

**Marubeni**

**Marubeni Europe plc**

Report and Financial Statements

31 March 2019

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**CORPORATE INFORMATION**

**DIRECTORS**

M Ishizuki  
T Hirano  
S Kamizono  
T Terada  
T Motoyama

**SECRETARY**

M Hammill

**AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**SOLICITORS**

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ

**REGISTERED OFFICE**

95 Gresham Street  
London  
EC2V 7AB

The directors present their strategic report for the year ended 31 March 2019.

### PRINCIPAL ACTIVITIES

The Company's principal activities during the year continued to be international trading in a broad range of chemical, forest and agricultural products, consumer goods and other commodities, as well as activities in the power, plant, energy, transportation and industrial machinery sectors. The Company also holds share participations in a number of group companies operating in diverse business fields, or engaged in a variety of projects. The principal activities and operations of the Company are expected to continue as described above.

### BUSINESS REVIEW

Marubeni Europe plc ("the Company"), a wholly-owned subsidiary of Marubeni Corporation, is headquartered in London, England and operates also through European branches in France, Germany, Italy and Spain.

The Company's profit for the year, after taxation, is €49,014,000.

The directors are pleased to report continuing profitable operations for the year ended 31 March 2019, extending the run of consistent net profits achieved over each of the past eight years. Profit for the year increased by €32,380,000 to €49,014,000.

#### *Key performance indicators*

The Company's key financial and other performance indicators during the year the directors have identified the following:

	2019 €'000	2018 €'000	Change %
Turnover	528,440	539,790	(2.1)%
Gross profit	53,276	55,839	(4.6) %
Operating profit	49,629	11,145	345.3%
Net interest earned	43,537	3,197	1,261.8%
Profit for the year	49,014	16,634	194.7%
Shareholder's equity	177,671	241,178	(26.3)%
Average number of employees (including secondees)	226	220	2.7 %

The significant increase in Operating profit of €38,484,000 to €49,629,000 is mainly due to dividend income from the Company's investees and in particular income from shares in group undertakings which increased €40,716,000 to €43,890,000. While there was a reduction in Shareholder's equity of €63,507,000, this was after the declaration of an interim dividend of €117,724,000 in the year.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business, in common with other general trading companies, is closely linked to its ultimate parent company and the wider Marubeni Corporation group with respect to trading transactions, ability to obtain funding and the reduction of credit risk. The Company continues to enjoy steady growth and has reported profitable operations in each of the past seven years, and accordingly the directors believe that it remains well positioned to continue to generate future trading profits.

The directors recognise that the Company faces a wide range of financial and market risks in conducting its worldwide business activities. The principal risks and uncertainties are recognised as being financial, exchange, credit, liquidity and cash-flow risks. The directors consider the management of risk to be an important part of their function, and have put in place various strategies for the Company and group undertakings, with the aim of limiting exposures to each of the above risks. These strategies to reduce the principal risks and uncertainties include the use of hedging, insurance, diversification of trading activities, and the use of financial instruments to fix price or forecast foreign exchange requirements as they arise.

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

The Company also takes steps to ensure its ongoing liquidity by negotiating adequate stand-by credit facilities with banks and financial institutions. These arrangements are more fully described in note 1 of the financial statements. The directors have also implemented a comprehensive set of policies and guidance for business conduct, corporate governance and internal control. Given the on-going uncertainty in financial markets, the directors believe that a strong system of internal controls, combined with a focus on compliance and risk management, will contribute to the long-term survival and prosperity of the Company through periods of economic uncertainty. The directors intend to continue to promote core trading operations whilst also seeking new opportunities for investment and diversification within risk parameters acceptable to the Company.

*Brexit Impact*

Following the UK's decision in June 2016 to leave the European Union, the Company began to assess how alternative future arrangements between UK and EU might impact its ability to continue to trade in its current organisation structure. In preparation for the increased uncertainty prior to 29th March 2019 deadline, the company developed a contingency plan to provide options to ensure supply of goods to customers would continue uninterrupted even in case of no-deal Brexit. When the deadline for article 50 was extended, the Company cancelled its contingency plan and continues to operate its business unchanged. Stakeholders were kept informed throughout the process. As the political situation unfolds, the Company will continue to monitor the situation and will make preparation for future operational change if required.

Signed on behalf of the board

S Kamizono  
Director  
25 June 2019

## DIRECTORS' REPORT

### **Registered No. 01885084**

The directors present their report for the year ended 31 March 2019.

### **DIRECTORS OF THE COMPANY**

The following served as directors of the Company during the year and up to the date of signing these financial statements:

M Ishizuki (appointed 01/04/18)  
T Hirano  
T Motoyama (appointed 08/05/18)  
S Kamizono (appointed 01/11/18)  
T Terada (appointed 15/05/19)  
J Kakizoe (resigned 01/03/19)  
T Tanaka (resigned 01/11/18)  
H Urata (resigned 08/05/2018)  
N Iwashita (resigned 01/04/18)  
H Miyazawa (resigned 01/04/18)

M. Ishizuki is the Managing Director and Chief Executive Officer, with responsibility for the Company's regional operations. He is supported by S Kamizono, Director and Chief Financial & Administrative Officer, and three other Directors, T Hirano, T Motoyama and T Terada.

### **RESULTS AND DIVIDENDS**

The Company's profit for the year ended 31 March 2019 after taxation, amounted to €49,014,000 (2018 €16,634,000). During the year the directors declared an interim dividend of €117,724,000, subsequently on the 4 April 2019 a further interim dividend of €15,653,000 was declared (2018- €nil).

### **FUTURE DEVELOPMENTS**

Management's primary focus remains on the long-term prosperity of the Company and wider group, their employees, and Marubeni's trading partners, so the main performance indicator over time is shown by the growth in net assets and returns to the shareholders. For the year ended 31 March 2019 dividends to shareholders amount to €117,724,000 compared to Nil in the prior year. The directors have consistently demonstrated their commitment to the long-term growth of the Company by reinvesting the annual retained profits in the Company, rather than declaring dividends to the Company's parent. In line with the group's new medium-term management plan "Global Challenge 2021", the Company intends to continue operating and seeking growth in its established areas of business, while also consolidating recent equity acquisitions to contribute to increased profitability in the future. Group management has also expressed an intention to maintain a strong balance sheet by improving the quality of assets retained in the business, and by ensuring the generation of positive free cash flows from its trading and investing operations.

### **GOING CONCERN**

The Company's business includes long-term relationships with many customers and suppliers across different geographic areas and industries. Having reviewed the Company's operations, its financial position, liquid resources and borrowing facilities, together with the continuing profitable performance of its parent company and the financial strength of its own balance sheet, the directors believe that the Company has adequate resources to continue as a going concern for the foreseeable future, despite some continuing uncertainties in the economic environment. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In addition, note 1 to the financial statements includes the Company's policies and processes for managing its liquidity, credit and other financial risks, which the directors believe contribute to the Company's ability to continue as a going concern.

DIRECTORS' REPORT (CONTINUED)

**DISABLED EMPLOYEES**

The Company has a policy of giving full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**EMPLOYEE INVOLVEMENT**

It is the Company's policy to seek opportunities to inform and involve its staff in all matters relating to its operations, encouraged standards of conduct, and strategic goals. During the year the Company's parent continued its commitment to disseminate information throughout the worldwide group by means of frequent publication of emails, press releases, and opportunities for cultural and social involvement. Messages from the group's Chief Executive are distributed to all staff, together with an open channel for reply, commentary or suggestions. Employees may participate directly in the success of the business through the Company's incentive-based performance evaluation system.

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has arranged directors' and officers' liability insurance for all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. There is no qualifying third party indemnity provision in force either during the year or as at the date of approving the directors' report.

**CHARITABLE CONTRIBUTIONS**

Charitable contributions to various organisations totalling €12,221 were made during the year (2018 - €13,785).

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

**AUDITORS**

Ernst & Young LLP have indicated their willingness to be reappointed for another term and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the board

M Hammill  
Secretary  
25 June 2019

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern bases, unless they consider that to be inappropriate.

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARUBENI EUROPE PLC**

### **Opinion**

We have audited the financial statements of Marubeni Europe plc for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 26 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARUBENI EUROPE PLC (CONTINUED)**

### **Other information (Continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARUBENI EUROPE PLC (CONTINUED)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

William Binns (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

## Marubeni Europe plc

### INCOME STATEMENT for the year ended 31 March 2019

		<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Turnover</b>	2	528,440	539,790
Cost of sales		(475,164)	(483,951)
<b>Gross profit</b>		<u>53,276</u>	<u>55,839</u>
Administrative expenses		(47,338)	(45,056)
Other operating income		391	1,449
Other operating expense		(237)	(479)
Impairment of investments	12	-	(3,805)
Interest receivable and similar income	7	45,145	4,379
Interest payable and similar cost	8	(1,608)	(1,182)
<b>Operating profit</b>	3	<u>49,629</u>	<u>11,145</u>
(Loss)/Profit on disposal of property, plant and equipment		(11)	5
(Loss)/Profit on disposal of fixed asset investments		(29)	7,813
<b>Profit on ordinary activities before taxation</b>		<u>49,589</u>	<u>18,963</u>
Income taxes	9	(575)	(2,329)
<b>Profit for the year after taxation</b>		<u><u>49,014</u></u>	<u><u>16,634</u></u>

Revenue and operating profit is derived entirely from continuing operations.

All profit is attributable to the owners of the Company, as there is no non-controlling interest.

## Marubeni Europe plc

### STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 March 2019

		<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Profit for the year</b>		<b>49,014</b>	<b>16,634</b>
<b>Other comprehensive income</b>			
Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedges		927	(777)
Tax on net movement on cash flow hedges	9	(233)	207
<b>Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods</b>		<b>694</b>	<b>(570)</b>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Loss on defined benefit pension plans	24	(776)	(829)
Tax on defined benefit pension plans	9	106	(195)
Net unrealised gain on financial assets at FVOCI	12	2,385	1,638
Realised gain on financial assets at FVOCI		2,794	-
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		<b>4,509</b>	<b>614</b>
<b>Total other comprehensive income for the year</b>		<b>5,203</b>	<b>44</b>
<b>Total comprehensive income for the year</b>		<b>54,217</b>	<b>16,678</b>

Total comprehensive income for the year is attributable to the owners of the Company, as there is no non-controlling interest.

## Marubeni Europe plc

### STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	<i>Share capital</i> €000	<i>Share premium</i> €000	<i>Fair Value reserve of financial assets at FVOCI</i> €000	<i>Cash flow hedge reserve</i> €000	<i>Retained earnings</i> €000	<i>Other reserve</i> €000	<i>Total</i> €000
At 1 April 2017	85,243	53,804	13,033	527	71,800	93	224,500
Profit for the year	-	-	-	-	16,634	-	16,634
Other comprehensive income	-	-	1,638	(570)	(1,024)	-	44
At 31 March 2018	85,243	53,804	14,671	(43)	87,410	93	241,178
At 1 April 2018	85,243	53,804	14,671	(43)	87,410	93	241,178
Profit for the year	-	-	-	-	49,014	-	49,014
Dividends declared	-	-	-	-	(117,724)	-	(117,724)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	-	-	-	694	-	-	694
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	-	2,385	-	2,124	-	4,509
At 31 March 2019	85,243	53,804	17,056	651	20,824	93	177,671

In the opinion of the Directors, the other reserve is non-distributable.

# Marubeni Europe plc

## BALANCE SHEET

as at 31 March 2019

		<i>31 March</i>	<i>31 March</i>
		<i>2019</i>	<i>2018</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Fixed Assets</b>			
Intangible fixed assets	11	1,137	1,244
Tangible fixed assets	10	3,698	3,829
Investments	12	105,216	103,403
Deferred tax assets	9	2,709	2,948
		<u>112,760</u>	<u>111,424</u>
<b>Current assets</b>			
Stocks	14	40,631	65,293
Loans receivable - due within one year	15	8	8
- due after one year	15	6,677	10,122
Trade debtors		74,473	97,146
Amounts owed by associates		1,801	2,278
Amounts owed by parent company		18,101	18,485
Other debtors – due within one year	16	53,454	10,054
- due after one year	16	1,762	-
Prepayments and accrued income		1,550	1,248
Investments current - due within one year	13	1,230	1,598
Cash at bank and in hand		61,230	65,378
		<u>260,917</u>	<u>271,610</u>
<b>Creditors: amounts falling due within one year</b>			
Bank loans	19	6,530	1,040
Trade creditors	18	35,107	62,877
Amounts owed to parent company		75,467	41,258
Income tax payable		914	1,064
Other creditors including tax and social security	17	48,554	7,012
Financial instruments	19	16	669
Accruals and deferred income		9,214	7,942
		<u>175,802</u>	<u>121,862</u>
<b>Net current assets</b>		<b>85,115</b>	<b>149,748</b>

# Marubeni Europe plc

## BALANCE SHEET (CONTINUED)

as at 31 March 2019

### Creditors: amounts falling due after more than one year

		<i>31 March</i>	<i>31 March</i>
		<i>2019</i>	<i>2018</i>
	Notes	€000	€000
Provisions for liabilities	22	1,096	1,084
Pension liabilities	24	19,108	18,910
		<u>20,204</u>	<u>19,994</u>
<b>Net assets</b>		<b><u>177,671</u></b>	<b><u>241,178</u></b>

		<i>31 March</i>	<i>31 March</i>
		<i>2019</i>	<i>2018</i>
	Notes	€000	€000
<b>Capital and reserves</b>			
<b>Equity</b>			
Issued capital	20	85,243	85,243
Share premium		53,804	53,804
Fair value reserve of financial assets at FVOCI		17,056	14,671
Cash flow hedge reserve		651	(43)
Other capital reserves		93	93
Retained earnings		20,824	87,410
<b>Total Equity</b>		<b><u>177,671</u></b>	<b><u>241,178</u></b>

These financial statements were approved by the board of directors on 25 June 2019 and were signed on its behalf by:

S Kamizono  
Director



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**1. ACCOUNTING POLICIES**

***Corporate information***

The financial statements of the Company for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 25 June 2019.

The Company is a public limited company incorporated and domiciled in England with branches in four European countries. The registered office is located at 95 Gresham Street, London EC2V 7AB.

The principal activities of the Company are described in the Strategic Report. Information on its ultimate parent is presented in note 26.

***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company's financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated. The financial statements have also been prepared in accordance with the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and equity investment that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Marubeni Corporation in which the entity is consolidated;
- b) the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- c) the requirements of IFRS 7 Financial Instruments: Disclosures;
- d) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture.
- f) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A, 40B, 40C and 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- g) the requirements of IAS 7 Statement of Cash Flows;
- h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- i) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- k) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.
- l) the requirements of paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- m) IAS 8 IFRSs issued but not effective, on the requirement of the IFRS 9 standard due to its immaterial impact on the company.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

***Basis of preparation*** (continued)

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The standards and interpretations which are deemed relevant to the Company are:

- a) IFRS 16 Leases

The new standards are expected to have an impact on the recognition and measurement for the Company, however, the analysis of the impact from the implementation is still on-going.

***Separate financial statements***

The Company has taken advantage of the exemption clauses within the Companies Act 2006 s401 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group. The ultimate parent company of Marubeni Europe plc is Marubeni Corporation, a company incorporated in Japan, which prepares consolidated accounts in accordance with IFRS.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2019. The financial statements have been prepared on a going concern basis, as set out in the directors' report on page 5.

***Judgements and key sources of estimation uncertainty***

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

- a) ***Taxation***

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

- b) ***Pension and other post-employment benefits***

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rates are based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 24.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

*Judgements and key sources of estimation uncertainty (continued)*

a) *Fair value of unquoted investments*

The unquoted equity investments have been fair valued based on the net asset value of the underlying investment where there is no externally observable market data available. The fair value of the unquoted equity instruments at 31 March 2019 was €105,216,000 (31 March 2018 - €103,403,000).

*Foreign currency translation*

The Company's financial statements are presented in Euros, which is also the Company's functional currency. The Euro represents the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

*Intangible assets*

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from de-recognition 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 the income statement when the asset is derecognised.

*Investments*

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

*Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

***Tangible Fixed Assets - Property, plant and equipment***

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

	<i>Depreciation rate (%) or period</i>	<i>Method</i>
Leasehold land and buildings	over the lease term, up to a maximum of 40 years	Straight line, zero residual value
Motor vehicles	over 4 to 6 years	Straight line, zero residual value
Fixtures and fittings	over 5 to 10 years	Straight line, zero residual value
Computer equipment	over 2 to 9 years	Straight line, zero residual value

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

***Assets in disposal groups classified as held for sale***

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition, and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

***Leases:***

***Company as a lessee***

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

*Leases (continued)*

*Company as a lessor*

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term. Where the Company transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified as financial assets at amortised cost, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, unquoted financial instruments, and derivative financial instruments.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortised cost*

A debt instrument financial asset is measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal

Such assets are carried at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in other operating expenses in the income statement.

*Financial assets at fair value through profit or loss*

The Companies classify the following financial assets as financial assets measured at fair value through profit or loss: (a) equity financial assets not designated financial assets measured at fair value through other comprehensive income as at initial recognition and (b) debt instrument financial assets that do not meet the conditions for classification as financial assets at amortised cost.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in other operating income or other operating expense in the income statement.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**1. ACCOUNTING POLICIES (continued)**

*Financial assets at fair value through other comprehensive income*

The Companies make an irrevocable election at initial recognition to (or not to) designate equity financial assets that are not held for trading as financial assets at fair value through other comprehensive income.

After initial recognition, financial assets at fair value through other comprehensive income are measured at fair value with any change in fair value recognised in other comprehensive income. The cumulative amount of the change in fair value recognised in other comprehensive income is recognised in other components of equity. However, dividend income arising from financial assets at fair value through other comprehensive income is recognised as part in finance revenue in the income statement.

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost unless they are financial liabilities at fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value at initial recognition and financial liabilities classified as financial liabilities at amortised cost are measured at fair value less transaction costs at initial recognition.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

*Financial liabilities at amortised cost*

Financial liabilities not classified as financial liabilities at fair value through profit or loss are measured at amortised cost. After initial recognition, financial liabilities at amortised cost are measured at amortised cost using the EIR method. The EIR amortisation is recognised in finance cost in income statement. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

*De-recognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

*Fair values*

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

*Derivative financial instruments and hedging*

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

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

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

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

*Fair value hedges*

For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged; the derivative is re-measured at fair value and gains and losses from both are taken to profit or loss. For hedged items carried at amortised cost, the adjustment is amortised through the income statement such that it is fully amortised by maturity. When an unrecognised firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

*Derivative financial instruments and hedging* (continued)

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation. The Company used interest rate swaps during the year that were used as a hedge for the exposure of changes in the fair value of several fixed rate loans receivable although none were outstanding at the end of the year.

The Company's financial instruments, other than short term debtors and creditors and derivatives, comprise fixed asset investments, bank loans, other loans to and from related and unrelated parties, notes, cash, time deposits and fixed asset investments (excluding investments in associates). The main purpose of these financial instruments is to raise and manage finance for the Company's trading operations. The Company also makes trade investments in other group companies at the request of Marubeni Corporation.

The Company also enters into derivative transactions (principally interest rate swaps, currency swaps, forward currency exchange contracts and commodity futures contracts). The purpose of these transactions is to manage the interest rate, currency and commodity price risks arising from the Company's operations and its sources of finance.

The Company participates in a cash pooling scheme along with selected European based fellow subsidiaries of Marubeni Corporation in order to optimise net interest earned on cash reserves. It is the Company's policy not to engage in trading in financial instruments. Derivative financial instruments are solely used for hedging purposes. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk, credit risk and commodity market price risk. The board considers these risks, and agrees policies for managing each of them, in order to ensure the long-term stability of the Company's operations.

*Interest Rate Risk*

The Company borrows in various currencies, normally in order to meet specific lending or investment opportunities, at predominantly floating rates of interest, except where fixed rate assets are to be funded. Where necessary the Company then uses interest rate swaps to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations. The Company's policy continues to be to maintain a broadly matched profile between fixed and floating interest rate exposures.

*Liquidity Risk*

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, commercial paper and group funding, at the same time seeking to obtain funding at favourable borrowing rates. Details of the Company's long-term debt are summarised in notes 17 and 19.

*Foreign Currency Risk*

As a result of the significant international transactions in US dollars, Japanese yen and other foreign currencies, and the fact that the parent's functional currency is the Euro, the Company's balance sheet can be significantly affected by movements in exchange rates. However, the Company takes steps to reduce the potential for such effects by managing its currency exposures through the use of spot and forward currency exchange contracts, by maintaining asset and liability exposures in matched currencies and by the use of currency swap contracts where appropriate.

*Dividend distribution to members*

The Company recognises a liability to make cash distributions to members when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the UK company law, a distribution is authorised when it is approved by the members. A corresponding amount is recognised directly in equity.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**1. ACCOUNTING POLICIES** (continued)

***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables - purchase cost on a first-in, first-out basis

Cost of stock includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchase of materials. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

***Trade and other debtors***

Trade debtors, which generally have 30 – 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

***Cash at bank and in hand***

Cash and short term deposits in the balance sheet comprise cash at banks and in hand.

***Income taxes***

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

*Pensions*

The Company, in conjunction with other fellow subsidiary undertakings, operates a defined benefit pension scheme in the UK, which requires contributions to be made to a separately administered fund. Any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs. The net interest cost on the scheme assets less liabilities is shown as a net amount of other finance costs included with interest payable and similar costs. Actuarial gains and losses are recognised immediately in other comprehensive income.

Pension scheme assets are measured using market values and liabilities are measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented within provisions for liabilities on the face of the balance sheet. The Company operates unfunded defined benefit pension arrangements in overseas branches which are accounted for in the same way as the UK scheme. In addition to this the Company operates a defined contribution plan in the UK; the Company pays contributions to a privately administered pension insurance plan on a mandatory and contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

*Exceptional items*

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

*Revenue recognition*

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or an agent. Where the Company is deemed to be acting as principal, the gross sales amount is recorded as revenue. Where the Company is deemed to be acting as an agent the net amount is recorded as revenue.

The following criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

*Rendering of services*

Revenue from the provision of services is recognised by reference to the stage of completion.

*Interest income*

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

*Dividends*

Revenue is recognised when the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**2. TURNOVER**

Turnover represents the invoiced amount of goods sold and accruals for services provided which fall within the Company's ordinary activities, all of which are continuing.

	<i>Year ended 31.03.2019 €000</i>	<i>Year ended 31.03.2018 €000</i>
<i>Turnover comprises:</i>		
Principal sales	492,708	504,697
Other sales and commissions	35,732	35,093
	<u>528,440</u>	<u>539,790</u>

Marubeni Europe plc purchases, distributes and markets a wide variety of chemical, forest and agricultural products, consumer goods and other commodities, as well as activities in the power, plant, energy, transportation and industrial machinery sectors.

The Company operates on a worldwide basis and derives its income from these trading service activities. The directors are of the opinion that its total general trading business constitutes one class of activity. Accordingly, its turnover and pre-tax result have not been broken down into classes of activity.

**3. OPERATING PROFIT**

This is stated after charging:

	<i>Year ended 31.03.2019 €000</i>	<i>Year ended 31.03.2018 €000</i>
Depreciation expense (note 10)	866	972
Net gain or (loss) on foreign currency exchange differences	(10)	458
Operating lease rentals - land and buildings	3,699	3,552
- others	79	80
Cost of stocks recognised as an expense (included in cost of sales)	105,339	102,467
Write-down of stocks to net realisable value	133	2,008
	<u>          </u>	<u>          </u>

**4. AUDITOR'S REMUNERATION**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

The remuneration of the auditor is analysed as follows:

	<i>Year ended 31.03.2019 €000</i>	<i>Year ended 31.03.2018 €000</i>
Audit of the financial statements	<u>279</u>	<u>278</u>

The Company has taken advantage of the option not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its parent Marubeni Corporation.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**5. DIRECTORS' REMUNERATION**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Aggregate remuneration in respect of qualifying services	2,119	2,434
The amounts in respect of the highest paid director were as follows:		
Aggregate remuneration	947	917

The directors' pension arrangements are disclosed in note 24. The highest paid director has not exercised any share options and did not receive or is due to receive any shares under a long term incentive scheme in respect of qualifying services.

**6. STAFF COSTS**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Wages and salaries	25,234	25,104
Social security costs	2,520	2,255
Other pension costs	953	974
	28,707	28,333

Included in other pension costs are €Nil (2018 - €Nil) in respect of the UK funded defined benefit scheme as described in note 24.

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

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>No.</i>	<i>No.</i>
Trading	113	107
Administration	61	60
	174	167

In addition, 52 (2018 - 53) personnel employed by Marubeni Corporation were seconded to work for the Company during the year. The salary costs of these personnel, which are included in the above figures, are borne by Marubeni Europe plc.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Loans receivable and other debtors	208	134
Amounts receivable from group undertakings	718	745
	<u>926</u>	<u>879</u>
Income from shares in group undertakings	43,890	3,174
Income from unlisted trade investments	328	324
Bank deposit interest	1	2
	<u>45,145</u>	<u>4,379</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Bank loans and other loans wholly repayable within five years	801	628
Amounts payable to group undertakings	530	181
Net interest paid on pension scheme	277	373
	<u>1,608</u>	<u>1,182</u>

**9. TAXATION**

The taxation charge is made up as follows:

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Current tax:		
UK corporation tax	228	1,165
Tax (over)/under-provided in prior years (UK)	(678)	59
	<u>(450)</u>	<u>1,224</u>
Overseas tax:		
Overseas corporate taxes	1,138	1,671
Tax (over)/under-provided in prior years (overseas)	(225)	(481)
	<u>463</u>	<u>2,414</u>
Deferred tax:		
Deferred tax – origination and reversal of timing differences	112	(85)
	<u>575</u>	<u>2,329</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

9. TAXATION (continued)

Tax relating to items charged or credited to other comprehensive income:

	<i>Year ended 31.03.2019 €000</i>	<i>Year ended 31.03.2018 €000</i>
Deferred tax:		
Tax on net movement on cash flow hedges	233	(207)
Tax on defined benefit pension plans	(106)	195
	<u>127</u>	<u>(12)</u>

***Factors affecting current tax charge (reconciliation of tax)***

The tax assessed on the profit on ordinary activities for the year is lower (2018 -lower) than the standard rate of corporation tax for the region in which the Company operates of 19.00% (2018 – 21.75%). The differences are reconciled below:

	<i>Year ended 31.03.2019 €000</i>	<i>Year ended 31.03.2018 €000</i>
Profit on ordinary activities before tax	49,589	18,963
Profit before tax multiplied by relevant rate of corporation tax to reflect results of European operations (19.00%) (2018 – 21.75%)	<u>9,422</u>	<u>4,124</u>
Non-deductible (gains) losses on sale or impairment provisions of investments	346	(955)
Non-taxable income, disallowed expenditure, and other differences	(8,402)	(333)
Net effect of tax (over-)/under-provided in prior years	(903)	(422)
Overseas deferred tax – origination and reversal of timing differences	112	(85)
Total tax	<u>575</u>	<u>2,329</u>

***Deferred Tax***

Deferred tax assets have been recognised in the Balance Sheets in respect of current timing differences for accounting provisions and on the pension fund liabilities as set out in notes 1 and 24. The year-end provision is as follows:

	<i>31 March 2019 €000</i>	<i>31 March 2018 €000</i>
Deferred tax asset (non-current)		
on timing differences for accounting provisions	(111)	193
on German pension liability	914	762
on UK pension liability	1,906	1,993
	<u>2,709</u>	<u>2,948</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**9. TAXATION** (continued)

At the balance sheet date, deferred tax assets relating to carried forward capital losses of €9,709,000 (2018 - €9,543,000) have not been recognised because it is not certain that future capital gains will be available against which the company can utilise these benefits.

With effect from 1 April 2013, the directors made an election under s.18A of the Corporation Tax Act 2009 to exempt the Company's overseas permanent establishments from UK taxation. This reduced deferred tax by eliminating certain UK timing differences originating in European branches.

The Finance Act 2016 enacted reductions in the rate of UK Corporation Tax from 20% to 19% with effect from 1 April 2017, and to 17% with effect from 1 April 2020. The recognised UK deferred tax assets have been calculated to reflect the tax consequences of the manner in which they are expected to be recovered and at the applicable rate under current legislation.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

10. TANGIBLE FIXED ASSETS

	<i>Leasehold land and buildings</i> €000	<i>Motor vehicles</i> €000	<i>Fixtures and fittings</i> €000	<i>Computer equipment</i> €000	<i>Total</i> €000
Cost:					
At 1 April 2017	4,261	199	1,339	1,270	7,069
Additions	665	-	147	257	1,069
Disposals	(4)	-	(16)	(116)	(136)
At 31 March 2018 and 1 April 2018	4,922	199	1,470	1,411	8,002
Additions	269	-	223	265	757
Disposals	-	-	(186)	(429)	(615)
At 31 March 2019	5,191	199	1,507	1,247	8,144
Depreciation and impairment:					
At 1 April 2017	1,385	117	967	868	3,337
Depreciation charged in year	642	33	130	167	972
Removed on disposals	(4)	-	(16)	(116)	(136)
At 31 March 2018 and 1 April 2018	2,023	150	1,081	919	4,173
Depreciation charged in year	540	27	104	195	866
Removed on disposals	-	-	(181)	(412)	(593)
At 31 March 2019	2,563	177	1,004	702	4,446
Net book value:					
At 31 March 2019	2,628	22	503	545	3,698
At 31 March 2018	2,899	49	389	492	3,829
At 31 March 2017	2,876	82	372	402	3,732



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

11. INTANGIBLE FIXED ASSETS

	<i>Licensed rights €000</i>	<i>Unpatented technology €000</i>	<i>Computer software €000</i>	<i>Total €000</i>
Cost:				
At 1 April 2017	820	450	184	1,454
Additions	-	-	26	26
Disposals	-	-	(87)	(87)
At 31 March 2018 and 1 April 2018	820	450	123	1,393
Additions	-	-	8	8
Disposals	-	-	(19)	(19)
At 31 March 2019	820	450	112	1,382
Depreciation and impairment:				
At 1 April 2017	-	-	137	137
Provided during the year	-	76	18	94
Removed on disposal	-	-	(82)	(82)
At 31 March 2018 and 1 April 2018	-	76	73	149
Provided during the year	-	75	21	96
Removed on disposal	-	-	-	-
At 31 March 2019	-	151	94	245
Net book value:				
At 31 March 2019	820	299	18	1,137
At 31 March 2018	820	374	50	1,244
At 31 March 2017	820	450	47	1,317

Intangible fixed assets consist of licensed rights (infinite life intangibles), which are reviewed annually for impairment, unpatented technology (finite life intangibles) that are being amortised over a period of six years and computer software, which is amortised over three to five years on a straight line, zero residual value basis and includes purchased software, including associated installation and modification costs.

Marubeni Europe plc does not have any intangible assets whose title is restricted and the carrying amounts pledged as security for liabilities.

Amortisation of intangible assets is recognised in the Administrative Expenses line of the Income Statement.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

### 12. INVESTMENTS – NON-CURRENT

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Investments in subsidiaries	31,245	31,677
Investments in associates	10,803	11,607
	<hr/>	<hr/>
Investments at cost	42,048	43,284
	<hr/>	<hr/>
Fair value through other comprehensive income unlisted equity investments	63,085	60,031
	<hr/>	<hr/>
Fair value through Profit and Loss unlisted equity investments	83	88
	<hr/>	<hr/>
Total Investments – non-current	105,216	103,403
	<hr/> <hr/>	<hr/> <hr/>
Fair value through other comprehensive income unlisted equity investments		€000
At 1 April 2017		73,616
		<hr/>
Additions		2,841
Disposals		(15,456)
Permanent impairment (to Profit and Loss)*		(2,608)
Other comprehensive income - Net Gain on valuation of available-for-sale financial assets		1,638
		<hr/>
At 31 March 2018		60,031
		<hr/>
At 31 March 2018 and 1 April 2018		60,031
		<hr/>
Additions		2,313
Disposals		(1,644)
Other comprehensive income - Net Gain on valuation of fair value through other comprehensive income unlisted equity investments		2,385
		<hr/>
At 31 March 2019		63,085
		<hr/>

\*When the fair value of available for sale financial assets is deemed to be a permanent decline in value the unrealised loss is realised and transferred to Profit and Loss. This was prior to the adoption of IFRS 9 in April 2018.

Fair value through Profit and Loss unlisted equity investments:

	€000
At 1 April 2018	88
	<hr/>
At 31 March 2018 and 1 April 2018	88
	<hr/>
Net realised loss to profit and loss	(5)
	<hr/>
At 31 March 2019	83
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**12. INVESTMENTS – NON-CURRENT** (continued)

During the year the investment in GFS Renewable Energy Limited was sold resulting in a gain of €2,794,000 which is reported as realised gain on financial assets through FVOCI. In addition to this, the liquidation of Marubeni Pulp and Paper Sales Europe GmbH was completed and resulted in a gain of €2,000. There was an impairment loss incurred on Marubeni Specialty Chemicals (Europe) GmbH for €30,000. During the prior year, there were impairments of €3,805,000 made to investments, full details are not disclosed here due to ongoing commercial negotiations. The second largest impairment was for €758,000 to the subsidiary undertaking, Marubeni Specialty Chemicals (Europe) GmbH, which accounted for the reduction to Investments in subsidiaries in the year. The Fujin Power Limited Investment was disposed in the year resulting in a gain of €7,748,000 and accounted for €7,815,000 of the investment disposals reported in the year.

The Company holds 20% or more of the equity of the following unlisted companies at 31 March 2019:

<i>Name of Company</i>	<i>Country of Incorporation if not United Kingdom</i>	<i>Proportion of voting rights and Holding shares held</i>	<i>Nature of business</i>	<i>Accounting year end</i>
<b>Subsidiary undertakings:</b>				
Marubeni International (Europe) GmbH <sup>1</sup>	Germany	Ordinary shares 100%	General Trading	31 December
Marubeni Specialty Chemicals (Europe) GmbH <sup>1</sup>	Germany	Ordinary shares 100%	In liquidation	31 December
<b>Associated undertakings:</b>				
EECO Holding <sup>2</sup> Cogeneration	Belgium	Ordinary shares 33%	Cogeneration Plant	31 December
Rosignano spa <sup>3</sup>	Italy	Ordinary shares 50%	Cogeneration Plant	31 December
Yokohama Austria GmbH <sup>4</sup>	Austria	Ordinary shares 27%	Tyre distribution	31 December
Marubeni (Hungary) Engineering and Construction Kft <sup>5</sup>	Hungary	Ordinary shares 20%	Engineering and Construction	31 December
Mamix Europe <sup>6</sup>		Ordinary shares 20%	Insurance Broker	31 March

**13. INVESTMENTS CURRENT**

	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>€000</i>	<i>€000</i>
Financial assets – due within one year:		
Future commodity derivative contracts	133	909
Forward currency hedging contracts	1,097	689
	<u>1,230</u>	<u>1,598</u>

1 Registered office address is Benrather Strasse 18-20, 40213 Dusseldorf, Germany P.O. Box 10 36 64

2 Registered office address is Rue de Ransbeek 310, 1120 Bruxelles, 1120 Belgium

3 Registered office address is Viale Lombardia 20, Bollate, IT-MI 20021, Italy

4 Registered office address is IZ NÖ-Süd Straße 15, Obj. 77, Stiege 2, Top 32355 Wiener Neudorf, Austria

5 Registered office address is 4th Floor Milleneum Center, Pesti Barnabas u. 4, 1052 Budapest, Hungary

6 Registered office address is 95 Gresham St, London EC2R 7HE, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**13. INVESTMENTS CURRENT** (continued)

The fair value of forward currency exchange contracts were determined using quoted forward exchange rates matching the maturity of the contracts. The cash flow hedges of the expected future sales and costs in 2019 were assessed as effective and an unrealised gain of €694,000 was included within other comprehensive income, net of tax, and net of the reversal of the unrealised loss of €570,000 recognised in the previous year.

**14. STOCKS**

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Goods for resale	22,493	40,233
Merchandise in transit	18,138	25,060
	<u>40,631</u>	<u>65,293</u>

Cost of stocks recognised as an expense (included in cost of sales) through write-down to net realisable value in the year was €133,000 (2018 - €2,008,000).

**15. LOANS RECEIVABLE**

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Current portion of long term loans receivable all due from unrelated parties	8	8
	<u>8</u>	<u>8</u>
After more than one year:		
- due from associate undertakings	6,568	9,927
- due from unrelated parties	109	195
	<u>6,677</u>	<u>10,122</u>
	<u>6,685</u>	<u>10,130</u>

Loans receivable due after more than one year represents amounts due from associated undertakings as shareholder loans, mostly bearing interest at rates related to LIBOR and due for repayment over the period up to the year 2027.

**16. OTHER DEBTORS**

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
<i>Due within one year</i>		
Advances on merchandise	637	357
Amounts due from fellow subsidiary undertakings	4,481	5,200
Amounts due from subsidiary undertakings	41,081	-
Amounts due from unrelated parties	7,255	4,497
	<u>53,454</u>	<u>10,054</u>
<i>Due after one year</i>		
Long term receivables due from unrelated parties	1,762	-
	<u>55,216</u>	<u>10,054</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**17. OTHER CREDITORS:** amounts falling due within one year

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Amounts due to fellow subsidiary undertakings	635	978
Amounts due from subsidiary undertakings	41,903	-
Other taxes and social security costs	1,809	1,166
Other creditors	4,207	4,868
	<u>48,554</u>	<u>7,012</u>

**18. TRADE CREDITORS**

Trade creditors are non-interest bearing and are on average normally settled on 93 day terms.

**19. FINANCIAL LIABILITIES**

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
<i>Current</i>		
Future commodity derivative contracts	-	271
Forward currency hedging contracts	16	398
	<u>16</u>	<u>669</u>

*Bank Loans*

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Bank loans - wholly due within one year	6,530	812
- current portion of long term loans	-	228
	<u>6,530</u>	<u>1,040</u>

There were no bank loans (2018 - none) extending over more than five years. The Company's obligations in respect of short term and longer term bank loans are all supported by guarantees, letters of awareness or a keep-well agreement from the ultimate parent company.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

### 20. SHARE CAPITAL

	<i>Authorised</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>No.</i>	<i>No.</i>
Ordinary shares of £1 each	110,000,000	110,000,000
Ordinary shares of 1 Euro each	102,000,000	102,000,000
	<i>Authorised</i>	<i>31 March</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Ordinary shares of £1 each	177,023	177,023
Ordinary shares of 1 Euro each	102,000	102,000
Total authorised share capital	279,023	279,023
	<i>Allotted, called up and fully paid</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>No.</i>	<i>No.</i>
Ordinary shares of £1 each	36,163,314	36,163,314
Ordinary shares of 1 Euro each	27,045,568	27,045,568
	<i>Allotted, called up and fully paid</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Ordinary shares of £1 each	58,197	58,197
Ordinary shares of 1 Euro each	27,046	27,046
Total issued share capital	85,243	85,243

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

### 20. SHARE CAPITAL (continued)

Ordinary shares of £1 each are translated to Euros at 1.60928, being the exchange rate ruling at the time of converting the functional currency from Sterling to Euros.

On 28 May 2009, the Company issued one Ordinary 1 Euro share to Marubeni Corporation at a premium of €2,123,000, which was credited to the share premium account. The share was issued as consideration for the purchase of 49% of the outstanding shares of Marubeni Specialty Chemicals (Europe) GmbH (“MSCE”) from Marubeni Corporation. As a result of this transaction, MSCE became a wholly-owned subsidiary of Marubeni Europe plc.

On 29 March 2006, the Company issued one Ordinary 1 Euro share to Marubeni Corporation at a premium of €38,490,999, which was credited to the share premium account. The share was issued in exchange for all the shares held by Marubeni Corporation in three subsidiaries - Marubeni Iberia S.A. (“MI”), Marubeni France S.A. (“MF”) and Marubeni Deutschland GmbH (“MD”). Marubeni Europe had previously acquired all of the trading net assets of these subsidiaries upon the establishment of branch offices in 1999. In exchange for their net assets, each subsidiary company had received new shares in Marubeni Europe totalling 4,095,345 of the £1 shares and all 27,045,565 of the €1 shares then in issue. These shares in Marubeni Europe were the only significant assets in each subsidiary. By acquiring 100% of the shares in the three subsidiaries on 29 March 2006 Marubeni Europe gained control of 28,800,603 (42.8%) of its own issued shares, the remainder all being held by Marubeni Corporation. Management intends to liquidate all three subsidiaries and cancel all the shares held by them, leaving Marubeni Corporation as the sole shareholder. The first such liquidation – of MI – was completed on 30 September 2006, when its assets, consisting principally of its 389,114 £1 shares in Marubeni Europe, were transferred back to Marubeni Europe for cancellation, which occurred on 8 March 2007.

The second liquidation – of MF – was completed on 23 March 2007. The 3,706,231 £1 shares it held in Marubeni Europe were also transferred back to Marubeni Europe for cancellation as described below. The liquidation of MD, which holds 24,705,258 €1 shares in Marubeni Europe, commenced in December 2008 but due to statutory notice periods, and conclusion of the entity’s tax obligations, is not yet complete.

The effect of these transactions is that, as at 31 December 2006, Marubeni Europe held 389,114 of its own £1 shares surrendered by MI, and indirectly controlled a further 3,706,231 £1 shares and 24,705,258 €1 shares through its investments in MF and MD respectively.

At an extraordinary general meeting on 8 March 2007, a special resolution of shareholders approved the cancellation of the shares received from MI and, subject to and conditional on its liquidation, MF. On 27 March 2007, MF was duly liquidated, and the shares previously held by MI and MF were subsequently cancelled.

Presentation in the Company balance sheets: In 2006 shares in Marubeni Europe received from MI were not included in the balance sheet as an investment but debited at the book value (cost) of the shares to a specially created capital reserve, a separate component of shareholders’ funds, to reflect the fact that the shares were subsequently cancelled in March 2007.

On cancellation of 4,095,345 shares in Marubeni Europe received from MI and MF (“cancelled shares”) in March 2007, the Company recorded a debit to share capital matched by a credit to a specially created other reserve, a separate component of shareholder’s funds, which does not form part of the distributable reserves of the Company (note 21). A transfer from this reserve to the profit and loss account, within the shareholders’ fund, was made to the extent that net assets received in exchange for the original issue of the cancelled shares represented qualifying consideration as defined in section 3.11 of Technical Release Tech 02/10 issued by the Institute of Chartered Accountants in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**20. SHARE CAPITAL** (continued)

In 2006 shares in MF and MD were shown as fixed asset investments at their acquisition cost. Following liquidation of MF, the Company's investment in MF ceased to exist and its book value was recorded as a debit in the profit and loss account section of shareholder's funds, representing a realised loss on liquidation.

The liquidation of MF in March 2007 resulted in a reduction of the capital reserve balance. The remaining balance represents the book value of the Company's investment in MD. In November 2018 MD was taken out of liquidation and its name changed to Marubeni International (Europe) GmbH, this entity has not started trading.

In the year an interim dividend of €117,724,000 was declared.

**21. RESERVES**

Analysis by item recognised in other comprehensive income for each component of equity:

	<i>Fair value reserve of financial assets at FVOCI €000</i>	<i>Cash flow hedge reserve €000</i>	<i>Retained earnings €000</i>	<i>Total Equity €000</i>
<i>Year ended 31 March 2018</i>				
Net gain/(loss) on available for sale financial assets (net of tax)	1,638	-	-	1,638
Net movement on cash flow hedges (net of tax)	-	(570)	-	(570)
Actuarial gain on defined benefit pension plans (net of tax)	-	-	(1,024)	(1,024)
Other comprehensive (loss)/income for the year	<u>1,638</u>	<u>(570)</u>	<u>(1,024)</u>	<u>44</u>
<i>Year ended 31 March 2019</i>				
Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods:				
Net movement on cash flow hedges (net of tax)	-	694	-	694
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Actuarial gain on defined benefit pension plans (net of tax)	-	-	(670)	(670)
Net unrealised gain on financial assets at FVOCI (net of tax)	2,385	-	-	2,385
Realised gain on financial assets at FVOCI (net of tax)	-	-	2,794	2,794
Other comprehensive (loss)/income for the year	<u>2,385</u>	<u>694</u>	<u>2,124</u>	<u>5,203</u>

*Fair value reserve of financial assets at FVOCI*

This reserve records fair value changes on fair value through other comprehensive income unlisted equity investments.

*Cash flow hedge reserve*

The cash flow hedge reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**22. PROVISIONS**

	€000
At 31 March 2018	1,084
Increase in provision	-
Foreign exchange movement during the year	12
	<hr/>
At 31 March 2019	1,096
	<hr/>
<i>Analysed as</i>	
Non-current	1,096
	<hr/>

The Company has made dilapidation provisions for future reinstatement works required for the leased offices the Company currently occupies. The provisions are based on past experience and through the advice of specialist surveyors.

**23. CONTINGENT LIABILITIES AND COMMITMENTS**

The Company had total commitments under non-cancellable operating leases over land and buildings and other assets as set out below:

*Land and buildings*

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
Operating leases which expire		
In less than one year	3,565	3,507
Within two to five years	6,757	9,843
After five years	328	-
	<hr/>	<hr/>
	10,650	13,350
	<hr/> <hr/>	<hr/> <hr/>

*Others*

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
<i>Operating leases which expire</i>		
In less than one year	79	85
Within two to five years	38	38
	<hr/>	<hr/>
	117	123
	<hr/> <hr/>	<hr/> <hr/>

The Company entered into a joint guarantee with Marubeni Corporation to guarantee trading and other obligations of fellow subsidiaries and associates. At 31 March 2019, contingent liabilities in respect of these were €48,469,000 (31 March 2018- €49,992,000).

As at 31 March 2019, the Company is accountable for 73.2% of the net pension liabilities of the UK multi-employer pension scheme, for which it is the principal sponsoring employer. Effectively, the Company also has a contingent liability in respect of this scheme should other participating employers be unable to meet their own obligations.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

24. PENSION COMMITMENTS

Summary of pension commitments

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
	<i>€000</i>	<i>€000</i>
UK Scheme	11,210	11,759
Overseas branches	7,898	7,151
	<u>19,108</u>	<u>18,910</u>

**UK Defined Benefit Pension Scheme**

Marubeni Europe plc, in conjunction with other Marubeni group companies in the UK, operates a funded pension plan. The assets of the Fund are held in a separate trustee administered fund. The Fund closed to the accrual of future benefits on 31 March 2017. Benefits for all employees from 1 April 2017 have been accrued in the Company's defined contributions plans.

Under the defined benefit scheme, each member's pension at retirement is related to their pensionable service and final pensionable salary. The weighted average duration of the expected benefit payments is around 24 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Company, and trustees who ensure the Fund's rules are strictly followed.

An actuarial valuation as at 31 March 2019 was performed at the accounting date by an independent qualified actuary in accordance with IAS 19. The most recent full actuarial valuation was carried out as at 1 April 2013, with an updated valuation for the purposes of IAS19 (Revised) performed on the accounting date, 31 March 2019. As the Company is one of several employers with employees in the scheme, the figures in the following disclosures reflect the Company's share of the scheme liabilities. Marubeni Europe's portion of the total deficit of the scheme at 31 March 2019 was €11,210,000.

The funding target is for the Fund to hold assets equal in value to the accrued benefits. If there is a shortfall against this target, then the Company and trustees will agree on deficit contributions. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover future deficits that arise.

The Company's treatment of actuarial gains and losses are to recognise them immediately through other comprehensive income.

Contributions are set based on funding valuations carried out every three years; with the contributions agreed with the Pension Trustees for the next year being €11,598,000.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**24. PENSION COMMITMENTS** (continued)

**Movement in the net defined benefit obligation (UK scheme)**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Opening net liabilities	(11,759)	(12,168)
Profit/(expense) charged to profit and loss	(464)	20
Amount recognised outside of profit and loss	(111)	(799)
Employer contributions	1,124	1,188
Closing net liabilities*	<u>(11,210)</u>	<u>(11,759)</u>

\*Movement in net liabilities for the current year includes the impact of asset ceiling shown on page 44.

**Reconciliation of the present value of the defined benefit obligation**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Present value of defined benefit obligation at beginning of year	36,796	38,433
Interest cost	893	922
Actuarial (gain)/loss on scheme liabilities due to:		
Changes in financial assumptions	1,068	-
Changes in demographic assumptions	(386)	(1,079)
Experience adjustments on benefit obligations	(79)	513
Foreign currency exchange rate changes	639	(939)
Benefits paid	(1,585)	(1,054)
Present value of defined benefit obligation at end of year	<u>37,346</u>	<u>36,796</u>

**Reconciliation of fair value of scheme assets**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Fair value of scheme assets at start of year	26,494	26,265
Interest on scheme assets	652	640
Actuarial gain on scheme assets	2,419	92
Contributions by the Company	1,124	1,188
Benefits paid	(1,585)	(1,054)
Foreign currency exchange rate changes	527	(637)
Fair value of scheme assets at end of year	<u>29,631</u>	<u>26,494</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

24. PENSION COMMITMENTS (continued)

**Amounts to be recognised in the balance sheet**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Present value of funded obligation	(37,346)	(36,796)
Fair value of scheme assets	29,631	26,494
Impact of asset ceiling	(3,495)	(1,457)
	<u>(11,210)</u>	<u>(11,759)</u>
Net liability in balance sheet	<u>(11,210)</u>	<u>(11,759)</u>

**Amounts to be recognised in the income statement**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Net interest on net defined benefit liability	277	282
Net foreign currency exchange movements	187	(302)
	<u>464</u>	<u>(20)</u>
Total (profit)/expense	<u>464</u>	<u>(20)</u>

**Total amount recognised in Other Comprehensive Income (OCI)**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Net actuarial loss		
Changes in financial assumptions	(1,068)	-
Changes in demographic assumptions	386	1,079
Experience adjustments on benefit obligations	79	(513)
Actual return on scheme assets less interest on scheme assets	2,419	92
Impact of asset ceiling	(1,927)	(1,457)
	<u>(111)</u>	<u>(799)</u>
Actuarial loss recognised in OCI	(111)	(799)
Recognition of deferred tax asset	(87)	(197)
	<u>(198)</u>	<u>(996)</u>
Total amounts recognised in OCI	<u>(198)</u>	<u>(996)</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

24. PENSION COMMITMENTS (continued)

**Movement in the impact of the asset ceiling**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Effect of asset ceiling at the start of the period	(1,457)	-
Interest on the asset limit	(36)	-
Net foreign currency exchange movements	(75)	-
Change in the asset limit other than interest and exchange	(1,927)	(1,457)
	<u>(3,495)</u>	<u>(1,457)</u>

**Scheme assets:**

	<i>Fair value at 31/03 2019 €000</i>	<i>% of assets</i>	<i>Fair value at 31/03 2018 €000</i>	<i>% of assets</i>
Equities	11,304	38.0%	13,257	50.0%
Bonds	-	-	1,813	6.8%
Liability driven Investments	12,478	42.0%	-	-
Absolute return funds	5,323	18.0%	5,103	19.3%
Gilts	-	-	5,637	21.3%
Other	526	2.0%	684	2.6%
	<u>29,631</u>	<u>100%</u>	<u>26,494</u>	<u>100%</u>

**Actual return on scheme assets**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Actual return on scheme assets	3,071	732

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

24. PENSION COMMITMENTS (continued)

**Principal actuarial assumptions at the balance sheet date**

	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>
Discount rate	2.4%	2.5%
Rate of increase in salaries	N/A	N/A
Retail Price Index (RPI) inflation	3.3%	3.2%
Consumer Price Index (CPI) inflation	2.3%	2.2%
Pension increases linked to RPI price inflation subject to a maximum of 5% pa:	3.1%	3.1%
Pension increases linked to CPI price inflation subject to a maximum of 2.5% pa:	1.8%	1.8%
Post-retirement mortality:		
Life expectancy of male aged 65 in year of accounting date	22.6	22.7
Life expectancy of male aged 65 in year of accounting date + 20 years	24.0	24.4
Life expectancy of female aged 65 in year of accounting date	24.6	24.7
Life expectancy of female aged 65 in year of accounting date + 20 years	26.1	26.5

**Sensitivity of obligations to alternative assumptions:**

	<i>at 31/03/2019</i>	<i>at 31/03/2019</i>
	<i>€000</i>	<i>€000</i>
<i>Discount rate</i>	<i>+0.5% pa</i>	<i>-0.5% pa</i>
Effect on defined benefit obligation of a 0.5% change	(3,592)	4,168
<i>Price inflation</i>	<i>+0.5% pa</i>	<i>-0.5% pa</i>
Effect on defined benefit obligation of a 0.5% change	3,012	(2,666)
<i>Life expectancy</i>	<i>-1 year</i>	<i>+1 year</i>
Effect on defined benefit obligation of a 1 year change	(1,402)	1,416

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice – for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Fund.

**UK Defined Contribution scheme**

Following the closure of the UK defined benefit scheme to new entrants on the 1 April 2014, the Company provides a defined contribution (DC) scheme for its eligible employees joining after that date. The amount recognised as an expense for the DC scheme was €381,000 (2018 - €567,000).

**Directors' pension arrangements**

The directors are members of an overseas pension scheme in Japan and are not members of the UK scheme. No contributions to the scheme in Japan are paid by Marubeni Europe plc, and no benefits are remitted to the UK. The overseas scheme is funded by the parent company, Marubeni Corporation.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**24. PENSION COMMITMENTS (CONTINUED)**

**Overseas branches' unfunded defined benefit pension schemes**

The Company operates unfunded defined benefit pension arrangements for its overseas branches, in accordance with local legal requirements. The most significant of such overseas pension schemes is operated in Germany for staff employed locally by the German branch. The directors obtained an actuarial valuation as at 31 March 2019 using the following assumptions: Discount rate of 1.3% (2018 – 1.5%) and increase in salaries of 3.5% (2018 – 3.0%). As the German scheme is unfunded, there are no assets held in trust to meet future benefit obligations. The movements in the scheme's liabilities during the year were as follows:

**Movement in the net defined benefit obligation (German scheme)**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Opening net liabilities	(6,069)	(5,872)
Expenses charged to profit and loss	(347)	(351)
Amount recognised outside of profit and loss	(621)	12
Benefits paid in the year	-	142
	<u>(7,037)</u>	<u>(6,069)</u>

**Reconciliation of the change in present value of the defined benefit obligation**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Present value of defined benefit obligation at beginning of year	6,069	5,872
Service cost (employer cost)	256	260
Interest cost	91	91
Actuarial loss / (gain) on scheme liabilities due to:		
Changes in financial assumptions	423	61
Experience adjustments on benefit obligations	184	(73)
Gain due to Demographic assumptions change	14	-
Benefits paid	-	(142)
	<u>7,037</u>	<u>6,069</u>

**Amounts to be recognised in the balance sheet**

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Present value of unfunded obligation	(7,037)	(6,069)
Net liability in balance sheet	<u>(7,037)</u>	<u>(6,069)</u>

As the German scheme is unfunded, there are no assets held in trust to meet future benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

24. PENSION COMMITMENTS (CONTINUED)

Amounts to be recognised in the income statement

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Current service cost	256	260
Net interest on net defined benefit liability	91	91
Total expense	<u>347</u>	<u>351</u>

Total amount recognised in Other Comprehensive Income (OCI) – (German scheme)

	<i>Year ended 31.03.2019</i>	<i>Year ended 31.03.2018</i>
	<i>€000</i>	<i>€000</i>
Net actuarial gain (loss)		
Changes in financial assumptions	(423)	(61)
Changes in demographic assumptions	(14)	-
Experience adjustments on benefit obligations	(184)	73
Actuarial loss gain (loss) recognised in OCI	<u>(621)</u>	<u>12</u>
Recognition of deferred tax asset	193	2
Total actuarial gain (loss) recognised in OCI	<u>(428)</u>	<u>14</u>

Principal actuarial assumptions at the balance sheet date

		<i>31 March 2019</i>	<i>31 March 2018</i>
Discount rate		1.3%	1.5%
Rate of increase in salaries		3.5%	3.0%
Rate of inflation		N/A	N/A
Rate of increase in pensions		0.0%	0.0%
Increase of social security contribution ceiling		0.0%	0.0%
Mortality and disability tables		Heubeck Richttafeln 2018G	Heubeck Richttafeln 2005G
Retirement ages	Men Women	RVAGAnpG RVAGAnpG	RVAGAnpG RVAGAnpG
Number of scheme participants			
Active		40	40
Vested terminations		7	7
Retirees/Beneficiaries		0	0
Total		<u>47</u>	<u>47</u>



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**24. PENSION COMMITMENTS (CONTINUED)**

Rates used to determine amounts to be recognised in profit and loss for the year		
Discount rate	1.5%	1.6%
Rate of increase in salaries	3.0%	3.0%
Rate of increase in pensions	0.0%	0.0%

**Sensitivity of obligations to alternative assumptions:**

	<i>at 31/03/2019</i>	<i>at 31/03/2019</i>
	<i>€000</i>	<i>€000</i>
<i>Discount rate</i>	<i>+0.5% pa</i>	<i>-0.5% pa</i>
Effect on defined benefit obligation of a 0.5% change	(319)	314
<i>Salary increases</i>	<i>+0.5% pa</i>	<i>-0.5% pa</i>
Effect on defined benefit obligation of a 0.5% change	341	298

**Overseas branches' unfunded defined benefit pension schemes**

The Company operates unfunded defined benefit pension arrangements for its overseas branches, in accordance with local legal requirements. The total cost to Marubeni Europe plc of these schemes for the year ended 31 March 2019 was €471,000 (31 March 2018 - €340,000). The accrued provisions for retirement benefits under these schemes as at 31 March 2019 were €7,898,000 (31 March 2018 - €7,151,000) An actuarial loss of €665,000 (net of tax of €472,000) was recognised in the Statement of Other Comprehensive Income in the current year (2018 profit - €35,000).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**25. RELATED PARTY TRANSACTIONS**

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding are as follows:

	<i>Sales to related parties €000</i>	<i>Purchases from related parties €000</i>	<i>Amounts owed from related parties €000</i>	<i>Amounts owed to related parties €000</i>
Transactions with fellow subsidiary undertakings				
Year ended 31 March 2019	0	-	0	-
Year ended 31 March 2018	26	-	26	-
Transactions with affiliated companies				
Year ended 31 March 2019	27,286	-	14,376	-
Year ended 31 March 2018	22,694	-	14,331	-

Amounts owed to/from related parties are trade related and arise as part of the normal operations of the Company. Details of the level of ownership, which Marubeni Corporation has in the above-mentioned entities, are as follows:

	<i>Ownership %</i>
<i>Subsidiary undertakings</i>	
Marubeni Cement & Construction Materials Co., Ltd	90.00
Marubeni Solutions Inc.	80.00
<i>Affiliated companies</i>	
EECO Holding	33.33
Yokohama Austria	27.00
Yokohama Iberia S.A.	49.00
Yokohama Reifen GmbH	25.00

**Directors' loans**

No Directors' loans were made in the year.

**26. ULTIMATE PARENT COMPANY**

The immediate and ultimate parent company and controlling party is Marubeni Corporation, which is incorporated in Japan. Copies of Marubeni Corporation's financial statements, which represent the only group in which this company's financial statements are included, can be obtained from Marubeni Corporation's head office at: Tokyo Nihombashi Tower, 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo, 103-6060, Japan.