b>                             | <b>(18.9)</b>                                      | <b>123.9</b>                           | <b>566.0</b>        |
| Loss for the year                       | -                       | (304.8)                    | -                                        | -                                                  | -                                      | (304.8)             |
| Other comprehensive income for the year | -                       | -                          | 10.2                                     | 32.9                                               | -                                      | 43.1                |
| Tax on items charged to equity          | -                       | -                          | (2.9)                                    | (6.8)                                              | (9.1)                                  | (18.8)              |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>(304.8)</b>             | <b>7.3</b>                               | <b>26.1</b>                                        | <b>(9.1)</b>                           | <b>(280.5)</b>      |
| <b>At 30 September 2021</b>             | <b>694.1</b>            | <b>(530.6)</b>             | <b>-</b>                                 | <b>7.2</b>                                         | <b>114.8</b>                           | <b>285.5</b>        |
| Loss for the year                       | -                       | (60.8)                     | -                                        | -                                                  | -                                      | (60.8)              |
| Other comprehensive income for the year | -                       | -                          | 13.9                                     | (50.7)                                             | 49.4                                   | 12.6                |
| Tax on items charged to equity 36       | -                       | -                          | (3.5)                                    | 9.1                                                | (12.3)                                 | (6.7)               |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>(60.8)</b>              | <b>10.4</b>                              | <b>41.6</b>                                        | <b>37.1</b>                            | <b>(54.9)</b>       |
| <b>At 31 March 2022</b>                 | <b>694.1</b>            | <b>(591.4)</b>             | <b>10.4</b>                              | <b>(34.4)</b>                                      | <b>151.9</b>                           | <b>230.6</b>        |

## Nature and purpose of Reserves

**(i) Share Capital:**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**(ii) Retained Deficit:**

Retained deficit reserves reflect cumulative profit and losses net of distributions to owners.

**(iii) Actuarial Valuation Reserve:**

Actuarial revaluation reserve represents amounts set aside for future pension liabilities in respect of the Defined Benefit scheme of Essar Oil UK Limited, see note 33 for details

**(iv) Cash Flow Hedge Accounting Reserve:**

The Cash flow hedge accounting reserve includes the cash flow hedge reserve, see note 34 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 3. Amounts are subsequently either transferred to profit or loss as appropriate.

**(v) Asset revaluation Reserve:**

The Revaluation reserve is used to record increments and decrements on the revaluation of infrastructure assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see note 35 on significant accounting policies for details.

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

# Company Statement of Changes in Equity

As at 31 March 2022

|                                         | Share<br>Capital<br>\$m | Retained<br>Deficit<br>\$m | Actuarial<br>Valuation<br>reserve<br>\$m | Cash Flow<br>Hedge<br>Accounting<br>Reserve<br>\$m | Total equity<br>\$m |
|-----------------------------------------|-------------------------|----------------------------|------------------------------------------|----------------------------------------------------|---------------------|
| <b>30 September 2020</b>                | <b>694.1</b>            | <b>(78.2)</b>              | <b>(7.3)</b>                             | <b>(18.9)</b>                                      | <b>589.7</b>        |
| Profit for the year                     | -                       | (334.8)                    | -                                        | -                                                  | (334.8)             |
| Other comprehensive income for the year | -                       | -                          | 10.2                                     | 32.9                                               | 43.1                |
| Tax on items charged to equity          |                         |                            | (2.9)                                    | (6.8)                                              | (9.7)               |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>(334.8)</b>             | <b>7.3</b>                               | <b>26.1</b>                                        | <b>(301.4)</b>      |
| <b>Transactions with owners</b>         |                         |                            |                                          |                                                    |                     |
| Dividends received                      |                         | 18.0                       | -                                        | -                                                  | 18.0                |
| <b>At 30 September 2021</b>             | <b>694.1</b>            | <b>(395.0)</b>             | <b>-</b>                                 | <b>7.2</b>                                         | <b>306.3</b>        |
| Profit for the year                     | -                       | (77.2)                     | -                                        | -                                                  | (77.2)              |
| Other comprehensive income for the year | -                       | -                          | 13.9                                     | (50.7)                                             | (36.8)              |
| Tax on items charged to equity 36       | -                       | -                          | (3.5)                                    | 9.1                                                | 5.6                 |
| <b>Total comprehensive income</b>       | <b>-</b>                | <b>(77.2)</b>              | <b>10.4</b>                              | <b>(41.6)</b>                                      | <b>(108.4)</b>      |
| <b>At 31 March 2022</b>                 | <b>694.1</b>            | <b>(472.2)</b>             | <b>10.4</b>                              | <b>(34.4)</b>                                      | <b>197.9</b>        |

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

# Consolidated Statement of Cash Flows

Period ended 31 March 2022

|                                                        | Note | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|--------------------------------------------------------|------|-------------------------------------------------|-----------------------------------|
| Net cash generated by operating activities             | 31   | 81.9                                            | 543.1                             |
| <b>Investing activities</b>                            |      |                                                 |                                   |
| Interest received / (paid)                             |      | 9.5                                             | 18.4                              |
| Purchase of intangible assets                          |      | (0.5)                                           | (2.4)                             |
| Purchases of property, plant and equipment             |      | (44.9)                                          | (49.1)                            |
| <b>Net cash used in investing activities</b>           |      | <b>(35.9)</b>                                   | <b>(33.1)</b>                     |
| <b>Financing activities</b>                            |      |                                                 |                                   |
| Increase / (Decrease) in short term bank advances      |      | 46.5                                            | (370.1)                           |
| Increase in other deposits and advances                |      | (20.3)                                          | (80.7)                            |
| Interest, charges and fees paid                        |      | (67.9)                                          | (77.0)                            |
| <b>Net cash used in financing activities</b>           |      | <b>(41.7)</b>                                   | <b>(527.8)</b>                    |
| <b>Net increase/(decrease) in cash and equivalents</b> |      | <b>4.3</b>                                      | <b>(17.8)</b>                     |
| Effect of foreign exchange rate changes                |      | 0.3                                             | (20.3)                            |
| <b>Cash and cash equivalents at beginning of year</b>  |      | <b>85.4</b>                                     | <b>123.5</b>                      |
| <b>Cash and cash equivalents at end of year</b>        |      | <b>90.0</b>                                     | <b>85.4</b>                       |

Refer to note 31 for reconciliation of movements in Net debt.

The accounting policies and notes on pages 55 to 121 form part of these financial statements.

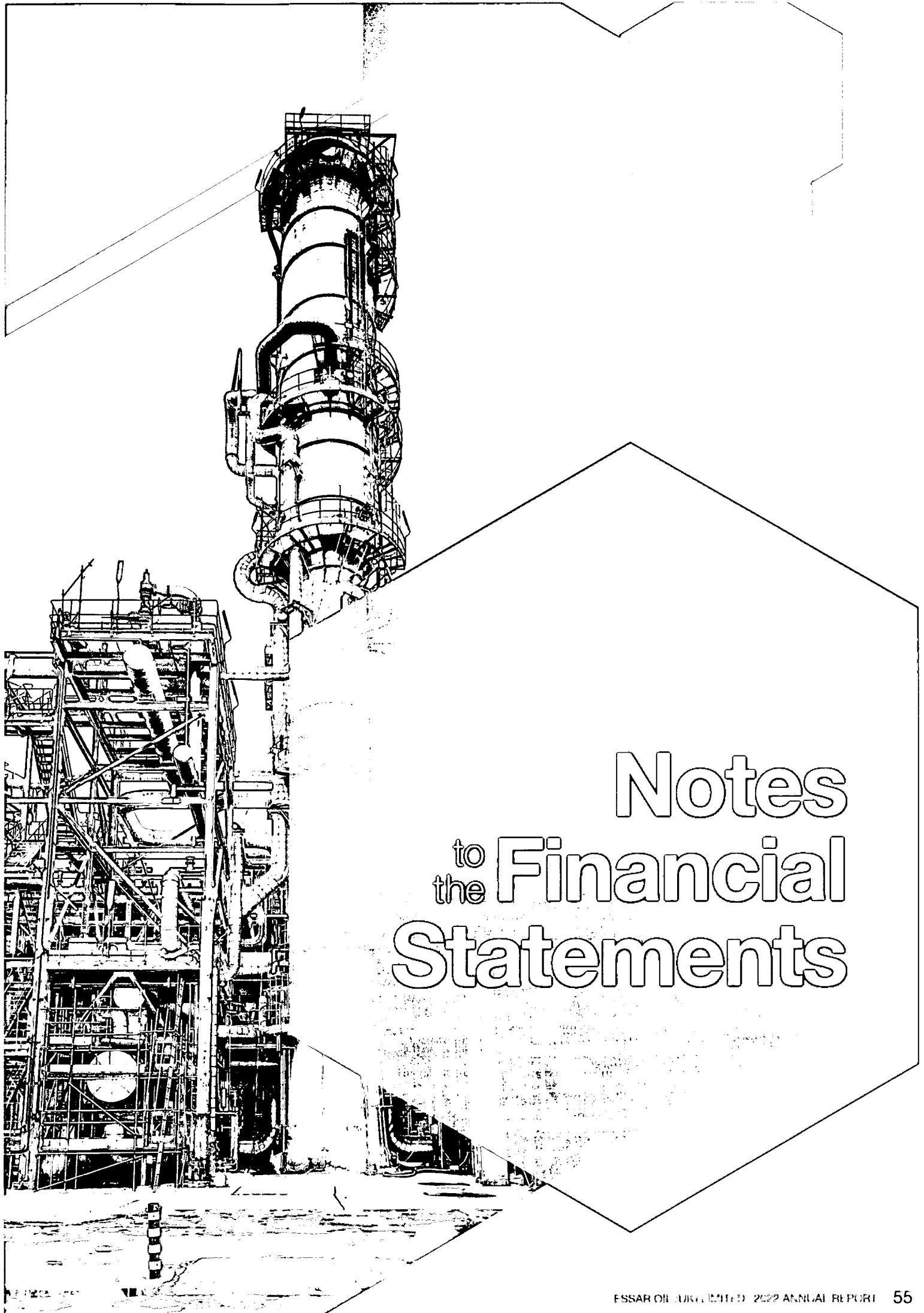
# Company Statement Of Cash Flows

Period ended 31 March 2022

|                                                        | Note | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|--------------------------------------------------------|------|-------------------------------------------------|-----------------------------------|
| Net cash generated by operating activities             | 31   | 56.9                                            | 428.7                             |
| <b>Investing activities</b>                            |      |                                                 |                                   |
| Interest received / (paid)                             |      | 17.3                                            | 33.9                              |
| Purchase of intangible assets                          |      | (0.5)                                           | (2.4)                             |
| Purchases of property, plant and equipment             |      | (38.3)                                          | (32.8)                            |
| Dividend Received                                      |      | -                                               | 18.0                              |
| <b>Net cash used in investing activities</b>           |      | <b>(21.5)</b>                                   | <b>16.7</b>                       |
| <b>Financing activities</b>                            |      |                                                 |                                   |
| Increase / (Decrease) in short term bank advances      |      | 46.5                                            | (370.1)                           |
| Increase in other deposits and advances                |      | (7.1)                                           | (23.1)                            |
| Interest, charges and fees paid                        |      | (66.8)                                          | (74.8)                            |
| <b>Net cash used in financing activities</b>           |      | <b>(27.4)</b>                                   | <b>(468.0)</b>                    |
| <b>Net increase/(decrease) in cash and equivalents</b> |      | <b>8.0</b>                                      | <b>(22.6)</b>                     |
| Effect of foreign exchange rate changes                |      | 0.3                                             | (20.3)                            |
| <b>Cash and cash equivalents at beginning of year</b>  |      | <b>71.8</b>                                     | <b>114.7</b>                      |
| <b>Cash and cash equivalents at end of year</b>        |      | <b>80.1</b>                                     | <b>71.8</b>                       |

Refer to note 31 for reconciliation of movements in Net debt.

The accounting policies and notes on pages 55 to 121 form part of these financial statements



# Notes to the Financial Statements

## 1 General Information

Essar Oil (UK) Limited is a company incorporated, domiciled and registered in England in the United Kingdom under the Companies Act 2006. The registered number is 07071400 and the registered address is 5th Floor, The Administration Building, Stanlow Manufacturing Complex, Ellesmere Port, CH65 4HB. These financial statements are prepared under the Companies Act 2006 for Essar Oil (UK) Limited (referred to as "EOUK", the "Parent Company" or the "Company") and its subsidiaries (together the "Group"). Please see note 14 of the Financial

Statements (Investments in Subsidiaries) for details of the Company's subsidiaries.

The principal activities of the Group are outlined in the Strategic Report forming part of these financial statements. These financial statements are presented in US Dollars as the currency of the primary economic environment in which the Group operates. Transactions in other foreign currencies are included in accordance with the accounting policies set out in note 2.

## 2 Significant Accounting Policies

### Basis of Preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Terminal Assets, financial assets and liabilities (including derivative instruments) at fair value, and defined benefit pension plans for which the plan assets are also measured at fair value. The principal accounting policies adopted are set out below and are applied consistently throughout the years presented.

The preparation of the financial statements in compliance with International Accounting Standards that require the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The accounts have been presented in the Group's functional currency, US dollars.

The principal accounting policies detailed below have been consistently applied to all years presented.

### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Essar Oil (UK) Limited and entities controlled by the Company (its subsidiaries – note 14) made up to the period end date. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvements with the investee; and has the ability to use its power to affect its returns.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

### Accounting Developments

New standards, amendments and interpretations adopted in the preparation of the financial statements.

The IASB has issued the following standards and amendments, which have been adopted by the Group and have not had a material impact.

| Standard                                                                       | Key Requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to IFRS 3: Business Combinations                                    | Reference to the Conceptual Framework: The changes in Reference to the Conceptual Framework (Amendments to IFRS 3) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Lastly, they add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. |
| Amendments to IAS 16: Property, Plant and Equipment                            | Proceeds before Intended Use: The changes introduced amend the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.                                                                                                                                                               |
| Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets | The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).                                                                                                                                  |

The Group does not expect any standards issued by the IASB, but not yet effective, to have a material impact on the Group.

## Revenue Recognition

### a) Sale of petroleum products, RTFO certificates and CSO tickets

Revenue from the sale of petroleum products, RTFO certificates and CSO tickets is measured at the fair value of consideration received or receivable, net of trade discounts, volume rebates, value added tax, sales taxes and excise duties. A sale is recognised when economic benefits associated with the sale are expected to flow to the Group and control of the goods have passed to the customer. This is usually when title and insurance risk has passed to the customer either when the customer has received delivery of the product by tank, truck or product carrier, or when the product has been transferred via pipeline. Following the transfer of title, the buyer has full discretion over the manner of distribution and price to sell the goods, has

the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Under the Group's standard contract terms, customers do not have a right of return once the delivery is complete unless the product supplied does not meet the required specifications. The Group has robust control measures in place including adequate testing and sampling procedures to ensure the product supplied meets the specifications contracted with the customer. The Group uses

its accumulated historical experience and considers it is highly probable that a significant reversal in the cumulative revenue recognised will not occur given the insignificant level of returns over previous years.

Additional information on revenue and derecognition of financial assets is provided at note 3.

The Group accounts for sales and purchases of crude and product inventories with Macquarie Bank Limited in its underlying accounting records as legal title passes. For the purposes of statutory reporting under IFRS, adjustments are made to reflect the accounting treatment required for these transactions in accordance with the accounting policies set out in note 2.

#### **b) The provision of managed services and storage service**

Revenue from contracts for the provision of services is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of service to a customer, at a point in time. The Group

does not have contracts where the period between the transfer of the promised services to the customer and payments by the customer exceeds one year. As such, no adjustments are made to the transaction prices for the time value of money.

### **Foreign Currency Transactions and Translation**

Transactions in currencies other than the functional currency (US Dollar) are translated into the functional currency at the exchange rates at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currency at exchange rates at the reporting

date and exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### **Inventories**

Inventories are valued at lower of cost and net realisable value. Cost is determined on the following bases:

- Raw materials are measured at first-in first-out basis
- Finished products and work in progress are determined at direct material cost, labour cost and a proportion of manufacturing overheads based on normal or allocated capacity

As detailed in note 3 in relation to Recognition of inventory, the Group records crude oil

inventories as and when drawn for consumption from the stocks of inventory monetisation provider. Product inventories of the Company are recorded in the financial statement regardless of ownership by inventory monetisation provider with a corresponding liability recognised in the books.

Net realisable value is determined by reference to estimated prices existing at the balance sheet date for inventories less all estimated costs of completion and costs necessary to make the sale.

## Derivatives and Hedging Activities

In order to reduce its exposure to foreign exchange and commodity price, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes.

Financial assets and financial instruments are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments are accounted for at fair value through the profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that hedging relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually uses to hedge that quantity of the hedged item

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives designated as hedging instruments are primarily in respect of pricing and margin exposures in relation to commodities and the Group enters into hedge relationships where the critical terms of the hedging instrument are similar as the hedged item, such as the index price, maturity dates and notional amount. The Group does not hedge 100% of its exposure, therefore the hedged item is identified as a proportion of the exposure in relation to outstanding

notional of the hedged item for the maturity period. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness may occur due to:

- Fluctuation in volume of hedged item caused due to operational changes
- Index basis risk of hedged item vs hedging instrument
- Credit risk as a result of deterioration of credit profile of the counterparties

Hedge ineffectiveness in relation to all designation hedges was negligible during 2022.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. Movements on the hedging reserve in shareholders' equity are shown in note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12-months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12-months. Trading derivatives are classified as a current asset or liability.

For the reporting period under review, the Group has designated certain futures and swaps contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate the commodity price risk in relation to certain refinery margins for future periods and the holding cost of the inventory held on the statement of financial position and the related cash flow risks.

All derivative instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserves in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains or losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Further details of derivative financial instruments including fair value measurements are disclosed in note 21.

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## Property, Plant and Equipment

The valuation of property, plant and equipment varies depending on the class of assets shown below:

### **Assets valued at cost less accumulated depreciation and impairment losses:**

- Land and buildings
- Plant and machinery
- Fixtures, equipment and vehicles
- Assets under construction

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs if the recognition criteria are met.

Costs directly related to construction, including costs arising from testing, specific financing costs and foreign exchange losses, are capitalised up to the point where the property, plant and equipment becomes operational.

Property, plant and equipment becomes operational once all testing and trial runs are complete and it is ready for use in the manner management intended.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Likewise, when a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

### **Assets valued at fair value:**

Terminal Assets i.e, assets that are used in transportation of goods to and from the refinery. In case of these assets, fair value is determined by an independent third party provider using the acceptable method of valuation.

All other repairs and maintenance costs are recognised in the income statement as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation of property, plant and equipment other than freehold land and properties under construction is calculated to write off the cost of the asset to its residual value using the straight line method, over its expected useful life.

Depreciation begins when the assets become ready for use and assets are depreciated over the following bases:

| Asset Class                      | Description of Assets        | Useful Life                    |
|----------------------------------|------------------------------|--------------------------------|
| Land and buildings               | Land                         | Indefinite and not depreciated |
|                                  | Buildings                    | 40 years                       |
| Plant and machinery              | Plant and equipment          | 10-30 years                    |
|                                  | Catalyst                     | 1-12 years                     |
|                                  | Precious metals              | Indefinite and not depreciated |
|                                  | Turnaround assets            | 1-5 years                      |
|                                  | Pipelines                    | 10-25 years                    |
| Fixtures, equipment and vehicles | Office fixtures and fittings | 5-10 years                     |
|                                  | Vehicles                     | 5-10 years                     |
| Terminal Assets                  | Tanks and containers         | 10-30 years                    |
| Assets under construction        | Any of above                 | Not depreciated                |

All assets other than terminal assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets held under finance leases are depreciated over their expected useful lives

on the same basis as owned assets or, where shorter, over the term of the relevant lease, the accounting policy for which can be found on the following page.

## Borrowing Costs

Borrowing costs directly relating to the acquisition, construction or production of qualifying assets are added to the costs of those assets during the construction phase on an effective interest basis, until such time as the assets are ready for their intended use. Where surplus funds are available for

a short term out of money borrowed specifically to finance a qualified asset, the income generated from such short term investments is deducted from capitalised borrowing costs. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are presented separately on the face of the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier

of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an

index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12-months or less, or for leases of low-value assets. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the Company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

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## Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over their useful lives and are reviewed for indications of impairment at least annually. If impairment is indicated, the recoverable amount of the asset, which is deemed to be the greater of its fair value less cost to sell and value in use, is estimated. If the recoverable amount of the asset is less than its carrying value, an impairment charge is recognised immediately in profit or loss. The asset's useful lives and methods of amortisation are reviewed, and adjusted

if appropriate, at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets with finite lives which are subject to amortisation are amortised over their useful lives using the straight line method as follows:

- **Software - 5 years**

Intangible assets with infinite lives are not amortised and are subject to an annual impairment review.

## Impairment of Non-financial Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably

estimated. If any such indication exists, a full impairment review is undertaken for that asset or group of assets, and any estimated loss is recognised in the income statement. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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## Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with banks with original maturity of less than 90 days and short term highly liquid investments, that are readily convertible into

cash and which are subject to insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

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## Investments in Subsidiaries

Investments in subsidiaries are recognised at cost less provisions for impairment.

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## Investments in Joint Arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Some of the Group's activities are conducted through joint operations, whereby the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group reports its interests in joint operations using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of the joint operation are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its joint operations, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

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## Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of the instrument, except for those

subsequently measured at fair value, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to instruments subsequently measured at fair value are recognised immediately in profit or loss.

## Financial Assets

Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income.

Financial assets are measured at amortised cost if they are held for the objective of collecting contractual cash flows, where the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest. After initial recognition, financial assets are measured at amortised cost using the effective interest rate method less the expected credit losses. Gains and losses are recognised in profit or loss when financial assets are derecognised, modified or impaired. Financial assets measured at amortised cost include trade and other receivables and inter-company receivables.

Financial assets are measured at fair value through other comprehensive income when they are held for both the objective of collecting contractual cash flows and to sell the financial asset, where the contractual

cash flows are solely payments of principal and interest. The Group does not have any financial assets classified as fair value through other comprehensive income.

Financial assets are measured at fair value through profit or loss if they do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. After initial recognition, financial assets receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach set out by IFRS 9, which requires expected lifetime credit losses to be recognised. Inter-company receivables are assessed at each balance sheet date to determine whether there has been a significant increase in credit risk since initial recognition. Where there has not been a significant increase in credit risk, 12-month expected credit losses are recognised, increasing to lifetime expected credit losses where there has been a significant increase in credit risk.

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## Impairment of Financial Assets Measured at Amortised Cost

Expected credit losses are determined with reference to the probability of default, loss given default and exposure at default.

In respect of loan advanced by the Company to its affiliate Essar Oil and Gas Limited (EOGL), EOUK holds the inter-company loan for the purpose of collecting contractual cash flows and does not intend to sell the asset, therefore EOUK has recorded the inter-company loan at amortised cost under IFRS 9. IFRS 9 introduced an impairment model based on expected credit losses (ECL). Intra Group trading and financing loans that are not classified at fair value through profit or loss are debt instruments that fall within the scope of IFRS 9 and are also subject to the Expected Credit Loss requirements (ECL). The inter-company debtor in EOUK is assessed on an annual basis for impairment under this approach with any identified expected credit losses provided for in

the statement of comprehensive income. Under the general approach, the credit risk associated with the financial asset is assessed at each reporting date. The measurement of the impairment allowance depends on the assessment of the credit risk and whether it has significantly increased during the period. No loss event is required for an impairment allowance to be recognised and the loss allowance is updated at each reporting period to reflect changes in expected credit losses.

There is no prescribed method of assessing for a significant increase in credit risk; entities are expected to develop their own policies in this regard. Based on the Standard guidance, the Company performs an assessment of the expected credit losses considering general economic and/or market conditions, operating performance of the borrower, breaches of covenant, changes to contractual

terms e.g. granting concessions such as interest waivers, cash flow or liquidity issues, credit rating (if any) and payment delays and past due information. Based on this assessment, it is concluded that there has been no significant increase in the credit risk of the loan since initial recognition.

When measuring expected credit losses, an entity need not necessarily identify every possible scenario. However, it shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. As such, at least one event in which a credit loss occurs must be considered under IFRS 9.

The Company noted that the only feasible event which would result in a credit loss for EOUK would be extreme political or economic changes which resulted in the cancellation of the projects within EOGL's subsidiaries. This scenario is considered to be extremely unlikely, especially when considering that the projects are still viable during the current economic circumstances within the Covid-19 pandemic. As such, the probability of such an event occurring in the next 12-months is remote. When this probability of default is applied to the drawn down loan balance as at the reporting date, the resulting expected credit loss has a highly immaterial impact on the Group and Company's financials, therefore no impairment provision has been made.

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## Financial Liabilities

Financial liabilities are measured at amortised cost unless they are required to be measured at fair value through profit or loss, such as derivative financial instruments.

Financial liabilities including trade and other payables, advances received against

receivables and inter-company receivables are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

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## Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time, value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is

recognised in the income statement as a finance cost.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Where it is not probable that a present obligation exists, or where a reliable estimate of the obligation cannot be made, the Group will disclose a contingent liability which is not recognised on the balance sheet.

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## Onerous Contracts and Off Market Contracts

Present obligations arising under onerous contracts and off market contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations

under the contract exceed the economic benefits expected to be received under it.

Consequent to the recognition of the Inventories owned by Macquarie Bank Limited in the Group's Accounts (note 3); a corresponding liability towards the IM provider is recognised at an amount equal to the carrying value of inventory. To the extent the cost to the Group of cash settling the inventory on the balance sheet date exceeds the carrying value of the inventory, a provision is recognised for the potential onerous commitment and to the extent the cost to the Group of cash settling the inventory on the balance sheet date is lower than the carrying value of the inventory, the corresponding liability is reduced to such extent.

In respect of provisions which are settled by way of an asset or assets that are other than cash:

- to the extent that the Group has assets that could be used to satisfy the liability, the provision is measured by reference to the carrying amount of the assets held on the Group's balance sheet which could be used to settle the liability
- if at the end of the reporting period the liability exceeds the amount of the assets on hand, then the shortfall is measured at the estimated cost to the Group to produce the additional assets required to settle the liability

## Tax

The tax expense represents the sum of current tax and deferred tax. Current tax is provided on taxable income at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognised for all taxable temporary differences, except:

- where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss
- where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and unused tax losses, to the extent that it is probable that sufficient taxable profit will be available to allow all or

part of the assets to be recovered. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset will be realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

## Government Grants

### Research & Development Expenditure Credit (RDEC)

The Group adopted the RDEC scheme with respect to the Research & Development expenditure incurred from the accounting period ending 31 March 2015 onwards. The amounts receivable are accounted for under IAS 20, Government Grants, with the credits to the Income Statement reported “above the line” through cost of sales. The income due under the RDEC scheme is not offset against the underlying costs due to the complexity and varying nature of the eligible costs. The income is recognised in the Income Statement in the period in which it becomes receivable.

### Grant Towards Assets

The amounts received are accounted for under IAS 20, Government Grants, by deducting the grant amount from the assets carrying amount and the carrying value of the assets are presented in the balance sheet as net of this grant. During the period, the Group has received and recognised grants of \$1.5m (2021: \$0.1m)

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## Retirement Benefits

The Group operates both defined benefit and defined contribution schemes for its employees as well as post-employment benefit plans. For defined contribution schemes the amount charged as expense is the contributions paid or payable when employees have rendered services entitling them to the contributions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is

calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in

actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit pension and post-employment benefit plans, full actuarial valuations are carried out every year end using the projected unit credit method. The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan. Detailed disclosures about the defined benefit plan are made in note 33.

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## Dividend

The Group aims to provide returns to its Shareholders by way of paying a dividend from its distributable reserves. In determining the amount of dividend payable, the Board will take into account the Group's cash flow, short-to-medium term obligations and its strategic plan. The payment and level of any dividend will be determined by the Board,

ensuring that there are sufficient distributable reserves, and will ultimately be approved by the Shareholders.

Dividends received from subsidiaries are recognised in other comprehensive income when the right to receive payment is established.

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## Finance Income

Finance income comprises interest income on loans granted and trade advances and prepayments. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

## 3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are set out in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and on other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

## Going Concern

The refining margins returned to pre-pandemic levels during the period following the rapid vaccination drive which helped in lifting of lockdown measures at the end of reporting period and consequently the Group returned to positive EBITDA during the period of \$78.7m (2021: EBITDA loss of \$166.6m).

Due to the recent geo-political situation in Ukraine impacting energy supply, demand for transportation fuels have bounced back to pre-pandemic level and aviation fuel continuing to rise towards pre-pandemic level with improved refining margins. Due to these ongoing geo-political tensions, the UK Government announced its support with a ban on Russian oil imports to be implemented by the end of calendar year 2022, the Group ceased importing Russian Diesel from mid-April 2022. The UK has historically been reliant significantly on Russia to meet its diesel needs, and a key industry-wide challenge is to source these barrels from alternative domestic or non-Russian sources. The Group has successfully replaced any shortfall from this strategy by maximising indigenous diesel production as well as sourcing non-Russian diesel. The Group's objective continues to be to support the UK's longer term fuel security and resilience, and do what we can to meet the needs of our customers in the face of tighter levels of supply

The Group's direct exposures to underlying crude oil and product price volatility is minimal considering that the majority of its inventory are owned, and risk managed by the financing bank.

The trading environment for the quarter ended 30 June 2022 was significantly ahead of previous forecasts driven by increased demand for locally produced fuel amidst the tight global supply situation. This stronger financial performance has enabled the Group to improve its capital structure and strengthen its balance sheet. A stronger balance sheet also ensures that the Group can deliver on the strategic objectives, in particular its low carbon agenda by investing in hydrogen production, carbon capture, biofuels and other similar opportunities.

As reported in our previous financial statements, the Group did avail the VAT

deferment scheme that was offered by HMRC to all UK corporates in 2020 following the impact of the pandemic on businesses. The Group in addition entered into bilateral time-to-pay (TTP) arrangements with HMRC during the period. As at March 2022, the total outstanding to HMRC was \$221.9m, which as of the balance sheet signing date has been fully repaid to HMRC. With this repayment, all HMRC deferment dues have been paid off.

A review of business performance, the Group's core risks and uncertainties (including in particular the fluctuation of oil prices, refining margins and demand for petroleum products) and a brief description of the Group's financing arrangements are set out within the Strategic Report. A detailed description of the Group's borrowing facilities as at 31 March 2022 is included in note 24 to the financial statements.

The Group has prepared a detailed management forecast for the period up to 31 March 2024, which considers the market analyst's expectation of refining margins and consideration of the risks and uncertainties including sensitivity analysis noted on page 9.

The directors have carefully examined all available information, including the Management Team's forecasts for period up to September 2023, covering a period of 13 months from the date of approval of these financial statements considering the planned maintenance turnaround event starting in September 2023 with appropriate sensitivities in relation to key performance indicators such as refining margins, demand for its products, and also given appropriate consideration to the Group's financial position. The directors have concluded that in light of the recent structural shift in supply tightness, expectation of Russian sanctions is likely to remain for the forecast period, recent trading performance, and the forecasted performance, they are satisfied that adequate financial resources will continue to be available to the Group so as to enable it to continue to trade as a going concern for the foreseeable future from the date of signing of financial statements. As a result, the directors continue to adopt the going concern basis of accounting in the preparation of the Group's financial statements.

## Recognition of Inventory

The timing of when the Group recognises inventory on its balance sheet contains a degree of judgement as the majority of crude oil is supplied by a just-in-time supplier (Macquarie Bank Limited) who holds significant levels of inventory on site at the refinery. Management perform a detailed review of these just-in-time arrangements on their inception, encompassing both legal and substantive aspects, and concluded that the Crude inventory as on the reporting date should be recorded on the Company's balance sheet at the point at which it is drawn down from the tanks into the refinery. The just-in-time supplier also owns the legal title to majority of product inventory on site and a similar review was performed. Considering the substantive aspects, Management concluded that the initial legal sale and the ongoing purchases and sales of product inventory does not result in the de-recognition of the inventory in the books of the Group and hence the revenues disclosed in Note 4 do not include revenue from sale of product inventory to Macquarie Bank Limited. Consequently, the

entire product inventory as on the reporting date is recognised in the books of the Group with a corresponding liability valued at market prices reflected as "Liability in relation to Inventory Monetisation Facility".

In respect of the other and lesser inventory monetisation arrangements at EOUK's subsidiary company (EML), a similar review was performed and was concluded that inventories held under legal title by the just-in-time supplier in the tanks situated at Kingsbury and Northampton terminals should be recorded on the Group's balance sheet at the point at which the legal title, control and custody to the product is transferred from the just-in-time supplier to the Group, which is usually the closest point at which the delivery is made to the tank trucks.

Management monitors any changes to the legal and substantive aspects of the arrangement to ensure that the recognition points continue to be appropriate going forward.

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## Revenue and Derecognition of Financial Assets

Revenue for the period was \$4,942.2m (2021: \$7,320.3m). A sale is usually recognised when title and insurance risk has passed to the customer, typically when they receive delivery of the product. However, due to the differing factors in individual arrangements, each non-standard transaction is assessed by management to conclude on the appropriate timing to recognise revenue. This may be subsequent to legal title passing. Refer to note 2 significant accounting policies on

revenue recognition for further details. The Group also only derecognises a financial asset when the contractual rights to the cash flows expire or when the asset is transferred and substantially all the risks and rewards of ownership pass. In the case of the securitised receivables in note 24 the related receivables were not considered to have met the derecognition criteria through this arrangement. Further details are included in note 26.

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## Cash Flow Hedge Accounting

Under IFRS 9, in order to achieve cash flow hedge accounting, forecast transactions (primarily crude and petroleum product purchases) must be considered to be highly probable. The hedge must be expected to be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk. The forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to

variations in cash flows that could ultimately affect profit or loss. Management have reviewed the detailed forecasts and growth assumptions within them, and are satisfied that forecasts in which the cash flow hedge accounting has been based meet the criteria per IFRS 9 as being highly probable forecast transactions. Should the forecast levels not pass the highly probable test, any cumulative fair value gains and losses in relation to either

the entire or the ineffective portion of the hedged instrument would be taken to the income statement.

If the forecast transactions were determined to be not highly probable and all hedge accounting was discontinued, the hedging reserve of \$41.1m (excluding the deferred tax) would be shown in cost of sales.

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## Leases

As noted above, the Group applied a modified retrospective transition approach, and as such, the discount rate is the incremental borrowing rate (IBR) for leases previously classified as operating leases.

The IBR has been calculated for each lease in place on the basis of interest rates for secured and unsecured borrowings of the Group. Accordingly IBR in the range of 5.7% to 9.7% have been considered on the leases depending on the lease term, level of security and economic environment.

Under IAS 17, the lease of the Tranmere Oil Terminal Jetty was classified as a finance lease. As such, the lease liability and right of use asset upon transition are equal to the lease liability and lease receivable as at 30 September 2020 under IAS 17.

Based on the transition amount of the lease liability and the expected future lease payments, a discount rate of approximately 9.67% has been determined to be appropriate for this element of the lease.

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## Property, Plant and Equipment

As described in note 2, the terminal assets of the Group which was hived off to the Company's subsidiary Stanlow Terminals Limited in 2020 at a value of \$273.1m has been revalued at \$304.2m in 2022. In carrying out the valuation in 2022, the independent valuation specialists (Gerald Eve LLP and Hickman Shearer Ltd) adopted the Depreciated Replacement Cost method of valuation. This approach requires the replacement cost new (RCN) of the asset to be depreciated over its useful economic life by applying an appropriate depreciation

profile less any residual value. This figure is then further discounted to reflect any technical or economic obsolescence.

The outcome of this assessment reflect fair value of the assets to be higher than the carrying amount and hence the value of the assets has been increased to reflect the new valuation amount of \$304.2m by crediting revaluation reserve in other comprehensive income. The Group considers this to be Level 2 fair value assessment.

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## Key Sources of Estimation Uncertainty - Pension

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the pension and may lead to change in a pension surplus becoming a deficit or vice versa. The Group engages an independent actuary to perform the valuation and assist in determining appropriate assumptions at the end of each year.

The valuation is prepared by an independent qualified actuary but significant judgements are required in relation to the assumptions for pension increases, inflations, the discount rate applied and member longevity, which underpin the valuations. Note 33 contains information about the assumptions relating to retirement benefit obligations.

## 4 Revenue

An analysis of the Group's revenue is as follows:

|                              | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|------------------------------|-------------------------------------------------|-----------------------------------|
| <b>Continuing Operations</b> |                                                 |                                   |
| Sale of goods                | 4,929.8                                         | 7,300.8                           |
| Rendering of services        | 12.4                                            | 19.5                              |
|                              | <u>4,942.2</u>                                  | <u>7,320.3</u>                    |

Revenues of \$1,034.1m (2021: \$2,056.5m) and \$552.9m (2021: \$729.0m) arose from sales to the Group's two largest customers. No other single customer contributed 10% or more to the Group's revenue in either the current period or prior year.

|                                                                          | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|--------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------|
| An analysis of the Group's revenue by geographical region is as follows: |                                                 |                                   |
| United Kingdom                                                           | 4,390.5                                         | 6,203.1                           |
| Rest of Europe                                                           | 369.3                                           | 962.1                             |
| Rest of the world                                                        | 182.4                                           | 155.1                             |
|                                                                          | <u>4,942.2</u>                                  | <u>7,320.3</u>                    |

|                                                              | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|--------------------------------------------------------------|-------------------------------------------------|-----------------------------------|
| An analysis of the Group's revenue by timing of recognition: |                                                 |                                   |
| At a point in time                                           | 4,942.2                                         | 7,320.3                           |
| Rest of the world                                            | -                                               | -                                 |
|                                                              | <u>4,942.2</u>                                  | <u>7,320.3</u>                    |

There are no revenues recognised in the current period that relates to carried-forward contract liabilities and performance obligations satisfied in the prior year.

## 5 Expenses by Nature

Operating profit for the period has been arrived at after charging / (crediting):

|                                                              | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|--------------------------------------------------------------|-------------------------------------------------|-----------------------------------|
| Inventories recognised as an expense                         | 4,714.2                                         | 6,668.8                           |
| Depreciation of property, plant and equipment - owned        | 47.4                                            | 91.9                              |
| Depreciation of property, plant and equipment - leased       | 1.6                                             | 3.4                               |
| Amortisation of intangible assets                            | 0.4                                             | 0.8                               |
| Loss / (Gain) on retirement of property, plant and equipment | 0.2                                             | 0.3                               |
| Staff costs (note 6)                                         | 52.4                                            | 106.0                             |
| Losses / (Gains) on derivatives                              | 8.4                                             | 1.7                               |
| Movement in provisions                                       | 2.2                                             | 14.6                              |
| Fees payable to the Group's auditor:                         |                                                 |                                   |
| - for the audit of the Group's annual accounts               | 0.6                                             | 0.6                               |

## 6 Staff Costs

The average monthly number of employees (including executive directors) was:

### Consolidated

|                        | Six month<br>period ended<br>31 Mar 2022 | Year ended<br>30 Sept 2021 |
|------------------------|------------------------------------------|----------------------------|
| Production             | 654                                      | 671                        |
| Sales and distribution | 31                                       | 33                         |
| Administration         | 73                                       | 75                         |
|                        | <b>758</b>                               | <b>779</b>                 |

|                                                                                                                                                                                                          | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|
| <p>Their aggregate remuneration comprised:</p> <p>Wages and salaries</p> <p>Social security costs</p> <p>Defined contribution pension costs (note 33)</p> <p>Defined benefit pension costs (note 33)</p> | <p>40.2</p> <p>4.8</p> <p>4.2</p> <p>3.2</p>    | <p>78.0</p> <p>9.2</p> <p>3.5</p> <p>15.3</p> |
|                                                                                                                                                                                                          | <b>52.4</b>                                     | <b>106.0</b>                                  |

The average monthly number of employees (including executive directors) was:

### Company

|                        | Six month<br>period ended<br>31 Mar 2022 | Year ended<br>30 Sept 2021 |
|------------------------|------------------------------------------|----------------------------|
| Production             | 638                                      | 654                        |
| Sales and distribution | 31                                       | 33                         |
| Administration         | 67                                       | 68                         |
|                        | <b>736</b>                               | <b>755</b>                 |

|                                                                                                                                                                                                          | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|
| <p>Their aggregate remuneration comprised:</p> <p>Wages and salaries</p> <p>Social security costs</p> <p>Defined contribution pension costs (note 33)</p> <p>Defined benefit pension costs (note 33)</p> | <p>38.3</p> <p>4.7</p> <p>4.0</p> <p>3.2</p>    | <p>75.5</p> <p>8.9</p> <p>3.3</p> <p>15.3</p> |
|                                                                                                                                                                                                          | <b>50.2</b>                                     | <b>103.0</b>                                  |

Details of directors' remuneration borne by the Company are disclosed in note 36.

## 7 Finance Income

|                                        | Six month<br>period ended<br>31 Mar 2022 | Year ended<br>30 Sept 2021 |
|----------------------------------------|------------------------------------------|----------------------------|
| Interest on advances and bank deposits | 9.5                                      | 18.4                       |

## 8 Finance Costs

|                                                     | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|-----------------------------------------------------|-------------------------------------------------|-----------------------------------|
| Interest & fees on bank facilities                  | 18.3                                            | 11.5                              |
| Interest & fees on long term liability              | 13.7                                            | 8.0                               |
| Facility charges on Inventory monetisation facility | 12.4                                            | 16.8                              |
| Interest & fees on other facilities                 | 10.8                                            | 17.8                              |
| Interest on obligations under finance leases        | 3.1                                             | 6.1                               |
| Bank charges                                        | 1.1                                             | 6.0                               |
| Amortisation of finance fees                        | 8.6                                             | 10.8                              |
|                                                     | 67.9                                            | 77.0                              |

The tax (charge)/credit relating to components of other comprehensive income is as follows:

|                             | Actuarial gain on<br>postemployment<br>benefits<br>\$m | Cash flow hedge<br>reserve<br>\$m | Fair value gains on<br>Terminal assets<br>\$m | Total<br>\$m |
|-----------------------------|--------------------------------------------------------|-----------------------------------|-----------------------------------------------|--------------|
| <b>At 30 September 2020</b> | <b>(7.3)</b>                                           | <b>(18.9)</b>                     | <b>123.9</b>                                  | <b>97.7</b>  |
| Movement in the period      | 10.2                                                   | 32.9                              | -                                             | 43.1         |
| Tax (charge)/credit         | (2.9)                                                  | (6.8)                             | (9.1)                                         | (18.8)       |
| <b>At 30 September 2021</b> | <b>-</b>                                               | <b>7.2</b>                        | <b>114.8</b>                                  | <b>122.0</b> |
| Movement in the period      | 13.9                                                   | (50.7)                            | 49.4                                          | 12.6         |
| Tax credit/(charge)         | (3.5)                                                  | 9.1                               | (12.3)                                        | (6.7)        |
| <b>At 31 March 2022</b>     | <b>10.4</b>                                            | <b>(34.4)</b>                     | <b>151.9</b>                                  | <b>128.0</b> |

The income tax (charged)/credited directly to equity during the year is as follows:

|                                                    | Six month<br>period ended<br>31 Mar 2022 | Year ended<br>30 Sept 2021 |
|----------------------------------------------------|------------------------------------------|----------------------------|
| Current period deferred tax movement (rate change) | -                                        | 10.6                       |
| Current period deferred tax movement               | (2.3)                                    | 8.2                        |
| Total income tax recognised directly in equity     | (2.3)                                    | 18.8                       |

This includes impact of \$1.8m on account of difference between actual depreciation on terminal assets and equivalent depreciation based on the historical cost of the assets.

## 10 Intangible Assets

| <b>Consolidated</b>             | <b>Software<br/>\$m</b> | <b>Company</b>                  | <b>Software<br/>\$m</b> |
|---------------------------------|-------------------------|---------------------------------|-------------------------|
| <b>Cost</b>                     |                         | <b>Cost</b>                     |                         |
| At 30 September 2020            | 19.4                    | At 30 September 2020            | 19.2                    |
| Additions                       | 2.4                     | Additions                       | 2.4                     |
| <b>At 30 September 2021</b>     | <b>21.8</b>             | <b>At 30 September 2021</b>     | <b>21.6</b>             |
| Additions                       | 0.5                     | Additions                       | 0.5                     |
| <b>At 31 March 2022</b>         | <b>22.3</b>             | <b>At 31 March 2022</b>         | <b>22.1</b>             |
| <b>Accumulated Depreciation</b> |                         | <b>Accumulated Depreciation</b> |                         |
| At 30 September 2020            | 12.2                    | At 30 September 2020            | 12.2                    |
| Charge for the year             | 0.8                     | Charge for the year             | 0.7                     |
| <b>At 30 September 2021</b>     | <b>13.0</b>             | <b>At 30 September 2021</b>     | <b>12.9</b>             |
| Charge for the year             | 0.4                     | Charge for the year             | 0.4                     |
| <b>At 31 March 2022</b>         | <b>13.4</b>             | <b>At 31 March 2022</b>         | <b>13.3</b>             |
| <b>Carrying Amount</b>          |                         | <b>Carrying Amount</b>          |                         |
| At 30 September 2021            | 8.8                     | At 30 September 2021            | 8.7                     |
| <b>At 31 March 2022</b>         | <b>8.9</b>              | <b>At 31 March 2022</b>         | <b>8.8</b>              |

The intangible assets are made up entirely of capitalised software and regulatory registration. The remaining amortisation period for intangibles as at 31 March 2022 is on average three years. Intangible assets with a carrying amount of \$0.2m have indefinite life (2021: \$0.2m).

## 11 Property, Plant and Equipment

### Consolidated

|                                 | Land and<br>buildings<br>\$m | Plant and<br>machinery<br>\$m | Fixtures,<br>equipment<br>and vehicles<br>\$m | Terminal<br>Asset<br>\$m | Assets<br>under<br>construction<br>\$m | Total<br>\$m   |
|---------------------------------|------------------------------|-------------------------------|-----------------------------------------------|--------------------------|----------------------------------------|----------------|
| <b>Cost</b>                     |                              |                               |                                               |                          |                                        |                |
| At 30 September 2020            | 43.3                         | 988.6                         | 2.2                                           | 273.1                    | 118.1                                  | 1,425.3        |
| Additions                       | -                            | -                             | -                                             | -                        | 49.1                                   | 49.1           |
| Transfers                       | -                            | 15.8                          | -                                             | -                        | (15.8)                                 | -              |
| Retirements & Disposals         | -                            | (1.0)                         | -                                             | -                        | 0.3                                    | (0.7)          |
| <b>At 30 September 2021</b>     | <b>43.3</b>                  | <b>1,003.4</b>                | <b>2.2</b>                                    | <b>273.1</b>             | <b>151.7</b>                           | <b>1,473.7</b> |
| Additions                       | -                            | -                             | -                                             | -                        | 44.9                                   | 44.9           |
| Transfers                       | 0.4                          | 37.9                          | -                                             | -                        | (38.3)                                 | -              |
| Revaluation                     | 3.1                          | 46.3                          | -                                             | -                        | -                                      | 49.4           |
| Retirements & Disposals         | -                            | (0.3)                         | (0.0)                                         | -                        | -                                      | (0.3)          |
| <b>At 31 March 2022</b>         | <b>46.8</b>                  | <b>1,087.3</b>                | <b>2.2</b>                                    | <b>273.1</b>             | <b>158.3</b>                           | <b>1,567.7</b> |
| <b>Accumulated depreciation</b> |                              |                               |                                               |                          |                                        |                |
| At 30 September 2020            | 5.1                          | 345.2                         | 1.5                                           | 43.5                     | -                                      | 395.3          |
| Retirements & Disposals         | -                            | (0.5)                         | -                                             | -                        | -                                      | (0.5)          |
| Charge for the year             | 0.7                          | 76.8                          | 0.1                                           | 14.3                     | -                                      | 91.9           |
| <b>At 30 September 2021</b>     | <b>5.8</b>                   | <b>421.5</b>                  | <b>1.6</b>                                    | <b>57.8</b>              | <b>-</b>                               | <b>486.7</b>   |
| Retirements & Disposals         | -                            | (0.1)                         | (0.0)                                         | -                        | -                                      | (0.1)          |
| Charge for the year             | 0.3                          | 40.5                          | 0.1                                           | 6.5                      | -                                      | 47.4           |
| <b>At 31 March 2022</b>         | <b>6.1</b>                   | <b>461.9</b>                  | <b>1.7</b>                                    | <b>64.3</b>              | <b>-</b>                               | <b>534.0</b>   |
| <b>Carrying amount</b>          |                              |                               |                                               |                          |                                        |                |
| At 30 September 2021            | 37.5                         | 581.9                         | 0.6                                           | 215.3                    | 151.7                                  | 987.0          |
| <b>At 31 March 2022</b>         | <b>40.7</b>                  | <b>625.4</b>                  | <b>0.5</b>                                    | <b>208.8</b>             | <b>158.3</b>                           | <b>1,033.7</b> |

At 31 March 2022, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to \$52.5m (2021: \$39.2m), of which \$17.5m (2021: \$5.7m) had been accrued for at year end.

Included within land & buildings is freehold land with a value of \$21.2m (2021: \$21.2m) which is not depreciated.

The terminal assets with historical cost of \$120.2m were revalued to \$304.2m in 2022 in line with the accounting policy described in note 2. In carrying out the valuation as at 31st March 2022, the independent valuation specialists (Gerald Eve LLP and Hickman Shearer Ltd) adopted the Depreciated Replacement Cost method of valuation. This approach requires the replacement cost new (RCN) of the asset to be depreciated over its useful economic life by applying an appropriate depreciation profile less any residual value. This figure is then further discounted to reflect any technical or economic obsolescence.

If Terminal Assets were stated on the historical cost basis, the amounts would be as follows:

|                          | 2022<br>\$m | 2021<br>\$m |
|--------------------------|-------------|-------------|
| Cost                     | 133.5       | 128.0       |
| Accumulated depreciation | (44.5)      | (41.8)      |
| Net book value           | 89.0        | 86.2        |

**Company**

|                                 | Land and<br>buildings<br>\$m | Plant and<br>machinery<br>\$m | Fixtures,<br>equipment<br>and vehicles<br>\$m | Assets<br>under<br>construction<br>\$m | Total<br>\$m  |
|---------------------------------|------------------------------|-------------------------------|-----------------------------------------------|----------------------------------------|---------------|
| <b>Cost</b>                     |                              |                               |                                               |                                        |               |
| At 30 September 2020            | 34.7                         | 966.6                         | 2.3                                           | 87.6                                   | 1,091.2       |
| Additions                       | -                            | -                             | -                                             | 32.8                                   | 32.8          |
| Transfers                       | 0.01                         | 5.5                           | -                                             | (5.5)                                  | -             |
| Retirements and Disposals       | -                            | (1.0)                         | -                                             | 0.25                                   | (0.8)         |
| <b>At 30 September 2021</b>     | <b>34.7</b>                  | <b>971.1</b>                  | <b>2.3</b>                                    | <b>115.2</b>                           | <b>1123.3</b> |
| Additions                       | -                            | -                             | -                                             | 38.3                                   | 38.3          |
| Transfers                       | 0.4                          | 37.0                          | -                                             | (37.4)                                 | -             |
| Retirements and Disposals       | -                            | (0.3)                         | -                                             | -                                      | (0.3)         |
| <b>At 31 March 2022</b>         | <b>35.1</b>                  | <b>1007.8</b>                 | <b>2.3</b>                                    | <b>116.1</b>                           | <b>1161.3</b> |
| <b>Accumulated depreciation</b> |                              |                               |                                               |                                        |               |
| At 30 September 2020            | 5.0                          | 343.7                         | 1.5                                           | -                                      | 350.2         |
| Retirements and Disposals       | -                            | (0.5)                         | -                                             | -                                      | (0.5)         |
| Charge for the year             | 0.7                          | 75.6                          | 0.1                                           | -                                      | 76.4          |
| <b>At 30 September 2021</b>     | <b>5.7</b>                   | <b>418.8</b>                  | <b>1.6</b>                                    | <b>-</b>                               | <b>426.1</b>  |
| Retirements and Disposals       | -                            | (0.1)                         | (0.0)                                         | -                                      | (0.1)         |
| Charge for the year             | 0.3                          | 39.6                          | 0.1                                           | -                                      | 40.0          |
| <b>At 31 March 2022</b>         | <b>6.0</b>                   | <b>458.3</b>                  | <b>1.7</b>                                    | <b>-</b>                               | <b>466.0</b>  |
| <b>Carrying amount</b>          |                              |                               |                                               |                                        |               |
| At 30 September 2021            | 29.0                         | 552.3                         | 0.6                                           | 115.2                                  | 697.2         |
| <b>At 31 March 2022</b>         | <b>29.1</b>                  | <b>549.5</b>                  | <b>0.6</b>                                    | <b>116.1</b>                           | <b>695.3</b>  |

At 31 March 2022, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to \$52.5m (2021: \$39.2m), of which \$17.5m (2021: \$5.7m) had been accrued for at year end. Included within land & buildings is freehold land with a value of \$13.1m (2021: \$13.1m) which is not depreciated.

## 12 Right of Use Assets

### Consolidated

|                                 | Building<br>\$m | Plant and<br>equipment<br>\$m | Others<br>\$m | Total<br>\$m |
|---------------------------------|-----------------|-------------------------------|---------------|--------------|
| <b>Cost</b>                     |                 |                               |               |              |
| At 30 September 2020            | 7.6             | 75.7                          | 1.9           | 85.2         |
| Additions                       | 1.4             | 0.5                           | -             | 1.9          |
| <b>At 30 September 2021</b>     | <b>9.0</b>      | <b>76.2</b>                   | <b>1.9</b>    | <b>87.1</b>  |
| Additions                       | -               | 4.9                           | -             | 4.9          |
| <b>At 31 March 2022</b>         | <b>9.0</b>      | <b>81.1</b>                   | <b>1.9</b>    | <b>92.0</b>  |
| <b>Accumulated depreciation</b> |                 |                               |               |              |
| At 30 September 2020            | 0.6             | 10.9                          | 0.4           | 11.9         |
| Charge for the year             | 0.5             | 2.4                           | 0.5           | 3.4          |
| <b>At 30 September 2021</b>     | <b>1.1</b>      | <b>13.3</b>                   | <b>0.9</b>    | <b>15.3</b>  |
| Charge for the year             | 0.3             | 1.2                           | 0.1           | 1.6          |
| <b>At 31 March 2022</b>         | <b>1.4</b>      | <b>14.5</b>                   | <b>1.0</b>    | <b>16.9</b>  |
| <b>Carrying amount</b>          |                 |                               |               |              |
| At 30 September 2021            | 7.9             | 62.9                          | 1.0           | 71.8         |
| <b>At 31 March 2022</b>         | <b>7.6</b>      | <b>66.6</b>                   | <b>0.9</b>    | <b>75.1</b>  |

The Group's obligations under finance leases (note 28) are secured by the lessors' title to the right of use assets shown above.

**Company**

|                                 | <b>Building<br/>\$m</b> | <b>Plant and<br/>equipment<br/>\$m</b> | <b>Others<br/>\$m</b> | <b>Total<br/>\$m</b> |
|---------------------------------|-------------------------|----------------------------------------|-----------------------|----------------------|
| <b>Cost</b>                     |                         |                                        |                       |                      |
| At 30 September 2020            | 7.6                     | 1.0                                    | 1.9                   | 10.5                 |
| Additions                       | 1.4                     | (0.1)                                  | -                     | 1.3                  |
| <b>At 30 September 2021</b>     | <b>9.0</b>              | <b>0.9</b>                             | <b>1.9</b>            | <b>11.8</b>          |
| Additions                       | -                       | -                                      | -                     | -                    |
| <b>At 31 March 2022</b>         | <b>9.0</b>              | <b>0.9</b>                             | <b>1.9</b>            | <b>11.8</b>          |
| <b>Accumulated depreciation</b> |                         |                                        |                       |                      |
| At 30 September 2020            | 0.6                     | 0.2                                    | 0.4                   | 1.2                  |
| Charge for the year             | 0.5                     | 0.2                                    | 0.4                   | 1.1                  |
| <b>At 30 September 2021</b>     | <b>1.1</b>              | <b>0.4</b>                             | <b>0.8</b>            | <b>2.3</b>           |
| Charge for the year             | 0.3                     | 0.0                                    | 0.2                   | 0.5                  |
| <b>At 31 March 2022</b>         | <b>1.4</b>              | <b>0.4</b>                             | <b>1.0</b>            | <b>2.8</b>           |
| <b>Carrying amount</b>          |                         |                                        |                       |                      |
| At 30 September 2021            | 7.9                     | 0.5                                    | 1.1                   | 9.5                  |
| <b>At 31 March 2022</b>         | <b>7.6</b>              | <b>0.5</b>                             | <b>0.9</b>            | <b>9.0</b>           |

The Company's obligations under finance leases (note 28) are secured by the lessors' title to the right of use assets shown above.

## 13 Net Investment in Leases

Minimum lease payments receivable on net investment in leased assets are as follows:

### Company

|                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------|------------------|------------------|
| Within one year                        | 6.4              | 6.1              |
| In the second to fifth years inclusive | 25.5             | 24.4             |
| After five years                       | 138.7            | 135.7            |
|                                        | 170.6            | 166.2            |
| Less: future finance income            | (98.8)           | (97.1)           |
| Net Investment in Leases               | 71.8             | 69.1             |

The Group does not have any net investment in leased assets as the above lease by the Company is with its subsidiary Company - Stanlow Terminals Limited

## 14 Investments in Subsidiaries

| Name                          | Holding | Principal Activity           | Date of Incorporation | Value of Investment<br>\$m |
|-------------------------------|---------|------------------------------|-----------------------|----------------------------|
| Essar Midlands Limited        | 100%    | Liquid Storage Terminal      | 14 March 2018         | 5.3                        |
| Infranorth Limited (1)        | 100%    | Liquid Storage Terminal      | 14 March 2018         | -                          |
| Stanlow Terminals Limited     | 100%    | Liquid Storage Terminal      | 10 July 2018          | 1.3                        |
| Essar UK Services Pvt Ltd     | 100%    | Business Process Outsourcing | 29 May 2021           | -                          |
| Essar Retail Ventures Limited | 100%    | Retail Outlets               | 21 January 2019       | -                          |
| Stanlow Hydrogen Limited      | 100%    |                              | 02 December 2021      | -                          |
| Vertex Hydrogen Limited       | 90%     |                              | 02 December 2021      | -                          |
|                               |         |                              |                       | 6.6                        |

All subsidiary undertakings are included in the consolidation. All shareholdings are of ordinary shares and the proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held. The registered office of all subsidiaries other than Stanlow Terminals Ltd and Essar UK Services Pvt Ltd is 5th Floor, The Administration Building, Stanlow Manufacturing Complex, Ellesmere Port, CH65 4HB.

The registered office for Stanlow Terminals Ltd is Gate No. 1 Oil Sites Road, Stanlow Manufacturing Complex, Ellesmere Port, Cheshire, England, CH65 4BD and the registered office for Essar UK Services Pvt Ltd is Essar House, 11 K. K. Marg, Mahalaxmi, Mumbai 400034, India.

Value of investments held in subsidiaries as presented below:

| Name                       | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------|------------------|------------------|
| Essar Midlands Limited (2) | 5.3              | 5.4              |
| Infranorth Limited         | -                | -                |
| Stanlow Terminals Limited  | 1.3              | 1.3              |
| Essar UK Services Pvt Ltd  | -                | -                |
|                            | <b>6.6</b>       | <b>6.7</b>       |

- (1) Investment by Essar Midlands Limited (a wholly owned subsidiary of the Company)  
(2) Change in value due to foreign exchange translation

## 15 Joint Arrangements

The Group owns an 11.15% interest in the UK Oil Pipeline (UKOP), a 45.35% interest in the Kingsbury Terminal. The registered addresses of these assets are as below:

| Asset                  | Company Name                                                                                                                             | Registered Address                                                                                                                                                         |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UK Oil Pipeline (UKOP) | United Kingdom Oil Pipelines Limited (Registered number 746708)                                                                          | 5-7 Alexandra Road, Hemel Hempstead, Hertfordshire HP2 5BS                                                                                                                 |
| Kingsbury Terminal     | Unincorporated Joint venture between Shell UK Limited (Registered number 746708) and Essar Midlands Limited (Registered number 11253987) | Shell UK Limited: Shell Centre, London, SE1 7NA<br>Essar Midlands Limited: 5th Floor, The Administration Building, Stanlow Manufacturing Complex, Ellesmere Port, CH65 4HB |

The contractual arrangements for the above assets, provide the Group with rights to the assets and obligations for liabilities of the joint arrangement. Under IFRS 11, these joint arrangements are classified as joint operations and have been included in the consolidated financial statements by recognising in relation to the interest of the joint operation: the assets, liabilities, revenue and expenses of the joint operations.

Summarised financial information in relation to the joint operations are presented below:

|                               | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-------------------------------|------------------|------------------|
| Kingsbury Terminal            |                  |                  |
| Share of assets               |                  |                  |
| Property, Plant and Equipment | 8.8              | 8.4              |
| Land and Buildings            | 8.6              | 8.6              |
| <b>Total share of assets</b>  | <b>17.4</b>      | <b>17.0</b>      |
| UK Oil Pipeline               |                  |                  |
| Share of assets               |                  |                  |
| Property, Plant and Equipment | 17.5             | 16.9             |
| <b>Total share of assets</b>  | <b>34.9</b>      | <b>33.9</b>      |

Expenses in respect of above joint operations are passed on to the participants and joint venture partners in proportion to utilisation and ownership of the assets and consequently all such pass-through costs are recognised in the Group's income statement.

## 16 Deposits

### Short Term Deposits Due Within One Year

| Consolidated                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-----------------------------------------------------|------------------|------------------|
| Deposit with Inventory Monetisation provider        | 115.2            | 98.2             |
| Deposit with Receivable Financing Facility provider | 8.1              | 13.3             |
|                                                     | <b>123.3</b>     | <b>111.5</b>     |
| Company                                             | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Deposit with Inventory Monetisation provider        | 100.5            | 83.1             |
| Deposit with Receivable Financing Facility provider | 8.1              | 13.3             |
|                                                     | <b>108.6</b>     | <b>96.4</b>      |

### Long Term Deposits Due Within One Year

| Consolidated and Company | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|--------------------------|------------------|------------------|
| Deposit with others      | 8.4              | -                |

## 17 Loans

### Consolidated

|                                       | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------------|------------------|------------------|
| <b>Non-current Receivables</b>        |                  |                  |
| Loans and advances to Related Parties |                  |                  |
| Essar Oil and Gas Limited             | -                | 225.5            |
| Other loans                           | 1.1              | 1.0              |
|                                       | <u>1.1</u>       | <u>226.5</u>     |
| <b>Current Receivables</b>            |                  |                  |
| Loans and advances to Related Parties |                  |                  |
| Essar Oil and Gas Limited             | <u>225.5</u>     | <u>-</u>         |

### Company

|                                       | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------------|------------------|------------------|
| <b>Non-current Receivables</b>        |                  |                  |
| Loans and advances to Related Parties |                  |                  |
| Essar Oil and Gas Limited             | -                | 225.5            |
| Essar Midlands Limited                | 22.4             | 22.9             |
| Other receivables                     | 1.2              | 1.0              |
|                                       | <u>23.6</u>      | <u>249.4</u>     |
| <b>Current Receivables</b>            |                  |                  |
| Loans and advances to Related Parties |                  |                  |
| Stanlow Terminals Limited             | 195.2            | 208.4            |
| Essar Oil and Gas Limited             | <u>225.5</u>     | <u>-</u>         |
|                                       | <u>420.7</u>     | <u>208.4</u>     |

## 18 Current Tax Receivable

### Consolidated

|                                           | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-------------------------------------------|------------------|------------------|
| Research & Development Expenditure Credit | 10.7             | 17.7             |
| Advance Corporate Tax receivable          | 0.8              | 0.8              |
|                                           | <u>11.5</u>      | <u>18.5</u>      |

### Company

|                                           | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-------------------------------------------|------------------|------------------|
| Research & Development Expenditure Credit | 10.7             | 17.7             |
| Advance Corporate Tax receivable          | 0.8              | 0.8              |
|                                           | <u>11.5</u>      | <u>18.5</u>      |

The Group has adopted the Research & Development Expenditure Credit (RDEC) scheme. As such, amounts recognised in relation to the R&D claims are recognised in accordance with IAS 20, Government Grants. For further details, see note 2.

## 19 Inventories

### Consolidated

|                                 | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------|------------------|------------------|
| Raw materials                   | 16.6             | 11.5             |
| Materials                       | 32.4             | 32.0             |
| Finished and intermediate goods | 477.4            | 283.9            |
|                                 | <u>526.4</u>     | <u>327.4</u>     |

In 2022 inventories with a carrying value of \$234.3m (2021: \$206.8m) are held by Macquarie Bank Limited under their title as per the terms of the inventory monetisation arrangement and therefore not included above (see note 3).

### Company

|                                 | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------|------------------|------------------|
| Raw materials                   | 16.6             | 11.5             |
| Materials                       | 32.4             | 32.0             |
| Finished and intermediate goods | 457.7            | 266.7            |
|                                 | <u>506.7</u>     | <u>310.2</u>     |

## 20 Trade and Other Receivables

### Consolidated

|                                     | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-------------------------------------|------------------|------------------|
| Trade receivables                   | 319.1            | 366.2            |
| Prepayments                         | 103.5            | 110.5            |
| Related party receivables           | 15.4             | 15.5             |
| Provision for bad and doubtful debt | (0.1)            | -                |
|                                     | <b>437.9</b>     | <b>492.2</b>     |

### Company

|                           | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------|------------------|------------------|
| Trade receivables         | 309.4            | 351.0            |
| Prepayments               | 103.0            | 109.7            |
| Related party receivables | 77.5             | 75.8             |
|                           | <b>489.9</b>     | <b>536.5</b>     |

Trade receivables disclosed above are measured at fair value approximated to amortised cost.

The average credit period taken on sales of goods is 15 days (2021: 26 days). No interest was charged on the receivables during the year. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position if appropriate. Bad debts of \$0.1m have been written off during the year (2021: \$0m).

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are regularly reviewed. 87.6% (2021: 91.5%) of the trade receivables at year end are neither past due nor impaired. Refer to note 26 for details of the trade receivable amounts owed by the Group's largest customers.

The Group does not hold any collateral over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. It does however hold credit insurance against the risk of default by significant customers which excludes the first 5% of the outstanding balance for each customer.

Trade receivables disclosed above include amounts forming part of the Group's securitised receivables financing arrangement (see note 24).

Trade receivables disclosed on the previous page include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. These receivables are overdue, on average, by 80 days (2021: 57 days).

Ageing of past due but not impaired receivables:

**Consolidated**

|                   | <b>31-Mar-22</b> | <b>30-Sep-21</b> |
|-------------------|------------------|------------------|
|                   | <b>\$m</b>       | <b>\$m</b>       |
| 1 - 15 days       | 28.5             | 27.8             |
| 15 - 90 days      | 2.1              | 9.5              |
| 90 - 120 days     | 0.7              | 2.3              |
| 120 days and over | 8.5              | 1.5              |
| <b>Total</b>      | <b>39.8</b>      | <b>41.1</b>      |

**Company**

|                   | <b>31-Mar-22</b> | <b>30-Sep-21</b> |
|-------------------|------------------|------------------|
|                   | <b>\$m</b>       | <b>\$m</b>       |
| 1 - 15 days       | 28.6             | 27.8             |
| 15 - 90 days      | 2.2              | 9.5              |
| 90 - 120 days     | 0.8              | 2.3              |
| 120 days and over | 9.6              | 1.5              |
| <b>Total</b>      | <b>41.2</b>      | <b>41.1</b>      |

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being unrelated and good credit ratings.

## 21 Derivative Financial Instruments

### Consolidated and Company

|                                                                                       | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>Financial Assets Carried at Fair Value Through Profit or Loss</b>                  |                  |                  |
| Derivatives that are not designated in hedge accounting relationships:                |                  |                  |
| Foreign currency forwards and swaps                                                   | 3.6              | 7.7              |
| Commodity forwards and swaps                                                          | 2.5              | 3.2              |
| <b>Financial Assets Carried at Fair Value Through Other Comprehensive Income</b>      |                  |                  |
| Derivatives that are designated in hedge accounting relationships:                    |                  |                  |
| Foreign currency forwards, swaps and collars                                          | 1.7              | -                |
|                                                                                       | <b>7.8</b>       | <b>10.9</b>      |
| <b>Financial Liabilities Carried at Fair Value Through Profit or Loss</b>             |                  |                  |
| Derivatives that are not designated in hedge accounting relationships:                |                  |                  |
| Foreign currency forwards and swaps                                                   | (1.5)            | (16.0)           |
| <b>Financial Liabilities Carried at Fair Value Through Other Comprehensive Income</b> |                  |                  |
| Derivatives that are designated in hedge accounting relationships:                    |                  |                  |
| Foreign currency forwards and swaps                                                   | (6.4)            | -                |
| Commodity forwards and swaps                                                          | (35.9)           | (12.3)           |
|                                                                                       | <b>(43.8)</b>    | <b>(28.3)</b>    |

Commodity forwards and swaps include an amount of \$21.1m that has settled in the month of March 2022

Further details of derivative financial instruments are provided in note 26.

## 22 Cash and Cash Equivalents

### Consolidated

|                          | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|--------------------------|------------------|------------------|
| Cash at bank             | 90.0             | 85.2             |
| Short term bank deposits | -                | 0.2              |
|                          | <b>90.0</b>      | <b>85.4</b>      |

### Company

|                          | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|--------------------------|------------------|------------------|
| Cash at bank             | 80.1             | 71.6             |
| Short term bank deposits | -                | 0.2              |
|                          | <b>80.1</b>      | <b>71.8</b>      |

## 23 Trade and Other Payables

### Consolidated

|                                    | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|------------------------------------|------------------|------------------|
| <b>Current</b>                     |                  |                  |
| Trade payables                     | 170.5            | 144.3            |
| Amounts payable to related parties | -                | 6.2              |
| Accruals                           | 371.9            | 106.9            |
| VAT and excise duty                | 603.4            | 807.0            |
| Other creditors                    | 21.6             | 56.3             |
| Deferred revenue                   | 0.4              | 0.3              |
|                                    | <b>1,167.8</b>   | <b>1,121.0</b>   |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 26 days (2021: 34 days).

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

VAT and excise duty includes VAT Deferment from HMRC of \$221.9m (2021: \$440.8m) which is repayable over the period April 2022 to June 2022. This has been paid as per the due date of June 2022.

### Company

|                                    | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|------------------------------------|------------------|------------------|
| <b>Current</b>                     |                  |                  |
| Trade payables                     | 168.5            | 134.1            |
| Amounts payable to related parties | 6.2              | 9.4              |
| Accruals                           | 365.1            | 102.1            |
| VAT and excise duty                | 603.7            | 805.3            |
| Other creditors                    | 21.5             | 56.3             |
| Deferred revenue                   | 0.4              | 0.3              |
|                                    | <b>1,165.4</b>   | <b>1,107.5</b>   |

## 24 Advances Received Against Receivables

### Consolidated and Company

|                                                   | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------------------------|------------------|------------------|
| <b>Secured Advances at Amortised Cost</b>         |                  |                  |
| Receivables financing arrangement                 | 117.2            | 70.7             |
| <b>Amount due for settlement within 12-months</b> | <b>117.2</b>     | <b>70.7</b>      |

At the end of March 2022, the Group managed to increase the size of the new receivable financing facility to \$389m (2021: \$217m) with new financiers. Due to the non-recourse nature of the receivable financing facility, the loan balances in this schedule have been netted off against the receivables discounted with the facility provider to the tune of \$219.3m (2021: \$131.4m).

Further, the Group continued to manage additional liquidity requirement from a diversified range of sources, including bilateral and supply chain financing arrangements with few of its key customers.

The weighted average interest rate paid during the year was 10.1% (2021: 4.4%).

## 25 Long Term Liability

### Consolidated and Company

|                                                   | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|---------------------------------------------------|------------------|------------------|
| Long term liability                               | 500.0            | 500.0            |
| <b>Amount due for settlement within 12-months</b> | <b>-</b>         | <b>-</b>         |

The Company has a trade contract with Litasco SA for sale and purchase of oil under which the Company has given a first fixed charge on its interest in the shares of Stanlow Terminals Limited.

## 26 Financial Instruments

The Group holds the following financial instruments on its balance sheet at 31 March 2022 and 30 September 2021.

### Consolidated

|                                                                             | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-----------------------------------------------------------------------------|------------------|------------------|
| <b>Financial Assets</b>                                                     |                  |                  |
| Cash and cash equivalents                                                   | 90.0             | 85.4             |
| <i>Financial assets measured at amortised cost</i>                          |                  |                  |
| Trade receivables                                                           | 319.0            | 366.2            |
| Related Party receivables                                                   | 15.4             | 15.5             |
| <i>Financial assets measured at fair value through profit and loss</i>      |                  |                  |
| Derivative financial assets                                                 | 7.8              | 10.9             |
| <b>Financial Liabilities</b>                                                |                  |                  |
| <i>Financial liabilities measured at amortised cost</i>                     |                  |                  |
| Advances received against trade receivables                                 | (117.2)          | (70.7)           |
| Trade and other payables                                                    | (192.5)          | (200.6)          |
| Finance lease obligations                                                   | (81.9)           | (79.9)           |
| Liability in relation to Inventory Monetisation Facility                    | (339.0)          | (200.4)          |
| <i>Financial liabilities measured at fair value through profit and loss</i> |                  |                  |
| Derivative financial liabilities                                            | (43.8)           | (28.3)           |

### Company

|                                                                             | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|-----------------------------------------------------------------------------|------------------|------------------|
| <b>Financial Assets</b>                                                     |                  |                  |
| Cash and cash equivalents                                                   | 80.1             | 71.7             |
| <i>Financial assets measured at amortised cost</i>                          |                  |                  |
| Trade receivables                                                           | 309.4            | 351.0            |
| Related Party receivables                                                   | 77.5             | 76.2             |
| <i>Financial assets measured at fair value through profit and loss</i>      |                  |                  |
| Derivative financial assets                                                 | 7.8              | 10.9             |
| Net Investment in Lease                                                     | 71.8             | 69.1             |
| <b>Financial Liabilities</b>                                                |                  |                  |
| <i>Financial liabilities measured at amortised cost</i>                     |                  |                  |
| Advances received against trade receivables                                 | (117.2)          | (70.7)           |
| Trade and other payables                                                    | (190.9)          | (690.4)          |
| Related party payables                                                      | (6.2)            | (9.4)            |
| Finance lease obligations                                                   | (81.9)           | (79.9)           |
| Liability in relation to Inventory Monetisation Facility                    | (339.0)          | (200.4)          |
| <i>Financial liabilities measured at fair value through profit and loss</i> |                  |                  |
| Derivative financial liabilities                                            | (43.8)           | (28.3)           |

The financial assets held by the Group are unsecured and so the maximum exposure to credit risk is equal to the carrying value. The directors consider that the carrying amounts of financial instruments measured at amortised cost approximate their fair values.

### **Impairment of Financial Assets Measured at Amortised Cost**

The Group applies the simplified approach required by IFRS 9 for the impairment of trade and other receivables and utilises a provision matrix to calculate expected credit losses. The provision matrix is based on the Group's historical observed loss rates, adjusted for forward-looking information.

The historical loss rate for the Group on trade and other receivables ranges from 0.00% to 0.04% based on the ageing of the receivables. The expected credit loss at 31 March 2022 is not deemed to be material.

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### **Financial Risk Factors and Management**

The Group is exposed to a number of financial risks arising from the normal course of business and the use of financial instruments.

The Group's Finance and International Supply and Trading (IST) function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on various risks, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Risk Management Committee on a regular basis. The internal auditors also review the policies and compliance on a periodic basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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### **Market Risk**

The Group is exposed to market risk through its ordinary operating activities, including foreign currency exchange rate risk and commodity price risk. The Group enters into a variety of derivative financial instruments to manage its exposure to commodity prices and foreign currency risk.

#### **Currency Risk**

The Group undertakes transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| Consolidated         | Assets           |                  | Liabilities      |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Great British Pounds | 292.8            | 332.9            | (148.8)          | (152.9)          |
| Euros                | 7.1              | 3.9              | (11.1)           | (0.2)            |

| Company              | Assets           |                  | Liabilities      |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Great British Pounds | 333.9            | 482.7            | (146.6)          | (142.7)          |
| Euros                | 7.1              | 3.9              | (11.1)           | (0.2)            |

The Group is mainly exposed to the currency of the oil markets (US Dollar), the currency of the United Kingdom (GBP) and that of the Euro zone (Euro).

The following table details the Group's sensitivity to a 5% increase in the strength of the US Dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The actual movement in foreign exchange rate during the reporting period was 4.3%. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans from other Group undertakings. A positive number below indicates an increase in profit (equity) and other equity where the US Dollar strengthens 5% against the relevant currency. For a 5% weakening of the US Dollar against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be positive.

| Consolidated    | Sterling Impact  |                  | Euro Impact      |                  |
|-----------------|------------------|------------------|------------------|------------------|
|                 | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Profit and loss | 7.2 (i)          | 9.0 (i)          | (0.2) (iii)      | 0.2 (iii)        |
| Other equity    | (1.1) (ii)       | (1.6) (ii)       | -                | -                |

| Company         | Sterling Impact  |                  | Euro Impact      |                  |
|-----------------|------------------|------------------|------------------|------------------|
|                 | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Profit and loss | 9.4 (i)          | 10.4 (i)         | (0.2) (iii)      | 0.2 (iii)        |
| Other equity    | (1.1) (ii)       | (1.6) (ii)       | -                | -                |

(i) This is predominantly attributable to the exposure to outstanding Sterling receivables and payables at the balance sheet date.

(ii) This is the result of the changes in the actuarial valuation of the Group's defined benefit pension scheme which is denominated in Sterling.

(iii) This is predominantly attributable to the exposure to outstanding Euro payables at the balance sheet date.

## Forward Foreign Exchange Contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts which are outstanding at any time. The Group also enters into forward foreign exchange contracts to manage the risk associated with such assets and liabilities and net exposure generated.

Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following tables detail the forward foreign currency ('FC') contracts outstanding as at the period end. All FC contracts are held by the Group.

### Group

|                     | Average<br>Exchange Rate |                       | Foreign<br>Currency   |                       | Notional<br>Value     |                       | Fair<br>Value         |                       |
|---------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                     | 31-Mar<br>2022<br>\$m    | 30-Sep<br>2021<br>\$m | 31-Mar<br>2022<br>\$m | 30-Sep<br>2021<br>\$m | 31-Mar<br>2022<br>\$m | 30-Sep<br>2021<br>\$m | 31-Mar<br>2022<br>\$m | 30-Sep<br>2021<br>\$m |
| <b>Sell GBP</b>     |                          |                       |                       |                       |                       |                       |                       |                       |
| Less than 17 months |                          | 1.3586                | -                     | 40.0                  | -                     | 54.3                  | -                     | 0.4                   |
| <b>Buy GBP</b>      |                          |                       |                       |                       |                       |                       |                       |                       |
| Less than 17 months | 1.3141                   | 1.3831                | (575.3)               | (330.3)               | (756.0)               | (456.9)               | 1.4                   | (11.4)                |
|                     |                          |                       | <b>(575.3)</b>        | <b>(290.3)</b>        | <b>(756.0)</b>        | <b>(402.6)</b>        | <b>1.4</b>            | <b>(11.0)</b>         |

The Group has entered into contracts to supply goods to customers in the UK and the Euro zone. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6-months) to hedge the exchange rate risk arising from these anticipated future transactions. In addition, the Group entered into forward exchange contracts including structured forward

foreign exchange contracts ("Collars") to buy GBP for USD within an agreed price range for terms not exceeding 12-months. These contracts are to hedge the exchange rate risk from anticipated operating and capital expenditures to be incurred in the following months. These contracts are not designated as cash flow hedges.

## Commodity Price Risk

The prices of refined petroleum products and crude oil are linked to the international prices. The Group's revenues, costs and inventories are exposed to the risk of fluctuation in prices of crude oil and petroleum products in the international markets.

From time to time, the Group uses commodity derivative instruments some of

which are designated as cash flow hedges and some are economic hedges, to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. The Group operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the Group's profitability. To this

end, the Group's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets. The derivative instruments used for hedging purposes typically do not expose the Group to market risk because the change in their market value is usually

offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged. The Group's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

Set out below is the impact of 10% increase or decrease in base crude and petroleum product prices on (loss)/profit before tax as a result of change in value of the Group's commodity derivative instruments outstanding as at Balance sheet date. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in base crude and petroleum product prices:

| <b>Consolidated and Company</b>                              | <b>31-Mar-22<br/>\$m</b> | <b>30-Sep-21<br/>\$m</b> |
|--------------------------------------------------------------|--------------------------|--------------------------|
| <b>Effect of 10% increase in prices on profit before tax</b> |                          |                          |
| Cracks                                                       | (0.4)                    | (0.5)                    |
| Crude oil                                                    | (2.2)                    | (2.1)                    |
| <b>Effect of 10% decrease in prices on profit before tax</b> |                          |                          |
| Cracks                                                       | 0.4                      | 0.5                      |
| Crude oil                                                    | 2.8                      | 2.1                      |

Cracks refers to the difference between the per barrel price of petroleum products and related cost of crude oil used for their production.

## Hedge Accounting of Commodity and Forex Price Risk

Derivatives are used to hedge exposure to commodity price risk which, during the current year have been formally designated as cashflow hedges with hedge accounting applied.

The fair value and notional amounts of derivatives analysed by hedge type are as follows:

|                                                | 2022              |                       |                   |                       | 2021              |                       |                   |                       |
|------------------------------------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
|                                                | Asset             |                       | Liability         |                       | Asset             |                       | Liability         |                       |
|                                                | Fair value<br>\$m | Notional Value<br>\$m | Fair value<br>\$m | Notional value<br>\$m | Fair value<br>\$m | Notional value<br>\$m | Fair value<br>\$m | Notional value<br>\$m |
| <b>Cash flow hedges</b>                        |                   |                       |                   |                       |                   |                       |                   |                       |
| Term Structure Hedges on Crude Oil Inventory   | 41.8              | (0.6)                 | -                 | -                     | 29.4              | (0.1)                 | -                 | -                     |
| Term Structure Hedges on Product Inventory     | -                 | -                     | -                 | -                     | -                 | -                     | -                 | -                     |
| Refining Margin Hedges                         | -                 | -                     | (191.5)           | (112.7)               | -                 | -                     | (171.0)           | (151.1)               |
| Forex                                          | -                 | -                     | (261.4)           | (256.7)               | -                 | -                     | -                 | -                     |
| Derivatives not in a formal hedge relationship |                   |                       |                   |                       |                   |                       |                   |                       |
| Commodity swaps and futures                    | -                 | -                     | (29.1)            | (11.1)                | 21.7              | 20.9                  | (9.0)             | (7.7)                 |
| <b>Total</b>                                   | <b>41.8</b>       | <b>(0.6)</b>          | <b>(482.0)</b>    | <b>(380.5)</b>        | <b>51.1</b>       | <b>20.8</b>           | <b>(180.0)</b>    | <b>(158.8)</b>        |

The maturity profile of the cash flow hedges is set out below:

|                                              | 2022                  |                          | 2021                  |                          |
|----------------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
|                                              | Up to one year<br>\$m | One to five years<br>\$m | Up to one year<br>\$m | One to five years<br>\$m |
| <b>Cash flow hedges</b>                      |                       |                          |                       |                          |
| Term Structure Hedges on Crude Oil Inventory | 23.9                  | 18.6                     | 10.1                  | 19.4                     |
| Refining Margin Hedges                       | (78.8)                | -                        | (18.3)                | (1.6)                    |
| Forex                                        | (4.7)                 | -                        | -                     | -                        |

At 31 March 2022, commodity contracts, designated as cash flow hedges, equivalent to \$370.1m (2020: \$151.2m) were outstanding. The change in the intrinsic value of the outstanding amounts was \$41.1m (2021: \$9.6m).

The following table details the effectiveness of the hedging relationship:

| Hedging gains/ (losses) recognised in OCI    | 31-Mar-22<br>\$m |
|----------------------------------------------|------------------|
| <b>Cash Flow Hedges</b>                      |                  |
| Term Structure Hedges on Crude Oil Inventory | 42.4             |
| Refining Margin Hedges                       | (78.8)           |
| Forex                                        | (4.7)            |
| <b>(Losses) / Gains</b>                      | <b>(41.1)</b>    |

## Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that have an above average credit rating. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed regularly by the Group's marketing and finance department.

Trade receivables excluding prepayments, as discussed in note 3, consist of a large number of customers, spread across diverse industries and geographical areas.

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Credit Risk: Of the top 90% of the Group's customers by revenue, approximately 63% (2021: 79%) of these are companies whose own shares, or those of a parent, are traded on recognised exchanges, the remainder of the customers being a mixture of larger UK independent companies and overseas owned companies. At the balance sheet date, the five largest trade and other receivables, by provider, accounted for 37% (2021: 43%) of the total trade receivables balance of \$319.0m (2020: \$366.2m) and the largest individual balance was \$47.2m (2021: \$55M), which exceed 10% (2021: 10%) of gross financial assets at the balance sheet date. Concentration of credit risk to any other counterparty did not exceed 10% (2021: 10%) of gross financial assets at the balance sheet date.

## Financial Assets and Other Credit Exposures

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The Group also has a credit insurance policy in place to mitigate the credit risks. Large customers with good payment records have been given concession on occasion to take product where payments are in process in accordance with the Group's credit policy, hence at a point in time some customers may exceed their credit limits occasionally.

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## Interest Rate Risk

The Group is exposed to interest rate risk because the Group borrows funds at floating interest rates on its Bank loans (note 24). The risk is managed by regularly reviewing the Group's borrowing strategy. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite;

ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

## Sensitivity Analysis

The sensitivity analyses on the next page have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole period. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's

assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher and all other variables were held constant, the Group's profit for the year ended 31 March 2021 would have decreased by \$3.0m (2021: \$1.3m). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

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## Capital Risk

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt, and equity attributable to equity holders, comprising issued capital, and retained earnings.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans, less cash and cash equivalents and short term deposits. Total equity includes equity attributable to the equity holders of the Group.

## Gearing Ratio

The gearing ratio, being net debt over equity, at the year-end is as follows:

### Consolidated

|                              | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|------------------------------|------------------|------------------|
| Debt                         | 581.9            | 579.9            |
| Cash and cash equivalents    | (90.0)           | (85.4)           |
| Net debt                     | 491.9            | 494.5            |
| Equity                       | 230.6            | 285.5            |
| Total debt and equity        | 222.5            | 280.0            |
| Net debt to equity ratio (%) | 2.1              | 1.7              |

Debt is defined as amounts due under finance leases. Given the nature of advances received against receivables and Inventory funding, these items are not considered to be financial borrowings and so are excluded from the reported net debt number. Equity includes all capital and reserves of the Group that are managed as capital.

## Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The following tables detail the Group's remaining contractual maturity for its

non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

| Consolidated                          | Weighted<br>average<br>effective<br>interest<br>rate<br>% | Less than<br>1 month<br>\$m | 1-3<br>months<br>\$m | 3 months<br>to 1 year<br>\$m | 1-5 years<br>\$m | 5+ years<br>\$m | Total<br>\$m   |
|---------------------------------------|-----------------------------------------------------------|-----------------------------|----------------------|------------------------------|------------------|-----------------|----------------|
| <b>31-Mar-22</b>                      |                                                           |                             |                      |                              |                  |                 |                |
| <b>Non-interest bearing:</b>          |                                                           |                             |                      |                              |                  |                 |                |
| Trade and other payables              |                                                           | 192.5                       | -                    | -                            | -                | -               | 192.5          |
| <b>Interest bearing:</b>              |                                                           |                             |                      |                              |                  |                 |                |
| Trade and other payables              | 5.3                                                       | -                           | -                    | -                            | 500.0            | -               | 500.0          |
| Finance lease liability               | 7.9                                                       | 0.8                         | 1.1                  | 6.1                          | 30.2             | 149.2           | 187.4          |
| Variable interest rate<br>instruments | 6.7                                                       | -                           | 117.2                | -                            | 339.0            | -               | 456.2          |
|                                       |                                                           | <b>193.3</b>                | <b>118.3</b>         | <b>6.1</b>                   | <b>869.2</b>     | <b>149.2</b>    | <b>1,336.1</b> |
| <b>30-Sep-21</b>                      |                                                           |                             |                      |                              |                  |                 |                |
| <b>Non-interest bearing:</b>          |                                                           |                             |                      |                              |                  |                 |                |
| Trade and other payables              |                                                           | 200.6                       | -                    | -                            | -                | -               | 200.6          |
| <b>Interest bearing:</b>              |                                                           |                             |                      |                              |                  |                 |                |
| Trade and other payables              | 5.3                                                       | -                           | -                    | -                            | 500.0            | -               | 500.0          |
| Finance lease liability               | 7.9                                                       | 0.8                         | 1.3                  | 5.7                          | 29.5             | 146.9           | 184.2          |
| Variable interest rate<br>instruments | 5.9                                                       | -                           | 70.7                 | -                            | 200.4            | -               | 271.1          |
|                                       |                                                           | <b>201.4</b>                | <b>72.0</b>          | <b>5.7</b>                   | <b>729.9</b>     | <b>146.9</b>    | <b>1,155.9</b> |

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| Consolidated          | Less than<br>1 month<br>\$m | 1-3 months<br>\$m | 3 months to<br>1 year<br>\$m | 1-5 years<br>\$m | 5+ years<br>\$m | Total<br>\$m |
|-----------------------|-----------------------------|-------------------|------------------------------|------------------|-----------------|--------------|
| <b>31-Mar-22</b>      |                             |                   |                              |                  |                 |              |
| Non-interest bearing: | 409.0                       | -                 | -                            | -                | -               | 409.0        |
| <b>30-Sep-21</b>      |                             |                   |                              |                  |                 |              |
| Non-interest bearing: | 451.6                       | -                 | -                            | -                | -               | 451.6        |

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the market rates on the balance sheet date.

| <b>Consolidated and Company</b>            | <b>Less than 1 month<br/>\$m</b> | <b>1-3 months<br/>\$m</b> | <b>3 months to 1 year<br/>\$m</b> | <b>1-5 years<br/>\$m</b> | <b>5+ years<br/>\$m</b> | <b>Total<br/>\$m</b> |
|--------------------------------------------|----------------------------------|---------------------------|-----------------------------------|--------------------------|-------------------------|----------------------|
| <b>31 Mar 22</b>                           |                                  |                           |                                   |                          |                         |                      |
| <b>Net settled:</b>                        |                                  |                           |                                   |                          |                         |                      |
| Foreign exchange forward contracts & swaps | 0.5                              | 0.9                       |                                   |                          |                         | 1.4                  |
| Foreign exchange Collars                   | -                                | (0.2)                     | (3.8)                             | -                        | -                       | (4.0)                |
| <b>Gross settled:</b>                      |                                  |                           |                                   |                          |                         |                      |
| Commodity swaps and futures                | (25.5)                           | (16.7)                    | (7.1)                             | 15.9                     | -                       | (33.4)               |
|                                            | (25.0)                           | (15.9)                    | (10.9)                            | 15.9                     | -                       | (36.0)               |
| <b>30 Sep 21</b>                           |                                  |                           |                                   |                          |                         |                      |
| <b>Net settled:</b>                        |                                  |                           |                                   |                          |                         |                      |
| Foreign exchange forward contracts & swaps | (6.6)                            | (4.0)                     | (0.4)                             |                          |                         | (11.0)               |
| Foreign exchange Collars                   | (1.6)                            | (0.6)                     | (1.0)                             | (1.8)                    | -                       | (5.0)                |
| <b>Gross settled:</b>                      |                                  |                           |                                   |                          |                         |                      |
| Commodity swaps and futures                | (2.0)                            | (0.6)                     | (11.2)                            | 4.6                      | -                       | (9.2)                |
|                                            | (10.2)                           | (5.2)                     | (12.6)                            | 2.8                      | -                       | (25.2)               |

## Financing Facilities

The Group has secured a receivable financing facility during the year (note 3) of \$389m (2021: \$217m) to support financing against its receivables. The Group also uses other

diversified range of sources, including bilateral and supply chain financing arrangements with few of its key customers.

## Derivative Financial Instruments

The fair values of derivative instruments are calculated using inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Commodity swaps are measured using a forward curve based on quoted futures or forward prices and yield curves derived from quoted interest rates matching maturities of the contracts. Commodity options are measured using the same data as the commodity swaps, but also uses a

volatility surface derived from quoted option volatilities. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. No derivatives are designated as hedges for the purposes of financial reporting.

Derivative financial assets and liabilities are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. price) or indirectly (i.e. derived from prices).

## Securitised Receivables

The Group has been party to securitisation transactions whereby assets continue to be recognised on the balance sheet although they have been subject to legal transfer to another entity. The Group recognises the assets on the balance sheet as the risks and rewards of ownership of the securitised assets have not been substantially transferred. In accordance with IFRS 9 where a transferred asset continues to be recognised, the asset and the associated

liability shall not be offset. On this basis, a financial liability is recorded for the purchase price received.

In addition, the Group also has non-recourse securitisation transaction whereby the assets are not recognised on the balance sheet as the risks and rewards of ownership of the securitised assets have been substantially transferred. On this basis, a financial liability has been offset against the asset.

## 27 Deferred Tax

The following are the major deferred tax (liabilities) and assets recognised by the Group and movements thereon during the current and prior period.

| Consolidated                                         | Accelerated<br>tax<br>depreciation<br>\$m | Retirement<br>benefit<br>obligations<br>\$m | Tax losses<br>\$m | Short term<br>timing<br>differences<br>\$m | Revaluation<br>reserve<br>\$m | Total<br>\$m |
|------------------------------------------------------|-------------------------------------------|---------------------------------------------|-------------------|--------------------------------------------|-------------------------------|--------------|
| <b>At 30 September 2020</b>                          | <b>72.8</b>                               | <b>0.8</b>                                  | <b>(15.1)</b>     | <b>(23.4)</b>                              | <b>29.0</b>                   | <b>64.1</b>  |
| Charge/(credit) to income statement                  | 20.4                                      | 4.7                                         | (60.0)            | 18.9                                       | -                             | (16.0)       |
| Charge/(credit) to statement of comprehensive income | -                                         | 2.6                                         | -                 | 6.8                                        | 9.1                           | 18.5         |
| <b>At 30 September 2021</b>                          | <b>93.2</b>                               | <b>8.1</b>                                  | <b>(75.1)</b>     | <b>2.3</b>                                 | <b>38.1</b>                   | <b>66.6</b>  |
| Charge/(credit) to income statement                  | 0.6                                       | (5.9)                                       | 3.2               | (0.2)                                      | -                             | (2.3)        |
| Charge/(credit) to statement of comprehensive income | -                                         | 3.5                                         | -                 | (9.1)                                      | 12.3                          | 6.7          |
| <b>At 31 March 2022</b>                              | <b>93.8</b>                               | <b>5.7</b>                                  | <b>(71.9)</b>     | <b>(7.0)</b>                               | <b>50.4</b>                   | <b>71.0</b>  |

**Company**

|                                                         | Accelerated<br>tax<br>depreciation<br>\$m | Retirement<br>benefit<br>obligations<br>\$m | Tax losses<br>\$m | Short term<br>timing<br>differences<br>\$m | Total<br>\$m |
|---------------------------------------------------------|-------------------------------------------|---------------------------------------------|-------------------|--------------------------------------------|--------------|
| <b>At 30 September 2020</b>                             | <b>60.2</b>                               | <b>0.8</b>                                  | <b>(15.1)</b>     | <b>(23.4)</b>                              | <b>22.5</b>  |
| Charge/(credit) to income statement                     | 17.1                                      | 4.7                                         | (60.0)            | 18.9                                       | (19.3)       |
| Charge/(credit) to statement of<br>comprehensive income | -                                         | 2.6                                         | -                 | 6.8                                        | 9.4          |
| <b>At 30 September 2021</b>                             | <b>77.3</b>                               | <b>8.1</b>                                  | <b>(75.1)</b>     | <b>2.3</b>                                 | <b>12.6</b>  |
| Charge/(credit) to income statement                     | 1.2                                       | (5.9)                                       | 3.2               | (0.2)                                      | (1.7)        |
| Charge/(credit) to statement of<br>comprehensive income | -                                         | 3.5                                         | -                 | (9.1)                                      | (5.6)        |
| <b>At 31 March 2022</b>                                 | <b>78.5</b>                               | <b>5.7</b>                                  | <b>(71.9)</b>     | <b>(7.0)</b>                               | <b>5.3</b>   |

**28 Obligations under leases**

**Consolidated**

|                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------|------------------|------------------|
| <b>Amounts Payable Under Leases</b>    |                  |                  |
| Within one year                        | 8.0              | 7.7              |
| In the second to fifth years inclusive | 30.2             | 29.6             |
| After five years                       | 149.2            | 146.9            |
|                                        | <b>187.4</b>     | <b>184.2</b>     |
| Less: future finance charges           | (105.5)          | (104.3)          |
| Present value of lease obligations     | <b>81.9</b>      | <b>79.9</b>      |

**Company**

|                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------|------------------|------------------|
| <b>Amounts Payable Under Leases</b>    |                  |                  |
| Within one year                        | 8.0              | 7.7              |
| In the second to fifth years inclusive | 30.2             | 29.6             |
| After five years                       | 149.2            | 146.9            |
|                                        | <b>187.4</b>     | <b>184.2</b>     |
| Less: future finance charges           | (105.5)          | (104.3)          |
| Present value of lease obligations     | <b>81.9</b>      | <b>79.9</b>      |

## Present Value of Minimum Lease Payments

|                                                                                  | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------------------------------------------------|------------------|------------------|
| <b>Amounts Payable Under Leases</b>                                              |                  |                  |
| Within one year                                                                  | 1.9              | 1.8              |
| In the second to fifth years inclusive                                           | 7.1              | 7.1              |
| After five years                                                                 | 72.9             | 71.0             |
| Present value of lease obligations                                               | <b>81.9</b>      | <b>79.9</b>      |
| <b>Analysed as:</b>                                                              |                  |                  |
| Amounts due for settlement within 12-months<br>(shown under current liabilities) | 1.9              | 1.8              |
| Amounts due for settlement after 12-months                                       | 80.0             | 78.1             |
|                                                                                  | <b>81.9</b>      | <b>79.9</b>      |

The lease term varies from 3 years to 27 years. For the year period ended 31 March 2022, the average effective borrowing rate was 5.7% to 9.7% depending on the lease term (2021: 5.7% to 9.7%). Interest rates are fixed at the contract date. All leases are on a repayment basis linked to the Retail Prices Index, the increase in costs as a result of these increases will be expensed as incurred.

All lease obligations are denominated in Sterling.

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 12.

## 29 Provisions

| Consolidated and Company    | Other Provisions<br>\$m |
|-----------------------------|-------------------------|
| <b>At 30 September 2020</b> | <b>5.2</b>              |
| Released to the P&L         | (5.2)                   |
| Added during the period     | 19.8                    |
| <b>At 30 September 2021</b> | <b>19.8</b>             |
| Paid during the period      | (1.0)                   |
| Added during the period     | 2.2                     |
| <b>At 31 March 2022</b>     | <b>21.0</b>             |

### Other Provisions

Other provisions relate to an onerous payment pursuant to disputed commercial agreements totalling \$19.2m (2021: \$18m). There is also a provision for other regulatory fines and penalties totalling \$1.8m (2021: \$1.8m).

The payments are expected to be made by Q2 CY22.

## 30 Share Capital

|                                                | 31-Mar-22<br>\$m | 30-Sept-21<br>\$m |
|------------------------------------------------|------------------|-------------------|
| Called-up, issued and fully paid:              |                  |                   |
| 442,102,375 ordinary shares of £1 each         | 694.1            | 694.1             |
| (2021: 442,102,375 ordinary shares of £1 each) |                  |                   |

The Company has one class of ordinary shares which carries no right to fixed income.

The entire authorised share capital of 442,102,375 ordinary shares is held by Essar Oil Cyprus Limited.

## 31 The Cash Flow Statement

Reconciliation of profit before tax to net cash used by operations:

### Consolidated

|                                                                 | Six month<br>period ended<br>31 Mar 2022<br>\$m | Year ended<br>30 Sept 2021<br>\$m |
|-----------------------------------------------------------------|-------------------------------------------------|-----------------------------------|
| <b>Loss before tax for the period</b>                           | <b>(63.1)</b>                                   | <b>(321.3)</b>                    |
| <b>Adjustments for:</b>                                         |                                                 |                                   |
| Finance costs                                                   | 67.9                                            | 77.0                              |
| Finance income                                                  | (9.5)                                           | (18.4)                            |
| Depreciation of property, plant and equipment                   | 47.4                                            | 91.9                              |
| Depreciation of Right of Use Assets                             | 1.7                                             | 3.4                               |
| Amortisation of intangible assets                               | 0.4                                             | 0.8                               |
| Loss/Gain on retirement of property, plant and equipment        | 0.2                                             | 0.3                               |
| <b>Write off of Bad debts (net of opening reserves)</b>         | <b>-</b>                                        | <b>-</b>                          |
| Increase in provisions                                          | 2.2                                             | 14.6                              |
| Retirement benefit Contributions                                | (14.5)                                          | (34.4)                            |
| Retirement benefit Costs                                        | 38.1                                            | 16.7                              |
| RDEC tax credit                                                 | (1.6)                                           | (11.7)                            |
| Fair value change in derivative instruments                     | (32.1)                                          | 78.4                              |
| Foreign exchange (gains) / losses                               | (0.5)                                           | 32.4                              |
| <b>Operating cash flows before movements in working capital</b> | <b>36.6</b>                                     | <b>(70.3)</b>                     |
| (Increase) in inventories                                       | (199.0)                                         | (101.6)                           |
| Decrease in receivables                                         | 54.3                                            | 182.3                             |
| Increase in operating creditors and accruals                    | 42.9                                            | 394.6                             |
| Increase in Liability to IM provider                            | 138.6                                           | 80.4                              |
| Cash generated by operations                                    | 73.4                                            | 485.4                             |
| Tax refunded / (Paid)                                           | 8.5                                             | 57.7                              |
| <b>Net cash generated by operations</b>                         | <b>81.9</b>                                     | <b>543.1</b>                      |

Reconciliation of changes in liabilities arising from financing activities:

**Consolidated**

|                                                       | 30-Sep-21<br>\$m | Discounted<br>Payments<br>\$m | 31-Mar-22<br>\$m |
|-------------------------------------------------------|------------------|-------------------------------|------------------|
| <b>Obligations under finance leases</b>               |                  |                               |                  |
| -Current                                              | (1.8)            | (0.1)                         | (1.9)            |
| -Non Current                                          | (78.1)           | (1.9)                         | (80.0)           |
|                                                       | <b>(79.9)</b>    | <b>(2.0)</b>                  | <b>(81.9)</b>    |
| Increase /(decrease) in short term bank advances      | (70.7)           | (46.5)                        | (117.2)          |
| Increase /(decrease) in other deposits                | 111.5            | 20.2                          | 131.7            |
| Increase /(decrease) in other non-current receivables | 226.5            | (225.4)                       | 1.1              |
| Increase /(decrease) in other current receivables     | -                | 225.5                         | 225.5            |
|                                                       | <b>267.3</b>     | <b>(26.2)</b>                 | <b>241.1</b>     |

**Consolidated**

|                                                       | 30-Sep-21<br>\$m | Discounted<br>Payments<br>\$m | 31-Mar-22<br>\$m |
|-------------------------------------------------------|------------------|-------------------------------|------------------|
| <b>Obligations under finance leases</b>               |                  |                               |                  |
| -Current                                              | (1.6)            | (0.2)                         | (1.8)            |
| -Non Current                                          | (74.9)           | (3.2)                         | (78.1)           |
|                                                       | <b>(76.5)</b>    | <b>(3.4)</b>                  | <b>(79.9)</b>    |
| Increase /(decrease) in short term bank advances      | (440.8)          | 370.1                         | (70.7)           |
| Increase /(decrease) in other deposits                | 31.2             | 80.3                          | 111.5            |
| Increase /(decrease) in other non-current receivables | 226.1            | 0.4                           | 226.5            |
|                                                       | <b>(183.5)</b>   | <b>450.8</b>                  | <b>267.3</b>     |

| <b>Company</b>                                                  | <b>Six month<br/>period ended<br/>31 Mar 2022<br/>\$m</b> | <b>Year ended<br/>30 Sep 2021<br/>\$m</b> |
|-----------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------|
| <b>Loss before tax for the period</b>                           | <b>(85.0)</b>                                             | <b>(368.8)</b>                            |
| <b>Adjustments for:</b>                                         |                                                           |                                           |
| Finance costs                                                   | 66.8                                                      | 74.8                                      |
| Finance income                                                  | (17.3)                                                    | (33.9)                                    |
| Depreciation of property, plant and equipment                   | 40.1                                                      | 76.4                                      |
| Depreciation of Right-of-use Assets                             | 0.5                                                       | 1.1                                       |
| Amortisation of intangible assets                               | 0.4                                                       | 0.7                                       |
| Loss/Gain on retirement of property, plant and equipment        | 0.2                                                       | 0.3                                       |
| Increase in provisions                                          | 2.2                                                       | 14.6                                      |
| Retirement benefit Contributions                                | (14.5)                                                    | (34.4)                                    |
| Retirement benefit Costs                                        | 38.1                                                      | 16.7                                      |
| RDEC tax credit                                                 | (1.6)                                                     | (11.7)                                    |
| Fair value change in derivative instruments                     | (32.1)                                                    | 78.4                                      |
| Foreign exchange (gains) / losses                               | (0.3)                                                     | 35.6                                      |
| <b>Operating cash flows before movements in working capital</b> | <b>(2.5)</b>                                              | <b>(150.2)</b>                            |
| Increase in inventories                                         | (196.5)                                                   | (98.9)                                    |
| Decrease in receivables                                         | 52.6                                                      | 239.5                                     |
| Increase in operating creditors and accruals                    | 56.2                                                      | 300.3                                     |
| Increase in Liability to IM provider                            | 138.6                                                     | 80.4                                      |
| Cash generated by operations                                    | 48.4                                                      | 371.1                                     |
| Tax refunded / (Paid)                                           | 8.5                                                       | 57.7                                      |
| <b>Net cash generated by operations</b>                         | <b>56.9</b>                                               | <b>428.7</b>                              |

Reconciliation of changes in liabilities arising from financing activities:

**Company**

|                                                       | <b>30-Sep-21</b> | <b>Discounted</b> | <b>31-Mar-22</b> |
|-------------------------------------------------------|------------------|-------------------|------------------|
|                                                       | <b>\$m</b>       | <b>Payments</b>   | <b>\$m</b>       |
|                                                       |                  | <b>\$m</b>        |                  |
| <b>Obligations under finance leases</b>               |                  |                   |                  |
| -Current                                              | (1.8)            | (0.1)             | (1.9)            |
| -Non Current                                          | (78.1)           | (1.9)             | (80.0)           |
|                                                       | <b>(79.9)</b>    | <b>(2.0)</b>      | <b>(81.9)</b>    |
| Increase /(decrease) in short term bank advances      | (70.8)           | (46.6)            | (117.3)          |
| Increase /(decrease) in other deposits                | 304.8            | 232.9             | 537.7            |
| Increase /(decrease) in other non-current receivables | 249.4            | (225.8)           | 23.6             |
|                                                       | <b>483.5</b>     | <b>(39.4)</b>     | <b>444.1</b>     |

**Company**

|                                                       | <b>30-Sep-21</b> | <b>Discounted</b> | <b>31-Mar-22</b> |
|-------------------------------------------------------|------------------|-------------------|------------------|
|                                                       | <b>\$m</b>       | <b>Payments</b>   | <b>\$m</b>       |
|                                                       |                  | <b>\$m</b>        |                  |
| <b>Obligations under finance leases</b>               |                  |                   |                  |
| -Current                                              | (1.6)            | (0.2)             | (1.8)            |
| -Non Current                                          | (74.9)           | (3.2)             | (78.1)           |
|                                                       | <b>(76.5)</b>    | <b>(3.4)</b>      | <b>(79.9)</b>    |
| Increase /(decrease) in short term bank advances      | (440.8)          | 370.1             | (70.7)           |
| Increase /(decrease) in other deposits                | 283.0            | 21.8              | 304.8            |
| Increase /(decrease) in other non-current receivables | 248.1            | 1.3               | 249.4            |
|                                                       | <b>90.3</b>      | <b>393.2</b>      | <b>483.5</b>     |

## 32 Lease Arrangements

### The Group as lessor:

#### Consolidated

|                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------|------------------|------------------|
| Within one year                        | 0.2              | 0.1              |
| In the second to fifth years inclusive | 0.6              | 0.6              |
| After five years                       | 2.9              | 2.8              |
|                                        | <b>3.7</b>       | <b>3.5</b>       |

#### Company

|                                        | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
|----------------------------------------|------------------|------------------|
| Within one year                        | 0.5              | 0.4              |
| In the second to fifth years inclusive | 1.8              | 1.8              |
| After five years                       | 13.7             | 13.7             |
|                                        | <b>16.0</b>      | <b>16.0</b>      |

#### Amounts payable under finance leases:

On 9 March 2016, the Group entered into an agreement to provide land under a 25 year operating lease to a third party. During the period income received in respect of this agreement was \$nil m (2021: \$0.1m).

On 31st December 2019, the Company entered into an agreement to provide land under a 50 year operating lease to subsidiary Stanlow Terminals Ltd. During the year

income received in respect of this agreement was \$0.15m (2021: \$0.30m)

On 31st December 2019, the Company entered into an agreement to provide building under a 10 year operating lease to subsidiary Stanlow Terminals Ltd. During the year no income was received in respect of this agreement are \$nil m (2021: \$0.1m)

## 33 Retirement Benefit Schemes

### Defined Contribution Schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds controlled by the trustees.

The total expense charged to the income

statement was \$4.2m (2021: \$3.3m) and represents contributions payable to the schemes by the Group at rates specified in the rules of the plan. As at 31 March 2022, contributions of \$1.3m (2021: \$0.4m) to the schemes due in respect of the current reporting period was paid in April 2022.

## Defined Benefit Schemes

The Group sponsors a funded final salary defined benefit pension plan for qualifying UK employees, the Essar Oil (UK) Pension Scheme. The Scheme is subject to funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This together with documents issued by the Pensions Regulator, and Technical Actuarial Standards adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme is administered by a separate board of trustees, which is legally separate from the Group. The trustee board is composed of representatives of both the employer and employees, plus an independent trustee. The Trustee is required by law to act in the interest of all relevant beneficiaries and are responsible for the

investment policy for the assets and the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement. Benefits are also payable on death and following other events such as withdrawing from active service. No other post-retirement benefits are provided to these employees.

The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 83% of the liabilities are attributable to current employees, 5% to deferred pensioners and 12% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is approximately 27 years.

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## Risks Associated with the Scheme

The Scheme exposes the Group to some risks, the most significant of which are:

### Asset Volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit.

The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.

### Changes in Bond Yields

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

### Inflation Risk

The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

Most of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

### Life Expectancy

The majority of the Scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

## Funding Requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 July 2018 and showed a deficit of £29.1m. The Company is paying deficit contributions of £1m per month, which are expected to make good this shortfall by April 2022. The 31 July 2021 valuation is currently underway.

The Group also pays contributions at a rate of 65.5% of pensionable salaries in respect of current accrual for pre-2009 members and 42.8% for post-2009 members, with some active members also paying contributions based on their Pensionable Salary and Service, until the scheme closed to accrual of further benefits on 31 December 2021.

## Reporting at 31 March 2022

The results of the latest funding valuation at 31 July 2018 have been approximately adjusted to the new balance sheet date, taking account of experience over the period since 31 July 2018, changes in market conditions, and differences in the financial

and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

|                                                | Valuation at   |                |
|------------------------------------------------|----------------|----------------|
|                                                | 31-Mar-22<br>% | 30-Sep-21<br>% |
| <b>Key Financial Assumptions Used:</b>         |                |                |
| Discount rate for scheme liabilities           | 2.70           | 2.00           |
| RPI inflation                                  | 3.10           | 3.00           |
| Rate of general long term increase in salaries | 3.10           | 1.75           |
| Pre 2009 pension increase rate                 | 3.10           | 3.00           |
| Post 2009 pension increase rate                | 3.00           | 2.90           |

The financial assumptions reflect the nature and term of the Scheme's liabilities.

| Key Demographic Assumptions Used:                                | Year ended                                                                                                                                |                                                                       |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                  | 31-Mar-22<br>\$m                                                                                                                          | 30-Sep-21<br>\$m                                                      |
| Mortality base table adopted                                     | 2018 Club Vita tables                                                                                                                     | 2018 Club Vita tables                                                 |
| Mortality future improvements adopted                            | CMI 2018 with a long term improvement rate of 1.0% SK = 7.0; A = 0.5% with a 1% decrease in DBO to allow for long term impact of COVID 19 | CMI 2018 with a long term improvement rate of 1.0% SK = 7.0; A = 0.5% |
| Life expectancy for male pensioner currently aged 65             | 22.0                                                                                                                                      | 22.2                                                                  |
| Life expectancy for female pensioner currently aged 65           | 24.1                                                                                                                                      | 24.3                                                                  |
| Life expectancy at 65 for male non-pensioner currently aged 45   | 23.2                                                                                                                                      | 23.4                                                                  |
| Life expectancy at 65 for female non-pensioner currently aged 45 | 25.2                                                                                                                                      | 25.5                                                                  |
| Transfer take-up                                                 | No allowance                                                                                                                              | No allowance                                                          |
| Cash commutation                                                 | 18% lump sum upon retirement                                                                                                              | 18% lump sum upon retirement                                          |
| Proportion married                                               | 85%                                                                                                                                       | 85%                                                                   |

The mortality assumptions are based on the recent actual mortality experience of Scheme members and allow for expected future improvements in mortality rates.

| Reconciliation of Funded Status to Balance Sheet   | Valuation at     |                  |
|----------------------------------------------------|------------------|------------------|
|                                                    | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Fair value of Scheme assets                        | 288.2            | 288.5            |
| Present value of funded Defined Benefit Obligation | (265.5)          | (256.2)          |
| <b>Asset recognised on the balance sheet</b>       | <b>22.7</b>      | <b>32.2</b>      |

Upon determining the adjustment in respect of the minimum funding requirement (Nil), it has been assumed that the Group would be entitled to a refund from the Scheme of any surplus arising in the Scheme in future.

The amounts recognised in the income statement and other comprehensive income in the period are as follows:

|                                                                                   | Period ended     |                  |
|-----------------------------------------------------------------------------------|------------------|------------------|
|                                                                                   | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| <b>Operating Cost</b>                                                             |                  |                  |
| Current service cost                                                              | 4.2              | 16.7             |
| Past service cost (curtailment)                                                   | 33.9             | -                |
| <b>Financing Cost</b>                                                             |                  |                  |
| Interest on net defined benefit liability                                         | 2.7              | 4.1              |
| Expected return on Scheme Assets                                                  | (3.7)            | (5.5)            |
| <b>Pension Expense Recognised in the Income Statement</b>                         | <b>37.1</b>      | <b>15.3</b>      |
| <b>Remeasurements in Other Comprehensive Income</b>                               |                  |                  |
| Return on Scheme assets (in excess of) /<br>below that recognised in net interest | 8.2              | (13.0)           |
| Actuarial losses/(gains) due to changes in financial assumptions                  | (40.5)           | 5.7              |
| Actuarial (gains) / losses due to changes in demographic assumptions              | (3.1)            | -                |
| Actuarial (gains) due to liability experience                                     | 21.1             | (3.0)            |
| Foreign exchange losses                                                           | 0.6              | 0.1              |
| <b>Total Amount Recognised in Other Comprehensive Income (OCI)</b>                | <b>(13.9)</b>    | <b>(10.2)</b>    |
| <b>Total Amount Recognised in the Income Statement and OCI</b>                    | <b>23.2</b>      | <b>5.1</b>       |

The scheme was formally closed for future accruals effective 1 January 2022. This required interim valuation as at 31 December 2021 which resulted in a one off curtailment loss towards past services.

The Group expects to make a contribution of £6.0m during the following accounting period including £4m of deficit reduction contribution in line with the recovery plan agreed with the trustees.

The movements in the defined benefit obligation in the period are as follows:

|                                                                                              | Valuation at     |                  |
|----------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                              | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| <b>Opening Defined Benefit Obligation</b>                                                    | <b>256.2</b>     | <b>234.7</b>     |
| Current service cost                                                                         | 4.2              | 16.7             |
| Past service cost                                                                            | 33.9             | -                |
| Interest expense on defined benefit obligation                                               | 2.7              | 4.1              |
| Contributions by scheme participants                                                         | 0.4              | 1.1              |
| Net benefits paid out                                                                        | (2.9)            | (13.0)           |
| Foreign exchange losses                                                                      | (6.5)            | 9.9              |
| <b>Expected Closing Defined Benefit Obligation</b>                                           | <b>288.0</b>     | <b>253.6</b>     |
| Actuarial losses/(gains) on Scheme liabilities arising from changes in financial assumptions | (40.5)           | 5.7              |
| Actuarial (gains)/losses Scheme liabilities arising from changes in demographic assumptions  | (3.1)            | -                |
| Actuarial (gains) on Scheme liabilities arising from experience                              | 21.1             | (3.0)            |
| <b>Closing Defined Benefit Obligation</b>                                                    | <b>265.5</b>     | <b>256.2</b>     |

**Changes to the Fair Value of Scheme Assets During the Period**

|                                                 | Valuation at     |                  |
|-------------------------------------------------|------------------|------------------|
|                                                 | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| <b>Opening Fair Value of Scheme Assets</b>      | <b>288.5</b>     | <b>238.9</b>     |
| Interest income on Scheme assets                | 2.9              | 4.5              |
| Contributions by the employer                   | 14.5             | 34.4             |
| Contributions by Scheme participants            | 0.4              | 1.1              |
| Net benefits paid out                           | (2.9)            | (13.0)           |
| Foreign exchange gains                          | (7.0)            | 9.7              |
| <b>Expected Value of Scheme Assets</b>          | <b>296.4</b>     | <b>275.5</b>     |
| Remeasurement gains / (losses) on Scheme assets | (8.2)            | 13.0             |
| <b>Closing Fair Value of Scheme Assets</b>      | <b>288.2</b>     | <b>288.5</b>     |

|                                            | Valuation at     |                  |
|--------------------------------------------|------------------|------------------|
|                                            | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| <b>Return on Scheme Assets</b>             |                  |                  |
| Interest income on Scheme assets           | 2.9              | 4.5              |
| Remeasurement (loss)/gain on Scheme assets | (8.2)            | 13.0             |
| <b>Total Return on Scheme Assets</b>       | <b>(5.3)</b>     | <b>17.5</b>      |

The Scheme assets are invested in the following asset classes.  
All invested assets have a quoted market value in an active market.

|                                     | Valuation at     |                  |
|-------------------------------------|------------------|------------------|
|                                     | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Equities                            | 40.6             | 30.0             |
| Diversified Growth Funds            | 38.4             | 30.9             |
| Liability Driven Investments        | 43.2             | 47.0             |
| Corporate Bonds                     | 87.8             | 94.9             |
| Multi Asset Credit                  | 14.6             | 40.4             |
| Property                            | 23.7             | 22.2             |
| Cash and cash equivalents           | 39.9             | 23.0             |
| <b>Total market value of assets</b> | <b>288.2</b>     | <b>288.5</b>     |

### Sensitivity to Key Assumptions

The key assumptions used are the discount rate, inflation rate and mortality assumptions.  
Changes to key assumptions could have a material impact on the defined benefit obligation.  
Sensitivity analysis has been performed on the key assumptions which are detailed below.

|                                                                 | Change<br>\$m | Sensitised value<br>\$m |
|-----------------------------------------------------------------|---------------|-------------------------|
| <b>Following a 0.5% per annum decrease in the discount rate</b> |               |                         |
| Pension expense for the following year                          | 1.0           | 0.6                     |
| Assets of the Scheme at 31 Mar 2022                             | -             | 288.2                   |
| Defined benefit obligation at 31 Mar 2022                       | (37.5)        | (303.0)                 |
| <b>Deficit at 31 Mar 2022</b>                                   | <b>(37.5)</b> | <b>(14.8)</b>           |
| <b>Following a 0.5% per annum increase in inflation</b>         |               |                         |
| Pension expense for the following year                          | 1.0           | 0.7                     |
| Assets of the Scheme at 31 Mar 2022                             | -             | 288.2                   |
| Defined benefit obligation at 31 Mar 2022                       | (36.7)        | (302.2)                 |
| <b>Deficit at 31 Mar 2022</b>                                   | <b>(36.7)</b> | <b>(14.0)</b>           |
| <b>Following a 1 year increase in life expectancy</b>           |               |                         |
| Pension expense for the following year                          | 0.3           | 17.0                    |
| Assets of the Scheme at 31 Mar 2022                             | -             | 288.2                   |
| Defined benefit obligation at 31 Mar 2022                       | (11.7)        | (277.1)                 |
| <b>(Deficit)/surplus at 31 Mar 2022</b>                         | <b>(11.7)</b> | <b>11.0</b>             |

The sensitivities analysis above is based on changing each assumption individually while holding all other assumptions constant. The method used for the sensitivities are consistent with the previous year.

## 34 Cash Flow Hedge Accounting Reserve

### Consolidated and Company

|                                                                                                  | Term<br>Structure<br>Hedges on<br>Crude Oil<br>Inventory<br>\$m | Term<br>Structure<br>Hedges on<br>Product<br>Inventory<br>\$m | Refining<br>Margin<br>Hedges<br>\$m | Forex Option<br>Hedges<br>\$m | Cash Flow<br>Hedge<br>Accounting<br>Reserves<br>\$m |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------|-------------------------------|-----------------------------------------------------|
| <b>At 30 September 2020</b>                                                                      | <b>(13.2)</b>                                                   | <b>(2.0)</b>                                                  | <b>(3.7)</b>                        | <b>-</b>                      | <b>(18.9)</b>                                       |
| Change in fair value of hedging instrument recognised as Other Comprehensive Income for the year | 47.8                                                            | (1.9)                                                         | (17.7)                              | -                             | 28.1                                                |
| Released to profit and loss                                                                      | (2.0)                                                           | 4.3                                                           | 2.4                                 | -                             | 4.8                                                 |
| Deferred tax                                                                                     | (10.5)                                                          | (0.4)                                                         | 4.1                                 | -                             | (6.8)                                               |
| <b>At 30 September 2021</b>                                                                      | <b>22.1</b>                                                     | <b>-</b>                                                      | <b>(14.9)</b>                       | <b>-</b>                      | <b>7.2</b>                                          |
| Change in fair value of hedging instrument recognised as Other Comprehensive Income for the year | 28.9                                                            | -                                                             | (95.1)                              | (4.7)                         | (70.8)                                              |
| Released to profit and loss                                                                      | (16.0)                                                          | -                                                             | 36.1                                | -                             | 20.1                                                |
| Deferred tax                                                                                     | (1.8)                                                           | -                                                             | 10.0                                | 0.9                           | 9.1                                                 |
| <b>At 31 March 2022</b>                                                                          | <b>33.2</b>                                                     | <b>-</b>                                                      | <b>(63.8)</b>                       | <b>(3.8)</b>                  | <b>(34.4)</b>                                       |

## 35 Asset Revaluation Reserve

### Consolidated

|                                                | Terminal Assets<br>\$m |
|------------------------------------------------|------------------------|
| <b>At 30 September 2020</b>                    | <b>123.9</b>           |
| Deferred tax due to change in future tax rates | (9.1)                  |
| <b>At 30 September 2021</b>                    | <b>114.8</b>           |
| Increase in Asset Revaluation Reserve          | 49.4                   |
| Deferred tax on the increase                   | (12.3)                 |
| <b>At 31 March 2022</b>                        | <b>151.9</b>           |

## 36 Related Party Transactions

| Loans to Related Parties  | Consolidated     |                  | Company          |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Non-current               |                  |                  |                  |                  |
| Essar Oil & Gas Limited   | 225.5            | 225.5            | 225.5            | 225.5            |
| Stanlow Terminals Limited | -                | -                | 195.2            | 208.4            |
| Essar Midlands Limited    | -                | -                | 22.4             | 22.9             |
|                           | <b>225.5</b>     | <b>225.5</b>     | <b>443.1</b>     | <b>456.8</b>     |

Movement in loans to Essar Midlands Limited is on account of foreign exchange as the loan amount was advanced in Great British Pounds.

The Group's other transactions with related parties included purchases and sale of goods and services and recharges of costs incurred to other Essar Group companies. Details of the transactions and the balance outstanding are below:

|                                 | Consolidated                                  |                                 | Company                                       |                                 |
|---------------------------------|-----------------------------------------------|---------------------------------|-----------------------------------------------|---------------------------------|
|                                 | Six month<br>period ended<br>31-Mar-22<br>\$m | Year ended<br>30-Sept-21<br>\$m | Six month<br>period ended<br>31-Mar-22<br>\$m | Year ended<br>30-Sept-21<br>\$m |
| Purchases of goods and services | -                                             | -                               | 64.9                                          | 129.5                           |
| Sale of goods and services      | -                                             | -                               | 15.9                                          | 30.5                            |
| Interest on Loans advanced      | 9.1                                           | 18.3                            | 14.2                                          | 28.1                            |

### Other transactions with related parties:

|                                       | Consolidated     |                  | Company          |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m | 31-Mar-22<br>\$m | 30-Sep-21<br>\$m |
| Receivables                           | 15.4             | 15.4             | 74.0             | 69.1             |
| (Payables)                            | -                | (6.1)            | -                | (7.2)            |
| Interest receivable on Loans advanced | 19.8             | 32.0             | 19.8             | 32.0             |

The Company's transactions with its subsidiary Essar Midlands Limited in relation to purchase and sale of petroleum products are not eligible for revenue recognition and hence not included above.

## Remuneration of Key Management Personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the relevant categories specified in IAS 24 Related Party Disclosures.

|                              | Six month<br>period ended<br>31-Mar-22<br>\$m | Year ended<br>30-Sept-21<br>\$m |
|------------------------------|-----------------------------------------------|---------------------------------|
| Short term employee benefits | 1.0                                           | 3.2                             |
| Post-employment benefits     | -                                             | -                               |
|                              | <b>1.0</b>                                    | <b>3.2</b>                      |

The highest paid director earned \$0.6m (2021: \$1.1m) in short term employee benefits during the period. During the period, no directors (2021: 0) participated in the defined benefit pension scheme. \$ Nil (2021: \$0.3m) was paid to Rodimus Holdings II Limited in respect of remuneration for one of the directors. There are none outstanding at the end of the year.

Previous year number has been amended to included remuneration for directors of subsidiaries.

## 37 Dividends

| Company                                                 | Six month<br>period ended<br>31-Mar-22<br>\$m | Year ended<br>30-Sept-21<br>\$m |
|---------------------------------------------------------|-----------------------------------------------|---------------------------------|
| Dividend paid at \$0.0 (2021: \$0.0) per ordinary share | -                                             | -                               |

## 38 Controlling Party

The ultimate parent company of Essar Oil (UK) Limited is Essar Global Fund Limited, a Company incorporated in the Cayman Islands, whose controlling parties are the Virgo Trust and the Triton Trust, discretionary trusts, whose beneficiaries include, among others, companies whose controlling shareholders are Mr Ravi Ruia and Mr Shashi Ruia.

At 31 March 2022 the immediate parent company was Essar Oil (Cyprus) Limited a Company incorporated in Cyprus.

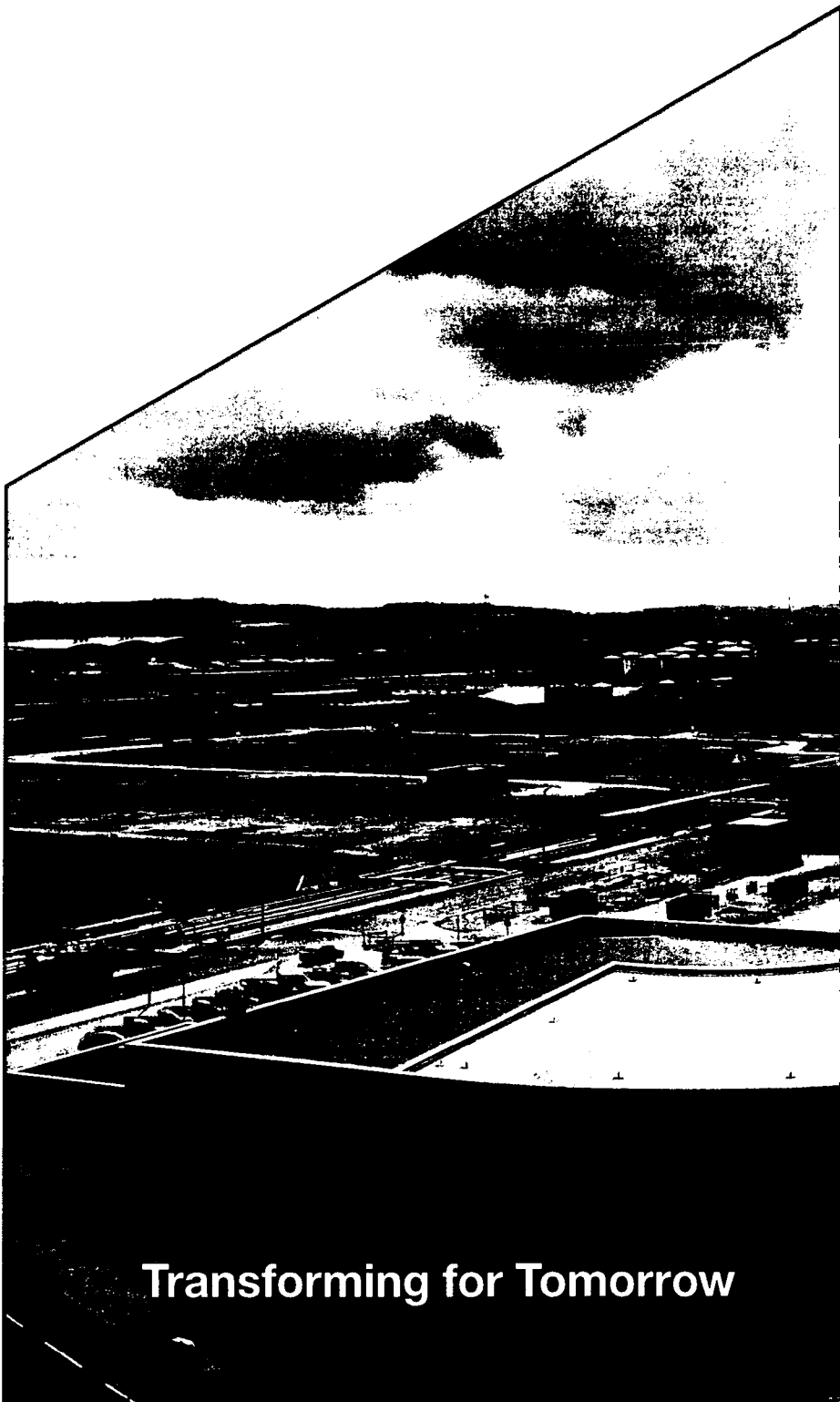
The smallest and largest Group into which these accounts are consolidated is Essar Energy Limited a Company incorporated in the United Kingdom. Copies of the financial statements of Essar Energy Limited are available from the registered office at:

2nd Floor,  
East Wing,  
Lansdowne House,  
57 Berkeley Square,  
London W1J 6ER.

# Transforming for Tomorrow



ESSAR OIL (UK) LTD  
Stanlow Refinery  
Oil Sites Road  
Ellesmere Port  
CH65 4BF



**Transforming for Tomorrow**