

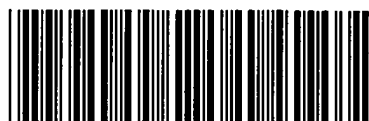
Marubeni Finance Europe plc

Report and Financial Statements

31 March 2017

Registered No. 07983210

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COMPANIES HOUSE

Directors

H Hanada	(appointed 1 April 2014, resigned 1 April 2016)
H Yanamoto	(appointed 1 April 2014, resigned 1 April 2017)
T Sugano	(appointed 1 April 2015, resigned 1 April 2017)
D Yamasaki	
T Tanaka	(appointed 1 April 2016)
H Kawai	(appointed 1 April 2017)
M Tanigaki	(appointed 1 April 2017)

Secretary

M Hammill

Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Bankers

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

Bank of Tokyo-Mitsubishi UFJ, Ltd.
Ropemaker Place 25 Ropemaker St,
London EC2Y 9AN

Registered Office

95 Gresham Street,
London EC2V 7AB

Strategic report

The Directors present their strategic report for Marubeni Finance Europe plc ("the Company") for the year ended 31 March 2017.

Principal activities

The Company was incorporated on 9 March 2012 and issued 50,000 ordinary shares on incorporation. The Company incorporated in England and Wales is a subsidiary of Marubeni Corporation (the "Parent"), Tokyo, Japan. As at 31 March 2017, Marubeni Corporation owns 100% shares directly.

The Company's principal activities are the financing of the business activities of Marubeni Corporation's subsidiaries ("affiliated companies"). The Parent and affiliated companies are collectively referred to as the group.

Business review

The Company's total net assets equal \$313,391,000 (2016 – \$309,181,000) at 31 March 2017. The expansion in long-term lending to affiliated companies this year was mainly funded by long-term borrowings and the issuance of \$200m share capital to the Parent executed at March 2016. Financing operations resulted in \$16,287,000 (2016 – \$12,607,000) of net interest income for the year ended 31 March 2017 due to an increase in the loan portfolio.

The Company's key financial and other performance indicators during the year were as follows:

	2017	2016
	\$000	\$000
Net interest income	16,287	12,607
Profit for the year	13,210	9,271
Shareholder's equity	313,391	309,181
Average number of employees	3	3

Principal risk and uncertainties

The principal financial risks faced by the Company are limited interest rate risk, foreign currency exchange rate risk, credit risk and liquidity risk. The Company borrows both short-term and long-term loans to finance its operations.

Interest rate risk

The Company has both short-term and long-term borrowings used to fund ongoing activities. The interest rate exposure on the Company's principal financial assets and liabilities is matched and therefore minimised.

Foreign currency exchange rate risk

The Company has both deposits and borrowings denominated other than in U.S. Dollars. The Company's exposure to the risk of changes in foreign exchange rates is minimized by maintaining the net foreign currency position at a low level.

Strategic report

Principal risk and uncertainties (continued)

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash and lending to affiliated companies. All long term loans, except for \$50m loan receivable from a group finance company, and all short term loans are guaranteed by the Parent company. The Company's cash is placed with high credit quality financial institutions. The Company has no other significant credit risk.

Liquidity risk

The Company has access to short-term and long-term borrowing facilities with banks in order to mitigate the risk that the Company is unable to meet the payment obligations associated with its financial liabilities when they fall due. The Company is in the process of renewing \$1,335m of short-term borrowing facilities with banks.

On behalf of the board



Director
Takanori Tanaka

23 June 2017

Registered No. 07983210

Registered No. 07983210

Directors' report

The Directors present their report and financial statements for the year ended 31 March 2017.

Directors and their interests

The Directors who held office in Marubeni Finance Europe plc during the year are set out on page 1. No director had an interest in the shares of the Company.

Future developments

No significant change in the activities of the Company is foreseen.

Going concern

Having reviewed the Company's operations, its financial position, liquid resources and borrowing facilities, together with the continuing strong performance of its parent undertaking, and the financial strength of its own balance sheet, the Directors believe that the Company has adequate resources to continue as a going concern for the foreseeable future despite the uncertain economic environment. The Company is in a net current asset position of \$898m as of 31 March 2017 and the Company is in the process of renewing \$1,335m of short-term borrowing facilities with banks. However, the Parent has confirmed its intention to continue to support the Company and the Company is party to long-term committed multi-borrower bank facilities up to the amount of \$1,320 million (the long-term facilities are shared with other group finance companies, as well as the Parent), which the Directors believe contribute to the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the reports and financial statements.

Distributions

The Directors of the Company have approved a dividend payment of \$13,200,000 (2016 – \$9,000,000) to the stockholder (Marubeni Corporation) in June 2017.

Auditors

Ernst & Young LLP have been appointed as auditors and a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report

On behalf of the board



Director
Takanori Tanaka
23 June 2017

Registered No. 07983210

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Independent auditors' report

to the members of Marubeni Finance Europe plc

We have audited the financial statements of Marubeni Finance Europe plc for the year ended 31 March 2017 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of Marubeni Finance Europe plc

Opinion on other matter prescribed by the Companies Act 2006

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

- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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

Ernst & Young LLP

Bansi Haria (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 June 2017

Income statement

for the year ended 31 March 2017

		<i>Year ended 31 March 2017 \$000</i>	<i>Year ended 31 March 2016 \$000</i>
	<i>Notes</i>		
Interest income	4	36,077	22,017
Interest expense	5	(19,790)	(9,410)
Net interest income		<u>16,287</u>	<u>12,607</u>
Administrative expenses		(955)	(998)
Other income		<u>151</u>	<u>-</u>
Profit before taxation	6	15,483	11,609
Tax expense	9	(2,273)	(2,338)
Profit for the year		<u><u>13,210</u></u>	<u><u>9,271</u></u>

The notes on page 13 to 22 are an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 March 2017

	<i>Year ended 31 March 2017</i>	<i>Year ended 31 March 2016</i>
<i>Note</i>	<i>\$000</i>	<i>\$000</i>
<i>Profit for the year</i>	13,210	9,271
<i>Other comprehensive income:</i>		
<i>Items that can be reclassified to profit or loss:</i>		
Cash flow hedges:		
Gain/ (Losses) arising during the year	-	86
<i>Total comprehensive income for the year</i>	<u>13,210</u>	<u>9,357</u>

The notes on page 13 to 22 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 March 2017

	<i>Equity share capital</i> \$000	<i>Cash flow hedge reserve</i> \$000	<i>Retained earnings</i> \$000	<i>Total equity</i> \$000
At 31 March 2015	100,000	(86)	8,076	107,990
Profit for the year	–	–	9,271	9,271
Other comprehensive income	–	86	–	86
Total comprehensive income for the year		86	9,271	9,357
Other movements			(86)	(86)
Equity dividends paid	–	–	(8,080)	(8,080)
Capital increase	200,000	–	–	200,000
At 31 March 2016	300,000	–	9,181	309,181
Profit for the year	–	–	13,210	13,210
Other comprehensive income	–	–	–	–
Total comprehensive income for the year		–	13,210	13,210
Equity dividends paid	–	–	(9,000)	(9,000)
At 31 March 2017	300,000	–	13,391	313,391

The notes on page 13 to 22 are an integral part of these financial statements.

Balance sheet

at 31 March 2017

	Notes	2017 \$000	2016 \$000
Fixed assets			
Loans	10	97,118	1,349,908
		<u>97,118</u>	<u>1,349,908</u>
Current assets			
Loans	10	2,289,844	475,876
Prepayments and accrued income		3,420	2,443
Deferred tax assets	9	—	1
Cash at bank and in hand		31,563	23,173
		<u>2,324,827</u>	<u>501,493</u>
Creditors: Amounts falling due within one year			
Interest-bearing borrowings	11	1,424,861	859,904
Derivative financial liabilities		—	174
Income tax payable		1,202	1,190
Accruals and deferred income		976	715
		<u>1,427,039</u>	<u>861,983</u>
Net current assets/ (liabilities)		897,788	(360,490)
Total assets less current liabilities		994,906	989,418
Creditors: Amounts falling due after more than one year			
Interest-bearing borrowings	11	681,513	680,237
Net assets		<u>313,391</u>	<u>309,181</u>
Capital and reserves			
Equity share capital	12	300,000	300,000
Cash flow hedge reserve		—	—
Retained earnings		13,391	9,181
Total equity		<u>313,391</u>	<u>309,181</u>

The notes on page 13 to 22 are an integral part of these financial statements.

These financial statements were approved by the board of Directors on 23 June 2017 and were signed on its behalf by



Takanori Tanaka

Director

Notes to the financial statements

at 31 March 2017

1. General

The Company incorporated in England and Wales is a subsidiary of Marubeni Corporation (the 'Parent'), Tokyo, Japan. As at 31 March 2017, Marubeni Corporation owns 100% shares directly. The Company's principal activities are the financing of the business activities of Marubeni Corporation's subsidiaries ("affiliated companies").

The Parent and other affiliated companies are collectively referred to as the group.

2. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Marubeni Finance Europe plc for the year ended 31 March 2017 were authorised for issue by the board of Directors on 23 June 2017 and the balance sheet was signed on the board's behalf by Takanori Tanaka. Marubeni Finance Europe plc is incorporated and domiciled in England and Wales.

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards and the Companies Act 2006.

The Company's financial statements are presented in U.S. Dollars and all values are rounded to the nearest thousand U.S. Dollars (\$000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 3.

3. Summary of significant accounting policies

3.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2017. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d), 10(f) of IAS 1 Presentation of Financial Statements;
- (b) the requirement of IAS 7 Statement of Cash Flows;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (g) the requirements of IFRS 7 Financial Instruments.

Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items:

- Financial instruments: fair value through profit or loss

Having reviewed the Company's operations, its financial position, liquid resources and borrowing facilities, together with the continuing strong performance of its parent undertaking, and the financial strength of its own balance sheet, the Directors believe that the Company has adequate resources to continue as a going concern for the foreseeable future despite the uncertain economic environment. The Company is in a net current asset position of \$898m as of March 2017 and the Company is in the process of renewing \$1,335m of short-term borrowing facilities with banks. However, the Parent has confirmed its intention to continue to support the Company and the Company is party to long-term committed multi-borrower bank facilities up to the amount of \$1,320 million (the long-term facilities are shared with other

Notes to the financial statements

at 31 March 2017

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

group finance companies, as well as the Parent). The Directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

3.2 Significant accounting judgements, estimates and assumptions

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Fair value of financial assets and liabilities held at fair value through profit or loss

Management judgement is required to determine the fair value of financial assets and liabilities held at fair value through profit or loss. Valuation pricing models and their underlying assumptions impact the amount and timing of unrealised gains and losses recognised, and the use of different valuation pricing models or underlying assumptions could produce different financial results. Changes in the fixed income and foreign exchange markets can impact the Company's estimates of fair value in the future, potentially affecting fair value gains and losses.

3.3 Significant accounting policies

Interest

Interest income and interest expense are recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Translation of foreign currencies

The Company's financial statements are presented in U.S. Dollars, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and loan notes.

Notes to the financial statements

at 31 March 2017

3. Summary of significant accounting policies (continued)

3.3 Significant accounting policies (continued)

Loans and receivables

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

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since 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 that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, 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 discounted at the asset's original effective interest rate. The amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The EIR amortisation is included in the interest expense in the income statement.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Notes to the financial statements

at 31 March 2017

3. Summary of significant accounting policies (continued)

3.3 Significant accounting policies (continued)

Derivative financial instruments and hedging

Until middle of the year ended March 31, 2017 the Company used derivative financial instruments such as forward currency contracts and foreign currency swaps to hedge its risks associated with foreign currency fluctuations.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and foreign current swap contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as admin expenses.

Until middle of the year ended March 31, 2017 the Company used forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in gain/loss arising from derivatives.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Notes to the financial statements

at 31 March 2017

3. Summary of significant accounting policies (continued)

3.3 Significant accounting policies (continued)

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Income taxes

The income taxes are calculated in accordance with tax requirements in the UK.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements

at 31 March 2017

4. Interest income

	2017	2016
	\$000	\$000
Interest income from group loans	36,015	21,868
Interest income from time deposits	62	149
Total interest income	<u>36,077</u>	<u>22,017</u>

5. Interest payable

	2017	2016
	\$000	\$000
Interest expenses due to bank	18,266	8,064
Interest expenses on group borrowings	1,524	1,346
Total interest expenses	<u>19,790</u>	<u>9,410</u>

6. Profit before taxation

This is stated after charging/(crediting):

	2017	2016
	\$000	\$000
Auditor's remuneration (note 7)	89	97

7. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2017	2016
	\$	\$
Audit of financial statements	73,747	77,965
Taxation compliance services	15,685	11,815
Other non-audit services	—	7,244
	<u>89,432</u>	<u>97,024</u>

Notes to the financial statements

at 31 March 2017

8. Staff costs and Directors' remuneration

(a) Staff costs including Directors' remuneration

	2017	2016
	\$	\$
Wages and salaries	415,085	381,601
Pension cost	11,945	13,314
	<u>427,030</u>	<u>394,915</u>

The average monthly number of employees during the year was made up as follows:

	2017	2016
	No.	No.
Management grades	<u>3</u>	<u>3</u>

(b) Directors' remuneration

	2017	2016
	\$	\$
Aggregate remuneration in respect of qualifying services	<u>292,523</u>	<u>289,313</u>

The total amount payable to the highest paid Director in respect of remuneration was \$223,843(2016: \$228,210)"

9. Taxation

(a) Tax charged in the income statement

	2017	2016
	\$000	\$000
Current income tax:		
Current income tax charge	(3,095)	(2,324)
Adjustment in respect of prior year	823	(14)
Total current income tax	<u>(2,272)</u>	<u>(2,338)</u>
Deferred tax:		
Origination and reversal of temporary differences	(1)	—
Adjustment in respect of prior year	—	—
Total deferred tax	<u>(1)</u>	<u>—</u>
Tax expense in the income statement	<u>(2,273)</u>	<u>(2,338)</u>

Notes to the financial statements

at 31 March 2017

9. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 20% (2016 – 20%). The differences are reconciled below:

	2017	2016
	\$000	\$000
Accounting profit before income tax	15,483	11,609
Tax calculated at UK standard rate of corporation tax of 20% (2016 – 20%)	(3,097)	(2,322)
Expenses not deductible for tax purposes	(3)	(2)
Adjustment in respect of prior year	823	(14)
Others	4	–
Tax expense reported in the income statement	(2,273)	(2,338)

The Finance (No.2) Act 2015 enacted a reduction in the corporation tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019. The Finance Act 2016 enacted a reduction in the corporation tax main rate at 17% for the years starting the 1 April 2020. Deferred tax balances should be calculated at the rate at which the balances are expected to be settled, based on tax rates that have been substantively enacted at the balance sheet date. Therefore, the deferred tax balances have been calculated with reference to these rates.

(c) Deferred tax

The deferred tax included in the Company balance sheet is as follows:

	2017	2016
	\$000	\$000
<i>Deferred tax asset</i>		
Opening balance	1	1
Movement - Decelerated capital allowance	(1)	–
	–	1
<i>Disclosed on the balance sheet</i>		
Deferred tax asset	–	1
	–	1

10. Loans and receivables

	2017	2016
	\$000	\$000
After more than one year:		
Amounts owed by group companies	97,118	1,349,908
Within one year:		
Amounts owed by group companies	2,289,844	475,876

Loans are denominated in U.S. Dollars, Sterling or Euro and are provided to group companies. These loans accrue interest at floating rate. All long term loans, except for \$50m loan receivable from a group finance company, and all short term loans are guaranteed by the Parent company. In the previous fiscal year, the company also had fixed rate loans.

The loans are neither past due nor impaired as at 31 March 2017.

Notes to the financial statements

at 31 March 2017

11. Financial liabilities - borrowings

Borrowings comprise the following:

	2017 \$000	2016 \$000
Within one year		
Short-term bank loans and group deposits	1,424,861	859,904
	<u>1,424,861</u>	<u>859,904</u>
After more than one year		
Long-term bank loans	<u>681,513</u>	<u>680,237</u>

Short term bank loans and group deposit

Short term bank loans and group deposits have a maximum one year maturity with a floating interest rate and are denominated in U.S. Dollars apart from total loans of \$104m (£83m, €2m) which are denominated in Sterling and Euro.

Long-term bank loans

Long term bank loans have a maximum ten years maturity with a floating interest rate and are all in U.S. Dollars.

12. Authorised and issued share capital

The Company's share capital that the Directors are authorised to issue in accordance with the provisions of Article of Association is £50,000 and \$500,000,000 divided into 50,000 shares of £1 each and 500,000,000 shares of \$1 each.

Allotted, called up and fully paid

	2017 Fully paid Number 000	consideration \$000
Ordinary shares of \$1 each	299,920	299,920
Ordinary shares of £1 each	50	80
	<u>299,970</u>	<u>300,000</u>

The company issued 200,000,000 ordinary shares of \$1.00 each on 31 March 2016.

Allotted, called up and fully paid

	2016 Number 000	Number \$000
Ordinary shares of \$1 each	299,920	299,920
Ordinary shares of £1 each	50	80
	<u>299,970</u>	<u>300,000</u>

13. Dividend paid

In June 2016, a dividend of \$9,000,000 (2016: \$2,980,000) was paid. There was no special dividend paid (2016: \$5,100,000).

Notes to the financial statements

at 31 March 2017

14. Dividends proposed

	2017	2016
	\$000	\$000
Proposed dividend for approval by shareholders at the AGM:	<u>13,200</u>	<u>9,000</u>

The Directors of the Company have approved a dividend payment of \$13,200,000 (2016: \$9,000,000) to the stockholder (Marubeni Corporation) in June 2017.

15. Post balance sheet event

The Directors of the Company have approved a dividend payment of \$13,200,000 (2016 – \$9,000,000) to the stockholder (Marubeni Corporation) in June 2017.

16. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

17. Ultimate group undertaking

The immediate and ultimate parent undertaking and controlling party is Marubeni Corporation, which is incorporated in Japan. Copies of Marubeni Corporation's financial statements, which represent the only group in which this Company's financial statements are included, can be obtained from Marubeni Corporation's head office at 7-1 Nihonbashi 2-Chome, Chuo-ku, Tokyo, Japan.