

Company Registration No. 11456916 (England and Wales)

STANLOW TERMINALS LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2021**

STANLOW TERMINALS LIMITED

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STANLOW TERMINALS LIMITED

Directors

P Ruia
P Walters (Resigned 28 June 2021)
S Vasooja
M Gaynon
R Agarwal
D Maheshwari (Appointed 30 September 2021)
P Sampath (Resigned 14 October 2020)

Secretary

S Chambers (Resigned 26 July 2021)
S Puri (Appointed 29 July 2021)

Company number

11456916

Registered office

Gate No.1
Oil Sites Road
Stanlow Manufacturing Complex
Ellesmere Port
Cheshire
CH65 4BD
England

Independent Auditor

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

Banker

The Bank of New York Mellon
One Canada Square
Canary Wharf
London
E14 5AL
United Kingdom

STANLOW TERMINALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report and financial statements for the year ended 30 September 2021.

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 \$118.4m in the 12 months to September 2021 (2020: \$88m being 9 months of operation) and made a net profit before tax of \$47.6m (2020: \$39.7m being 9 months of operation) reflecting a net profit margin of 40.2%. Operating profit margin for the Company stood at 53.0% (2020: 59.9%) of revenue.

Principal risks and uncertainties

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

Covid-19 risk

Despite the global outbreak of Coronavirus, the revenues and profitability of the Company remained stable and secured due to its fixed nature of revenue from its anchor customer, Essar Oil UK Limited ("EOUK"). However, we understand, in the short term, it did affect the business of EOUK, its parent company. The successful roll out of vaccination has helped people get back to normal which has led to an improvement in the demand for fuels and helped business spring back to profitability. We understand that the Refinery Business, while remaining cautious, has strengthened its liquidity position to combat any such eventuality in near future. For the health, safety and wellbeing of our people, we continue to closely monitor and follow the guidelines issued by Public Health England and the UK Government and we continue to keep 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 is mainly in respect of certain operating expenditure denominated in British Pounds (GBP) being 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

Stanlow Terminals Limited is committed to achieving excellence in Health, Safety & Environment through providing and maintaining safe and healthy working conditions and following the best operating practices to protect the environment. Our goal is to have no harm to people, to maintain a sustainable environment and to institutionalise a culture of safety in the organisation.

We take a proactive approach to managing our health, safety and environment risk and utilise 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.

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 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 Operations and Maintenance Agreement (OMA) services including maintenance of safety

STANLOW TERMINALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Future developments

The Company is the largest liquid storage terminal in the UK 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 the Stanlow refinery (EOUK) 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 continues to look 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), of these 3 employees are female. In addition, the Company has 40 contractors for its marine facility operations and management under a contract with a supplier. All directors of company are males.

STANLOW TERMINALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement by the directors on performance of their statutory duties in accordance with s172 Companies Act 2006

The Company's Board of Directors consider they have acted prudently and in good faith and in a manner most likely to promote the success of the company for the benefit of its members and of its shareholders as a whole. The Directors of the Company acted in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 in which, Directors must have regard to:

- the likely consequences of any decisions in the long-term
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and environment
- the desire for the Company to maintain its reputation for high standards of business conduct, and
- the need to act fairly as between members of the company

The following paragraphs summarize how the Directors' fulfil their duties

- a) **The Business Plan:** Each year, the Board undertakes an in-depth review of the Company's strategy, including the business plan for the following five years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the Company. Specific business objectives are evaluated on a number of factors, including how they deliver the strategic plan, financial outcomes (using long-term cash flow modelling) and impact on business reputation, amongst others.
- b) **Environment, Social & Governance (ESG):** The Company places lot of emphasis to Environment, Social and Governance factors impacting the sector and businesses. We are continuously finding ways to reduce greenhouse gas emission in the terminal and port services provided to our customers. We are taking steps to diversify from conventional fuels storage to bio-fuel storage, investing in new energies including developing capability to provide carbon storage for Hydrogen project.
- c) **Customers:** Essar Oil UK is our key customer and our engagement with them remains resilient. However, the Company continues to develop other key business relationships with regional storage customers to expand third party business and gradually aim is to reduce reliance on one party. Our intention remains to develop long term relationship with our customers who will support our strategic growth objectives.
- d) **Stakeholders Engagement:** The Board evaluate from time to time the engagement with all key stakeholder to ensure overall alignment of our objectives with the expectations of our employees, customers, suppliers, shareholders, communities and society as a whole.
 - i. **Our People:** Our people are our most important asset and it is therefore essential to maintain a high degree of employee engagement. Hence, the health, safety and wellbeing of our people is one of our primary considerations in the way we do business. Regular safety standstills are conducted to share the best practices and also the lesson learned from any mishaps. At our Stanlow site, we have an occupational health centre for the wellbeing of our people. Our people are a reflection of our culture and values and essential to upholding our values in delivering our long term strategy.
 - ii. **Shareholders:** We communicate and engage with our shareholders mainly through the board meetings which are conducted at least once in a quarter. All key matters, including strategic, operational or financial are discussed in line with a pre-agreed agenda. In addition, regular communications, such as financial updates, investment plans etc. are provided to ensure transparency, inputs and engagement.

On behalf of the board

DocuSigned by:


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Michael Gaynon

Director

31st January 2022

STANLOW TERMINALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

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.

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 (2020: \$18,000,000).

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 Deepak Krishnagopal Maheshwari	(Appointed 30 September 2021)
Mr Michael Gaynon	(Appointed 09 September 2019)
Mr Satish Vasooja	(Appointed 08 July 2019)
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)
Mr Patrick Walters	(Appointed 20 May 2020 and resigned 28 June 2021)

Auditor

The auditors, PKF Littlejohn Limited will be proposed for reappointment 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.

STANLOW TERMINALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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:

Mike Gaynon

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Michael Gaynon

Director

31st January 2022

STANLOW TERMINALS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 period.

In preparing the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- d. 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 requirements of 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.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

376914C96D78497...
Michael Gaynon
Director

31st January 2022

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

Opinion

We have audited the financial statements of Stanlow Terminals Limited (the 'company') for the year ended 30 September 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

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

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.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
 - Companies Act 2006
 - Employment law
 - Bribery Act
 - Health and Safety regulations
 - Environmental law
 - Control of Major Accidents Hazards Regulations
 - Anti Money Laundering Legislation
 - Tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - A review of the Board minutes throughout the year and post year end;
 - A review of internal audit reports throughout the year
 - A review of general ledger transactions;
 - Discussion with management;
 - Confirmation from legal advisors
 - Discussion with inhouse legal counsel

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

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, revenue recognition and the carrying value of Property, Plant and Equipment. Discounted cash flow models are prepared to assess the value in use of the assets, of which incorporates areas of judgement and estimation uncertainty. We have obtained supporting documentation and explanations for those inputs, and challenged accordingly, including performing sensitivity analysis accordingly to assess the impact on the value in use.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

15 Westferry Circus
Canary Wharf
London E14 4HD

31st January 2022

STANLOW TERMINALS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 \$000	2020 \$000
Revenue	3	118,422	88,038
Cost of sales		(41,693)	(31,299)
Gross profit		76,729	56,739
Distribution expenses		(56)	-
Administrative expenses		(13,880)	(3,989)
Operating profit	6	62,793	52,750
Finance costs	8	(15,183)	(12,984)
Profit before taxation		47,610	39,766
Income tax expense	9	(16,275)	(19,969)
Profit and total comprehensive income for the year		31,335	19,797

There was no other comprehensive income for the year (2020: \$Nil).

The accounting policies and notes on pages 14 to 36 form part of these financial statements.

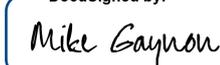
STANLOW TERMINALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	2021 \$000	2020 \$000
Non-current assets			
Intangible assets	11	141	185
Property, plant and equipment	12	255,810	257,868
Right of use asset	13	79,087	81,134
		<u>335,038</u>	<u>339,187</u>
Current assets			
Trade and other receivables	14	14,393	12,725
Cash and cash equivalents		3,128	8,180
		<u>17,521</u>	<u>20,905</u>
Total assets		<u>352,559</u>	<u>360,092</u>
Current liabilities			
Trade and other payables	17	29,380	10,958
Borrowings	15	208,400	253,329
Lease liabilities	18	1,182	1,056
		<u>238,962</u>	<u>265,343</u>
Net current (liabilities)		<u>(221,441)</u>	<u>(244,438)</u>
Non-current liabilities			
Lease liabilities	18	82,374	79,547
Deferred tax liabilities	19	14,767	12,081
		<u>97,141</u>	<u>91,628</u>
Total liabilities		<u>336,103</u>	<u>356,971</u>
Net assets		<u>16,456</u>	<u>3,121</u>
Equity			
Called up share capital	21	1,324	1,324
Retained earnings		15,132	1,797
Total equity		<u>16,456</u>	<u>3,121</u>

The accounting policies and notes on pages 14 to 36 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 31st January 2022 and are signed on its behalf by:

DocuSigned by:


 Michael Gaynon
 Director

STANLOW TERMINALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital \$000	Retained earnings \$000	Total \$000
Balance at 30 September 2020		13	-	13
Year ended 30 September 2020:				
Total comprehensive income for the year		-	19,797	19,797
Issue of share capital	23	1,311	-	1,311
Dividends		-	(18,000)	(18,000)
Balance at 30 September 2020		<u>1,324</u>	<u>1,797</u>	<u>3,121</u>
Year ended 30 September 2021:				
Total comprehensive income for the year		-	31,335	31,335
Dividends	11	-	(18,000)	(18,000)
Balance at 30 September 2021		<u>1,324</u>	<u>15,132</u>	<u>16,456</u>

STANLOW TERMINALS LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Notes	2021 \$000	2020 \$000
Cash flows from operating activities			
Cash generated by operations	24	100,045	62,026
Interest paid		(15,183)	(12,984)
Tax paid		(13,589)	(7,888)
		<u>71,273</u>	<u>41,154</u>
Net cash inflow from operating activities			
Investing activities			
Purchase of property, plant and equipment		(13,015)	(3,107)
		<u>(13,015)</u>	<u>(3,107)</u>
Net cash used in investing activities			
Financing activities			
Repayments of borrowings		(44,929)	(11,191)
Payment of lease liabilities		(381)	(689)
Dividends paid		(18,000)	(18,000)
		<u>(63,310)</u>	<u>(29,880)</u>
Net (decrease)/increase in cash and cash equivalents			
		<u>(5,052)</u>	<u>8,167</u>
Cash and cash equivalents at beginning of year			
		<u>8,180</u>	<u>13</u>
Cash and cash equivalents at end of year			
		<u><u>3,128</u></u>	<u><u>8,180</u></u>

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Stanlow Terminals 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.

Basis of preparation

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below and are applied consistently throughout the years presented.

The preparation of the financial statements in compliance with International Accounting Standards that require the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

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

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

Accounting developments

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

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

Standard	Key Requirements
Amendments to IAS 1 and IAS 8: <i>Definition of material</i>	The company adopted the amendments to IAS 1 and IAS 8 to clarify the definition of material and its application for the accounting period commencing 1 August 2020.
Amendments to References to the Conceptual Framework in IFRS Standards	The company adopted the amendments References to the Conceptual Framework for IFRS Standards for the accounting period commencing 1 August 2020.
Amendment to IFRS 16 Leases – <i>Covid 19 Related Rent Concessions</i>	The company adopted the amendments to IFRS 16 Leases – Covid 19 Related Rent Concessions for the accounting period commencing 1 August 2020.

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

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 considered other developments that may play out as the UK refining sector is emerging from the impact of COVID-19 for the forecast period covering up to January 2023, being twelve months from the date of the signing of these financial statements.

The COVID-19 related lockdowns in 2020 and 2021 reduced demand for petroleum products, but given the fixed and secured nature of the company's contract with its key customer, EOUK, the Company remained cash generative at an operating level.

Whilst this relationship provides security of margins and cashflows to the company, EOUK business was impacted by the slow recovery of demand for its products, reduced trade credits and refining margins. However, with the rapid vaccination drive and lifting of lockdown measures, the demand for transportation fuel has bounced back bring the business and volume back to pre-covid levels. Having made inquiries, the directors of EOUK have confirmed that it continues to strengthen its balance sheet which provides strong sponsorship and endorsement to stability of the Company's business over next twelve months. 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.

Notwithstanding the fact that EOUK is currently the dominant customer of the company, the directors have accomplished that there are many unique factors which support the long-term future and resilience of the company with or without the Stanlow refinery, 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 importance 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 continuity and viability of the Company.
- The Company has applied for its own COMAH (Control of Major Hazards) license and sought a separate Environmental permit which will further strengthen its ability to operate the asset independent of the EOUK.
- 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 counterparties for storage of Bitumen and Bunkering Fuels and continues to explore opportunities to grow its pipeline of 3rd party business which the Directors judge demonstrate its ability to grow its customer base.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Going concern (continued)

- The Company entered into a loan agreement with EOUK as part of the hive down in January 2020. \$208.4m 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. Separately, Company is also working on raising long term financing of up to USD 300M which will be used to repay the entire Hive-Down Loan. Given the current status of the Company’s financing discussions, which the Company consider to be reasonably advanced, the Directors consider that they either would be granted sufficient time or complete its 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.

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.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

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.

Property, plant and equipment

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.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

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.

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.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

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.

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.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

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.

Tax

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and unused tax losses, to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

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

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.

STANLOW TERMINALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 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 these financial statements and are not repeated in this section.

Useful economic lives and capitalisation of assets

The company's relevant non-current assets (2021 net book value: \$335m; 2020 net book value: \$339m) 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 life. The economic life of the asset is determined by reference to the technical assessment carried by the expert as part of the implementation of the project. Management considers this approach to be accurate and representative. 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 \$12.2m (2020: \$28.3m including acquisition) was incurred in the year which includes cost incurred in relation to assets under construction of \$Nil (2020: \$25.2m).

Impairment of non-current assets

Non-current assets (2021 net book value: \$335107; 2020 net book value: \$339187) 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. The assessment is made with reference to the existing and likely changes to the commercial arrangement with customers and suppliers. Management therefore make judgements based on the current strategy and changes to the business as to whether any impairment indicators arise and if they do then perform impairment analysis which uses a variety of estimates.

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021****3 Revenue**

	2021	2020
	\$000	\$000
Revenue analysed by class of business		
Sale of storage facility services	118,422	88,038

All revenue is generated in the United Kingdom. \$3,143k of revenue was recognised over time, and \$115,278k of revenue was recognised at a point in time.

4 Employees

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

	2021	2020
	Number	Number
Administration	8	6
Operations	16	17
	<u>24</u>	<u>23</u>

Their aggregate remuneration comprised:

	2021	2020
	\$000	\$000
Wages and salaries	2,537	1,980
Social security costs	293	236
Pension costs	244	158
	<u>3,074</u>	<u>2,374</u>

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

5 Directors' remuneration	2021	2020
	\$000	\$000
Remuneration for qualifying services	468	244
Company pension contributions to defined contribution schemes	26	15
	<u>494</u>	<u>259</u>
<p>The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 1).</p> <p>Remuneration disclosed above include the following amounts paid to the highest paid director:</p>		
Remuneration for qualifying services	<u>284</u>	<u>134</u>
 6 Operating profit	 2021	 2020
	\$000	\$000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains/(losses)	3,334	(1,974)
Depreciation of property, plant and equipment	14,270	10,852
Depreciation of right of use assets	2,849	2,132
Amortisation of intangible assets	45	33
	<u>20,498</u>	<u>13,987</u>
 7 Auditor's remuneration	 2021	 2020
	\$000	\$000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	<u>67</u>	<u>65</u>
 8 Finance costs	 2021	 2020
	\$000	\$000
Interest on lease liabilities	5,361	3,782
Other interest payable	9,822	9,202
	<u>15,183</u>	<u>12,984</u>

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021**

9	Income tax expense		
		2021	2020
		\$000	\$000
	Current tax		
	UK corporation tax on profits for the current period	13,589	7,888
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of temporary differences	2,686	12,081
		<u> </u>	<u> </u>
	Total tax charge	16,275	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:

		2021	2020
		\$000	\$000
	Profit before taxation	47,609	39,766
		<u> </u>	<u> </u>
	Expected tax charge based on a corporation tax rate of 19.00% (2020:	9,046	7,556
	Expenses not deductible	1,866	12,413
	Adjustment in respect of prior periods	1,819	-
	Other tax adjustments, reliefs and transfers	3,544	-
		<u> </u>	<u> </u>
	Taxation charge for the year	16,275	19,969
		<u> </u>	<u> </u>

10	Dividends				
		2021	2020	2021	2020
		per share	per share	\$000	\$000
	Amounts recognised as distributions to equity holders:				
	Ordinary Shares				
	Final dividend paid	13.60	13.60	18,000	18,000
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021****11 Intangible assets**

	Software \$000
At 30 September 2019	-
Additions – purchased	218
At 30 September 2020	<u>218</u>
Additions – purchased	-
At 30 September 2021	<u>218</u>
Amortisation and impairment	
At 30 September 2019	
Charge for the year	33
At 30 September 2020	<u>33</u>
Charge for the year	44
At 30 September 2021	<u>77</u>
Carrying amount	
At 30 September 2021	141
At 30 September 2020	185

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Property, plant and equipment

	Land and buildings \$000	Assets under construction \$000	Plant and Equipment \$'000	Fixtures and Fittings \$'000	Total \$000
At 30 September 2019	-	-	-	-	-
Additions	3,554	28,304	236,842	20	268,720
At 30 September 2020	3,554	28,304	236,842	20	268,720
Additions	-	12,212	-	-	12,212
Transfer	-	(4,702)	4,702	-	-
At 30 September 2021	3,554	35,814	241,544	20	280,932
Accumulated depreciation and impairment					
At 30 September 2019	-	-	-	-	-
Charge for the year	84	-	10,767	1	10,852
At 30 September 2020	84	-	10,767	1	10,852
Charge for the year	113	-	14,156	1	14,270
At 30 September 2021	197	-	24,923	2	25,122
Carrying amount					
At 30 September 2021	3,357	35,814	216,621	18	255,810
At 30 September 2020	3,470	28,304	226,075	19	257,868

13 Right-of-use assets

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Land	Buildings	Plant and equipment	Total
	\$000	\$000	\$000	\$000
Cost				
At 30 September 2019	-	-	-	-
Additions due to business combination	<u>377</u>	<u>3,692</u>	<u>79,197</u>	<u>83,266</u>
At 30 September 2020	377	3,692	79,197	83,266
Additions	<u>9</u>	<u>104</u>	<u>690</u>	<u>803</u>
At 30 September 2021	386	3,796	79,887	84,069
Accumulated depreciation				
At 30 September 2019	-	-	-	-
Charge for the year	<u>28</u>	<u>56</u>	<u>2,048</u>	<u>2,132</u>
At 30 September 2020	28	56	2,048	2,132
Charge for the year	<u>35</u>	<u>70</u>	<u>2,745</u>	<u>2,850</u>
At 30 September 2021	63	126	4,793	4,982
Carrying amount				
At 30 September 2020	349	3,636	77,149	81,134
At 30 September 2021	323	3,670	75,094	79,087

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

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14 Trade and other receivables

	2021	2020
	\$000	\$000
Other receivables	189	290
Amounts owed by fellow group undertakings	13,865	11,902
Prepayments	339	533
	<u>14,393</u>	<u>12,725</u>

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 of 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 96% (2020: 94%) of the total receivables balance.

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

15 Borrowings

	2021	2020
	\$000	\$000
Unsecured borrowings at amortised cost		
Loans from parent undertaking	<u>208,400</u>	<u>253,329</u>

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:

	2021	2020
	\$000	\$000
Current liabilities	<u>208,400</u>	<u>253,329</u>

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.

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021****16 Financial Instruments**

The company's activities expose it to a number of financial risks: foreign currency risk, market risk, interest rate risk, credit risk and liquidity risk. The company's overall risk management program focuses on minimising their potential adverse effects of these risks on its financial performance.

The company's financial instruments include trade and other receivables, cash and cash equivalents, and trade and other payables, which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

(a) Risk management policies

The company's activities expose it to various types of risk, which are associated with the financial instruments and the markets in which it operates.

Financial assets

The company held the following financial assets at amortised cost:

	2021	2020
	\$000	\$000
Cash and cash equivalents	3,128	8,180
Amounts owed by fellow group undertakings	13,865	11,902
Other receivables	528	823
	<u>17,521</u>	<u>20,905</u>

Financial liabilities

The company held the following financial assets at amortised cost:

	2021	2020
	\$000	\$000
Amounts owed to parent undertaking	28,788	10,248
Other payables	592	710
Lease liabilities	1,182	1,056
Loans and borrowings	208,400	253,329
	<u>238,962</u>	<u>265,343</u>

The carrying value of all financial instruments is not materially different from their fair value. Accordingly, their carrying amounts are considered to approximate to fair value.

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial Instruments (continued)

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

Contractual cash flows relating to the company's financial liabilities are as follows:

	Less than 1 year \$000	1 – 5 years \$000	5+ years \$000	Total \$000
At 30 September 2020	31,793	226,075	81,134	339,002
Trade and other payables	29,380	-	-	-
Lease liabilities	6,401	25,604	146,612	178,617
Borrowings	-	208,400	-	-
At 30 September 2021	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

	2021 \$m	2020 \$m
Debt	291,956	333,932
Cash and cash equivalents	(3,128)	(8,180)
Net debt	<u>288,828</u>	<u>325,752</u>
Equity	<u>23,685</u>	<u>3,121</u>
Total debt and equity	<u>312,513</u>	<u>328,873</u>
Net debt to equity ratio (%)	<u> </u>	<u> </u>

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 Trade and other payables

	2021	2020
	\$000	\$000
Amounts owed to fellow group undertakings	28,788	10,248
Accruals and deferred income	170	603
Other payables	422	107
	<u>29,380</u>	<u>10,958</u>

18 Lease liabilities

	2021	2020
	\$000	\$000
Maturity analysis		
Within one year	6,401	6,096
Over one year but within five years	25,653	34,471
After five years	146,612	145,953
	<u>178,666</u>	<u>186,520</u>
Total undiscounted liabilities	178,666	186,520
Future finance charges and other adjustments	(95,110)	(105,917)
	<u>83,556</u>	<u>80,603</u>
Lease liabilities in the financial statements	<u>83,556</u>	<u>80,603</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:

	2021	2020
	\$000	\$000
Current liabilities	1,182	1,056
Non-current liabilities	82,374	79,547
	<u>83,556</u>	<u>80,603</u>

	2021	2020
	\$000	\$000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	5,361	3,782
	<u>5,361</u>	<u>3,782</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
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 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 2019	-
Deferred tax movements	
Credit to profit or loss	12,081
Deferred tax liability at 1 October 2020	12,081
Deferred tax movements in current year	
Credit to profit or loss	<u>2,686</u>
Deferred tax liability at 30 September 2021	<u>14,767</u>

The Finance Bill 2021 set the corporation tax rate for the years beginning 1 April 2022 to remain at 19% and from 1 April 2023 to increase to 25%. The impact of this rate change (\$6.4m) has been considered in these financial statements.

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:

	2021 \$000	2020 \$000
Deferred tax liabilities	<u>14,767</u>	<u>12,081</u>

20 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 \$244,447 (2020: \$394,000).

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021**

21 Share capital	2021	2020
	\$000	\$000
Ordinary share capital		
<i>Issued and fully paid</i>		
1,000,000 Ordinary Shares of \$1.32 each	1,324	1,324
	<u>1,324</u>	<u>1,324</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 2020	1,000,000
Issue of fully paid shares	-
	<u>1,000,000</u>
At 30 September 2021	<u>1,000,000</u>

22 Retained earnings

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

23 Net debt reconciliation

	At 1 October 2020 \$000	Net cash flows \$000	Recognition of lease liabilities \$000	Interest on lease liabilities \$000	At 30 September 2021 \$000
Borrowings	253,329	(44,929)	-	-	208,400
Lease liabilities	80,603	2,827	-	126	83,556

STANLOW TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

24 Cash generated from operations

	2021	2020
	\$000	\$000
Profit for the year after tax	31,335	19,797
Adjustments for:		
Taxation charged	16,275	19,969
Finance costs	15,183	12,984
Forex loss / (gain)	3,334	(1974)
Amortisation and impairment of intangible assets	44	33
Depreciation and impairment of property, plant and equipment	17,120	12,984
Movements in working capital:		
Increase in trade and other receivables	(1,668)	(12,725)
Increase in trade and other payables	18,422	10,958
Cash generated from operations	<u>100,045</u>	<u>62,026</u>

25 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	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Parent company	<u>117,101</u>	<u>87,080</u>	<u>17,670</u>	<u>14,020</u>
	Interest payable		Purchase of property, plant and equipment	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Parent company	<u>9,823</u>	<u>9,201</u>	<u>-</u>	<u>265,831</u>

The parent company is also the lessor in respect of the Company's lease arrangements disclosed in note 17. Further information is provided in respect of the purchase of property, plant and equipment in note 12.

STANLOW TERMINALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2021****25 Related party transactions (continued)**

The following amounts were outstanding at the reporting end date:

	2021	2020
	\$000	\$000
Amounts due to related parties		
Parent company	211,989	263,577
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2021	2020
	\$000	\$000
Amounts due from related parties		
Parent company	13,865	11,902
	<u> </u>	<u> </u>

26 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.