



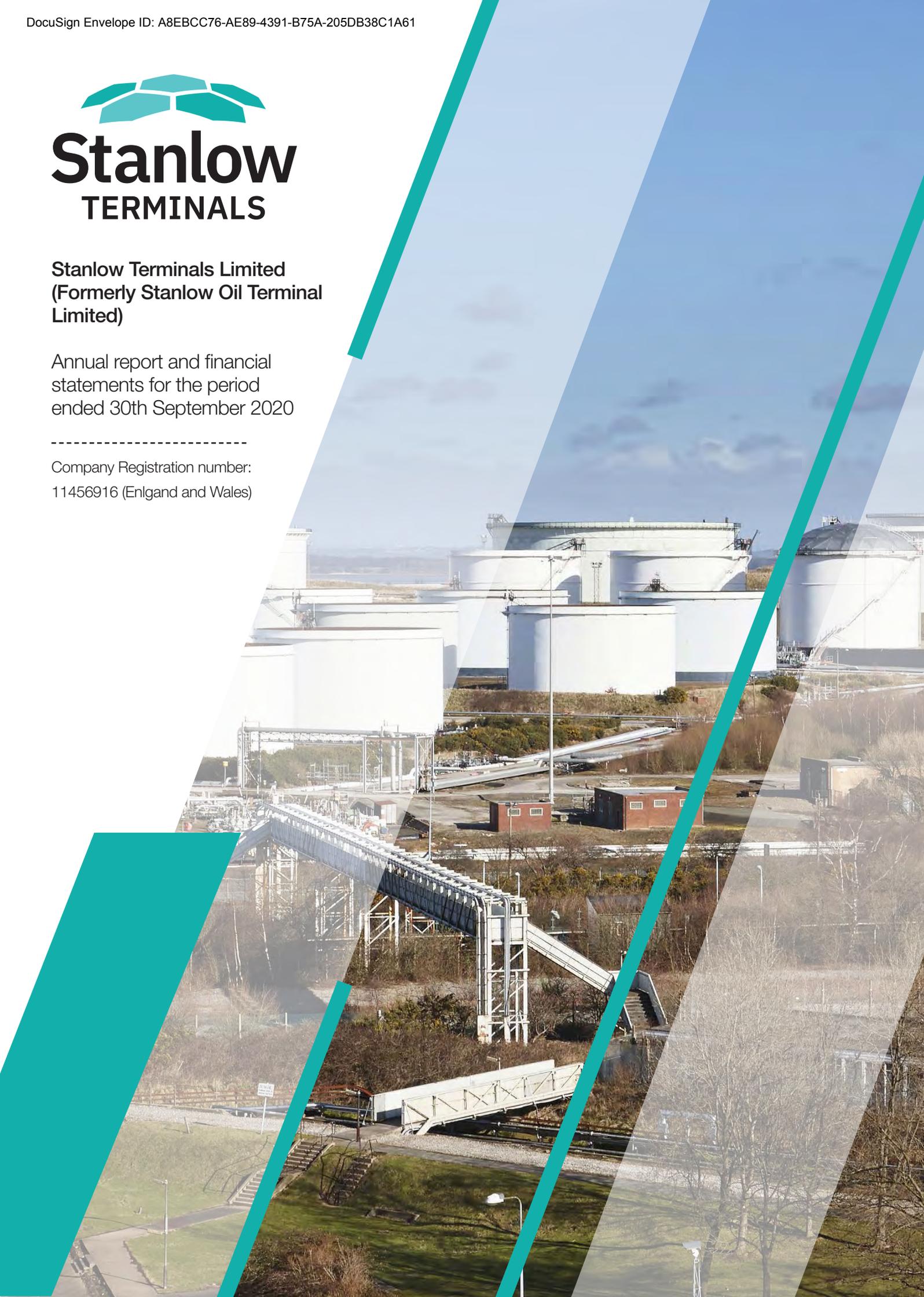
Stanlow

TERMINALS

**Stanlow Terminals Limited
(Formerly Stanlow Oil Terminal
Limited)**

Annual report and financial
statements for the period
ended 30th September 2020

Company Registration number:
11456916 (England and Wales)



STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

COMPANY INFORMATION

Directors	Mr Prashant Ruia Mr Patrick Walters Mr Satish Vasooja Mr Michael Gaynon Mr Rajiv Agarwal
Secretary	Mrs Samantha Chambers
Company number	11456916
Registered office	Gate No.1 Oil Sites Road Stanlow Manufacturing Complex Ellesmere Port Cheshire CH65 4BD England
Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD United Kingdom

Strategic report



STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report and financial statements for the year ended 30 September 2020.

Review of the business

Despite the impact of the Covid-19 pandemic, the Company reported a strong operational and financial performance during the period.

The Company generated revenues of \$88.04m in the 12 months to September 2020 (2019: Nil) and made a net profit before tax of \$39.83m (2019: Nil) reflecting a net profit margin of 35.9%. Operating profit margin for the Company stood at 60% of revenue. This result reflects 9 months of trading performance starting from 1 January 2020.

Principal risks and uncertainties

The Company faces a number of business risks mainly due to external factors as detailed below:

Covid-19 risk

The global outbreak of Coronavirus has, in the short to medium term, affected the business of our anchor customer i.e. the Stanlow Refinery, however considering the take or pay nature of underlying contracts, the impact on the Company's business has been minimal. The safety and wellbeing of our employees and people within our supply chain has been the core focus since the outbreak began and we have taken the appropriate measures to help mitigate the risk of virus transmission, including enabling our workforce to work from home where possible. We continue to closely monitor and follow the guidelines issued by Public Health England and the UK Government and have formed steering groups within our business to ensure a coordinated and a well thought through response and ongoing communication with our workforce.

Foreign exchange risk

The Company's functional and presentational currency for accounting for its transactions and preparation of books and accounts is the US Dollar. The Company's exposure to foreign currency fluctuations mainly in respect of certain operating expenditure denominated in British Pounds (GBP) is managed without any material forex impact by way of similar amount of trade receivables denominated in British Pounds (GBP). The residual risk is immaterial for the overall business of the Company.

Health and safety risk and environment

The Company is at risk of commercial and reputational damage as a result of Health, Safety or Environmental incidents given the nature of its operations. Any untoward incident might have an adverse effect on the overall valuation of the Company.

Under the Operations and Maintenance Agreement with Essar Oil (UK) Limited ("EOUK"), EOUK is holding the required licenses and permits for the operations of the Company except for the Road Terminal, the licenses for which is held by the Company itself.

The Company has a formal Health, Safety and Environmental ("HSE") policy with related HSE management systems in place. These are communicated to the employees and other relevant stakeholders with training provided on a regular basis. Regular reviews are carried out on compliance with the HSE policy and related Health Safety Environment Management Systems ("HSEMS") as well as adherence with regulatory requirements. The directors ultimately monitor the effectiveness of the various HSE policies and systems. The Company has robust review process in place to review the performance of EOUK in relation to provision of OMA services including maintenance of safety.

The Company followed Public Health England guidance in order to deal with COVID 19.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Future developments

The Company is the largest UK storage terminal service provider with unique access to essential infrastructure and proximity to a strategically important national refinery and distribution hub for industrial and retail customers. The Company has Stanlow refinery as its anchor customer with long term service contracts in place. In addition, the Company has embarked on a journey to establish and grow other third party business over the period by utilising the historically underutilised infrastructure assets previously under the refinery ownership.

The Company has now in place its independent management and business development team looking at various opportunities to grow the business beyond serving the refinery and have a strong pipeline of opportunities. The Company is also considering investing in onsite infrastructure which will allow a greater modal choice to customers for inward and outward movement of liquid products.

The Company is looking to partner with the Stanlow refinery and others to participate in Hynet and other decarbonisation projects being developed for Stanlow. The Company's infrastructure assets and services will be important for the success of these projects in helping to achieve the Carbon neutral agenda of the UK Government.

Significant relationships

Financing

The company has long term debt facility from parent company, Essar Oil (UK) Limited that was put into place on the hive-down of assets. The company continues to pay the interest on the loan in line with contractual obligations.

Customers

Revenues from the parent company, Essar Oil (UK) Limited contributes to approximately 99% (2019: Nil) of the Company's overall revenues.

Employees

The Company has a monthly average number of 23 employees (2019: Nil). In addition, the Company has 40 contractors for its marine facility operations and management under a contract with a supplier.

On behalf of the board

DocuSigned by:

Patrick Walters

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Mr Patrick Walters

Director

30 March 2021

Director's report



STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the Company is to provide bulk liquid storage, transportation and terminal services for petroleum and chemical products. The Company owns and operates the storage and essential infrastructure facilities at Stanlow Manufacturing Complex and Tranmere Terminal.

On 31 December 2019, the company acquired certain storage and essential infrastructure assets from its parent company, Essar Oil (UK) Limited by way of a hive down. Post the acquisition, the Company is the largest UK storage provider with the unique access to essential infrastructure and proximity to a strategically important national refinery and distribution hub for industrial and retail customers.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid in the year amounting to \$18,000,000 (2019: nil). A final dividend amounting to \$12,000,000 (2019: nil) was paid in November 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Prashant Ruia	(Appointed 20 May 2020)
Mr Patrick Walters	(Appointed 20 May 2020)
Mr Satish Vasooja	
Mr Michael Gaynon	
Mr Rajiv Agarwal	(Appointed 20 May 2020)
Mr Mark Wilson	(Appointed 20 May 2020 and resigned 25 June 2020)
Mr Parthasarathy Sampath	(Appointed 20 May 2020 and resigned 14 October 2020)

Auditor

PKF Littlejohn Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006. PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Going concern

The detailed disclosures with regard to going concern are given in the accounting policies to these financial statements and are not replicated in this report. The directors have considered the impact of Covid19 on its business and particularly on its existing key customer, its business model, operations and the opportunities available and have concluded that Company will be able to operate as a going concern for the foreseeable future.

Notwithstanding the material uncertainty reported by the Board of Essar Oil (UK) Limited ("EOUK") , the company's largest customer and shareholder , the directors have concluded that based on the importance of its infrastructure assets in supplying fuels to the north-west UK, the likelihood of securing other customers for storage agreements and discussions with potential lenders, it continues to have a sound business model that can withstand the pressures faced by its largest customer specifically and the UK refining sector generally.

Further details on the consideration of going concern are provided in the accounting policies.

On behalf of the board

DocuSigned by:

7DEAE6533A99436...
Mr Patrick Walters
Director

30 March 2021

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

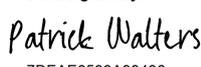
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

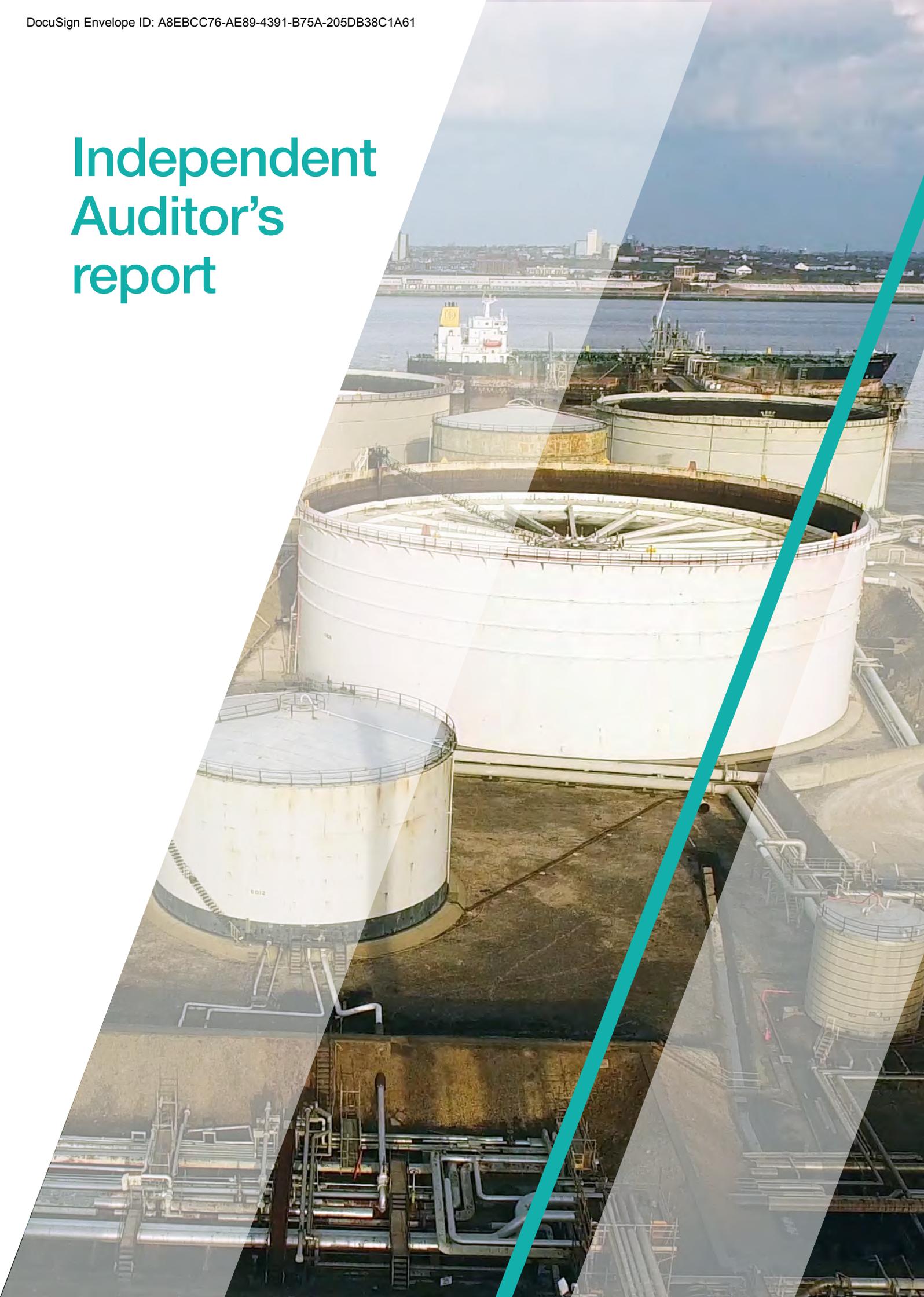
On behalf of the board

DocuSigned by:

7DEAE6533A99436...

Mr Patrick Walters
Director

30 March 2021

Independent Auditor's report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

Opinion

We have audited the financial statements of Stanlow Terminals Limited (the 'company') for the year ended 30 September 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Emphasis of matter

We draw your attention to note 1 of the financial statements, which describes the Company's assessment in respect of going concern. The Company has explained the judgements and estimates they have considered in reaching their going concern conclusions. They do not impact its use of the going concern basis of preparation nor do they cast significant doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our opinion is not modified in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED) (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 year for which the financial statements are prepared is consistent with the financial statements; and
- 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED) (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

DocuSigned by:

Joseph Archer

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Joseph Archer (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP, Statutory Auditor

Chartered Accountants

15 Westferry Circus

Canary Wharf

London

E14 4HD

United Kingdom

30 March 2021

Financial statements



STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 \$000	2019 \$000
Revenue	4	88,038	-
Cost of sales		(31,299)	-
Gross profit		56,739	-
Administrative expenses		(3,989)	-
Operating profit	7	52,750	-
Finance costs	9	(12,984)	-
Profit before taxation		39,766	-
Income tax expense	10	(19,969)	-
Profit and total comprehensive income for the year		19,797	-

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020 \$000	2019 \$000
Non-current assets			
Intangible assets	13	185	-
Property, plant and equipment	14	339,002	-
		<u>339,187</u>	<u>-</u>
Current assets			
Trade and other receivables	15	12,725	-
Cash and cash equivalents		8,180	13
		<u>20,905</u>	<u>13</u>
Total assets		<u>360,092</u>	<u>13</u>
Current liabilities			
Trade and other payables	19	10,958	-
Borrowings	17	253,329	-
Lease liabilities	20	1,056	-
		<u>265,343</u>	<u>-</u>
Net current (liabilities)/assets		<u>(244,438)</u>	<u>13</u>
Non-current liabilities			
Lease liabilities	20	79,547	-
Deferred tax liabilities	21	12,081	-
		<u>91,628</u>	<u>-</u>
Total liabilities		<u>356,971</u>	<u>-</u>
Net assets		<u>3,121</u>	<u>13</u>
Equity			
Called up share capital	23	1,324	13
Retained earnings		1,797	-
Total equity		<u>3,121</u>	<u>13</u>

Company Registration No. 11456916

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 30 March 2021 and are signed on its behalf by:

DocuSigned by:

Patrick Walters

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Mr Patrick Walters

Director

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital \$000	Retained earnings \$000	Total \$000
Balance at 10 July 2018		-	-	-
Year ended 30 September 2019:				
Issue of share capital	23	13	-	13
Balance at 30 September 2019		13	-	13
Year ended 30 September 2020:				
Profit and total comprehensive income for the year		-	19,797	19,797
Issue of share capital	23	1,311	-	1,311
Dividends	11	-	(18,000)	(18,000)
Balance at 30 September 2020		1,324	1,797	3,121

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 \$000	\$000	2019 \$000	\$000
Cash flows from operating activities					
Cash generated by operations	26		64,000		-
Interest paid			(12,984)		-
Tax paid			(7,888)		-
Net cash inflow from operating activities			43,128		-
Investing activities					
Purchase of property, plant and equipment		(3,107)		-	
Net cash used in investing activities			(3,107)		-
Financing activities					
Proceeds from issue of shares		-		13	
Repayment of borrowings		(11,191)		-	
Payment of lease liabilities		(2,663)		-	
Dividends paid		(18,000)		-	
Net cash (used in)/generated from financing activities			(31,854)		13
Net increase in cash and cash equivalents			8,167		13
Cash and cash equivalents at beginning of year			13		-
Cash and cash equivalents at end of year			8,180		13

Notes to financial statements



STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Stanlow Terminals Limited (Formerly Stanlow Oil Terminal Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Gate No.1, Oil Sites Road, Stanlow Manufacturing Complex, Ellesmere Port, Cheshire, England, CH65 4BD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$000. The reporting currency of the company for the year ended 30 September 2019 was Great British pounds. The opening balances have been converted to US dollars using the spot rate at 1 October 2019.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

Going concern

In assessing the Company's going concern status, the directors have taken account of the financial position of the Company, its reliance on its parent company and major customer, Essar Oil (UK) Ltd ("EOUK"), and have considered different scenarios that may play out as the UK refining sector emerges from the market impact of COVID-19 for the forecast period covering up to March 2022, being twelve months from the date of the signing of these financial statements.

The COVID-19 related lockdowns in 2020 reduced demand for petroleum products, but given the nature of the company's contract with its key customer, EOUK, the Company remained cash generative at an operating level. Whilst this relationship afforded protection to the company, EOUK business was impacted by the slow recovery of demand for its products, reduced trade credits and refining margins. The auditors of EOUK have made reference to going concern by way of a material uncertainty within their audit report on the financial statements of EOUK. Notwithstanding this material uncertainty, the EOUK Board is confident in EOUK Group's forecasts and ability to deliver on an array of potential solutions which support the liquidity position of EOUK and the preparation of the financial statements of EOUK on a going concern basis. Having made enquiries, the directors of the company have been informed that a market recovery, which is expected as lockdown measures are lifted, and the completion of a debt financing process by EOUK, which is currently being undertaken, are likely to address the uncertainty should they happen. The Directors of EOUK are confident that these two scenarios likely to occur in the near term based on the information available to them.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Going concern (continued)

Notwithstanding the fact that EOUK is currently the key customer of the company, the directors have concluded that there are several factors which support the long-term future and resilience of the company with or without the Stanlow refinery, owned by EOUK, being operated and irrespective of who owns the refinery, on account of following:

- The infrastructure assets owned by the company are of strategic national importance for the storage and distribution of transportation fuels and other refined products into the North-West of England and beyond. Significant parts of the North West region of the UK (circa 80%) depend on supply of fuel from Stanlow and this includes the supply of aviation fuel to Liverpool and Manchester airports, the two main airports in the region. As a result it is considered that the company's assets are of strategic significance on a standalone basis as an independent storage and terminal services provider. In the event that the Stanlow refinery was to stop operating and the Company was to lose its key customer, the Directors consider that there would be significant interest from the traders / international oil companies / resellers to use the Company assets to fill the supply gaps that would be created as a result. Given the nature of operations, the Directors consider that this interest would be sufficient to ensure the viability of the Company.
- The Company has taken external advice to consider, and make informed judgements and estimates on the likely interest in its assets from third parties and likely profitability of the business were the refinery to stop operating. It is acknowledged that such an event may reduce the current level of profitability but based on the analysis which considers various alternative possible outcomes and storage rates, the Directors judge that there would be significant interest in its assets for storage and throughput. Even with the application of sensitivities around the volume and the storage rates, the Company is expected to remain profitable and cash generative.
- The Company has recently signed Heads of Terms with a number of new customers for the provision of storage and terminal services and has a strong sales pipeline to grow its business in future which the Directors judge demonstrate its ability to grow its customer base.
- The Company entered into a loan agreement with EOUK as part of the hive down in January 2020. \$253.3m of the loan ("Hive-Down Loan") remains outstanding at the balance sheet date. Having considered the material uncertainty within the accounts of EOUK in respect of going concern the Directors have made judgements in respect of the settlement of this amount which are:
 1. Consideration that EOUK's financing will be successful and therefore the Directors should be in a position to obtain a signed confirmation from EOUK that the amount owed will not be recalled within a period of 12 months from the date of sign off of the financial statements; and
 2. Consideration as to what may occur should EOUK's financing not be successful. Given the current status of the Company's financing discussions, which the Company consider to be reasonably advanced, the Directors consider that they either have or would be granted sufficient time by whoever is at that time running EOUK's operations to complete their financing to settle this amount.

As a result the Directors are satisfied, having considered the range of possible scenarios, sensitivities, mitigating factors outlined above, the company will have adequate financial resources to enable it to continue to trade as a going concern for the foreseeable future - being 12 months from the date of signing of these financial statements.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Revenue

Revenue from contracts for the provision of services is measured based on the consideration specified in a contract with a customer. The Company recognises revenue upon completion of its service obligations, either at a point in time or over a period of time. Revenue is generated through:

- the provision of services charged through long-term fixed-fee contracts related to infrastructure assets and includes a fixed and/or take or pay portion for the use of the infrastructure
- a variable portion related to the volume throughput moved through the facility
- a variable portion related to the handling services for the volume throughput.

The Company accounts for individual services separately if they are distinct, indicated by the fact that they are separately identifiable from other services provided and the customer can benefit from these distinct services. The stand-alone prices on services are determined by the rates listed within the individual contracts related to the service.

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Software - straight line over 5 years

Amortisation is charged to cost of sales.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Property, plant and equipment

On 31 December 2019, the company purchased property, plant and equipment from its immediate parent company, Essar Oil (UK) Limited. Prior to the purchase, the property, plant and equipment were fair valued by an independent valuation specialists (Gerald Eve LLP and Hickman Shearer Ltd) by using 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. Fair value became deemed cost at acquisition for the Company.

Subsequently, property, plant and equipment is carried at fair value less depreciation and impairment. Fair value is determined at each reporting date. Increases in value are credited to other comprehensive income and accumulated in equity. A decrease arising as a result of revaluation is recognised as an expense to the extent that it exceeds any amount previously debited to the revaluation surplus relating to the same asset. When a revalued asset is disposed of, any revaluation surplus is transferred directly to retained earnings.

Depreciation is recognised so as to write off the valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	40 years
Fixtures and fittings	5-10 years
Plant and equipment	10-30 years
Right of use assets	Shorter of the expected useful life or the lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets measured at amortised cost are impaired when there is an expected credit loss. Trade and other receivables do not contain a financing element and therefore expected credit losses are measured using the simplified approach, which requires expected lifetime credit losses to be recognised.

Intercompany 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.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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 included within property, plant and equipment, apart from those that meet the definition of investment property.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

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, 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 of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term. The company does not have any such leases either during the financial year or at the reporting date.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 Leases

The company has adopted IFRS 16 during the financial year. The company did not have any leases at the transition date of 1 October 2019 therefore no opening balance adjustments were required.

The company's accounting policies for leases are disclosed in note 1.

3 Critical accounting estimates and judgements

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

The 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 the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Going concern

Notwithstanding the symbiotic relationship that the Company has with its major customer and its parent, Essar Oil UK Limited and the impact of Covid19 on EOUK business, the Company directors have given careful consideration to its going concern position. The Directors had to make certain key judgements and estimates in order to reach to a conclusion which are described in the accounting policies to the these financial statements and are not repeated in this section.

Useful economic lives and capitalisation of assets

The company's relevant non-current assets (2020 net book value: \$339.19m; 2019 net book value: Nil) are depreciable over their estimated useful lives as set out in the accounting policies. Such lives are dependent upon an assessment of both the technical lives of the assets and their likely economic lives. The start of life of assets occur once they are completed and ready for use, at which point they are transferred from Assets Under Construction ("AUC") to the relevant asset class.

The projects are reviewed before any expenditure is incurred to determine what constitutes capital expenditure, in line with the company's policies and procedures, or operating expenditure. Capital expenditure of \$28.3m was incurred in the year which includes acquisition of assets under construction of \$25.2m (2019: Nil).

Further detail is set out in notes 13 and 14 to the financial statements.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Critical accounting estimates and judgements (Continued)

Impairment of non-current assets

Non-current assets (2020 net book value: \$339.19m; 2019 net book value: Nil) are tested for impairment when conditions suggest that there is a risk of impairment. Where impairment testing is carried out, management uses the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated to assess the likely cash flows available to the relevant asset. Management therefore make judgements as to whether any impairment indicators arise and if they do then perform impairment analysis which uses a variety of estimates.

4 Revenue

	2020 \$000	2019 \$000
Revenue analysed by class of business		
Sale of storage facility services	88,038	-
	<u>88,038</u>	<u>-</u>

All revenue is generated in the United Kingdom. \$3,251k of revenue was recognised over time, and \$84,787k of revenue was recognised at a point in time.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Administration	6	-
Operations	17	-
	<u>23</u>	<u>-</u>

Their aggregate remuneration comprised:

	2020 \$000	2019 \$000
Wages and salaries	1,980	-
Social security costs	236	-
Pension costs	158	-
	<u>2,374</u>	<u>-</u>

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Directors' remuneration	2020	2019
	\$000	\$000
Remuneration for qualifying services	244	-
Company pension contributions to defined contribution schemes	15	-
	<u>259</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>134</u>	<u>-</u>
--------------------------------------	------------	----------

7 Operating profit	2020	2019
	\$000	\$000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1,974)	-
Depreciation of property, plant and equipment	12,984	-
Amortisation of intangible assets	33	-
	<u>10,043</u>	<u>-</u>

8 Auditor's remuneration	2020	2019
	\$000	\$000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	<u>65</u>	<u>-</u>

9 Finance costs	2020	2019
	\$000	\$000
Interest on lease liabilities	3,782	-
Other interest payable	9,202	-
Total interest expense	<u>12,984</u>	<u>-</u>

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Income tax expense

	2020	2019
	\$000	\$000
Current tax		
UK corporation tax on profits for the current period	7,888	-
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of temporary differences	12,081	-
	<u> </u>	<u> </u>
Total tax charge	19,969	-
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020	2019
	\$000	\$000
Profit before taxation	39,766	-
	<u> </u>	<u> </u>
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	7,556	-
Other tax adjustments, reliefs and transfers	12,413	-
	<u> </u>	<u> </u>
Taxation charge for the year	19,969	-
	<u> </u>	<u> </u>

The Finance Bill 2020 set the corporation tax rate for the years beginning 1 April 2020 and 1 April 2021 to remain at 19%. In March 2021, the UK Government set out measures to propose introduction of new legislation in Finance Bill 2021 to increase the rate of corporation tax to 25% for financial year 2023. No impact has been considered in these financial statements as there is no legislation introduced as on this date.

11 Dividends

	2020	2019	2020	2019
	per share	per share	\$000	\$000
Amounts recognised as distributions to equity holders:				
Ordinary Shares				
Final dividend paid	13.60	-	18,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Acquisition of property, plant and equipment

On 31 December 2019, the company purchased property, plant and equipment from its immediate parent company, Essar Oil (UK) Limited. Prior to the purchase, the property, plant and equipment were fair valued by an independent third party valuer using the depreciated replacement cost method. Fair value became deemed cost at acquisition.

The deemed cost at acquisition was \$265.8m. Consideration of \$265.8m was given to Essar Oil (UK) Limited in respect of this, consisting of an intercompany loan of \$264.5m issued share capital of \$1.3m.

13 Intangible assets

	Software \$000
Cost	
Additions - purchased	218
At 30 September 2020	218
Amortisation and impairment	
Charge for the year	33
At 30 September 2020	33
Carrying amount	
At 30 September 2020	185

14 Property, plant and equipment

	Land and buildings \$000	Assets under construction \$000	Fixtures and fittings \$000	Plant and equipment \$000	Right of use assets \$000	Total \$000
Cost						
Additions	3,554	28,304	20	236,842	83,266	351,986
At 30 September 2020	3,554	28,304	20	236,842	83,266	351,986
Accumulated depreciation and impairment						
Charge for the year	84	-	1	10,767	2,132	12,984
At 30 September 2020	84	-	1	10,767	2,132	12,984
Carrying amount						
At 30 September 2020	3,470	28,304	19	226,075	81,134	339,002

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Property, plant and equipment (Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2020	2019
	\$000	\$000
Net values		
Property	81,134	-
	<u> </u>	<u> </u>
Depreciation charge for the year		
Property	2,132	-
	<u> </u>	<u> </u>

The right of use assets relate to the oil terminal and jetty that the Company leases from its parent, Essar Oil (UK) Limited.

15 Trade and other receivables

	2020	2019
	\$000	\$000
Trade receivables	158	-
Other receivables	87	-
VAT recoverable	45	-
Amounts owed by fellow group undertakings	11,902	-
Prepayments	533	-
	<u> </u>	<u> </u>
	12,725	-
	<u> </u>	<u> </u>

16 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Credit risk of trade receivables

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties outside its group and obtaining sufficient collateral where possible, as a means of mitigating the risk of financial loss from defaults. The Company has processes in place to check the creditworthiness of the counterparty prior to entering into a contract and periodically after entering into the contract. This information is sourced from independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

At the balance sheet date, the largest individual trade and other receivables balance was with Essar Oil (UK) Limited, which accounted for 94% of the total trade receivables balance (2019: nil).

No significant receivable balances are impaired at the reporting end date.

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

17 Borrowings

	2020 \$000	2019 \$000
Unsecured borrowings at amortised cost		
Loans from parent undertaking	253,329	-

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 \$000	2019 \$000
Current liabilities	253,329	-

Current borrowings relate to a loan provided by the company's immediate parent, Essar Oil (UK) Limited. The loan is unsecured and incurs interest at 4% plus LIBOR per annum. The loan is repayable upon demand.

18 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 Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows.

The following tables detail the Company'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.

	Less than 1 month \$000	1 – 3 months \$000	3 months to 1 year \$000	1 – 5 years \$000	5+ years \$000	Total \$000
At 30 September 2020						
Trade and other payables	10,958	-	-	-	-	10,958
Lease liabilities	508	1,016	4,572	34,472	145,952	186,520
Borrowings	-	-	-	253,329	-	253,329
	<u>11,466</u>	<u>1,016</u>	<u>4,572</u>	<u>287,801</u>	<u>145,952</u>	<u>450,807</u>

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

19 Trade and other payables

	2020	2019
	\$000	\$000
Amounts owed to fellow group undertakings	10,248	-
Accruals and deferred income	603	-
Other payables	107	-
	<u>10,958</u>	<u>-</u>

20 Lease liabilities

	2020	2019
	\$000	\$000
Maturity analysis		
Within one year	6,096	-
Over one year but within five years	34,471	-
After five years	145,953	-
	<u>186,520</u>	<u>-</u>
Total undiscounted liabilities	186,520	-
Future finance charges and other adjustments	(105,917)	-
	<u>80,603</u>	<u>-</u>
Lease liabilities in the financial statements	<u>80,603</u>	<u>-</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	\$000	\$000
Current liabilities	1,056	-
Non-current liabilities	79,547	-
	<u>80,603</u>	<u>-</u>

	2020	2019
	\$000	\$000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	3,782	-
	<u>3,782</u>	<u>-</u>

The company leases its oil terminal and jetty from its immediate parent company, Essar Oil (UK) Limited. The average lease term is 29 years. The average incremental borrowing rate used to discount lease liabilities in the year was 6.4%.

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

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances \$000
Deferred tax liability at 1 October 2018 and 1 October 2019	-
Deferred tax movements in current year	
Credit to profit or loss	12,081
Deferred tax liability at 30 September 2020	<u>12,081</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 \$000	2019 \$000
Deferred tax liabilities	<u>12,081</u>	<u>-</u>

22 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was \$394,000 (2019: nil).

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Share capital	2020	2019
	\$000	\$000
Ordinary share capital		
Issued and fully paid		
1,000,000 Ordinary Shares of \$1.32 each	1,324	13
	<u>1,324</u>	<u>13</u>

Ordinary shares were issued at a par value of £1 each. The ordinary share capital has been converted to US dollars as the functional and reporting currency of the company.

Reconciliation of movements during the year:

	Ordinary share capital Number
At 1 October 2019	10,000
Issue of fully paid shares	990,000
	<u>1,000,000</u>

24 Retained earnings

Retained earnings represent the cumulative profits and losses of the company net of distributions to equity holders.

25 Changes in financial liabilities as a result of financing activities

	At 1 October 2019 \$000	Net cash flows \$000	Non-cash changes		At 30 September 2020 \$000
			Recognition of lease liabilities \$000	Interest on lease liabilities \$000	
Borrowings	-	253,329	-	-	253,329
Lease liabilities	-	(2,663)	79,484	3,782	80,603

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

26 Cash generated from/(absorbed by) operations	2020 \$000	2019 \$000
Profit for the year after tax	19,797	-
Adjustments for:		
Taxation charged	19,969	-
Finance costs	12,984	-
Amortisation and impairment of intangible assets	33	-
Depreciation and impairment of property, plant and equipment	12,984	-
Movements in working capital:		
Increase in trade and other receivables	(12,725)	-
Increase in trade and other payables	10,958	-
Cash generated from/(absorbed by) operations	<u>64,000</u>	<u>-</u>

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

27 Capital risk management

The Company is not subject to any externally imposed capital requirements.

The Group manages its capital to ensure that the Company 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 Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company 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:

	2020 \$000	2019 \$000
Debt	333,932	-
Cash and cash equivalents	(8,180)	-
Net debt	325,752	-
Equity	3,121	-
Total debt and equity	328,873	-
Net debt to equity ratio (%)	-	-

Debt is defined as lease liabilities and short term loans from the parent Company. Equity includes all capital and reserves of the company that are managed as capital.

28 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Parent company	87,080	-	14,020	-

STANLOW TERMINALS LIMITED (FORMERLY STANLOW OIL TERMINAL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

28 Related party transactions (Continued)

	Interest payable		Purchase of property, plant and equipment	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Parent company	9,201	-	265,831	-

The parent company is also the lessor in respect of the Company's lease arrangements disclosed in note 20. Further information is provided in respect of the purchase of property, plant and equipment in note 12.

The following amounts were outstanding at the reporting end date:

	2020 \$000	2019 \$000
Amounts due to related parties		
Parent company	263,577	-

The following amounts were outstanding at the reporting end date:

	2020 \$000	2019 \$000
Amounts due from related parties		
Parent company	11,902	-

29 Controlling party

The immediate parent company and the smallest group into which Stanlow Terminals Limited is consolidated into is Essar Oil (UK) Limited. Copies of the financial statements of Essar Oil (UK) Limited are available from its registered office address, which is the same as that of the company.

The largest group into which the company is consolidated is Essar Energy Limited. Copies of the financial statements of Essar Energy Limited are available from its registered office address at 2nd Floor, East Wing, Lansdowne House, 57 Berkeley Square, London, W1J 6ER.

The ultimate parent company 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 Prashant Ruia.



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