Essar Oil (UK) Limited

Annual report and consolidated financial statements for the period ended 30 September 2019

Registered number: 07071400

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

Contents

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Ruia
R Ruia (Appointed 17 June 2019)
T Srinivasalu
P Sampath
D K Maheshwari (Resigned 25 May 2018)
K N Venkatasubramanian
M I R Wilson (Appointed 30 January 2020; Resigned 25 June 2020)
B C Tripathi (Appointed 5 February 2020)

SECRETARY

S Chambers

REGISTERED OFFICE

5th Floor
The Administration Building
Stanlow Manufacturing Complex
Ellesmere Port
CH65 4HB

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

BANKERS

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

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

STRATEGIC REPORT

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

Principal activities

The principal activity of the Group is to procure and refine crude oil and to market petroleum products mainly in the domestic UK market from its primary place of business at Stanlow. The Group owns and operates the Stanlow refinery, which is located on the south side of the Mersey estuary in the Northwest of the United Kingdom and is in proximity to North Sea crudes. In addition, the refinery is also capable of handling and processing a wide variety of light and heavy crudes from global sources including West and North Africa, Canada and Russia. Stanlow represents a critical part of the UK's transport and energy infrastructure, supplying approximately 16% of the UK's road fuel demand.

On 14 March 2018, Essar Midlands Limited and Infranorth Limited were incorporated and shares were issued to Essar Oil (UK) Limited and Essar Midlands Limited respectively. During the period, via these companies, the Group acquired a number of assets from British Petroleum which included an 11.15% equity stake in the UK Oil Pipeline (UKOP), a 45.35% share of the Kingsbury Terminal in a JV with Shell and full ownership of Northampton Terminal both located in the Midlands area of the UK. These acquisitions were concluded on 1 February 2019.

The Group continues to expand its retail service station network and as at 30 September 2019 had 72 'Essar' branded retail stations (2018: 56).

Operational and financial review

The Group completed a major investment at the refinery with the implementation of "Project Tiger Cub" in April 2018, which resulted in substantial increase in our annual throughput from 68 million barrels to about 74 million barrels, improved yields and higher revenues.

The Group's operational and financial performance continues to be robust during the period on the back of good performance during the previous years. Many of the improvement initiatives taken by the Group since ownership of the refinery have helped it achieve record operational performance and robust profitability levels from optimised processes, diversified crude basket and investment in margin booster programmes.

Throughput at the refinery increased to 106.22 million barrels during the period compared to 54.2 million barrels in the prior period, higher due to 18 months period and previous year throughput was lower due to major turnaround maintenance. The refinery achieved a Current Price GRM (definition overleaf) of US$8.7/bbl for the period, compared with a Current Price GRM of US$9.4/bbl in the prior year due to relatively weaker benchmark margins than the prior year, but set off by various yield improvement initiatives at the refinery. Operational EBITDA (definition overleaf) increased to US$469.1m in the period, compared to $300.4m in the prior year, mainly due to 18 month period (2018: 12 month).

During the period, the Group has continued its expansion into the fuel retail business and has ambitious plans to grow this business. The Group, by the end of financial period 2019, had opened 72 "Essar branded" retail outlets (2018: 56). The Group continues to secure many new contracts with Airline businesses for direct supply of aviation fuel.

The Group extended its financial period to 18 months ended 30 September 2019 to allow the new acquisitions time to be fully embedded in the organisation as well as allowing the effect of change of the inventory monetarization provider to be fully incorporated in the results. The prior year results are for the 12 months ending 31 March 2018 as a comparator.

As a result of the continued strong operational and financial performance during the period, the Group's Board approved and paid dividends to the Shareholders of the Group of $201.0m (2018: $375.0m). A further dividend of $81m was paid in December 2019 prior to the Covid 19 pandemic.

Income statement

The Group generated revenues of $12,605.8m in the 18 months to September 2019 (2018: $5,426.6m) and made a net profit before tax of $194.8m (2018: $194.8m). Revenues are higher due to 18 months period and the increase in average price of each barrel of oil increasing to $68.5/bbl (2018: $57.5/bbl) in addition to increases in trading activities.

STRATEGIC REPORT

Balance sheet

At the period end the Group had net assets (net worth) of $713.1m (2018: $772.1m). The movement in net assets was driven by the profits generated in the period offset by dividends paid, as highlighted above.

Future developments

The Group currently sells gasoline components in the export market in smaller parcel sizes. These cargoes, once sold by the Group, typically go to Amsterdam Rotterdam Antwerp (ARA) market where they are blended to make finished gasoline and bulk it in large parcel sizes for various markets. This is not an efficient operation for the Group and hence the directors are now investing in facilities that can sell finished gasoline in larger parcel sizes to capture blending margins and realise better pricing as a result of parcel size. This project is expected to complete in 2021.

Principal risks and uncertainties

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

Covid19 risk

The global outbreak of Coronavirus has, in the short to medium term, affected businesses including ours in many ways. The safety and wellbeing of our employees and people within our supply chain has been the core focus since the outbreak began and we have taken the appropriate measures to help mitigate the risk of virus transmission, including enabling our workforce to work from home where possible. We continue to closely monitor and follow the guidelines issued by Public Health England and the UK Government and have formed steering groups within our business to ensure a coordinated and a well thought through response and ongoing communication with our workforce.

With so many unknowns still remaining around the magnitude and period of Covid-19 related disruption, it is difficult to state with absolute certainty that this will not cause any significant risk to the operations of the Essar Oil UK Group of Companies (the EOUK Group).

However, based on available information, it appears that the peak of the virus and its impact on our operations may be behind us, although we will continue to operate with the appropriate controls we deem necessary as the situation evolves considering the guidance issued by Public Health England. The EOUK Group has taken all the necessary actions, including reducing crude throughput at Stanlow Refinery, to ensure it continued to operate. The company takes its position as part of the UK's Critical National Infrastructure seriously and responsibility to ensure that Stanlow's ongoing production is able to support the people, the communities, the industries and the cities that depend on it.

The Going Concern note deals more in detail with the impact of Covid 19 on the EOUK Group's trading and cash flow position and its implication on the going concern assessment.

Fluctuation of crude oil prices, refined petroleum products prices and refining margins

The refining business is dependent on margins between crude oil prices and refined petroleum product prices. Refined products normally track changes in feedstock prices with a lag; a prolonged lag effect can have a substantial impact on profitability and on the Group's working capital requirements.

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

STRATEGIC REPORT

Foreign exchange risk

The Group's functional and presentational currency for accounting for its transactions and preparation of books and accounts is the US Dollar. The Group has exposure to foreign currency fluctuations mainly on the domestic trade receivables (from the billing date up to the collection date) and in respect of certain operating and capital expenditure, which are largely denominated in British Pounds (GBP). These could significantly impact the operational and reported results. In order to mitigate such exchange risks, the Group reviews its risks from time to time and determines the strategy to cover its currency exposures (see note 20).

Liquidity risk and the Group's ability to continue as a going concern

Oil refining and marketing requires sizeable financing arrangements to support day to day operations and commitments. Throughout the period, the Group had continued access to commercial arrangements via the Inventory monetisation agreement with J Aron & Group LLC until June 2019 and with Macquarie Bank Limited, London Branch from June 2019. The Inventory monetisation partners provide crude and product requirements of the refinery including storage and supply on a just in time basis. In addition, the Group has access to Receivable Securitisation facility arranged by Lloyds Bank Plc. These arrangements enable the Group to meet its payment obligations as and when they fall due. In order to have uninterrupted availability of these facilities, the Group has adequate monitoring mechanisms in place to ensure substantive compliance with the banking covenants and timely servicing of debt. Further details on the consideration of going concern with material uncertainty are provided in the Directors Report and note 3 .

In relation to the Group's Subsidiary Company, EML, the Group entered into an inventory monetisation facility with Macquarie Bank Limited. London Branch during the period.

Health and safety risk and environment

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

The Group has a formal Health, Safety and Environmental ("HSE") policy with related HSE management systems in place. These are communicated to the relevant businesses and employees with training provided on a regular basis. Regular reviews are carried out on compliance with the HSE policy and related Health Safety Environment Management Systems ("HSEMS") as well as adherence with regulatory requirements. The directors ultimately monitor the effectiveness of the various HSE policies and systems.

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

Significant relationships

Financing

As mentioned above, the Group replaced its inventory financing facility from J Aron & Company LLC (a Goldman Sachs Group, Inc. subsidiary) with Macquarie Bank Limited in June 2019. The receivable securitisation facility with Lloyds Bank Plc was extended during the period for further 3 year period. In relation to the Group's Subsidiary Company, EML, the Group entered into an inventory monetisation facility with Macquarie Bank Limited during the period.

Customers

Revenues from the single largest customer contributes to approximately 12% (2018: 18%) of the Group's overall revenues.

STRATEGIC REPORT

Significant relationships (continued)

Suppliers

At the start of 2018 the Oil and Gas market analysts predicted a significant increase in the middle distillates (diesel/gasoil) crack spreads in the run up to International Maritime Organisation (IMO) 2020 regulation change which was due to be implemented from 2020. This provided a good opportunity to enhance the refining margins for the EOUK Group by increasing the middle distillates pool which constitutes about 50% of the EOUK yield. In order to realise this opportunity, the Company entered into additional supply agreements with a couple of counterparties to secure further supplies of the relevant valuable feedstock required to assist with this opportunity and provided a net additional supplier prepayments of $185m in April / May 2018 to support this. The Company's board reviewed all available options at the time, upside possibilities, credit risks involved and approved the further supply agreements with a trading partner group who has had a regular trading relationship with the EOUK group and is a reputable trading group with significant financial strength.

The market in reality did not experience as much strength in diesel cracks as were initially predicated and therefore the demand was lower for the contracted material. Further there has been delays in the provision of feedstock under the agreement. The full amount was outstanding at 30 September 2019. Accordingly the Company agreed with the counterparty to unwind the advances in late 2019. Consequently, a large part (about 60%) of the advance was settled prior to signing of these accounts, however due to the Covid19 situation, about $139m remained outstanding at the date of signing these accounts. Accordingly the directors have made a provision of $100m against the remaining balance which is separately identified within the income statement. The company directors based on the settlement recoveries to date, ongoing discussions, the financial strength of the counterparty and the past trading history intend to ultimately recover the outstanding amounts. However on a prudent basis, following accounting requirements and considering the impact of Covid 19 crisis on global oil companies and suppliers, the company directors concluded that the provision should be booked. The reserve will be reversed if and when the dues are collected from the counterparties.

Related party loans

EOCL, EOUK parent Company has requested it to consider and grant up to $400 million loan to EOGL to meet their investment requirements. They have cited strong shareholder support to EOUK historically and ongoing basis which has led to a strong financial position at EOUK.

In November 2019, the Company board considered a request from Company's immediate parent, Essar Overseas Cyprus Limited (EOCL) to extend an affiliate loan to another sister group Company. After due consideration, review and obtaining the necessary legal, accounting and tax opinions, Company board had approved grant of this loan of $375m with a term of 3 years on commercial terms.

As at this signing date of this financial statement, out of $375m, only $225.4m was disbursed. As on the signing of these accounts, the directors remained confident of this loan being serviced by the relevant affiliate entity.

STRATEGIC REPORT

Key performance indicators ("KPI")

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

KPI	2019	2018	Context
Lost time injuries	7	4	The Group strives to have no injuries, whilst acknowledging that there are significant risks associated with operating a refinery. This figure represents the number of injuries resulting in lost time on site due to injury during the period.
Current price GRM/bbl[1]	$8.7	$9.4	The current price gross refinery margin is the spread the Group earns between the sales price and crude related costs. This is a widely used industry yardstick to measure an oil refinery's operating performance. Drop in GRM largely driven by market margins being lower than previous period.
Operational EBITDA[2]	$467.9m	$300.4m	This measure is commonly used by management to reflect the operating earnings of the Group and excludes exceptional items. EBITDA is higher for 2019 mainly due to the Eighteen month period vs Twelve month period in 2018.

[1]Current price GRM/bbl represents the GRM/bbl before the impact of timing differences in crude and product prices, inventory movement and hedging.
[2]Operational EBITDA represents earnings before interest, tax, depreciation, amortisation, one-off items and exceptional items, being operating profit before one-off items of $349.9m with $118.0m of depreciation and amortisation added back.

Employees

The Group has a monthly average number of 941 employees (including executive directors) (2018: 958, 2017: 971, 2016: 978). This includes employees working for third party plants at Stanlow which are operated by the Group. Excluding these employees working for third party plants at Stanlow, the monthly average number of employees was 841 (2018: 829).

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

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P Sampath
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P Sampath
Director
07 July 2020

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the period ended 30 September 2019.

Matters included in the Strategic Report

Included in the Strategic Report is information relating to dividends payable in the period, the financial risk management objectives and policies of the Group, and the exposure of the Group to principal risks and uncertainties, which would otherwise be required to be contained in a Directors' Report.

Going concern

The detailed disclosures with regard to going concern are given in note 3 to these financial statements and are not replicated in this report. The directors considering the impact of Covid19 on the business concluded that there is a material uncertainty that the Group will be able to operate as a going concern. Notwithstanding this material uncertainty, the Board's confidence in the Group's forecasts and ability to deliver on the potential solutions noted in detailed in note 3 supports preparation of the financial statements on a going concern basis.

Directors

The directors, who held office during the period and up to and including the date of signing the accounts, unless stated otherwise, are shown on page 1.

Employees

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

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

The Group gives full consideration to applications for employment from people with disabilities where the requirements of the job can be adequately fulfilled by a person with a disability. It is the Group's policy to provide on-going employment, wherever practicable, to employees who may become disabled during the course of employment and to provide suitable training and a career development program for the people with disabilities.

The directors ensure that the employees receive adequate information on the Group's activities, plans and performance through regular bulletins and discussions.

Pensions

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

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

Defined Benefit Scheme
Disclosures with regard to the position of the Essar Oil (UK) Pension Scheme and performance of the scheme in accordance with IAS 19 (2011 revised) can be found in note 28 to these financial statements.

DIRECTORS' REPORT

Future developments

Please refer to the Strategic report on page 2 to 6.

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; and
- 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.

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

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P Sampath
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P Sampath
Director
07 July 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

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

DocuSigned by:
P Sampath
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P Sampath
Director
07 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSAR OIL (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Essar Oil (UK) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the 18 month period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 35

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that funding arrangements have not yet been completed which would support the Company being able to manage the payment of its deferred VAT liability due on 31 March 2021. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSAR OIL (UK) LIMITED

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSAR OIL (UK) LIMITED

Use of our report

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

DocuSigned by:

Anthony Matthews

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Anthony Matthews FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

07 July 2020

CONSOLIDATED INCOME STATEMENT
Period ended 30 September 2019

	Note	Eighteen month Period ended 30 Sept 2019	Year ended 31 March Restated 2018
		$m	$m
Revenue	4	12,605.8	5,426.6
Cost of sales		(12,127.0)	(5,137.2)
Gross profit		478.8	289.4
Selling and distribution costs		(39.5)	(24.9)
Administrative expenses		(78.8)	(40.1)
Net foreign exchange gains / (losses)		(10.6)	14.3
Operating profit before one-off items	5	349.9	238.7
Exceptional income	5	8.4	-
Bad debts reserve - Advances		(100.0)	-
Operating profit after one-off Items		258.3	238.7
Finance income	7	44.4	2.1
Finance costs	8	(107.9)	(46.0)
Profit before tax		194.8	194.8
Tax charge	9	(42.1)	(33.5)
Profit for the period		152.7	161.3

The above results all derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 September 2019

	Note	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Profit for the period		152.7	161.3
Items that will never be reclassified to the income statement			
Actuarial gains / (losses) on defined benefit pension scheme	28	(16.6)	5.9
Change in opening Finance Lease Liability		1.6	-
Other comprehensive income / (loss) for the period before tax		(15.0)	5.9
Tax relating to components of other comprehensive income		4.2	(1.1)
Total other comprehensive income / (loss) for the period		(10.8)	4.8
Total comprehensive income attributable to:			
Owners of the Group		141.9	166.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	30 Sept 2019	31 March 2018
		$m	$m
Non-current assets			
Intangible assets	10	6.4	2.8
Property, plant and equipment	11	921.5	906.5
Long term deposits		22.9	27.0
Other non-current receivables		0.4	0.3
		951.2	936.6
Current assets			
Inventories	15	316.7	694.2
Trade and other receivables	16	1,087.9	723.3
Cash and cash equivalents	14	118.4	223.6
Derivative financial instruments	18	3.1	15.0
Current tax receivable	30	-	43.0
		1,526.1	1,699.1
Total assets		2,477.3	2,635.7
Current liabilities			
Trade and other payables	19	966.9	936.2
Obligations under finance leases	22	2.9	2.2
Advances received against trade receivables	17	507.0	358.0
Provisions	23	-	4.6
Derivative financial instruments	18	8.3	8.9
Deferred revenue	29	13.0	8.6
Liability in relation to Inventory Monetisation Facility		175.0	463.9
		1,673.1	1,782.4
Net current liabilities		(147.0)	(83.3)
Non-current liabilities			
Obligations under finance leases	22	27.7	13.0
Retirement benefit obligations	28	27.5	16.9
Deferred tax liabilities	21	35.9	51.2
		91.1	81.1
Total liabilities		1,764.2	1,863.5
Net assets		713.1	772.2
Equity			
Share capital	24	694.1	694.1
Retained surplus	25	19.0	78.1
Total equity		713.1	772.2

The financial statements of Essar Oil (UK) Limited, registered number 07071400, were approved by the board of directors and authorised for issue on 07 July 2020 and signed on its behalf by:

DocuSigned by:

P Sampath

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P Sampath, Director

COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	30 Sept 2019	31 March 2018
		$m	$m
Non-current assets			
Intangible assets	10	6.4	2.8
Property, plant and equipment	11	892.4	906.5
Investment in subsidiaries		4.9	-
Long term deposits		21.3	27.0
Other non-current receivables		21.4	0.3
		946.4	936.6
Current assets			
Inventories	15	313.1	694.2
Trade and other receivables	16	1,078.0	723.3
Cash and cash equivalents	14	117.9	223.6
Derivative financial instruments	18	3.1	15.0
Current tax receivable	30	-	43.0
		1,512.1	1,699.1
Total assets		2,458.5	2,635.7
Current liabilities			
Trade and other payables	19	954.9	936.2
Obligations under finance leases	22	2.9	2.2
Advances received against trade receivables	17	507.0	358.0
Provisions	23	-	4.6
Derivative financial instruments	18	8.3	8.9
Deferred revenue	29	13.0	8.6
Liability in relation to Inventory Monetisation Facility		175.0	463.9
		1,661.1	1,782.4
Net current liabilities		(149.0)	(83.3)
Non-current liabilities			
Obligations under finance leases	22	27.7	13.0
Retirement benefit obligations	28	27.5	16.9
Deferred tax liabilities	21	35.9	51.2
		91.1	81.1
Total liabilities		1,752.2	1,863.5
Net assets		706.3	772.2
Equity			
Share capital	24	694.1	694.1
Retained surplus	25	12.2	78.1
Total equity		706.3	772.2

The company reported a profit after tax for the 18 month period ended 30 September 2019 of $145.9m (2018: $161.3m).

The financial statements of Essar Oil (UK) Limited, registered number 07071400, were approved by the board of directors and authorised for issue on 07 July 2020 and signed on its behalf by:

DocuSigned by:
P Sampath
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P Sampath, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 30 September 2019

	Note	Share capital $m	Retained surplus $m	Total equity $m
At 31 March 2017		**694.1**	**287.0**	**981.1**
Profit for the year	25	-	161.3	161.3
Other comprehensive income for the year	28		4.8	4.8
Total comprehensive income		-	**166.1**	**166.1**
Dividends paid	32	-	(375.0)	(375.0)
At 31 March 2018		**694.1**	**78.1**	**772.2**
Profit for the period	25	-	152.7	152.7
Other comprehensive income for the period	28	-	(10.8)	(10.8)
Total comprehensive income		**-**	**141.9**	**141.9**
Dividends paid	32	-	(201.0)	(201.0)
At 30 September 2019		**694.1**	**19.0**	**713.1**

COMPANY STATEMENT OF CHANGES IN EQUITY
Period ended 30 September 2019

	Note	Share capital $m	Retained surplus / (deficit) $m	Total equity $m
At 31 March 2017		**694.1**	**287.0**	**981.1**
Profit for the year	25	-	161.3	161.3
Other comprehensive income for the year	28	-	4.8	4.8
Total comprehensive income		-	**166.1**	**166.1**
Dividends paid	32	-	(375.0)	(375.0)
At 31 March 2018		**694.1**	**78.1**	**772.2**
Profit for the period	25	-	145.9	145.9
Other comprehensive loss for the period	28	-	(10.8)	(10.8)
Total comprehensive income		-	**135.1**	**135.1**
Dividends paid	32	-	(201.0)	(201.0)
At 30 September 2019		**694.1**	**12.2**	**706.3**

CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 30 September 2019

	Note	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Net cash generated by operating activities	26	113.1	627.7
Investing activities			
Interest received		44.4	2.1
Purchase of intangible assets		(4.6)	(2.0)
Purchases of property, plant and equipment		(106.3)	(258.3)
Proceeds from disposal of property, plant and equipment		11.2	
Cash paid to acquire interest in joint operations		(21.0)	-
Net cash used in investing activities		(76.3)	(258.2)
Financing activities			
Increase /(Repayments) of obligations under finance leases		17.0	(2.1)
Increase /(Decrease) in short term bank advances		149.0	(9.0)
Increase /(Decrease) in other deposits and advances		4.0	-
Interest, charges and fees paid		(107.9)	(41.3)
Dividends paid		(201.0)	(375.0)
Net cash used in financing activities		(138.9)	(427.4)
Net decrease in cash and equivalents		(102.1)	(57.9)
Effect of foreign exchange rate changes		(3.1)	1.9
Cash and cash equivalents at beginning of year		223.6	279.6
Cash and cash equivalents at end of year		118.4	223.6

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

1 General information

Essar Oil (UK) Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. These financial statements are prepared for Essar Oil (UK) Limited and its subsidiaries, together 'the Group', under the Companies Act 2006. The registered address of the company is 5th Floor, The Administration Building, Stanlow Manufacturing Complex, Ellesmere Port, CH65 4HB.

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

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union. The financial statements have been prepared on the historical cost basis as modified by the revaluation of available-for-sale assets, and certain financial assets and liabilities. The principal accounting policies adopted are set out below.

The financial statements have been prepared for the 18 month period ended 30 September 2019. The Group extended its financial year to allow new acquisitions to be fully embedded in the group as well as allowing the effect of change of the inventory monetization provider to be fully incorporated in the results. The comparatives presented in the financial statements are for the 12 month period ended 31 March 2018 and hence are not entirely comparable.

Basis of consolidation

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

The company has taken the exemption permitted by section 408 of the Companies Act 2006 and has not prepared a separate income statement.

Restatement of prior year

The prior year statement of comprehensive income has been restated to reclassify \$49.2m from selling and distribution costs to costs of sales. This is following a detailed review on the nature of these expenses, which were concluded to be better directly attributable to sales. This had no other implications to operating profit, retained profit cash flows or to the balance sheet.

Adoption of new and revised standards

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was issued in July 2014 by the IASB to replace IAS 39 Financial Instruments Recognition and Measurement. The group has adopted IFRS 9 for the 18 month period ended 30 September 2019 in accordance with the transition provisions of IFRS 9. Comparatives have not been restated because the cumulative catch-up approach has been applied.

The group has also applied the consequential amendments to IAS 1 'Presentation of financial instruments' and IFRS 7 'Financial Instrument: Disclosures' on application of IFRS 9.

IFRS 9 introduces a new model for the classification and measurement of financial assets and liabilities, an 'expected credit loss' model for the impairment of financial assets, and revised hedge accounting methodology.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

2 Significant accounting policies (continued)

The impact of the adoption of IFRS 9 has been assessed and has been deemed not to have a material impact on the financial statements of the group.

The revised accounting policies in relation to financial instruments are provided below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was adopted during the year and the date of the transition for the Group was 1 April 2018. The standard has been applied fully retrospectively but no comparatives have been restated as the impact is not material. The standard specifies how and when a Company will recognise revenue, as well as requiring such entities to provide users of Financial Statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to apply to all contracts with customers.

The introduction of IFRS 15 has not had a material impact on the Group's financial statements.

Adoption of new and revised Standards that are in issue but not yet effective

At the date of authorisation of these financial statements, the following most significant standard and interpretation which had not been applied in these financial statements were in issue but not yet effective was IFRS 16 Leases;

IFRS 16 Leases - IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. IFRS 16 requires lessees to recognise most leases on their balance sheets. Lessees will have a single accounting model for all leases with two exemptions (low value assets and short term leases). The Group will adopt the new standard in the accounting period beginning on 1st October 2019.

The financial impact of adopting the new standard is expected to have a material effect on the Group's financial statements. The Group is a lessee of land that is currently accounted for as operating leases. Based on a high-level impact assessment of these extant leases as at 1 October 2019, the Directors initially believe that the effect on the financial statements during this accounting period will be:

	$ m
Recognition of right of use asset at 1 October 2019	25.0
Recognition of lease liability at 1 October 2019	25.0
Effect on net assets at 1 October 2019	-
Credit to operating costs from the removal of operating lease expenses under IAS 17	(2.6)
Depreciation charge for right of use assets under IFRS 16	0.9
Interest expense from lease liability under IFRS 16	3.0
Net charge on profit for the period ended 30th September 2019	1.3

In addition, the Group has low value lease in respect of Car Fleet, Catalyst Lease etc, which are expensed in the Profit and Loss statement as and when the payments are made. Due to low value in nature, these leases are exempt from the application of new IFRS16.

The Group does not expect the adoption of IFRS 16 to have any material impact on the financial statements as a lessor of assets.

The Group is in the process of considering the effects of IFRS 16 at this time which could impact based on any operating leases held at the date of transition.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

2 Significant accounting policies (continued)

Revenue recognition

Revenue from the sale of petroleum products is measured at the fair value of consideration received or receivable, net of trade discounts, volume rebates, value added tax, sales taxes and excise duties. A sale is recognised when economic benefits associated with the sale are expected to flow to the Group and control of the goods have passed to the customer. This is usually when title and insurance risk has passed to the customer either when the customer has received delivery of the product by tank, truck or product carrier, or when the product has been transferred via pipeline. Additional information on revenue and derecognition of financial assets is provided at note 3.

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

Operating profit

Operating profit is stated after charging restructuring costs but before property disposals, investment income, finance costs and property, plant and equipment insurance income.

Foreign currency transactions and translation

Transactions in currencies other than the functional currency (US Dollar) are translated into the functional currency at the exchange rates at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currency at exchange rates at the reporting date and exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Inventories

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

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

Additional information is provided in note 3.

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

Derivative financial instruments

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

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

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss re recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

2 Significant accounting policies (continued)

A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities. At present, the Group's derivative arrangements are not designated hedges under the definitions of IAS 39/IFRS 9. Consequently, all fair value movements in respect of derivative financial instruments are taken to the income statement. Further details of derivative financial instruments including fair value measurements are disclosed in note 18.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs if the recognition criteria are met.

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

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

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

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

Property, plant and equipment in the course of construction is carried at cost, less accumulated impairment losses, if any, and is not depreciated. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

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

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

• Buildings	40 years
• Office fixtures and fittings	5 – 10 years
• Infrastructure – Pipelines	10 – 25 years
• Tanks and containers	10 – 30 years
• Plant and equipment	10 – 30 years
• Turnaround assets	1 – 5 years
• Vehicles	5 – 10 years
• Catalyst	1- 12 years

2 **Significant accounting policies (continued)**

All assets are stated at cost less accumulated depreciation and any recognised impairment loss. All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each reporting date. If impairment is indicated, the recoverable amount of the asset, which is deemed to be the greater of its fair value less cost to sell and value in use, is estimated. If the recoverable amount of the asset is less than its carrying value, an impairment charge is recognised immediately in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of qualifying assets are added to the costs of those assets during the construction phase on an effective interest basis, until such time as the assets are ready for their intended use. Where surplus funds are available for a short term out of money borrowed specifically to finance a qualified asset, the income generated from such short term investments is deducted from capitalised borrowing costs. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Leases are classified as finance leases wherever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see above).

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Payments made under operating leases, where the lessors effectively retain substantially all the risk and benefits of ownership of the lease property, plant and equipment are recognised in the income statement on a straight line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Property, plant and equipment used by the Group under operating leases are not recognised in the Group's balance sheet.

Intangible assets

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

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

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

2 Significant accounting policies (continued)

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

- Software 5 years

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with banks with original maturity of less than 90 days and short term highly liquid investments, that are readily convertible into cash and which are subject to insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

Investments in subsidiaries

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

Investments in joint arrangements

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

Some of the Group's activities are conducted through joint operations, whereby the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group reports its interests in joint operations using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of the joint operation are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of the instrument, except for those subsequently measured at fair value, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to instruments subsequently measured at fair value are recognised immediately in profit or loss.

Financial assets

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

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

Financial assets are measured at fair value through other comprehensive income when they are held for both the objective of collecting contractual cash flows and to sell the financial asset, where the contractual cash flows are solely payments of principal and interest. The group does not have any financial assets classified as fair value through other comprehensive income.

Financial assets are measured at fair value through profit or loss if they do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. After initial recognition, financial assets are measured at fair value with gains or losses recognised in profit or loss. Financial assets measured at fair value through profit or loss include derivative financial assets.

2 Significant accounting policies (continued)

Financial assets are derecognised when the contractual rights to the cashflows from the financial asset expire.

Impairment of financial assets measured at amortised cost

Financial assets measured at amortised cost are impaired when there is an expected credit loss. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach set out by IFRS, 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.

Financial liabilities

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

Financial liabilities including trade and other payables, advances received against receivables and intercompany receivables are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

The group enters into forward, option and swap contracts to reduce its exposure to currency risk and commodity price risk. Derivative financial instruments are not used for speculative purposes and the group does not apply hedge accounting.

Derivative financial instruments are initially recognised at fair value on the date that the contract is entered into, and subsequently measured at fair value. Gains or losses on derivatives are recognised in the income statement.

Provisions and contingencies

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

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

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

Onerous contracts and Off market contracts

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

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

2 Significant accounting policies (continued)

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

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

Tax

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

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

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

- where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; 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.

Research & Development Expenditure Credit (RDEC)

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

2 Significant accounting policies (continued)

Retirement benefits

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

For defined benefit pension and post employment benefit plans, full actuarial valuations are carried out every year end using the projected unit credit method. Actuarial gains and losses arising during the year are recognised in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan. Detailed disclosures about the defined benefit plan are made in note 28.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

Going Concern

The Group monitors and manages closely its liquidity risk. In assessing the Group's going concern status, the directors have taken account of the financial position of the Group, anticipated future trading performance, including impact of the Coronavirus pandemic on its trading, its banking and other facilities, its capital investment plans and forecast of gross refining margins.

A review of business performance, its risks and uncertainties (including in particular the fluctuation of prices and reduced immediate demand for petroleum products caused by the Coronavirus pandemic) and a brief description of the Group's financing arrangements are set out within the Strategic Report. A detailed description of the Group's borrowing facilities as at 30 September 2019 is included in note 17 to the financial statements and in this section relating to Recognition of Inventory, which relate to two key arrangements, being receivables securitisation and inventory monetisation.

The Group has prepared a detailed business plan for the period up to 30 September 2021 and long term forecasts for the next four years on the basis of the current business model and after consideration of the risks and uncertainties noted on pages 3 and 4, including Covid 19.

The Coronavirus related lockdown led to a significant drop in economic activity, which reduced the demand for road transport and aviation fuels. Oversupply of fuel products, due to weaker demand, has also depressed refining margins. In addition, pandemic related economic uncertainties have introduced significant volatility in crude prices and currency exchange rates. The Group's exposures to underlying crude oil flat price risk is minimal considering that the majority of its inventory are owned and risk managed by the bank. For the inventory that it owns, flat price risk is managed through Company's risk management policy to hedge its inventory. Nevertheless, a fall in crude price does have negative impact on the size of the available working capital and mark to market calls on the hedge positions the Company has at that point in time

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The Group managed the situation well in the short term, continuing to run the refinery (albeit at lower capacity) and maintaining fuel supply in the region and beyond. The Group was also successful in selling an increased proportion of its production into the export market, while domestic demand remain depressed.

During this period, the Group has kept all key stakeholders such as the Department for Business, Energy and Industrial Strategy (BEIS), HMRC, Lenders and Shareholders informed appropriately on operations, demand, supply scenarios and cash flow positions. These interactions have been very positive and supportive.

A significant drop in product demand and poor refining margins, coupled with market volatility, has caused operating losses in the short term and material uncertainties remain in relation to the period until full demand recovery. From the lowest domestic demand point in April 2020, with the lockdown starting to ease in May 2020, an uplift in demand of core products such as Diesel and Petrol is visible, while Jet demand continues to remain low. While immediate signs are encouraging, the risk of a second wave of Coronavirus cannot be completely ruled out, which potentially could reduce the demand of products to the levels seen in April 2020.

Short term volatility has caused cash outflows resulting from margin calls on various commodity and hedge positions that the Group had entered into for the protection of its future margins. With the recovery of the Crude Oil price in May 2020 and market contango structure indicating a rise in future prices as compared to the low levels seen in March 2020, the Group expects to see a reduction on these margin calls, but the period and extent of such a recovery is far from certain.

In stable market conditions, the Group has access to good amounts of trade credit on its procurements. In addition, it is able to attract advances for its future export commitments. However, a reduction in demand and lower crude prices as a result of Covid 19 has seen the size and availability of such working capital reduced significantly. Cash flow in the short run was well supported by the UK Government's announcement of a VAT deferment scheme which the Group exercised to the extent of £356m. The Government has confirmed these deferred VAT amounts are due for payment on or before 31 March 2021.

The Directors have carefully examined all available evidence, including the Management Team's forecasts for the business with appropriate sensitivities, consideration of the Group's financial position and consider that the business can operate within the existing arrangements or facilities even after applying the sensitivities until March 2021 when the repayment of the deferred VAT amount is due. The payment of deferred VAT shall require additional liquidity support or funds to be available. The Directors recognise a number of possible solutions are being worked on by the Management Team to ensure additional sufficient liquidity is available in due course to meet all future obligations as and when they fall due, including settling the deferred VAT payment, which is due on 31 March 2021.

These possible solutions include, but are not limited to some of the UK Government supported schemes such as Coronavirus Large Business Interruption Loan Scheme (CLBILS), UK Export Finance (UKEF), together with the Group's 100% owned subsidiary company, Stanlow Terminals Limited, raising debt to pay the hive out consideration to the EOUK Group. In addition, with the expectation that the market will continue to recover from the impacts of Covid 19, the Group expects to avail itself of increased trade credits to a similar extent as was available prior to Covid 19. With the gradual increase in product demand and crude prices, the Group also expects to start generating cash again from its operations and improvement in its working capital.

The Directors are satisfied that there are a sufficient number of potential solutions available to the Group. While the delivery and timing of these individual solution is not certain, execution of some of these in combination are expected to provide adequate financial resources to the Group 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.

The Directors also remain in discussion with the Shareholder for its support and the Shareholder, in return, has stated that it remains committed to the business.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Therefore, we have concluded that there is a material uncertainty that may cast significant doubt that the Group will be able to operate as a going concern. Notwithstanding this material uncertainty, the Board's confidence in the Group's forecasts and
ability to deliver on the potential solutions noted above supports our preparation of the financial statements on a going concern basis.

Recognition of inventory
The timing of when the Group recognises inventory on its balance sheet contains a degree of judgement as the majority of crude oil is supplied by a just-in-time supplier (Macquarie Bank Limited previously supplied by J. Aron & Company LLC) who holds significant levels of inventory on site at the refinery. Management performed a detailed review of these just-in-time arrangements on their inception, encompassing both legal and substantive aspects, and concluded that the Crude inventory as on the reporting date should be recorded on the company's balance sheet at the point at which it is drawn down from the tanks into the refinery. The just-in-time supplier also owns legal title to majority of product inventory on site and similar review was performed. Considering the substantive aspects, the Management concluded that the initial legal sale and the ongoing purchases and sales of Product inventory does not result in the de-recognition of the inventory in the books of the Group. Consequently, the entire product inventory as on the reporting date is recognised in the books of the Group with a corresponding liability valued at market prices reflected as "Liability in relation to Inventory Monetisation Facility"

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

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

Revenue and derecognition of financial assets
Revenue for the period was $12,606 m (2018: $5,426.6). A sale is usually recognised when title and insurance risk has passed to the customer, typically when they receive delivery of the product. However, due to the differing factors in individual arrangements, each non-standard transaction is assessed by management to conclude on the appropriate timing to recognise revenue. This may be subsequent to legal title passing. The Group also only derecognises a financial asset when the contractual rights to the cash flows expire or when the asset is transferred and substantially all the risks and rewards of ownership pass. In the case of the securitised receivables in note 17 the related receivables were not considered to have met the derecognition criteria through this arrangement. Further details are included in note 20.

Consolidated Financial Statements
These Consolidated Financial Statements have been prepared to include the newly created subsidiaries of Essar Midlands Limited and Infranorth Limited from February 2019.

A Special Purpose Vehicle (SPV), Stanlow Receivables Funding Limited, incorporated in the United Kingdom, was established during 2015 as part of the receivables securitisation facility sponsored by Lloyds Bank plc. Under the terms of the facility, Essar Oil (UK) Limited has the power to govern the financial and operating policies of the SPV so as to obtain benefits from its activities. Essar Oil (UK) Limited has no equity interest in the SPV. The judgements to assess whether the company has control over the SPV include assessing the purpose and design of the entity, considering whether the company or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others. In accordance with IFRS 10, the company has control over the SPV.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The Consolidated financial statements do not include the SPV as they would not have been materially different from the financial statements of Essar Oil (UK) Limited. Details of the SPV are found in note 35 to the financial statements. On this basis, the Group has taken the exemption available under section 410 (2) of the Companies Act 2006 by providing information only in relation to undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements.

As context to this conclusion, after factoring in amounts already reflected in the Group financial statements, the impact after consolidation adjustments of the SPV on consolidated income before tax and total equity amounts to less than 0.001%.

Key sources of estimation uncertainty

Recoverability of the prepayment to suppliers

In ordinary course of the business, Company provides prepayments to its suppliers as appropriate against the supply of hydrocarbon. At the start of 2018 the Oil and Gas market analysts predicted a significant increase in the middle distillates (diesel/gasoil) crack spreads in the run up to International Maritime Organisation (IMO) 2020 regulation change which was due to be implemented from 2020. This provided a good opportunity to enhance the refining margins for the EOUK Group by increasing the middle distillates pool which constitutes about 50% of the EOUK yield. In order to realise this opportunity, the Company entered into additional supply agreements with a couple of counterparties to secure further supplies of the relevant valuable feedstock required to assist with this opportunity and provided a net additional supplier prepayments of $185m in April / May 2018 to support this. The Company's board reviewed all available options at the time, upside possibilities, credit risks involved and approved the further supply agreements with a trading partner group who has had a regular trading relationship with the EOUK group and is a reputable trading group with significant financial strength.

The market in reality did not experience as much strength in diesel cracks as were initially predicated and therefore the demand was lower for the contracted material. Further there has been delays in the provision of feedstock under the agreement. The full amount was outstanding at 30 September 2019. Accordingly the Company agreed with the counterparty to unwind the advances in late 2019. Consequently, a large part (about 60%) of the advance was settled prior to signing of these accounts, however due to the Covid19 situation, about $139m remained outstanding at the date of signing these accounts. Accordingly the directors have made a provision of $100m against the remaining balance which is separately identified within the income statement. The company directors based on the settlement recoveries to date, ongoing discussions, the financial strength of the counterparty and the past trading history intend to ultimately recover the outstanding amounts. However on a prudent basis, following accounting requirements and considering the impact of Covid 19 crisis on global oil companies and suppliers, the company directors concluded that the provision should be booked. The reserve will be reversed if and when the dues are collected from the counterparties.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

4 Revenue

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

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Continuing operations		
Sale of goods	12,426.3	5,309.4
Rendering of services	179.5	117.2
	12,605.8	5,426.6

Revenues of $1,577.0m (2018: $960.5m) and $1,035.9m (2018: $845.9m) arose from sales to the Group's two largest customers. No other single customer contributed 10% or more to the Group's revenue in either the current period or prior year.

An analysis of the Group's revenue by geographical region is as follows:	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
United Kingdom	9,119.2	3,620.6
Rest of Europe	2,874.6	1,793.4
Rest of the world	612	12.6
	12,605.8	5,426.6

5 Profit for the period

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

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Inventories recognised as an expense	10,566.0	4,479.5
Depreciation of property, plant and equipment - owned	115.5	60.2
Depreciation of property, plant and equipment - leased	1.5	1.0
Amortisation of intangible assets	1.0	0.5
Loss / (Gain) on retirement of property, plant and equipment	(7.6)	0.0
Operating lease payments on land	6.7	7.1
Staff costs (note 6)	189.1	132.9
Losses / (Gains) on derivatives	65.7	(18.3)
Bad debts reserve - Advances	100.0	-
Fees payable to the Group's auditor:		
-for the audit of the Group's annual accounts	0.5	0.3
-for other services to the Group	0.1	-

Exceptional income for the period has been arrived at after crediting $8.4m during the Eighteen month period ending September 2019 (2018: Nil) in relation to Bargain gain on purchase of assets (note 13)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

6 Staff costs

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

Consolidated	Eighteen month Period ended 30 Sept 2019 Number	Year ended 31 March 2018 Number As restated
Production	823	848
Sales and distribution	29	25
Administration	89	85
	941	958

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

Company	Eighteen month Period ended 30 Sept 2019 Number	Year ended 31 March 2018 Number As restated
Production	823	848
Sales and distribution	29	25
Administration	89	85
	941	958

The average monthly number of employees (including executive directors) for the year ended 31 March 2018 has been restated to correct the presentation between production and administration employees.

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Their aggregate remuneration comprised:		
Wages and salaries	137.0	91.8
Social security costs	16.4	12.6
Defined contribution pension costs (note 28)	4.8	3.5
Defined benefit pension costs (note 28)	30.9	25.0
	189.1	132.9

Details of directors’ remuneration borne by the company are disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

7 Finance income

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Interest on bank deposits and advances	44.4	2.1

8 Finance costs

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Interest & Fees on bank facilities	22.1	10.2
Interest & Fees on other facilities	25.5	-
Interest on obligations under finance leases	5.1	1.7
Bank charges	0.5	0.2
Interest on related party loans	0.1	-
Unwinding of discounts on provisions	-	3.1
Amortisation of finance fees	11.8	4.9
Facility charges on Inventory monetisation facility	42.8	25.9
	107.9	46.0

9 Tax

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Current tax charge	(50.0)	(17.7)
Adjustment in respect of prior years	(2.4)	-
	(52.4)	(17.7)
Deferred tax (charge)/credit (note 21):		
Current period (charge)/ credit	10.2	(16.1)
Adjustment in respect of prior years	0.1	0.3
	10.3	(15.8)
	(42.1)	(33.5)

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the period.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

9 Tax (continued)

The charge for the period can be reconciled to the profit per the income statement as follows:

	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Profit before tax	194.8	194.8
Tax at the UK corporation tax rate of 19% (2018: 19%)	(37.1)	(37.0)
Tax effect of items that are not deductible in determining taxable profit	(2.0)	(2.4)
Tax effect of RDEC taxed in prior years	2.0	-
Effect of change in tax rate	(2.7)	2.0
Adjustment in respect of prior years	(2.3)	3.9
Tax charge for the period	(42.1)	(33.5)

The Finance Bill 2020 set the corporation tax rate for the years beginning 1 April 2020 and 1 April 2021 to remain at 19%. This Bill serves to reverse the previous provisions set out in the Finance Act 2016, whereby corporation tax was to be reduced to 17% from 1 April 2020.

The adjustment in respect of prior years in the current period $2.3m relates to inclusion of RDEC income in relation to period 2016/17. The adjustment in respect of prior years in 2018 ($3.9m) relates to the amendment to the 2015/16 R&D claim to adopt the Research & Development Expenditure Credit (RDEC) and increased capital allowances claim.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

10 Intangible assets

	Software $m
Consolidated and Company	
Cost	
At 31 March 2017	11.3
Additions	1.9
At 31 March 2018	13.2
Additions	4.6
At 30 September 2019	17.8
Amortisation	
At 31 March 2017	10.1
Charge for the year	0.3
At 31 March 2018	10.4
Charge for the period	1.0
At 30 September 2019	11.4
Carrying amount	
At 31 March 2018	2.8
At 30 September 2019	6.4

The intangible assets are made up entirely of capitalised software and regulatory registration. The remaining amortisation period for intangibles as at 30 September 2019 is on average two years. Intangible assets with a carrying amount of $0.2m have indefinite life (2018: $0.5m).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

11 Property, plant and equipment

Consolidated	Land and buildings $m	Plant and machinery $m	Fixtures, equipment and vehicles $m	Assets under construction $m	Total $m
Cost					
At 31 March 2017	28.3	872.2	2.2	105.5	1,008.2
Additions	-	-	-	258.3	258.3
Transfers	0.3	79.4	-	(79.7)	-
Retirements	-	(162.7)	-	-	(162.7)
At 31 March 2018	28.6	788.9	2.2	284.1	1,103.8
Additions	8.6	20.8	-	106.3	135.7
Transfers	6.7	281.1	-	(287.8)	-
Retirements	-	(4.1)	-	-	(4.1)
At 30 September 2019	43.9	1,086.7	2.2	102.6	1,235.4
Accumulated depreciation					
At 31 March 2017	2.9	295.1	0.9	-	298.9
Retirements	-	(162.7)	-	-	(162.7)
Charge for the year	0.6	60.4	0.2	-	61.2
At 31 March 2018	3.5	192.8	1.1	-	197.4
Retirements	(0.0)	(0.5)	-	-	(0.5)
Charge for the period	1.0	115.8	0.3	-	117.0
At 30 September 2019	4.5	308.1	1.4	-	313.9
Carrying amount					
At 31 March 2018	25.1	596.3	1.2	283.9	906.5
At 30 September 2019	39.4	778.6	0.8	102.6	921.5

At 30 September 2019, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to $29.5m (2018: $66.7m), of which $11.0m (2018: $49.2m) had been accrued for at year end.

The Group's obligations under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $30.2m (2018: $13.7m) and are included within "Plant and machinery".

Included within land & buildings is freehold land with a value of $12.4m (2018: $5.8m) which is not depreciated.

Additions to Land and Buildings and Plant and Machinery in the year relate to the purchase of interests in two joint operations. This has been explained further in note 13.

Assets Under Construction have decreased due to the turnaround and the completion of "Project Tiger Cub".

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

11 Property, plant and equipment *(continued)*

Company	Land and buildings $m	Plant and machinery $m	Fixtures, equipment and vehicles $m	Assets under construction $m	Total $m
Cost					
At 31 March 2017	28.3	872.2	2.2	105.5	1,008.2
Additions	-	-	-	258.3	258.3
Transfers	0.3	79.4	-	(79.7)	-
Retirements	-	(162.7)	-	-	(162.7)
At 31 March 2018	28.6	788.9	2.2	284.1	1,103.8
Additions	-	-	-	106.0	106.0
Transfers	6.7	281.1		(287.8)	-
Retirements	-	(4.1)	-	-	(4.1)
At 30 September 2019	35.3	1,065.9	2.2	102.4	1,205.8
Accumulated depreciation					
At 31 March 2017	2.9	295.1	0.9	-	298.9
Retirements	-	(162.7)	-	-	(162.7)
Charge for the year	0.6	60.4	0.2	-	61.2
At 31 March 2018	3.5	192.8	1.1	-	197.4
Retirements	-	(0.5)	-	-	(0.5)
Charge for the period	1.0	115.2	0.3	-	116.5
At 30 September 2019	4.5	307.5	1.4	-	313.4
Carrying amount					
At 31 March 2018	25.1	596.3	1.2	283.9	906.5
At 30 September 2019	30.8	758.4	0.8	102.4	892.4

At 30 September 2019, the Company had contractual commitments for the acquisition of property, plant and equipment amounting to $29.5m (2018: $66.7m), of which $11.0m (2018: $49.2m) had been accrued for at year end.

The Company's obligations under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $30.2m (2018: $13.7m) and are included within "Plant and machinery".

Included within land & buildings is freehold land with a value of $12.4m (2018: $5.8m) which is not depreciated.

Assets under construction have decreased due to the turnaround and the completion of "Project Tiger Cub".

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

12 Investments in subsidiaries

Name	Holding	Principal activity
Essar Midlands Limited	100%	Oil Terminal
Infranorth Limited	100%	Oil Terminal

Essar Midlands Limited and Infranorth Limited were incorporated on 14 March 2018. All shareholdings are of ordinary shares. The registered office of all subsidiaries is 5th Floor, The Administration Building, Stanlow Manufacturing Complex, Ellesmere Port, CH65 4HB.

13 Joint Arrangements

On 1 February 2019, the Group acquired an 11.15% interest in the UK Oil Pipeline (UKOP), a 45.35% interest in the Kingsbury Terminal and 100% of the Northampton Terminal.

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

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

Kingsbury Terminal	
Share of assets	**$m**
Property, Plant and Equipment	6.1
Land and Buildings	8.6
Total share of assets at 30 September 2019	**14.7**
UK Oil Pipeline	
Share of assets	
Property, plant and Equipment	14.7
Total share of assets at 30 September 2019	**14.7**

The consideration paid for purchase of the interests in the joint operations was $21.0m. The fair value of the share of the assets held in the joint operation was $29.4m and so a gain of $8.4m has been recognised. This has been calculated as the difference between the fair value of the share of the company's interest in the assets and the consideration paid. The gain has been recognised in exceptional income in the Statement of Comprehensive Income.

This gain arose due to higher than the current utilisation of terminal and pipeline assets along with the competitive advantage of placement of the Group's own production volumes from its Stanlow Refinery owned by Essar Oil (UK) Limited.

The company did not acquire any cash and cash equivalents as part of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

14 Cash and cash equivalents

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Cash at bank	104.3	206.3
Short term bank deposits	7.8	14.4
Other deposits	6.3	2.9
	118.4	223.6

Company	30 Sept 2019 $m	31 March 2018 $m
Cash at bank	103.8	206.3
Short term bank deposits	7.8	14.4
Other deposits	6.3	2.9
	117.9	223.6

15 Inventories

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Raw materials	20.1	306.4
Materials	27.6	25.1
Finished and intermediate goods	269.0	362.7
	316.7	694.2

In 2019 inventories with a carrying value of $175.0m are held by Macquarie Bank Limited under their title as per the terms of the inventory monetisation arrangement (see note 3). In 2018 inventories with a carrying value of $463.9m were held by J.Aron & Company LLC under their title as per the terms of the inventory monetisation arrangements.

Company	30 Sept 2019 $m	31 March 2018 $m
Raw materials	20.1	306.4
Materials	27.6	25.1
Finished and intermediate goods	265.4	362.7
	313.1	694.2

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

16 Trade and other receivables

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Trade receivables	717.6	587.7
Prepayments	411.1	127.5
Less: Bad debts reserve - Advances	(100.0)	-
Related party receivables	59.2	8.1
	1087.9	723.3

Company	30 Sept 2019 $m	31 March 2018 $m
Trade receivables	708.3	587.7
Prepayments	406.5	127.5
Less: Bad debts reserve - Advances	(100.0)	-
Related party receivables	63.2	8.1
	1078.0	723.3

Trade receivables disclosed above are measured at amortised cost.

The average credit period taken on sales of goods is 22 days (2018: 23 days). No interest was charged on the receivables during the year. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position if appropriate. There is a provision for bad debts of $100m (2018: $nil) (See note 3).

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are regularly reviewed. 98.12% (2018: 99.45%) of the trade receivables at year end are neither past due nor impaired. Refer note 20 for details of the trade receivable amounts owed by the Group's largest customers.

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

Prepayments disclosed above are advances given to suppliers under the contractual arrangements for the delivery of hydrocarbon materials. These prepayments also earn interest when relevant. Since the balance sheet date, the outstanding balance against these prepayments have reduced significantly. Note 3, Key sources of estimation uncertainty, provides the detailed analysis on Bad debts reserves - Advances that has been created in relation to Prepayments.

Trade receivables disclosed above include amounts forming part of the Group's securitised receivables financing arrangement (see note 17).

Trade receivables excluding prepayments disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. These receivables are overdue, on average, by 67 days (2018: 214 days).

16 **Trade and other receivables *(continued)***

Ageing of past due but not impaired receivables:

Consolidated	**30 Sept 2019 $m**	**31 March 2018 $m**
1 - 15 days	12.2	0.7
15 - 90 days	7.6	-
90 - 120 days	-	0.0
120 days and over	3.1	2.8
Total	22.9	3.5

Company	**30 Sept 2019 $m**	**31 March 2018 $m**
1 - 15 days	12.2	0.7
15 - 90 days	7.6	-
90 - 120 days	-	0.0
120 days and over	3.1	2.8
Total	22.9	3.5

The reserve held against trade receivables excluding reserves against supplier advances is Nil (2018: $nil). In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being unrelated and good credit ratings.

17 **Advances received against receivables**

Consolidated	**30 Sept 2019 $m**	**31 March 2018 $m**
Secured advances at amortised cost		
Receivables financing arrangement	507.0	358.0
Amount due for settlement within 12 months	507.0	358.0

Company	**30 Sept 2019 $m**	**31 March 2018 $m**
Secured advances at amortised cost		
Receivables financing arrangement	507.0	358.0
Amount due for settlement within 12 months	507.0	358.0

On 19 June 2015 the Group entered into a £300m ($375m) receivable securitisation arrangement involving an Assets Backed Commercial Paper conduit sponsored by Lloyds Bank plc for a period of three years. In November 2017 the facility was increased to £450m ($630m) including £100m of Mezzanine finance funded by M&G Investments. In December 2018 the facility was further increased to £550m ($717m) including an additional £100m of Mezzanine finance funded by M&G Investments.

The weighted average interest rate paid during the year was 2.5% (2018: 2.1%).

18 Derivative financial instruments

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Financial assets carried at fair value through profit or loss		
Derivatives that are not designated in hedge accounting relationships:		
Foreign currency forwards and swaps	-	0.9
Commodity forwards and swaps	3.1	14.1
	3.1	15.0
Financial liabilities carried at fair value through profit or loss		
Derivatives that are not designated in hedge accounting relationships:		
Foreign currency forwards and swaps	(7.8)	(0.7)
Commodity forwards and swaps	(0.5)	(8.2)
	(8.3)	(8.9)

Company	30 Sept 2019 $m	31 March 2018 $m
Financial assets carried at fair value through profit or loss		
Derivatives that are not designated in hedge accounting relationships:		
Foreign currency forwards and swaps	-	0.9
Commodity forwards and swaps	3.1	14.1
	3.1	15.0
Financial liabilities carried at fair value through profit or loss		
Derivatives that are not designated in hedge accounting relationships:		
Foreign currency forwards and swaps	(7.8)	(0.7)
Commodity forwards and swaps	(0.5)	(8.2)
	(8.3)	(8.9)

Further details of derivative financial instruments are provided in note 20.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

19 Trade and other payables

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Current		
Trade payables	432.4	532.0
Amounts payable to related parties	0.0	0.0
Accruals	74.0	132.5
VAT and excise duty	264.1	252.0
Corporation Tax Payable	8.0	17.8
Other creditors	188.4	1.9
	966.9	936.2

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2018: 41 days). Trade payables have reduced due to the planned turnaround at the year-end resulting in higher values of crude oil and products procured, and capital expenditure related to the turnaround.

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

Company	30 Sept 2019 $m	31 March 2018 $m
Current		
Trade payables	425.7	532.0
Amounts payable to related parties	0.0	0.0
Accruals	71.3	132.5
VAT and excise duty	261.3	252.0
Corporation Tax Payable	8.0	17.8
Other creditors	188.6	1.9
	954.9	936.2

20 Financial instruments

The group holds the following financial instruments on its balance sheet at 30 September 2019 and at 31 March 2018.

Consolidated	**30 Sept 2019 $m**	**31 March 2018 $m**
Financial assets		
Cash and cash equivalents	118.4	223.6
Financial assets measured at amortised cost		
Trade receivables	717.6	587.6
Financial assets measured at fair value through profit and loss		
Derivative financial assets	3.1	15.0
Financial liabilities		
Financial liabilities measured at amortised cost		
Advances received against trade receivables	(507.0)	(358.0)
Trade and other payables	(620.8)	(533.9)
Finance lease obligations	(30.6)	(15.2)
Liability in relation to Inventory Monetisation Facility	(175.0)	(483.9)
Financial liabilities measured at fair value through profit and loss		
Derivative financial liabilities	(8.3)	(8.9)

Company	**30 Sept 2019 $m**	**31 March 2018 $m**
Financial assets		
Cash and cash equivalents	117.9	223.6
Financial assets measured at amortised cost		
Trade and other receivables	708.3	587.6
Financial assets measured at fair value through profit and loss		
Derivative financial assets	3.1	15.0
Financial liabilities		
Financial liabilities measured at amortised cost		
Advances received against trade receivables	(507.0)	(358.0)
Trade and other payables	(614.3)	(533.9)
Finance lease obligations	(30.6)	(15.2)
Liability in relation to Inventory Monetisation Facility	(175.0)	(483.9)
Financial liabilities measured at fair value through profit and loss		
Derivative financial liabilities	(8.3)	(8.9)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

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

Impairment of financial assets measured at amortised cost

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

The historical loss rate for the group on trade and other receivables ranges from 0.00% to 0.04% based on the ageing of the receivables. The expected credit loss at 30 September 2019 is not deemed to be material.

Financial risk factors and management

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

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

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

Market risk

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

Currency risk

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

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

	Assets		Liabilities	
Consolidated	**30 Sept 2019 \$m**	**31 March 2018 \$m**	**30 Sept 2019 \$m**	**31 March 2018 \$m**
Great British Pounds	638.3	650.5	(868.2)	(677.3)
Euros	11.7	10.2	(16.7)	(3.3)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

	Assets		Liabilities	
Company	**30 Sept 2019 $m**	**31 March 2018 $m**	**30 Sept 2019 $m**	**31 March 2018 $m**
Great British Pounds	629.1	650.5	(856.1)	(677.3)
Euros	11.7	10.2	(16.7)	(3.3)

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

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

	Sterling Impact		*Euro Impact*	
Consolidated	**30 Sept 2019 $m**	**31 March 2018 $m**	**30 Sept 2019 $m**	**31 March 2018 $m**
Profit and loss	(11.5) (i)	(1.3)(i)	(0.3) (iii)	0.3 (iii)
Other equity	1.4 (ii)	0.3(ii)	-	-

	Sterling Impact		*Euro Impact*	
Company	**30 Sept 2019 $m**	**31 March 2018 $m**	**30 Sept 2019 $m**	**31 March 2018 $m**
Profit and loss	(11.4) (i)	(1.3)(i)	(0.3) (iii)	0.3 (iii)
Other equity	1.4 (ii)	0.3(ii)	-	-

(i) This is predominantly attributable to the exposure to outstanding Sterling receivables and payables at the balance sheet date.
(ii) This is the result of the changes in the actuarial valuation of the Group's defined benefit pension scheme which is denominated in Sterling.
(iii) This is predominantly attributable to the exposure to outstanding Euro payables at the balance sheet date.

Forward foreign exchange contracts
It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts which are outstanding at any time. The Group also enters into forward foreign exchange contracts to manage the risk associated with such assets and liabilities and net exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

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

Group

	Average exchange rate		Foreign currency		Notional value		Fair value	
	30 Sept 2019	**31 March 2018**	**30 Sept 2019 GBPm**	**31 March 2018 GBPm**	**30 Sept 2019 $m**	**31 March 2018 $m**	**30 Sept 2019 $m**	**31 March 2018 $m**
Sell GBP								
Less than 17 months	1.2394	1.4051	66.7	64.3	82.7	90.3	0.4	0.1
Buy GBP								
Less than 17 months	1.2476	1.3224	(224.3)	(154.9)	(279.9)	(218.0)	(2.6)	0.0
			(157.6)	(90.6)	(197.2)	(127.7)	(2.2)	0.1

	Average exchange rate		Foreign currency		Notional value		Fair value	
	30 Sept 2019	**31 March 2018**	**30 Sept 2019 EURm**	**31 March 2018 EURm**	**30 Sept 2019 $m**	**31 March 2018 $m**	**30 Sept 2019 $m**	**31 March 2018 $m**
Sell EUR								
Less than 6 months	1.1029	1.2312	(9.7)	5.0	(10.7)	6.2	(0.2)	0.0
Buy EUR								
Less than 6 months	1.1067	-	10.0	-	11.1	-	0.1	-
			0.3	5.0	0.4	6.2	(0.1)	0.0

The Group has entered into contracts to supply goods to customers in the UK and the Euro zone. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6 months) to hedge the exchange rate risk arising from these anticipated future transactions in addition to its operating and capital expenditures to be incurred in next few months (for terms not exceeding 17 months). These contracts are not designated as cash flow hedges. The Group has also entered into structured forward foreign exchange contracts ("Collars") (for terms not exceeding 17 months) to buy GBP for USD within an agreed price range to align with future forecasted operating and capital expenditure incurred primarily in GBP.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

Commodity price risk

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

From time to time, the group uses commodity derivative instruments to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. These derivative instruments are considered economic hedges for which changes in their fair value are recorded in the consolidated income statement. The group operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the Group's profitability. To this end, the group's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets. The derivative instruments used for hedging purposes typically do not expose the Group to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged. The group's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

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

Consolidated	**30 Sept 2019 \$m**	**31 March 2018 \$m**
Effect of 10% increase in prices on profit before tax		
Cracks	(14.8)	(4.2)
Crude oil	(4.1)	(14.5)
Petroleum products	(3.6)	(1.7)
Effect of 10% decrease in prices on profit before tax		
Cracks	6.5	4.2
Crude oil	4.1	14.5
Petroleum products	3.6	1.7

Company	**30 Sept 2019 \$m**	**31 March 2018 \$m**
Effect of 10% increase in prices on profit before tax		
Cracks	(14.8)	(4.2)
Crude oil	(4.1)	(14.5)
Petroleum products	(3.6)	(1.7)
Effect of 10% decrease in prices on profit before tax		
Cracks	6.5	4.2
Crude oil	4.1	14.5
Petroleum products	3.6	1.7

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

20 Financial instruments (continued)

Credit risk

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

Trade receivables excluding Prepayments, as discussed in note 3, consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Besides the provision for bad debts reserve as discussed in Note 3, the group does not have any other significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities.

Of the top 90% of the group's customers by revenue, approximately 68% (2018: 90%) of these are companies whose own shares, or those of a parent, are traded on recognised exchanges, the remainder of the customers being a mixture of larger UK independent companies and overseas owned companies. At the balance sheet date, the five largest trade and other receivables, by provider, accounted for 78% (2018: 56%) of the total trade receivables balance of $717.6m (2018: $586.4m) and the largest individual balance was $200m (2018: $150.2m), which does not exceed 25% (2018: 20%) of gross financial assets at the balance sheet date. Concentration of credit risk to any other counterparty did not exceed 6% (2018: 8%) of gross financial assets at the balance sheet date.

Financial assets and other credit exposures

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

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

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

Interest rate risk

The group is exposed to interest rate risk because the Group borrows funds at floating interest rates on its Bank loans (note 17). The risk is managed by regularly reviewing the Group's borrowing strategy. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

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

Sensitivity analysis

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

20 Financial instruments (continued)

If interest rates had been 0.5% higher and all other variables were held constant, the Group's profit for the eighteen month period ended 30 September 2019 would have decreased by \$4.4m (2018: \$1.7m). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Capital risk

The group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt, and equity attributable to equity holders, comprising issued capital, and retained earnings as disclosed in notes 24 and 25.

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

Gearing ratio

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

Consolidated	**30 Sept 2019 \$m**	**31 March 2018 \$m**
Debt	30.6	15.2
Cash and cash equivalents	(118.4)	(223.6)
Net debt	(87.8)	(208.4)
Equity	794.1	772.1
Total debt and equity	705.4	563.7
Net debt to equity ratio (%)	-	-

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

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

Consolidated	Weighted average effective interest rate %	Less than 1 month $m	1-3 months $m	3 months to 1 year $m	1-5 years $m	5+ years $m	Total $m
30 September 2019							
Non-interest bearing:							
Trade and other payables		620.8	-	-	-	-	620.8
Interest bearing:							
Finance lease liability	12.0	0.2	0.5	2.4	13.4	116.9	133.4
Variable interest rate instruments	2.6		507.0		175.0		682.0
		621.0	507.5	2.4	188.4	116.9	1,436.2
31 March 2018							
Non-interest bearing:							
Trade and other payables		533.9	-	-	-	-	533.9
Interest bearing:							
Finance lease liability	11.2	0.2	0.3	1.7	8.9	19.5	30.6
Variable interest rate instruments	2.1	-	358.0	-	463.9	-	821.9
		534.1	358.3	1.7	472.8	19.5	1386.4

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

Consolidated	Less than 1 month $m	1-3 months $m	3 months to 1 year $m	1-5 years $m	5+ years $m	Total $m
30 September 2019						
Non-interest bearing	835.5	-	-	-	-	835.5
31 March 2018						
Non-interest bearing	810.0	-	-	-	-	810.0

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

20 Financial instruments (continued)

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

Consolidated	**Less than 1 month $m**	**1-3 months $m**	**3 months to 1 year $m**	**1-5 years $m**	**5+ years $m**	**Total $m**
30 September 2019						
Net settled:						
Foreign exchange forward contracts & swaps	(0.3)	0.3	(1.2)	(1.0)	-	(2.2)
Foreign exchange Collars	(0.3)	(0.7)	(4.3)	(0.3)	-	(5.6)
Gross settled:						
Commodity swaps and futures	(4.7)	(1.6)	7.4	1.5	-	2.6
	(5.3)	(2.0)	1.9	0.2	-	(5.2)
31 March 2018						
Net settled:						
Foreign exchange forward contracts & swaps						
Gross settled:	(0.6)	0.5	0.2	-	-	0.1
Commodity swaps and futures	(1.9)	5.5	2.4	-	-	6.0
	(2.5)	6.0	2.6	-	-	6.1

Company	**Less than 1 month $m**	**1-3 months $m**	**3 months to 1 year $m**	**1-5 years $m**	**5+ years $m**	**Total $m**
30 September 2019						
Net settled:						
Foreign exchange forward contracts & swaps	(0.3)	0.3	(1.2)	(1.0)	-	(2.2)
Foreign exchange Collars	(0.3)	(0.7)	(4.3)	(0.3)	-	(5.6)
Gross settled:						
Commodity swaps and futures	(4.7)	(1.6)	7.4	1.5	-	2.6
	(5.3)	(2.0)	1.9	0.2	-	(5.2)
31 March 2018						
Net settled:						
Foreign exchange forward contracts & swaps						
Gross settled:	(0.6)	0.5	0.2	-	-	0.1
Commodity swaps and futures	(1.9)	5.5	2.4	-	-	6.0
	(2.5)	6.0	2.6	-	-	6.1

20 Financial instruments (continued)

Financing facilities

The Group had a secured bank facility available during the year (note 3) of $717m (2018: $630m) to support financing against its receivables (depending upon price environment and sales volumes). As at 30 September 2019, the Group had utilized $507.0m from this facility (2018: $358.0m). Further amounts were available to the Group for draw down under the facility amounting to $3.6m (2018: $30.9m) based on the facility parameters and available receivables as at the year-end date.

Derivative financial instruments

The fair values of derivative instruments are calculated using inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Commodity swaps are measured using a forward curve based on quoted futures or forward prices and yield curves derived from quoted interest rates matching maturities of the contracts. Commodity options are measured using the same data as the commodity swaps, but also uses a volatility surface derived from quoted option volatilities. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. No derivatives are designated as hedges for the purposes of financial reporting.

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

Securitised receivables

The group has been party to securitisation transactions whereby assets continue to be recognised on the balance sheet although they have been subject to legal transfer to another entity, Stanlow Receivables Funding Limited. The group recognises the assets on the balance sheet as the risks and rewards of ownership of the securitised assets have not been substantially transferred. In accordance with IFRS 9 where a transferred asset continues to be recognised, the asset and the associated liability shall not be offset. On this basis, a financial liability is recorded for the purchase price received.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

21 Deferred tax

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

Consolidated	Accelerated tax depreciation $m	Retirement benefit obligations $m	Tax losses $m	Short term timing differences $m	Total $m
At 31 March 2017	(44.3)	3.8	-	6.1	(34.4)
(Charge)/ credit to income statement	(10.0)	0.2	-	(6.0)	(15.8)
Charge to statement of comprehensive income	-	(1.1)	-	-	(1.1)
At 31 March 2018	(54.3)	2.9	-	0.1	(51.3)
(Charge)/ credit to income statement	(6.5)	(2.1)		18.9	10.3
Credit to statement of comprehensive income	-	5.1	-	-	5.1
At 30 September 2019	(60.8)	5.9	-	19.0	(35.9)

Company	Accelerated tax depreciation $m	Retirement benefit obligations $m	Tax losses $m	Short term timing differences $m	Total $m
At 31 March 2017	(44.3)	3.8	-	6.1	(34.4)
(Charge)/ credit to income statement	(10.0)	0.2	-	(6.0)	(15.8)
Charge to statement of comprehensive income	-	(1.1)	-	-	(1.1)
At 31 March 2018	(54.3)	2.9	-	0.1	(51.3)
(Charge)/ credit to income statement	(6.5)	(2.1)		18.9	10.3
Credit to statement of comprehensive income	-	5.1	-	-	5.1
At 30 September 2019	(60.8)	5.9	-	19.0	(35.9)

22 Obligations under finance leases

Minimum lease payments

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Amounts payable under finance leases:		
Within one year	3.1	2.2
In the second to fifth years inclusive	13.4	8.9
After five years	116.9	19.5
	133.4	30.6
Less: future finance charges	(102.8)	(15.4)
Present value of lease obligations	30.6	15.2

Company	30 Sept 2019 $m	31 March 2018 $m
Amounts payable under finance leases:		
Within one year	3.1	2.2
In the second to fifth years inclusive	13.4	8.9
After five years	116.9	19.5
	133.4	30.6
Less: future finance charges	(102.8)	(15.4)
Present value of lease obligations	30.6	15.2

Present value of minimum lease payments

	30 Sept 2019 $m	31 March 2018 $m
Amounts payable under finance leases:		
Within one year	2.9	2.2
In the second to fifth years inclusive	11.2	6.8
After five years	16.5	6.2
Present value of lease obligations	30.6	15.2
Analysed as:		
Amounts due for settlement within 12 months (shown under current liabilities)	2.9	2.2
Amounts due for settlement after 12 months	27.7	13.0
	30.6	15.2

The average lease term is 15 years. For the eighteen month period ended 30 September 2019, the average effective borrowing rate was 12% (2018: 11.2%). Interest rates are fixed at the contract date. All leases are on a repayment basis linked to the Retail Prices Index, the increase in costs as a result of these increases will be expensed as incurred.

All lease obligations are denominated in sterling.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

22 Obligations under finance leases (continued)

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

The group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 11.

23 Provisions

Consolidated	Inventory Monetisation contract $m	Off market contract $m	Other provisions $m	Total $m
At 31 March 2017	1.5	35.4	2.1	39.0
Added during the year	4.6	-	-	4.6
Unwinding of discount	-	3.1	-	3.1
Utilisation / amendment of provision	(1.5)	(38.5)	(2.1)	(42.1)
At 31 March 2018	**4.6**	**-**	**-**	**4.6**
Added during the period	-	-	-	-
Unwinding of discount	-	-	-	-
Utilisation / amendment of provision	(4.6)			(4.6)
At 30 September 2019	-	-	-	-

Company	Inventory Monetisation contract $m	Off market contract $m	Other provisions $m	Total $m
At 31 March 2017	1.5	35.4	2.1	39.0
Added during the year	4.6	-	-	4.6
Unwinding of discount	-	3.1	-	3.1
Utilisation / amendment of provision	(1.5)	(38.5)	(2.1)	(42.1)
At 31 March 2018	**4.6**	**-**	**-**	**4.6**
Added during the period				
Unwinding of discount				
Utilisation / amendment of provision	(4.6)			(4.6)
At 30 September 2019	-	-	-	-

Inventory Monetisation (IM) contract

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

23 Provisions (continued)

Other provisions
No other provisions were recorded (2018: nil).

24 Share capital

	30 Sept 2019 $m	31 March 2018 $m
Called-up, issued and fully paid:		
442,102,375 ordinary shares of £1 each (2018: 442,102,375 ordinary shares of £1 each)	694.1	694.1

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

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

25 Retained surplus

Consolidated	**$m**
At 31 March 2017	287.0
Retained profit for the year	161.3
Other comprehensive expenditure for the year	4.8
Dividend paid (note 32)	(375.0)
At 31 March 2018	78.1
Retained profit for the period	233.7
Other comprehensive expenditure for the period	(10.8)
Dividend paid (note 32)	(201.0)
At 30 September 2019	100.0

Company	**$m**
At 31 March 2017	287.0
Retained profit for the year	161.3
Other comprehensive expenditure for the year	4.8
Dividend paid (note 32)	(375.0)
At 31 March 2018	78.1
Retained profit for the period	226.9
Other comprehensive expenditure for the period	(10.8)
Dividend paid (note 32)	(201.0)
At 30 September 2019	93.2

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

26 Notes to the cash flow statement

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

Consolidated	Eighteen month Period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Profit before tax for the period	194.8	194.8
Adjustments for:		
Finance costs	107.9	46.0
Finance income	(44.4)	(2.1)
Depreciation of property, plant and equipment	117.0	61.2
Loss/Gain on retirement of property, plant and equipment	(7.6)	-
Bargain gain on acquisition	(8.4)	-
Amortisation of intangible assets	1.0	0.3
Bad debts reserve - Advances	100.0	-
(Decrease) in provisions	(4.6)	(37.5)
Retirement benefit Contributions	(38.6)	(25.6)
Retirement benefit Costs	32.7	26.1
RDEC tax credit	-	7.2
Fair value change in derivative instruments	11.3	-
Foreign exchange (gains) / losses	10.6	(14.3)
Operating cash flows before movements in working capital	471.7	256.1
(Increase)/decrease in inventories	377.5	(189.9)
(Increase) in receivables	(461.1)	(74.6)
Increase in payables	194.8	529.3
Increase/(decrease) in deferred revenue	(459.5)	106.7
Cash generated by operations	123.4	627.7
Tax Paid	(10.3)	-
Net cash generated by operations	113.1	627.7

Reconciliation of changes in liabilities arising from financing activities:

Consolidated	31 March 2018 $m	Interest on finance lease $m	Foreign exchange (gains) / losses $m	Increase due to Extension of Lease term $m	Net payments/ repayments $m	30 Sept 2019 $m
Obligations under finance leases						
-Current	(2.2)	-	-	-	(0.7)	(2.9)
-Non Current	(13.0)	(5.1)	(0.3)	(18.0)	8.8	(27.7)
Total	**(15.2)**	**(5.1)**	**(0.3)**	**(18.0)**	**8.0**	**(30.6)**
Increase /(decrease) in short term bank advances	(358.0)	-	-	-	(149.0)	(507.0)
Increase /(decrease) in other deposits	(27.0)	-	-	-	(4.0)	23.0
Total	**(331.0)**	**-**	**-**	**-**	**(153.0)**	**(484.0)**

27 Operating lease arrangements

The Group as lessor:

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Within one year	0.1	-
In the second to fifth years inclusive	0.5	1.3
After five years	3.2	7.3
	3.8	8.6

Company	30 Sept 2019 $m	31 March 2018 $m
Within one year	0.1	-
In the second to fifth years inclusive	0.5	1.3
After five years	3.2	7.3
	3.8	8.6

On 9 March 2016, the Group entered into an agreement to provide land under a 25 year operating lease to a third party. During the period no income was received in respect of this agreement (2018: $nil).

The Group as lessee:

Consolidated	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Minimum lease payments under operating leases recognised in income statement for the period	3.8	7.1

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land, which fall due as follows:

	30 Sept 2019 $m	31 March 2018 $m
Within one year	2.6	3.8
In the second to fifth years inclusive	10.9	17.3
After five years	95.3	54.3
	108.8	75.4

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

27 Operating lease arrangements (continued)

Company	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Minimum lease payments under operating leases recognised in income statement for the period	3.8	7.1

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land, which fall due as follows:

	30 Sept 2019 $m	31 March 2018 $m
Within one year	2.6	3.8
In the second to fifth years inclusive	10.9	17.3
After five years	95.3	54.3
	108.8	75.4

28 Retirement benefit schemes

Defined contribution schemes

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

The total expense charged to the income statement was $6.4m (2018: $3.5m) and represents contributions payable to the schemes by the Group at rates specified in the rules of the plan. As at 30 September 2019, contributions of $0.0m (2018: $0.4m) due in respect of the current reporting period had not been paid to the schemes.

Defined benefit schemes

The group sponsors a funded defined benefit pension plan for qualifying UK employees, the Essar Oil (UK) Pension Scheme. The Scheme is administered by a separate board of trustees, which is legally separate from the Group. The trustee board is composed of representatives of both the employer and employees, plus an independent trustee. The Trustee is required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

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

The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 83% of the liabilities are attributable to current employees, 6% to deferred pensioners and 11% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is approximately 29 years.

28 Retirement benefit schemes (continued)

Risks associated with the Scheme

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

Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit.
The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Inflation risk
The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).
Most of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

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

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

Funding requirements
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 July 2015 and showed a deficit of £5.7M. The valuation as at 31 July 2018 is currently in progress, which will determine the contributions that the Group expects to make to the Scheme.

The Group currently also pays contributions of 48.3% of Pensionable Salaries in respect of current accrual, with some active members paying contributions based on their Pensionable Salary and Service. For the purposes of next year's pension expense projection, the Group has assumed contributions of £34M, although this figure will depend on the valuation outcome.

Reporting at 30 September 2019
The preliminary results of the latest funding valuation at 31 July 2018 have been adjusted to the new balance sheet date, taking account of certain experience over the period since 31 July 2018, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

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

	Valuation at	
	30 Sept 2019	**31 March 2018**
Key financial assumptions used:	**%**	**%**
Discount rate for scheme liabilities	1.85	2.80
RPI inflation	2.65	3.10
Rate of general long-term increase in salaries	2.65	3.00
Pre 2009 pension increase rate	2.65	3.10
Post 2009 pension increase rate	2.60	3.05

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

28 Retirement benefit schemes (continued)

	Period ended	
Key demographic assumptions used:	**30 Sept 2019**	**31 March 2018**
Mortality base table adopted	2018 Club Vita tables	2015 Club Vita tables
Mortality future improvements adopted	CMI 2018 with a long term improvement rate of 1.0% SK = 7.0; A = 0.5%	CMI 2016 long term improvement rate of 1.25%
Life expectancy for male pensioner currently aged 65	22.2	22.8
Life expectancy for female pension currently aged 65	24.3	25.0
Life expectancy at 65 for male non-pensioner currently aged 45	23.3	24.3
Life expectancy at 65 for female non-pensioner currently aged 45	25.5	26.5
Transfer take-up	No allowance	No allowance
Cash commutation	18% lump sum upon retirement	20% lump sum upon retirement
Proportion married	85%	90%

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

	Valuation at	
Reconciliation of funded status to balance sheet	**30 Sept 2019**	**31 March 2018**
	£000	**£000**
Fair value of Scheme assets	212.8	180.1
Present value of funded Defined Benefit Obligation	(240.3)	(196.9)
Funded status	(27,5)	(16.9)
Asset / (liability) recognised on the balance sheet	**(27.5)**	**(16.9)**

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

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

28 Retirement benefit schemes (continued)

	Period ended	
	30 Sept 2019	31 March 2018
	$m	$m
Operating cost		
Current service cost	32.8	25.9
Financing cost		
Interest on net defined benefit liability / (assets)	7.6	4.7
Expected return on Scheme Assets	(9.5)	(5.6)
Pension expense recognised in the income statement	**30.9**	**25.0**
Remeasurements in other comprehensive income		
Return on Scheme assets (in excess of) / below that recognised in net interest	(15.3)	2.5
Actuarial (gains) / losses due to changes in financial assumptions	33.7	(3.8)
Actuarial (gains) / losses due to changes in demographic assumptions	(3.1)	(5.8)
Actuarial (gains) / losses due to liability experience	4.0	(1.1)
Foreign exchange (gains)/losses	(2.7)	2.3
Total amount recognised in other comprehensive income	**16.6**	**(5.9)**
Total amount recognised in the income statement and other comprehensive income	**47.5**	**19.1**

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

	Valuation at	
	30 Sept 2019	31 March 2018
	$m	$m
Opening defined benefit obligation	**196.9**	**160.9**
Current service cost	32.8	25.9
Interest expense on defined benefit obligation	7.7	4.7
Contributions by scheme participants	1.8	1.2
Actuarial (gains)/losses on Scheme liabilities arising from changes in financial assumptions	33.7	(3.8)
Actuarial (gains)/losses Scheme liabilities arising from changes in demographic assumptions	(3.2)	(5.8)
Actuarial (gains)/losses on Scheme liabilities arising from experience	4.0	(1.1)
Net benefits paid out	(6.0)	(5.6)
Foreign exchange (gains)/losses	(27.4)	20.5
Closing defined benefit obligation	**240.3**	**196.9**

	Valuation at	
	30 Sept 2019	31 March 2018
Changes to the fair value of Scheme assets during the period	$m	$m
Opening fair value of Scheme assets	**180.1**	**138.8**
Interest income on Scheme assets	7.8	4.4
Remeasurement gains / (losses) on Scheme assets	15.3	(2.5)
Contributions by the employer	38.6	25.6
Contributions by Scheme participants	1.7	1.2
Net benefits paid out	(6.0)	(5.6)
Foreign exchange gains/(losses)	(24.7)	18.2
Closing fair value of Scheme assets	**212.8**	**180.1**

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

28 Retirement benefit schemes (continued)

	Valuation at	
	30 Sept 2019	**31 March 2018**
Return on Scheme assets	**$m**	**$m**
Interest income on Scheme assets	7.8	4.4
Remeasurement gain / (loss) on Scheme assets	15.3	(2.5)
Total return on Scheme assets	**23.1**	**1.9**

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

	Valuation at	
	30 Sept 2019	**31 March 2018**
	$m	**$m**
Equities	20.8	4.1
Diversified Growth Funds	50.6	46.2
Liability Driven Investments	18.3	16.8
Corporate Bonds	74.8	97.7
Direct Lending	6.6	2.5
Multi Asset Credit	12.8	4.2
Property	19.6	0.0
Cash and cash equivalents	9.3	8.5
Total market value of assets	**212.8**	**180.1**

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

	Change $m	**Sensitised value $m**
Following a 0.5% per annum decrease in the discount rate		
Pension expense for the following year	3.4	24.3
Assets of the Scheme at 30 Sep 2019	0	212.8
Defined benefit obligation at 30 Sep 2019	(35.3)	(287.9)
Surplus/(deficit) at 30 Sep 2019	**(35.3)**	**(62.7)**
Following a 0.5% per annum increase in inflation		
Pension expense for the following year	3.4	24.3
Assets of the Scheme at 30 Sep 2019	0	212.8
Defined benefit obligation at 30 Sep 2019	(34.5)	(274.8)
Surplus/(deficit) at 30 Sep 2019	**(34.5)**	**(62.0)**
Following a 1 year increase in life expectancy		
Pension expense for the following year	1.3	22.2
Assets of the Scheme at 30 Sep 2019	0	212.8
Defined benefit obligation at 30 Sep 2019	(10.6)	(250.9)
Surplus/(deficit) at 30 Sep 2019	**(10.6)**	**(38.0)**

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

29 Deferred revenue

	30 Sept 2019 $m	31 March 2018 $m
Consolidated		
Deferred income related to service contracts	13.0	8.6

	30 Sept 2019 $m	31 March 2018 $m
Deferred income related to service contracts	13.0	8.6

30 Current Tax Receivable

Consolidated	30 Sept 2019 $m	31 March 2018 $m
Research & Development Expenditure Credit receivable	-	43.0

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

Company	30 Sept 2019 $m	31 March 2018 $m
Research & Development Expenditure Credit receivable	-	43.0

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2019

31 Related party transactions

The Company incurred charges and made advances with the Group companies for trade and other services:

Consolidated

	Purchases		Receivables	
	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m	30 Sept 2019 $m	31 March 2018 $m
	0.8	10.3	63.2	7.9

The Group recharged costs incurred to certain Essar group companies for trade and other services:

	Recharges out:		Receivables	
	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m	30 Sept 2019 $m	31 March 2018 $m
Recharge of costs incurred	0.4	0.9	0.3	0.3

Company

	Purchases		Receivables	
	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m	30 Sept 2019 $m	31 March 2018 $m
	45.9	10.3	59.2	7.9

The Group recharged costs incurred to certain Essar group companies for trade and other services:

	Recharges out:		Receivables	
	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m	30 Sept 2019 $m	31 March 2018 $m
Recharge of costs incurred	0.4	0.9	0.3	0.3

During the period, the Company has advanced monies to its affiliates a total $51.5m, of which $42.3m was outstanding as on the balance sheet date including accrued interest. This since has been fully paid in line with terms of the advance and there is no outstanding as on the signing date from these affiliates.

Note 33 Events after the reporting period covers the loan to an affiliate that has been issued after the balance sheet date.

31 Related party transactions (continued)

In addition to the transactions above, Dividends totalling $201m (2018: $375m) were paid to Essar Oil (Cyprus) Limited (note 32). The Company also advanced Loans to its Subsidiary – Essar Midlands Limited amounting to $20.9m (2018: Nil)

Remuneration of key management personnel

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

	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Short-term employee benefits	3.4	1.4
Post-employment benefits	-	-
	3.4	1.4

The highest paid director earned $1.6m (2018: $0.7m) in short-term employee benefits during the period.

During the period, no directors (2018: 0) participated in the defined benefit pension scheme.

32 Dividends

	Eighteen month period ended 30 Sept 2019 $m	Year ended 31 March 2018 $m
Dividend paid at $0.455 (2018: $0.848) per ordinary share	201.0	375.0

33 Events after the reporting period

STL: Hive out

On 31 Dec 2019, EOUK has hive down certain of its assets “Infrastructure Assets” into a 100% EOUK subsidiary company in order to bring focus on development of third party business and grow the overall EOUK group EBITDA. Also the plan is to raise debt into STL, ultimate aim is to divest STL to independent investor.

This is a non-adjusting event and does not impact on the consolidated accounts. However, an appropriate disclosure in this respect is required in the financial statement of EOUK.

On 31 December 2019, EOUK has hived off certain of its assets to its 100% Subsidiary Company Stanlow Terminals Limited (“STL”). Subsequent to hive out, EOUK and Stanlow Terminals have entered into various operating agreement under which STL provided various storage and terminating services to EOUK for a fee. EOUK continue to remain the operator for most of these transferred assets barring road terminal for which STL is the operator. This hive out creates a separate storage and terminal business with the potential to grow the business with new third party business. It is our assessment that this transaction will be recorded as common control transaction on historical carrying amount with no gain or loss for both STL and EOUK

NOTES TO THE FINANCIAL STATEMENTS
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33 Events after the reporting period (continued)

Related Party Loan

EOCL, EOUK parent Company has requested it to consider and grant up to $400 million loan to EOGL to meet their investment requirements. They have cited strong shareholder support to EOUK historically and ongoing basis which has led to a strong financial position at EOUK.

In November 2019, the Company board considered a request from Company's immediate parent, Essar Overseas Cyprus Limited (EOCL) to extend an affiliate loan to another sister group Company. After due consideration, review and obtaining the necessary legal, accounting and tax opinions, Company board had approved grant of this loan of $375m with a term of 3 years on commercial terms.

As at this signing date of this financial statement, out of $375m, only $225.4m was disbursed. As on the signing of these accounts, the directors remained confident of this loan being serviced by the relevant affiliate entity.

Dividends

In December 2019, the Company board of directors, declared total interim dividends to shareholders of $81.5 million ($0.184 per share) for the subsequent financial period. This dividend was paid in December 2019.

Covid19

The World Health Organization (WHO) on 11 March 20 declared COVID-19 a pandemic. This followed with lockdown in the UK and many places globally. Covid 19 had impacted the company's business in many ways, explained in detailed in note 3 under going concern section. This is a non- adjusting event and the associated disclosures have been considered elsewhere in these financial statements.

34 Controlling party

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

At 30 September 2019 the immediate parent company was Essar Oil (Cyprus) Limited a company incorporated in Cyprus. The smallest and largest group into which these accounts are consolidated is Essar Energy Limited a company incorporated in the United Kingdom. Copies of the financial statements of Essar Energy Limited are available from the registered office at 2nd Floor, East Wing, Lansdowne House, 57 Berkeley Square, London W1J 6ER.

35 Unconsolidated structured entities

The table below describes the type of structured entity controlled by the Group in accordance with IFRS 10 but is not consolidated due to the results of the structured entity being immaterial upon consolidation (see note 3 for further details):

Type of structured entity	*Name of structured entity & country of incorporation*	*Nature and purpose*
Receivables securitisations	Stanlow Receivables Funding Limited incorporated in the United Kingdom.	To provide financing to the Group by purchasing trade receivables.

Essar Oil (UK) Limited has no equity interest in the structured entity listed above.