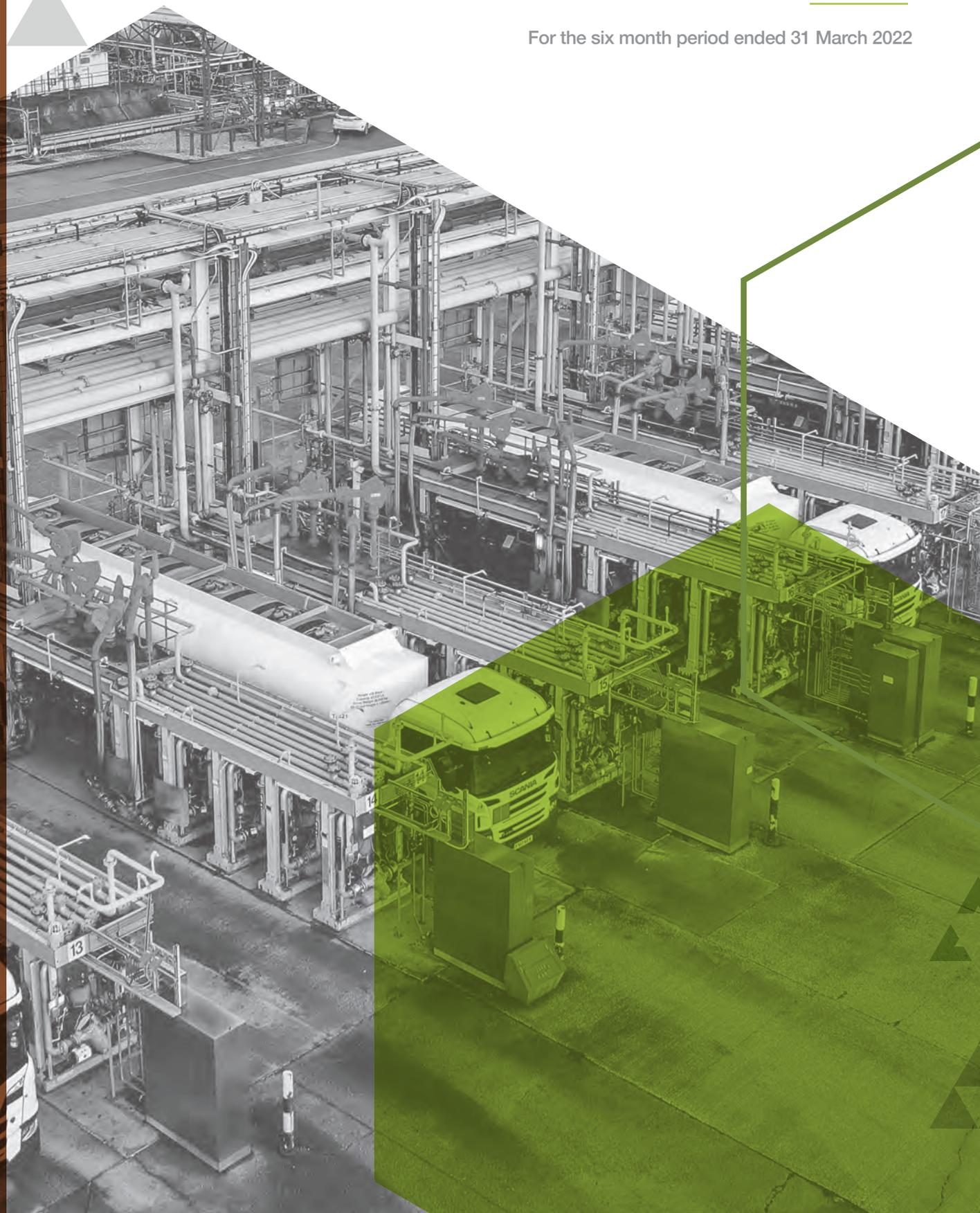


# 2022 Stanlow Terminals Limited Annual Report and Financial Statements

For the six month period ended 31 March 2022



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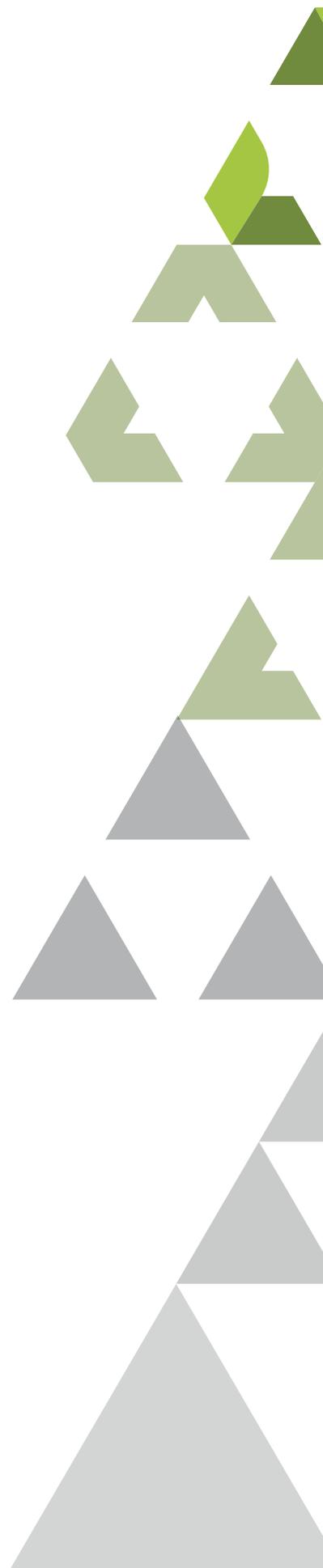
The secret of change is  
to focus all of your energy  
not on fighting the old,  
but on building the new!

”

**Socrates**

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# Officers And Professional Advisors

## DIRECTORS

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



**D K Maheshwari**  
Director



**R Agarwal**  
Director



**M Gaynon**  
CEO, Stanlow Terminals Limited



**S Vasooja**  
Director

## COMPANY SECRETARY

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

## COMPANY NUMBER

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11456916

## REGISTERED OFFICE

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### **Stanlow Terminals Limited**

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

## INDEPENDENT AUDITOR

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### **PKF Littlejohn LLP**

15 Westferry Circus  
1 Canary Wharf  
London  
E14 4HD

## BANKERS

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### **The Bank of New York Mellon**

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



# Chairman's Statement

## Welcome to the Annual Report and financial statements of Stanlow Terminals Limited

I am pleased to report that these financial statements demonstrate considerable progress being made by the Company as it leads the development of energy infrastructure to meet the needs of the UK's energy transition.

We are transforming for tomorrow and Stanlow Terminal's strong financial performance, coupled with committed investment of circa £100m to develop a biofuels hub and enhance storage capacity, which will attract additional third-party business.

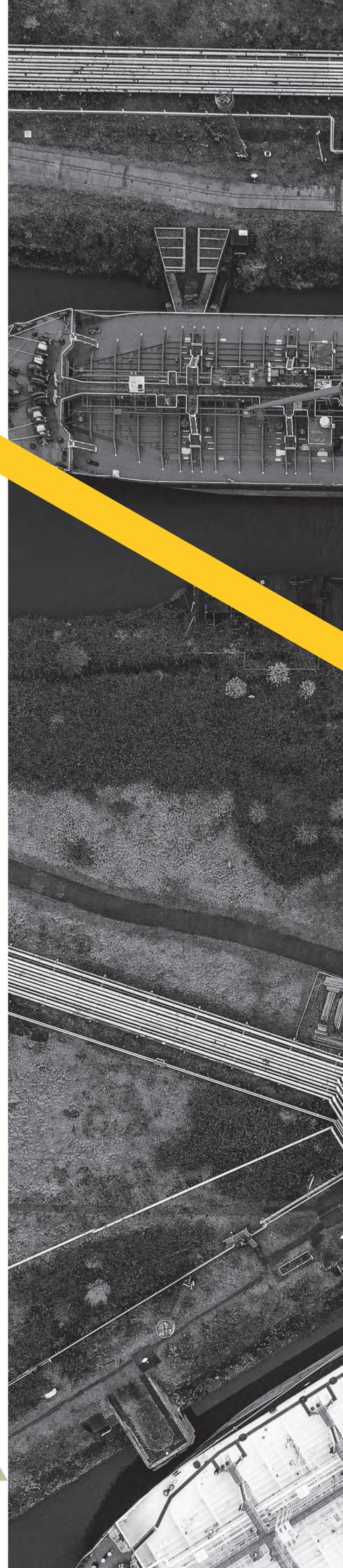
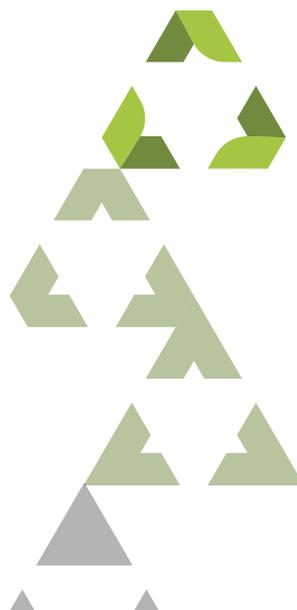
A further investment is committed to invest in and develop new energies business. The Company is well-placed and ready for new enterprise solutions aligned to the energy transition. The company continues to study and explore investments in green ammonia storage, a hydrogen transport hub, while enhancing carbon capture capabilities etc.

Stanlow Terminals is moving forward with confidence. Current performance supports our plans for development and growth and I look forward to seeing how the Company will continue to develop over the next few months.

**Prashant Ruia**

Chairman

31 August 2022





# Strategic Report

## 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 critical national infrastructure port and storage facilities at Stanlow Manufacturing Complex and the Tranmere Terminal.

### Operational and Financial Review

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

The Company reported a strong operational and financial performance during the six month period ending March 2022. The Company generated revenue of \$59.3m in the six month period to March 2022 (2021: \$118.4m being 12 month of operations) and made a net profit before tax of \$25.4m (2021:

\$47.6m being 12 months of operations) reflecting a net profit margin of 42.8% (2021: 40.2%).

Operating profit margin for the Company stood at 54.7% (2021: 53.0%) of revenue. On a like-for-like pro rata basis for the 12 month period, the revenue stood at \$118.6m compared to \$118.4m in the preceding 12 month period while the net profit before tax stood at \$50.8m compared to \$47.6m in the preceding 12 month period.

### Results and dividends

The Company did not approve any dividends during the period ending March 2022. (2021: \$18.0m).

## Principal Risk And Uncertainties

### Health and safety risk and environment

Stanlow Terminals Limited is committed to achieving excellence in Health, Safety & Environment and provides and maintains safe and healthy working conditions and follows the best operating practices to protect the environment. We are committed 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 Management Systems (HSEMS) as well as adherence with regulatory requirements.

The directors provide oversight to monitor the effectiveness of the various HSE policies and systems. The Company has a robust review process in place to review the performance of Essar Oil (UK) Ltd (EOUK) in relation to provision of Operations and Maintenance Agreement (OMA) services including maintenance of safety.

The Company has continued to follow Public Health England guidance in order to deal with COVID 19.

The primary Company safety risk is the prevention of major accidents and hazards to our workforce, our community, and the environment. Our systems and processes are in place to mitigate these risks. The Company is also 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.

### **Pandemic 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 gradual removal of restrictions during this reporting period has led to an improvement in the demand for fuels and helped the business to improve its financial position. We understand that the refinery business, while remaining cautious, has continued to strengthen its liquidity position to combat any such eventuality in near future.

For the health, safety and wellbeing of our people, we continued to closely monitor and follow the guidelines issued by Public Health England and the UK Government and we have now been able to safely remove all pandemic related workplace restrictions

### **International conflict**

The Russian aggression in Ukraine commenced towards the end of the reporting period for this report. Actions taken in response by the UK and by other government's had an immediate impact on the Company and its operating environment. The Company has fully complied with all relevant sanctions at all times. The Company has well established risk management and legal processes that are equally overseen by the Board of Directors.

Strong operational  
and financial  
performance



## Major trends and factors likely to affect future developments, performance, and position

### **Achieving Net Zero – Decarbonisation of industrial processes**

The Company is the largest liquid storage terminal in the UK with unique access to critical national infrastructure and proximity to a strategically important national refinery and distribution hub for industrial and retail customers.

The Company has 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 investing in its infrastructure assets to bring additional revenue generating storage capacity online.

The Company continues to look to partner with Essar Oil (UK) Ltd, Vertex Hydrogen and others to participate in the HyNet project and other decarbonisation projects being developed for Stanlow Manufacturing Complex.

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### **Biofuel Storage Hub development**

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

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

This new customer-led investment will support the growth of initiatives such as sustainable aviation fuel (SAF) linked to Fulcrum's NorthPoint project, sustainable hydrotreated vegetable oil (HVO) and will include waste-based feedstock import facilities, blending and capacity expansion for existing bio-ethanol and bio-methanol. The market for energy from renewable sources in the UK is expanding rapidly, driven by legislative obligations to encourage lower carbon fuels.

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### **New Energies development**

Additional storage investment opportunities for low carbon new energy products, such as e-fuels, bio-LPG, bio-LNG, green hydrogen, carbon dioxide (CO<sub>2</sub>) and green ammonia are all progressing through feasibility studies.

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

## Significant Relationships

The Company fosters effective stakeholder relationships that are aligned to its business objectives and where stakeholders have a material interest and influence on the delivery of our long-term strategy, our business plan and our business objectives.

The process by which the Board identifies key stakeholders and ensures that we have meaningful and effective engagement with them is described in the Governance Report section of this document. The Company has significant relationships with the following stakeholder groups.

### Colleagues

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

### Business relationships (customers and suppliers)

Revenues from the parent company, EOUK contribute to approximately 99% (2021: 99%) of the Company's overall revenues.

The Company has continued to develop its approach to external engagement and now has well-established digital channels, including a website and social media channels. This enables the Company to raise awareness, update and engage with external stakeholders, including suppliers and customers.

### Regulators

The bulk liquids storage sector is subject to significant safety and environmental regulation and the Company continuously monitors regulatory developments to ensure compliance. Maintaining good interaction with the regulators provides valuable insight to deliver strong safety and environment performance. The engagement informs strategic and operational decision-making.



## Financing

The Company has long term debt facility from parent company, EOUK 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 and has made loan repayments during the period of \$13.2m on request from the parent company.

## Shareholders

The Company communicates and engages with shareholders mainly through board meetings. All key matters, including strategic, operational and financial are discussed in line with a pre-agreed agenda. In addition, regular communications, such as financial updates, investment plans etc. have been provided to ensure transparency and engagement.

## Government (local and national)

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

The CEO is establishing an effective network of local and national stakeholder relationships. At a national level, this includes the Department for Transport, the Department for Business Energy and Industrial Strategy and the UK Treasury. Priority regional stakeholders include Wirral Council, the Liverpool City Region and Cheshire West and Cheshire Council.

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

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



**Michael Gaynon**  
Chief Executive Officer

31 August 2022







# Environment Report

## Overview

The Company is committed the highest standards of environment performance and has plans to transition to become a sustainable energy hub. This ambitious plan will ensure that the Company is able to provide services which are vital to the regional and national transition to net zero. The Company aims to become a biofuel hub, developing with the global market for low carbon biofuels.

The Company operates on sites where strict environmental requirements are in place. All material environment impacts are reported quarterly and annually to the Environment Agency.

This delivers compliance with the permits which have been granted to the Company under the requirements of the Environmental Permitting Regulations. The permits relate to all relevant aspects of business performance and include waste management, and water and waste water management (including abstraction).

The Company also includes consideration of the natural environment in its development approach and seeks opportunities to include spaces for the development of bio-diversity.

The Company was externally accredited with the ISO14001 Environmental Management System which demonstrates the strength of Company's overarching implementation and compliance approach.

Transitioning to become a sustainable energy hub and provide vital services for net zero







# Social Responsibility Report

## Overview

The Company is committed to delivering and further developing its social responsibility approach to ensure that it is identifying and delivering activity which is in the best interests of society and which meets the wider expectations of our stakeholders. Our current focus areas are safety and engaging our people.

### Health & Safety

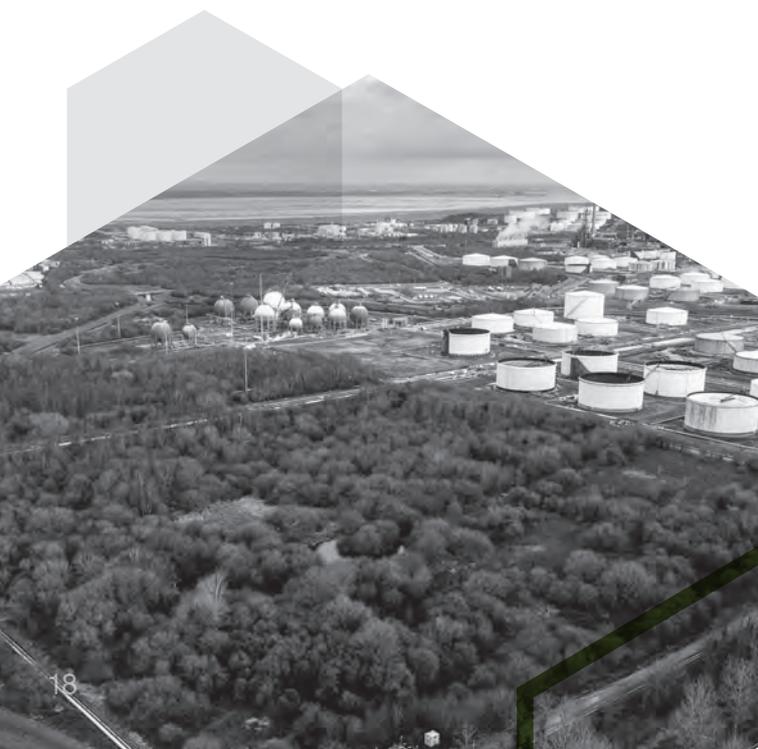
Under the operations and maintenance agreement with the parent Company, that Company is holding the required licenses and permits for the majority of the operations of the Company except for the Road Terminal, the licenses for which is held by the company itself.

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

The Company has a formal Health, Safety and Environmental (HSE) policy with related HSE management systems in place. These are communicated to 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.

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

The directors ultimately monitor the effectiveness of the various HSE policies and systems. The Company has a robust review process in place to review the performance of the parent company in relation to provision of Operations and Maintenance Agreement (OMA) services including maintenance of safety.





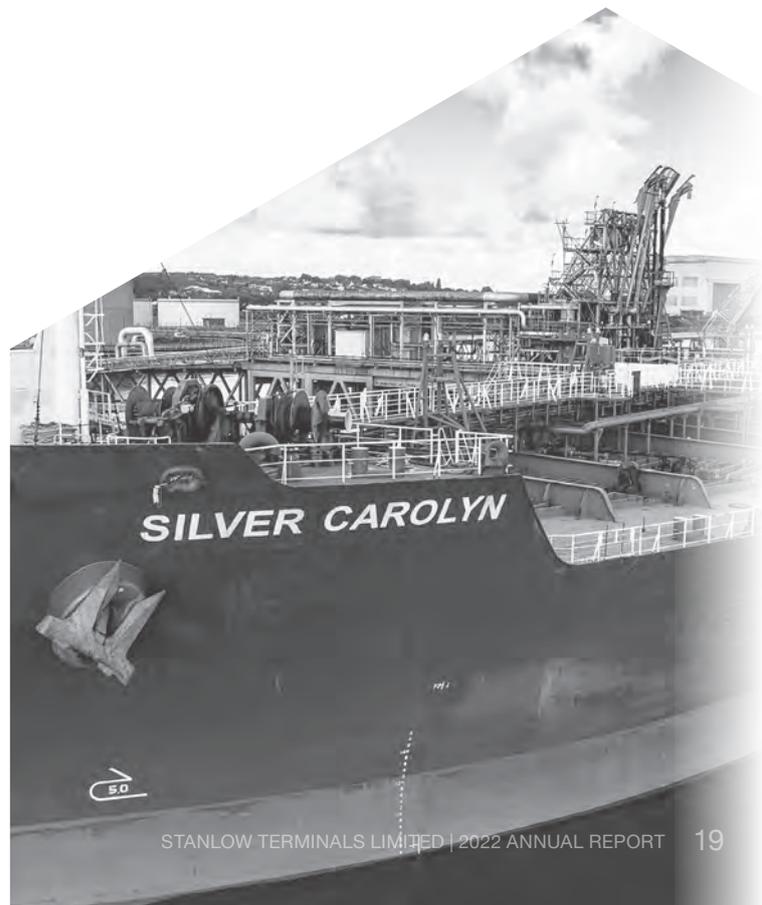
## Engaging our people

Our people are our most important asset, and it is therefore essential to maintain a high degree of colleague engagement. The directors ensure that employees receive engaging information on the Group's activities, plans and performance. Now that pandemic restrictions have been lifted, the Company will conduct more face to face meetings to provide updates on the ongoing position and information about future strategy and plans. These meetings also provide an invaluable opportunity for employees to ask questions directly of the senior management team.

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

The Company has a formal recognition agreement in place with the trade union, Unite. Meaningful engagement between the Company and Unite is underpinned by the appointment of elected representatives.

In the reporting period, the company has a monthly average of 22 employees. In addition, the Company has 38 contractors for its marine facility operations and management under a contract with a supplier.







# Governance Report

## Overview

The Governance report describes the Company's approach to governance and demonstrates how the Company is developing its approach to adhere to the Wates Corporate Governance Principles for Large Private Companies. The Company will continue to develop this in the coming year.

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



Committed to  
developing and  
strengthening  
ESG in principle  
and practice

## Purpose and Leadership

Stanlow Terminals is investing to play a key role in the UK energy transition. The Company has ambitious plans to create a biofuels hub and to operate sustainably. Committed to transforming for tomorrow, the Company's plans align with the UK Government's Ten Point Plan on the Green Industrial Revolution and with its British Energy Security Strategy.

As part of this plan, the Company is working with Fulcrum NorthPoint to create a new facility which will convert household waste into sustainable aviation fuel (SAF) for blending into aviation fuel.

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

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## 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.

## Environment, Social & Governance (ESG)

As demonstrated in this report, the Company places lot of emphasis on Environment, Social and Governance factors impacting the sector and businesses. We are continuously seeking ways to reduce greenhouse gas emissions in the terminal and port services provided to our customers. We are taking steps to diversify from conventional fuels storage to biofuel storage, investing in future new energies including developing capability to provide carbon dioxide (CO<sub>2</sub>) storage and handling for the Hynet project.

The Company is committed to developing and strengthening its understanding and application of ESG principles and practice.

## Risk management

The Company recognises the opportunities and risks to the achievement of our objectives and purpose. The Board meets with the auditors and discusses their reports on the accounts and the Company's financial controls and recommends the appointment of auditors. It also reviews the internal controls and risk management processes, including the output from internal audits.

The priority company risks and mitigations are outlined in the Strategic Report.

## Stakeholder engagement

The Company Board ensures a dialogue with all stakeholders including: our primary shareholder; Government departments; regulators; customers; suppliers, the communities local to our operations and employees.

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

The key stakeholders identified by the Company and the approach to developing effective working relationships with them is described in the Strategic Report and Directors' Statements.





# Directors' Report

## Statement of disclosure to auditor

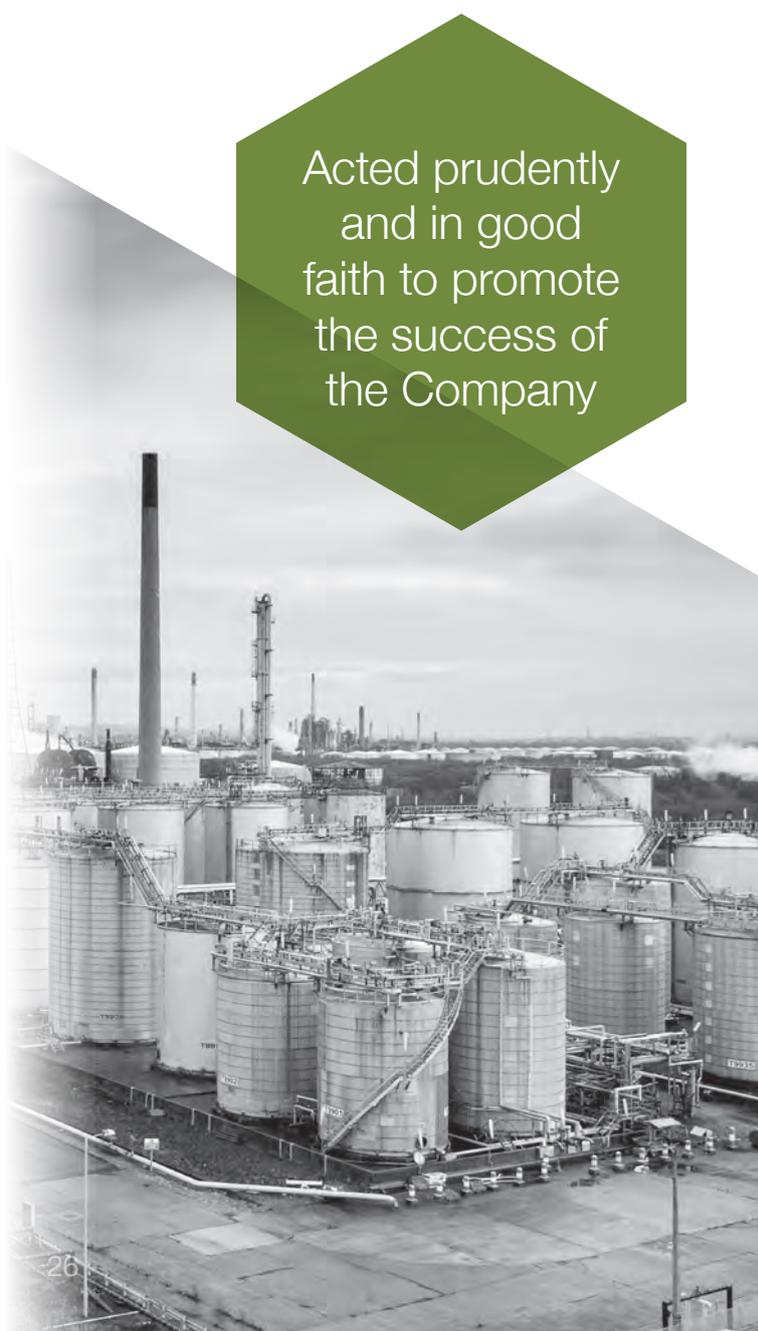
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves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

## S172 Companies Act 2006 Statement

Acted prudently  
and in good  
faith to promote  
the success of  
the Company

As demonstrated in this report, 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 have acted in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006. The Directors have regard to the likely consequences of any decisions in the long term, (see Governance Report, page 21, the interests of the Group's employees (see Social Responsibility Report page 17), the need to foster the Group's business relationships with suppliers, customers and others (see Strategic Report, page 7), the impact of the Group's operations on the community and environment (see Social Responsibility Report, page 17, the desire for the Group to maintain its reputation for high standards of business conduct (see Director's Responsibilities, page 28), and the need to act fairly between members of the Company (see Strategic Report, page 7) .



## 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 a number of impacts on its business and particularly on its existing key customer, its business model, operations and the opportunities available and have concluded the Company will be able to operate as a going concern for the foreseeable future.

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

## Directors' disclosure statement

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

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

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

### Auditor

The auditors, PKF Littlejohn LLP, have expressed their willingness to continue in office as auditor.

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



**Michael Gaynon**  
Chief Executive Officer

31 August 2022



# Directors' Responsibilities Statement

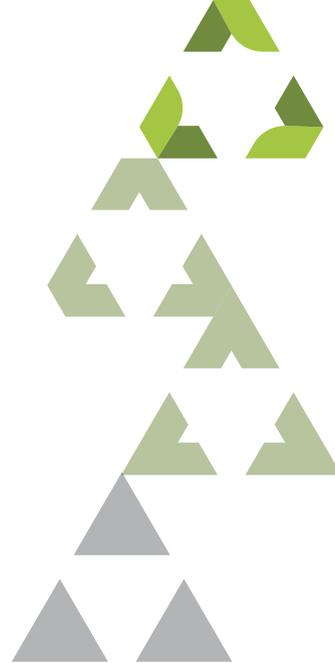
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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 UK adopted international standards. 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:

1. select suitable accounting policies and then apply them consistently
2. make judgements and accounting estimates that are reasonable and prudent
3. state whether they have been prepared in accordance with UK adopted international standards
4. 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

**Michael Gaynon**  
Chief Executive Officer

31 August 2022



# Independent Auditor's Report

to the Members of Stanlow Terminals Limited

## Opinion

We have audited the financial statements of Stanlow Terminals Limited (the 'Company') for the period ended 31 March 2022 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 UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the period then ended
- have been properly prepared in accordance with UK-adopted international accounting standards
- 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. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included obtaining management's assessment of going concern and associated budgets for a period of 12 months from the date of approval of the financial statements. We have reviewed the inputs to the forecast financial information for reasonableness, compared to historic financial information, and stress-tested where appropriate. In light of the Company's strategic location and assets held, considerations were also made regarding its ability to operate as a standalone entity without the support of the wider group.

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.

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### **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 period for which the financial statements are prepared is consistent with the financial statements
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements
- 

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

In the light of the knowledge and understanding of the 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
- the financial statements are not in agreement with the accounting records and returns
- certain disclosures of directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit

## Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the 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.

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## 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 period and post period end
- A review of internal audit reports throughout the period
- A review of general ledger transactions
- Discussions with the Assurance and Internal Audit team
- Discussions with management
- Discussions with the Health Safety Security and Environment team
- Discussion with in-house legal counsel

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

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

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

## Use of our report

This report is made solely to the 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.



**Joseph Archer**  
(Senior Statutory Auditor)

For and on behalf of

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

31 August 2022



# Financial Statements

# Income statement

For the 6 month period ended 31 March 2022

		Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Revenue</b>	<b>3</b>	<b>59,327</b>	<b>118,422</b>
Cost of sales		(23,542)	(41,693)
<b>Gross profit</b>		<b>35,785</b>	<b>76,729</b>
Administrative expenses		(3,331)	(13,936)
<b>Operating profit</b>	<b>6</b>	<b>32,454</b>	<b>62,793</b>
Finance costs	8	(7,084)	(15,183)
<b>Profit before taxation</b>		<b>25,370</b>	<b>47,610</b>
Income tax expense	9	(5,981)	(16,275)
<b>Profit and total comprehensive income for the year</b>		<b>19,389</b>	<b>31,335</b>

There was no other comprehensive income for the year (2021: \$Nil).

The accounting policies and notes on pages 39 to 61 form part of these financial statements

# Statement Of Comprehensive Income

For the 6 month period ended 31 March 2022

		Six month period ended 31 Mar 2022 \$m	Year ended 30 Sept 2021 \$m
Profit for the period		19,389	31,335
<b>Items that will never be reclassified to the income statement</b>			
Increase in Asset Revaluation Reserve		49,403	-
<b>Other comprehensive income / (loss) for the period before tax</b>		<b>49,403</b>	<b>-</b>
Tax relating to components of other comprehensive income	19	(12,351)	-
Total other comprehensive income / (loss) for the period		37,052	-
Total comprehensive income attributable to:			
<b>Owners of the Group</b>		<b>56,441</b>	<b>31,335</b>

The accounting policies and notes on pages 39 to 61 form part of these financial statements.

# Statement Of Financial Position

		Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Non-current assets</b>			
Intangible assets	11	118	141
Property, plant and equipment	12	304,241	255,810
Right of use asset	13	83,254	79,087
		387,613	335,038
<b>Current assets</b>			
Trade and other receivables	14	1,437	1,137
Cash and cash equivalents		579	3,128
		2,016	4,265
<b>Total Assets</b>		<b>389,629</b>	<b>339,303</b>
<b>Current liabilities</b>			
Trade and other payables	17	8,622	16,124
Borrowings	15	195,250	208,400
Lease liabilities	18	1,274	1,182
		205,146	225,706
<b>Net current (liabilities)</b>		<b>(203,130)</b>	<b>(221,441)</b>
<b>Non-current liabilities</b>			
Lease liabilities	18	85,244	82,374
Deferred Tax Liabilities	19	26,342	14,767
		111,586	97,141
<b>Total liabilities</b>		<b>316,732</b>	<b>322,847</b>
<b>Net assets</b>		<b>72,897</b>	<b>16,456</b>
<b>Equity</b>			
Called up share capital	21	1,324	1,324
Retained earnings		34,521	15,132
Asset Revaluation Reserve		37,052	-
<b>Total equity</b>		<b>72,897</b>	<b>16,456</b>

The accounting policies and notes on pages 39 to 61 form part of these financial statements.

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

Michael Gaynon, Chief Executive Officer



# Statement Of Changes to Equity

For the 6 month period ended 31 March 2022

		Share Capital \$000	Retained Surplus \$000	Asset Revaluation Reserve \$000	Total equity \$000
<b>Year ended 30 September 2020</b>		<b>1,324</b>	<b>1,797</b>	-	<b>3,121</b>
Total comprehensive income for the year			31,335		31,335
Dividends	10	-	(18,000)	-	(18,000)
<b>Balance at 30 September 2021</b>		<b>1,324</b>	<b>15,132</b>	-	<b>16,456</b>
Total comprehensive income for the year		-	19,389	49,403	68,792
Tax on items charged to equity		-	-	(12,351)	(12,351)
<b>Balance at 31 March 2022</b>		<b>1,324</b>	<b>34,521</b>	<b>37,052</b>	<b>72,897</b>

## Nature and purpose of Reserves

### (i) Share Capital:

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

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

### (ii) Retained Surplus:

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

### (iii) Revaluation Reserve:

The Revaluation reserve is used to record increments and decrements on the revaluation of infrastructure assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

The accounting policies and notes on pages 39 to 61 form part of these financial statements.

# Statement Of Cash Flows

For the 6 month period ended 31 March 2022

		Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Cash flows from operating activities</b>			
Net Cash generated by operations	23	30,600	100,045
Interest paid		(7,084)	(15,183)
Tax paid		(6,756)	(13,589)
<b>Net cash inflow from operating activities</b>		<b>16,760</b>	<b>71,273</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(11,167)	(13,015)
<b>Net cash used in investing activities</b>		<b>(11,167)</b>	<b>(13,015)</b>
<b>Financing activities</b>			
Repayments of borrowings		(13,150)	(44,929)
Decrease/Increase of lease liabilities		5,008	(381)
Dividends paid		-	(18,000)
<b>Net cash used in from financing activities</b>		<b>(8,142)</b>	<b>(63,310)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,549)</b>	<b>(5,052)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3,128</b>	<b>8,180</b>
<b>Cash and cash equivalents at end of year</b>		<b>579</b>	<b>3,128</b>

The accounting policies and notes on pages 39 to 61 form part of these financial statements.



# Notes to the **Financial Statements**

## 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.

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

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

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

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

### 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: Definition of material	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 – Covid 19 Related Rent concessions	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.

## 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.

## 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 lease of the 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.

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.

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## 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.

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## 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 (e.g. 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.

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## 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.

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### **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.

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### **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'.

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### **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.

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### **Derecognition of financial liabilities**

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

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### **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.

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### **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.

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### **Retirement benefits**

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

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### **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.

## 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

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, EOUK, and considered other developments that may play out as the UK refining sector is emerging from the impact of pandemic for the forecast period covering up to Sep 2023, being thirteen months from

the date of the signing of these financial statements.

The pandemic related lockdowns in 2020 and 2021 reduced demand for EOUK's petroleum products, but given the fixed and secured nature of the Company's contract with its key customer, it continued to remain cash positive at an operating level.

This relationship with EOUK provides security of EBITDA margins and certainty of cashflows. Due to the rapid vaccination drive, lifting of lockdown measures and recent geo-political tensions impacting energy supply, demand for transportation fuels have bounced back to pre-pandemic level and aviation fuel continuing to rise towards pre-pandemic level with improved refining margins.

At the time of publication, EOUK confirmed it is trading ahead of previous forecasts. EOUK's overall debt levels are in line with its low leverage approach to capital structure. EOUK has also confirmed that it has completed all historic covid-related deferred VAT payments which significantly improves its credit profile and eliminates critical risk factor perceived by stakeholders.

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 available resources 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 on account of the following:

- The infrastructure assets owned by the company are of strategic national importance for 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 and 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 Accident Hazards) license and sought a separate Environmental Permit that will further strengthen its ability to operate the asset independent of EOUK. The Environment permit determination for Tranmere Terminal was received in April 2022 from the Environment Agency and the Company is awaiting receipt of the balance of the permits.
- 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 signed Heads of Terms with counterparties for storage of various bulk liquids and continues to explore opportunities to grow its pipeline of third-party business 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. \$195.3m of the loan ("Hive-Down Loan") remains outstanding at the balance sheet date. Having considered the accounts of EOUK in respect of going concern the directors have made judgements

with regard to the settlement of this amount which are:

- 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;

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.

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### **Useful economic lives and capitalisation of assets**

The Company's relevant non-current assets (2022 net book value: \$338.2m; 2021 net book value: \$335.0m) 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 \$5.5m (2021: \$12.2m for 12 month period) was incurred during the 6 months period.

### **Impairment of non-current assets**

Non-current assets (2022 net book value: \$387.6m; 2021 net book value: \$335.0m) 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.

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### **Property, plant and equipment**

As described in note 2, in line with the accounting policy of the Company, the assets of the Company which were acquired from the holding company Essar Oil UK Ltd in 2020 at a value of \$273.1m have now been revalued at \$304.2m in 2022. In carrying out the valuation in 2022, the independent valuation specialists (Gerald Eve LLP and Hickman Shearer Ltd) adopted the Depreciated Replacement Cost method of valuation. This approach requires the replacement cost new (RCN) of the asset to be depreciated over its useful economic life by applying an appropriate depreciation profile less any residual value. This figure is then further discounted to reflect any technical or economic obsolescence.

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

### 3. Revenue

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Revenue analysed by class of business</b>		
Sale of storage facility services	59,327	118,422

All revenue is generated in the United Kingdom. \$1,588k (2021: \$3,143k) of revenue was recognised over time and \$57,739k (2021: \$115,279k) of revenue was recognised at a point in time during the 6 month period.

### 4. Employees

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

	Six month period ended 31 Mar 2022	Year ended 30 Sept 2021
Administration	6	8
Operations	16	16
	<b>22</b>	<b>24</b>

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Their aggregate remuneration comprised:</b>		
Wages and salaries	1,438	2,537
Social security costs	171	293
Pension costs	161	244
	<b>1,770</b>	<b>3,074</b>

## 5. Directors' remuneration

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Remuneration for qualifying services	194	468
Company pension contributions to defined contribution schemes	21	26
	<b>215</b>	<b>494</b>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 2).

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

Remuneration for qualifying services	194	284
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## 6. Operating profit

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
<b>Operating profit for the year is stated after charging/(crediting):</b>		
Exchange (gains)/losses	(2,047)	3,334
Depreciation of property, plant and equipment	6,501	14,270
Depreciation of right of use assets	1,471	2,849
Amortisation of intangible assets	23	45

## 7. Auditor's remuneration

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Fees payable to the Company's auditor and its associates:		
For audit services		
<b>Audit of the financial statements of the company</b>	<b>70</b>	<b>67</b>

## 8. Finance costs

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Interest on lease liabilities	2,680	5,361
Other interest payable	4,405	9,822
<b>Total interest expense</b>	<b>7,084</b>	<b>15,183</b>

## 9. Income tax expense

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Current tax charge	6,757	13,589
	<b>6,757</b>	<b>13,589</b>
Deferred tax charge (note 19): Current period	(776)	2,686
	<b>(776)</b>	<b>2,686</b>
	<b>5,981</b>	<b>16,275</b>

Corporation tax is calculated at 19% (2019: 19%) of the estimated taxable profit for the period. The charge for the period can be reconciled to the profit per the income statement as follows:

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Profit before tax	25,370	47,609
Tax at the UK corporation tax rate of 19%	4,820	9,046
Tax effect of items that are not deductible in determining taxable profit	1,347	1,866
Adjustment in respect of prior years	-	1,819
Other tax adjustments, reliefs and transfers	(186)	3,544
<b>Tax charge for the period</b>	<b>5,981</b>	<b>16,275</b>

## 10. Dividends

	Six month period ended 31 Mar 2022 per share	Year ended 30 Sept 2021 per share	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Amounts recognised as distributions to equity holders				
Ordinary Shares				
<b>Final dividend paid</b>	-	13.60	-	18,000

## 11. Intangible assets

	Software \$000
<b>Cost</b>	
At 30 September 2020	218
<b>Additions</b>	-
At 30 September 2021	218
<b>Additions</b>	-
At 31 March 2022	218
<b>Accumulated depreciation</b>	
At 30 September 2020	33
Charge for the year	44
<b>At 30 September 2021</b>	<b>77</b>
Charge for the year	23
<b>At 31 March 2022</b>	<b>100</b>
Carrying amount	
<b>At 30 September 2021</b>	<b>141</b>
<b>At 31 March 2022</b>	<b>118</b>

## 12. Property, plant and equipment

	Land and buildings \$000	Plant and machinery \$000	Fixtures, equipment and vehicles \$000	Assets under construction \$000	Total \$000
<b>Cost</b>					
<b>At 30 September 2020</b>	<b>3,554</b>	<b>236,842</b>	<b>20</b>	<b>28,304</b>	<b>268,720</b>
Additions	-	-	-	12,212	12,212
Transfers	-	4,702	-	(4,702)	-
<b>At 30 September 2021</b>	<b>3,554</b>	<b>241,544</b>	<b>20</b>	<b>35,814</b>	<b>280,932</b>
Additions	-	-	-	5,529	5,529
Revaluation	3,125	46,278	-	-	49,403
<b>At 31 March 2022</b>	<b>6,679</b>	<b>287,822</b>	<b>20</b>	<b>41,343</b>	<b>335,864</b>
<b>Accumulated depreciation</b>					
<b>At 30 September 2020</b>	<b>84</b>	<b>10,767</b>	<b>1</b>	<b>-</b>	<b>10,852</b>
Charge for the year	113	14,156	1	-	14,270
<b>At 30 September 2021</b>	<b>197</b>	<b>24,923</b>	<b>2</b>	<b>-</b>	<b>25,122</b>
Charge for the year	56	6,444	1	-	6,501
<b>At 31 March 2022</b>	<b>253</b>	<b>31,367</b>	<b>3</b>	<b>-</b>	<b>31,623</b>
<b>Carrying amount</b>					
At 30 September 2021	3,357	216,621	18	35,814	255,810
<b>At 31 March 2022</b>	<b>6,426</b>	<b>256,455</b>	<b>17</b>	<b>41,343</b>	<b>304,241</b>

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

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

	31 Mar 2022 \$000	30 Sept 2021 \$000
Cost	133,510	128,010
Accumulated depreciation	(44,496)	(41,849)
<b>Net book value</b>	<b>89,014</b>	<b>86,161</b>

### 13. Right-of-use Assets

	Land \$000	Buildings \$000	Plant and equipment \$000	Total \$000
<b>Cost</b>				
At 30 September 2020	3,692	377	79,197	83,266
Additions	104	9	690	803
<b>At 30 September 2021</b>	<b>3,796</b>	<b>386</b>	<b>79,887</b>	<b>84,069</b>
Additions	-	-	5,638	5,638
<b>At 31 March 2022</b>	<b>3,796</b>	<b>386</b>	<b>85,525</b>	<b>89,707</b>
<b>Accumulated depreciation</b>				
At 30 September 2020	56	28	2,048	2,132
Charge for the year	70	35	2,745	2,850
At 30 September 2021	126	63	4,793	4,982
Charge for the year	38	20	1,413	1,471
<b>At 31 March 2022</b>	<b>164</b>	<b>83</b>	<b>6,206</b>	<b>6,453</b>
<b>Carrying amount</b>				
At 30 September 2021	3,670	323	75,094	79,087
<b>At 31 March 2022</b>	<b>3,632</b>	<b>303</b>	<b>79,319</b>	<b>83,254</b>

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

## 14. Trade and other receivables

	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000
Amounts owed by fellow group undertakings	865	609
Prepayments	326	339
Other receivable	329	188
Provision for bad and doubtful debt	(83)	-
	<b>1,437</b>	<b>1,137</b>

### 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 95% (2021: 96%) of the total receivables balance.

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

## 15. Borrowings

	31 Mar 2022 \$000	30 Sept 2021 \$000
Unsecured borrowings at amortised cost		
<b>Loans from parent undertaking</b>	<b>195,250</b>	<b>208,400</b>

### 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:

<b>Current liabilities</b>	<b>195,250</b>	<b>208,400</b>
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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.

## 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 programme 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.

### 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:

	31 Mar 2022 \$000	30 Sept 2021 \$000
Cash and cash equivalents	579	3,128
Amounts owed by fellow group undertakings	865	609
Other receivables	572	528
	<b>2,016</b>	<b>4,265</b>

### Financial liabilities

The company held the following financial assets at amortised cost:

	31 Mar 2022 \$000	30 Sept 2021 \$000
Amounts owed to parent undertaking	8,038	15,858
Other payables	584	266
Lease liabilities	1,274	1,182
Loans and borrowings	195,250	208,400
	<b>205,146</b>	<b>225,706</b>

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.

## Financial liabilities

### 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+ \$000	Total \$000
Trade and other payables	17,203	-	-	17,203
Lease liabilities	6,680	26,719	149,405	182,804
Borrowings	195,250	-	-	195,250
<b>At 31 March 2022</b>	<b>219,133</b>	<b>26,719</b>	<b>149,405</b>	<b>395,257</b>

### 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.

	31 Mar 2022 \$000	30 Sept 2021 \$000
Debt	281,768	291,956
<b>Cash and cash equivalents</b>	<b>(579)</b>	<b>(3,128)</b>
Net debt	281,189	288,828
<b>Equity</b>	<b>72,897</b>	<b>16,456</b>
<b>Total debt and equity</b>	<b>354,086</b>	<b>305,284</b>
Net debt to equity ratio (%)		-

## 17. Trade and other payables

	31 Mar 2022 \$000	30 Sept 2021 \$000
Amounts owed to fellow group undertakings	8,038	15,858
Accruals and deferred income	542	170
Other payables	42	96
	<b>8,622</b>	<b>16,124</b>

## 18. Lease liabilities

	31 Mar 2022 \$000	30 Sept 2021 \$000
<b>Maturity Analysis</b>		
Within one year	6,680	6,401
Over one year but within five years	26,719	25,653
After five years	149,405	146,612
<b>Total undiscounted liabilities</b>	<b>182,804</b>	<b>178,666</b>
Future finance charges and other adjustments	(96,286)	(95,110)
<b>Lease liabilities in the financial statements</b>	<b>86,518</b>	<b>83,556</b>

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:

	31 Mar 2022 \$000	30 Sept 2021 \$000
Current liabilities	1,274	1,182
Non-current liabilities	85,244	82,374
	<b>86,518</b>	<b>83,556</b>

Amounts recognised in profit or loss include the following

	31 Mar 2022 \$000	30 Sept 2021 \$000
<b>Interest on lease liabilities</b>	<b>2,680</b>	<b>5,361</b>

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.

## 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 tax depreciation \$000	Asset Revaluation Reserve \$000	Total \$000
At 30 September 2020	12,081	-	12,081
Charge/ (Credit) to income statement	2,686	-	2,686
<b>At 30 September 2021</b>	<b>14,767</b>	<b>-</b>	<b>14,767</b>
Charge/ (Credit) to income statement	(776)	-	(776)
Charge/(Credit) to statement of comprehensive income	-	12,351	12,351
<b>At 31 March 2022</b>	<b>13,991</b>	<b>12,351</b>	<b>26,342</b>

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 has been considered in the above computation.

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

## 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 \$161,302 (2021: \$244,447).

## 21. Share capital

### Ordinary share capital

	31 Mar 2022 \$000	30 Sept 2021 \$000
Issued and fully paid		
1,000,000 Ordinary Shares of \$1.32 each	1,324	1,324
	<b>1,324</b>	<b>1,324</b>

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 30 September 2021	1,000,000
Issue of fully paid shares	-
<b>At 31 March 2022</b>	<b>1,000,000</b>

## 22. Net debt reconciliation

	At 1 October 2021 \$000	Net cash flows \$000	Recognition of lease liabilities \$000	Interest on lease liabilities \$000	At 31 March 2022 \$000
Borrowings	208,400	(13,150)	-	-	195,250
Lease liabilities	83,556	-	5,642	(2,680)	86,518
<b>Total</b>	<b>291,956</b>	<b>(13,150)</b>	<b>5,642</b>	<b>(2,680)</b>	<b>281,768</b>

## 23. Cash generated from operations

	31 Mar 2022 \$000	30 Sept 2021 \$000
Profit for the year after tax	19,389	31,335
<b>Adjustments for:</b>		
Taxation charged	5,981	16,275
Finance costs	7,084	15,183
Forex loss/(gain)	(2,047)	3,334
Amortisation and impairment of intangible assets	23	44
Depreciation and impairment of property, plant and equipment	7,972	17,120
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(300)	(1,668)
Increase in trade and other payables	(7,502)	18,422
<b>Cash generated from operations</b>	<b>30,600</b>	<b>100,045</b>

## 24. Other transactions with related parties

	Sale of goods		Purchase of goods		Interest paid	
	Six month period ended 31 Mar 2022 per share	Year ended 30 Sept 2021 per share	Six month period ended 31 Mar 2022 \$000	Year ended 30 Sept 2021 \$000	Six month period ended 31 Mar 2022 per share	Year ended 30 Sept 2021 \$000
<b>Parent company</b>	<b>58,651</b>	<b>117,101</b>	<b>10,181</b>	<b>17,670</b>	<b>4,405</b>	<b>9,822</b>

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.

The following amounts were outstanding at the reporting end date:

### Amounts due to related parties

	31 Mar 2022 \$000	30 Sept 2021 \$000
<b>Parent company</b>	<b>8,038</b>	<b>15,858</b>

### Amounts due from related parties

	31 Mar 2022 \$000	30 Sept 2021 \$000
<b>Parent company</b>	<b>865</b>	<b>609</b>

## 25. 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 at Stanlow Manufacturing Complex, PO Box 3, Ellesmere Port, Cheshire, CH65 4BD.

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 Shashi Ruia.



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