

Raizen Trading LLP

Annual Report

31 March 2019

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COMPANIES HOUSE

Raizen Trading LLP

Registered No. OC 364546

Designated Members

Raizen Energia S.A

Raizen Araraquara Açucar E Alcool LTDA.

Independent Auditors

KPMG LLP

15 Canada Square

London E14 5GL

Registered Office

Third Floor

5 Lloyds Avenue

London EC3N 3AE

Designated members' report

Raizen Trading LLP ("the LLP") was established on 11 May 2011 and its designated members present their Members Report and financial statements for the financial year ended 31 March 2019 compared to the financial year ended 31 March 2018.

Results

Raizen Trading LLP Group's ("The Group") results for the financial year ended 31 March 2019 are set out on page 9 and the financial position at the year-end is set out on page 11.

The Group's key financial and other performance indicators during the year were as follows:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Group turnover	2,530,411	1,279,290
Total operating profit	35,098	55,133
Profit for the financial year	33,239	45,403
Total members' interests	60,735	83,606
Current assets as % of current liabilities	109%	121%

The Group business contributed a gross profit of US\$42,629k during the financial year ended 31 March 2019 compared to a profit of US\$65,320k during the financial year ended 31 March 2018. The turnover for the financial year ended 31 March 2019 was US\$2,530,411k compared to US\$1,279,290k for the financial year ended 31 March 2018. The turnover increase from year ended 31 March 2018 to year ended 31 March 2019 was mainly due to higher volumes in diesel and gasoline exports to Brazil and a new business for carbon credits in the US (RINS & LCFS).

The administrative expenses of the Group for the financial year ended 31 March 2019 were at US\$7,235k compared to US\$9,881k for the financial year ended 31 March 2018.

After accounting for administration and finance charges the consolidated profit for the financial year ended 31 March 2019, is US\$33,239k.

Principal activities and review of the business

The Group's overall strategic mission is to:

- Serve ethanol customers with effective and flexible ethanol supply solutions in all global markets
- Capture the value associated with ethanol market dynamics to generate sales margins to complement the Raizen Group's production margins
- Become a global major player in the long-term growing ethanol commodity market
- Capture value associated with carbon credits market in the US (California)
- Supply Brazil's oil products (diesel and gasoline) domestic demand
- Perform its business to the highest standards of sustainability

Designated members' report

Risks associated with the business

The Group has developed a unified framework to measure, manage and control its main risks, along the trade life cycle, within specified limits and conditions, aligned with a risk appetite defined by Raizen S/A ("Raizen Group"). Compliance is ensured by the Raizen Trading committee, a unit created by management for discussion of the Group's trading and marketing operations. It reviews and approves guidelines required to implement an appropriate risk management control infrastructure. The Raizen Trading committee executes its risk management responsibilities through direct oversight and prudent delegation of its responsibilities to the Raizen Trading management team.

The principal risks facing the Group are broadly grouped as credit risk, price risk, legislative risk, contractual/legal risk and foreign exchange risk.

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. The directors assessed the situation and concluded that the exit would have a minimal impact on the LLP as there is no trading activity in UK.

Credit risk

Credit risk is the risk that one party will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require credit insurance and/or Letters of Credit for all the customers without previous approval from the Raizen Group independent credit assessment team.

Price risk

Price risk arises given the fact that the Group sometimes sources products on a "floating price" basis and then makes sales on a "fixed price" basis and vice-versa. The Group policies are aimed at minimising such price risk through the use of hedging instruments such as futures and other derivatives. All brokers, stock exchanges and types of derivative instruments used are pre-approved by the Raizen Group.

Legislative risk

In UK and Europe, our products are subject to REACH compliance. Our products need to have the necessary quality requirement as per European standards. These standards are subject to continuous revision, and any new directive will have to be complied with, to ensure they do not have a material impact on the ability of the Group to source products from outside Europe. A dedicated team is in charge of monitoring and updating the business of all changes in regulations having an impact on our products.

Contractual risk/legal risk

The risk that economic losses result from contracts that are not enforceable in the court of law. This risk could arise from insufficient documentation, insufficient counterparty authority, or uncertain legal issues. Group procedures are aimed at minimising such risk by maintaining an autonomous contract management group which centralises management of all and any contracts entered into with clients.

Foreign exchange risk

The Group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material cash payments or receipts in a foreign currency.

Branches outside the United Kingdom

The LLP operates a branch office in Geneva, Switzerland. The Group also operates two subsidiaries: Raizen North America, Inc. and Raizen Asia Pte Ltd which has a branch in the Philippines.

Members

The members of the LLP who were in office during the year and up to the date of signing the financial statements were Raizen Energia S.A and Raizen Araraquara Açucar E Alcool LTDA.

Designated members' report

Policy on members' drawings

The LLP does permit members' drawings on account of its share of profits before the allocation of profit has been determined.

As set out in the Members' Agreement, additional contributions, whether of capital, property or otherwise, shall be made at such times and in such manners and amounts as deemed advisable by the members as necessary to the business of the LLP, to be returned to such members upon the dissolution or other termination of his partnership. Members agree not to withdraw capital if as a result of such withdrawal liabilities fairly valued will exceed assets fairly valued, or if such payment would render the LLP unable to pay its debts in the ordinary course of business.

The LLP will take appropriate steps to procure the distribution to members of their allocation of profits, once determined, by reference to the on-going cash requirements of the business and a target minimum distribution level as set out in the Members' Agreement.

Any transfer from equity to debt and vice versa has to be agreed between the members. During this year no such transfers took place.

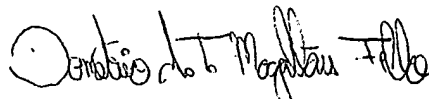
Independent Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of KPMG LLP as auditor of the LLP.

The Members Report was approved by the members and authorised for issue on 31 October 2019. They were signed on its behalf by:



Paulo Côrte-Real Neves



Demetrio Antonio de Toledo Magalhaes Filho

Authorised signatory for the designated members:

Raizen Energia S.A
Raizen Araraquara Açúcar E Alcool LTDA

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the group and LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the LLP and of the profit or loss of the group for that period. In preparing each of the group and LLP financial statements, the members 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;
- assess the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Raizen Trading LLP

Opinion

We have audited the group and LLP financial statements of Raizen Trading LLP ("the LLP") for the year ended 31 March 2019 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, LLP balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity, LLP statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 31 March 2019 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the LLP or to cease their operations, and as they have concluded that the group and the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the members' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and LLP's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the LLP will continue in operation.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Independent auditor's report to the members of Raizen Trading LLP

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's individual financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the LLP'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 they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Raizen Trading LLP

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Johnson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

14 November 2019

Consolidated Income Statement

for the year ended 31 March 2019

	<i>Notes</i>	<i>31.03.2019</i> <i>US\$000's</i>	<i>31.03.2018</i> <i>US\$000's</i>
<i>Turnover</i>	4	2,530,411	1,279,290
Cost of sales		(2,487,782)	(1,213,970)
<i>Gross profit</i>		42,629	65,320
Administrative expenses		(7,235)	(9,881)
Other operating income and expenses	5	(296)	(306)
<i>Operating profit</i>		35,098	55,133
Interest receivable and similar income	9	1,308	161
Interest payable and similar expenses	9	(418)	(73)
<i>Profit before taxation</i>		35,988	55,221
Tax on profit	10	(2,749)	(9,818)
<i>Profit for the financial year available for discretionary division among members</i>		33,239	45,403

The income statement has been prepared on the basis that all activities are continuing operations.
Notes on the pages 16 to 42 form part of the financial statements.

Consolidated Statement of Other Comprehensive Income

for the year ended 31 March 2019

	<i>Notes</i>	<i>31.03.2019</i> <i>US\$000's</i>	<i>31.03.2018</i> <i>US\$000's</i>
Profit for the financial year available for discretionary division among members		33,239	45,403
<i>Other comprehensive income:</i>			
Pension Actuarial Adjustment		(0)	(77)
Exchange difference on retranslation of foreign operations		387	(309)
<i>Total comprehensive profit for the year</i>		33,626	45,017

Notes on the pages 16 to 42 form part of the financial statements.

Consolidated Balance Sheet

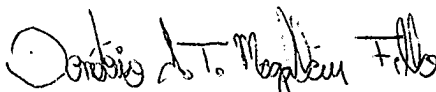
as at 31 March 2019

<i>GROUP</i>	<i>Notes</i>	<i>31.03.2019</i> <i>US\$000's</i>	<i>31.03.2018</i> <i>US\$000's</i>
<i>Fixed assets</i>			
Tangible assets	11	307	82
Intangible assets	12	843	808
		1,150	890
<i>Current assets</i>			
Stocks	14	32,291	37,831
Debtors	15	635,545	240,797
Cash at bank and in hand		267,873	203,967
Total current assets		935,709	482,595
<i>Current liabilities</i>			
<i>Creditors: amounts falling due within one year</i>			
Other creditors and accruals	16	(860,568)	(399,323)
		(860,568)	(399,323)
<i>Net current assets</i>		75,141	83,272
Total assets less current liabilities		76,291	84,162
<i>Provisions for liabilities</i>			
Other provisions		(556)	(556)
Members' drawings payables		(15,000)	-
Net assets attributable to members		60,735	83,606
<i>Represented by:</i>			
<i>Members' others interests</i>			
Members' capital classified as equity		35,043	35,043
Members' other interests – other reserves classified as equity		25,692	48,563
Total members' interests		60,735	83,606

Approved by the members and authorised for issue on 31 October 2019 by:



Paulo Côte-Real Neves



Demetrio Antonio de Toledo Magalhaes Filho

Authorised signatory for the designated members:

Raizen Energia S.A
Raizen Araraquara Açúcar E Alcool LTDA

Raizen Trading LLP

LLP Balance Sheet

as at 31 March 2019
Registered No. OC 364546

<i>LLP</i>	<i>Notes</i>	<i>31.03.2019</i> <i>US\$000's</i>	<i>31.03.2018</i> <i>US\$000's</i>
<i>Fixed assets</i>			
Tangible assets	11	248	56
Intangible assets	12	843	808
Investments	13	2,641	2,641
		<u>3,732</u>	<u>3,505</u>
<i>Current assets</i>			
Stocks	14	23,921	34,029
Debtors	15	621,904	254,181
Cash at bank and in hand		<u>189,891</u>	<u>195,149</u>
<i>Total current assets</i>		835,716	483,359
<i>Current liabilities</i>			
<i>Creditors: amounts falling due within one year</i>			
Other creditors and accruals	16	<u>(756,250)</u>	<u>(395,044)</u>
		<u>(756,250)</u>	<u>(395,044)</u>
<i>Net current assets</i>		79,466	88,315
<i>Total assets less current liabilities</i>		83,198	91,820
<i>Provisions for liabilities</i>			
Other provisions		(556)	(556)
Members' drawings payables		<u>(15,000)</u>	-
<i>Net assets attributable to members</i>		67,642	91,264
<i>Represented by:</i>			
<i>Members' other interests</i>			
Members' capital classified as equity		35,043	35,043
Members' other interests – other reserves classified as equity		<u>32,599</u>	<u>56,221</u>
<i>Total members' interests</i>		67,642	91,264

Approved by the members and authorised for issue on 31 October 2019 by:


Paulo Côte-Real Neves


Demetrio Antonio de Toledo Magalhaes Filho

Authorised signatory for the designated members:

Raizen Energia S.A
Raizen Araraquara Açúcar E Alcool LTDA

Consolidated Statement of Cash Flows

for the year ended on 31 March 2019

	Notes	31.03.2019 US\$000's	31.03.2018 US\$000's
Net cash inflow from operating activities	21	114,386	220,413
Taxation paid		(9,351)	(6,825)
Net cash generated from operating activities		<u>105,035</u>	<u>213,588</u>
Cash flow from investing activities			
Purchase of tangible & intangible assets	11	(522)	(32)
Interest received	9	1,308	161
Net cash from investing activities		<u>786</u>	<u>129</u>
Cash flow from financing activities			
Repayments of bank borrowings		(4,288)	(60,785)
Proceeds from issue of bank borrowings		4,288	52,993
Members' drawing		(41,497)	(28,000)
Interest paid	9	(418)	(73)
Net cash used in financing activities		<u>(41,915)</u>	<u>(35,865)</u>
Net increase in cash and cash equivalents		63,906	177,852
Cash and cash equivalents at the beginning of the year		<u>203,967</u>	<u>26,115</u>
Cash and cash equivalents at the end of the year		<u>267,873</u>	<u>203,967</u>

Notes on the pages 16 to 42 form part of the financial statements.

Consolidated Statement of Changes in Equity

As at 31 March 2019

GROUP	EQUITY			TOTAL
	Members' Capital (Classified as equity) US\$000's	Other Reserves US\$000's	Other Interests Total US\$000's	MEMBERS' INTERESTS Total US\$000's
Balance at 1 April 2017	35,043	31,546	66,589	66,589
Profit for the financial year	-	45,403	45,403	45,403
Other comprehensive income:				
Pension actuarial adjustment	-	(77)	(77)	(77)
Foreign exchange translation difference	-	(309)	(309)	(309)
Total comprehensive income for the year	-	45,017	45,017	45,017
Member's drawings	-	(28,000)	(28,000)	(28,000)
Balance at 31 March 2018	35,043	48,563	83,606	83,606
Profit for the financial year available for discretionary division among members	-	33,239	33,239	33,239
Other comprehensive income:				
Foreign exchange translation difference	-	387	387	387
Total comprehensive income for the year	-	33,626	33,626	33,626
Member's drawings	-	(56,497)	(56,497)	(56,497)
Balance at 31 March 2019	35,043	25,692	60,735	60,735

Other reserves represent accumulated comprehensive income for the year and prior periods and related tax credits less members' drawings.

The LLP members unanimously approved Raizen Energia S.A. to draw US\$41,497,030 and US\$15,000,000 as part of its share of profits for the financial year ended 31 March 2019 on 22 June 2018 and 29 March 2019 respectively, of which US\$15,000,000 not settled as at 31 March 2019.

Notes on the pages 16 to 42 form part of the financial statements.

LLP Statement of Changes in Equity

As at 31 March 2019

LLP	EQUITY			TOTAL MEMBERS' INTERESTS
	Members' Capital (Classified as equity) US\$000's	Other Reserves US\$000's	Total US\$000's	
Balance at 1 April 2018	35,043	38,533	73,576	73,576
Profit for the financial year	-	46,067	46,067	46,067
Other comprehensive income:				
Pension actuarial adjustment	-	(77)	(77)	(77)
Foreign exchange translation difference	-	(302)	(302)	(302)
Total comprehensive income for the year	-	45,688	45,688	45,688
Member's drawings	-	(28,000)	(28,000)	(28,000)
Balance at 31 March 2018	<u>35,043</u>	<u>56,221</u>	<u>91,264</u>	<u>91,264</u>
Profit for the financial year available for discretionary division among members	-	32,260	32,260	32,260
Other comprehensive income:				
Foreign exchange translation difference	-	615	615	615
Total comprehensive income for the year	-	32,875	32,875	32,875
Member's drawings	-	(56,497)	(56,497)	(56,497)
Balance at 31 March 2019	<u>35,043</u>	<u>32,599</u>	<u>67,642</u>	<u>67,642</u>

Other reserves represent accumulated comprehensive income for the year and prior periods and related tax credits less members' drawings.

In the event of winding up, members' other interests (other reserves) rank after unsecured creditors and no additional protection is afforded to creditors.

The LLP members unanimously approved Raizen Energia S.A. to draw US\$41,497,030 and US\$15,000,000 as part of its share of profits for the financial year ended 31 March 2019 on 22 June 2018 and 29 March 2019 respectively, of which US\$15,000,000 not settled as at 31 March 2019

Notes on the pages 16 to 41 form part of the financial statements.

Notes to the financial statements

for the year ended 31 March 2019

1. General information

Raizen Trading LLP is a Limited Liability Partnership and is incorporated in the United Kingdom. The address of its registered office is Third Floor, 5 Lloyds Avenue, London, EC3N 3AE. The registered number of the LLP is OC 364546.

2. Statement of compliance

The consolidated and separate financial statements of Raizen Trading LLP have been prepared in compliance with the applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and Limited Liability Partnerships Act 2000, the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and the Statement of Recommended Practice 'Accounting for Limited Liability Partnerships' issued in July 2014.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

The financial statements are prepared on the going concern basis, in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships, under the historical cost convention as modified by the recognition of stock, certain financial assets and liabilities at fair value.

The financial statements have been presented in US dollars which is the functional currency of the LLP and its subsidiaries.

The financial statements have been prepared for the purpose of providing each member with sufficient information to show and explain the transactions of the Group for the financial year ended 31 March 2019, and to disclose its financial position as at 31 March 2019.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(v).

b. Going concern

After reviewing the Group's forecasts and projections, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future.

In making this assumption they have considered that the Group has sufficient cash reserves to meet its on-going obligations with a net current assets position as at 31 March 2019 of US\$60,735k (2018: US\$83,272k). Also the Group has a parental guarantee from Raizen Energia S.A for all its outstanding liabilities with banks. The LLP therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Notes to the financial statements

for the year ended 31 March 2019

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the LLP members. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the LLP has taken advantage of the following exemption:

- i) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

d. Basis of consolidation

The Group financial statements consolidate the financial statements of Raizen Trading LLP and all its subsidiary undertakings drawn up to 31 March 2019, using uniform Group accounting policies.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own income statement in these financial statements. The LLP's profit for the year was US\$32,260k (2018: US\$46,067k).

e. Foreign currency

(i) Functional and presentation currency

The Group financial statements are presented in US\$ and rounded to thousands.

The LLP's functional and presentation currency is the US\$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Notes to the financial statements

for the year ended 31 March 2019

e. Foreign currency (continued)

(iii) Translation

The trading results of Group undertakings are translated into US\$ at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

f. Turnover

Turnover consists mostly of the sales of ethanol. Turnover is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover from the sale of goods is recognised when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the entity.

g. Employee benefits

The LLP provides a range of benefits to employees, including holiday arrangements and defined benefit pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The pension plans for employees in Switzerland are defined benefit plans. Due to the size, legal requirements and the fact that the pension plan is sponsored by an insurance company, the Group has not provided disclosures as this plan is not considered to be material. At 31 March 2019 the liability recognised as a provision for this scheme is \$556k (2018: US\$556k). Management periodically assesses the impact of this treatment on the financial statements.

h. Taxation

Tax to be paid on the profits arising in the LLP are a personal tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements. Tax as presented within these financial statements represents tax arising from other group undertakings.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements

for the year ended 31 March 2019

h. Taxation (continued)

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

i. Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised at rates calculated to write it off over its expected useful life on a straight line basis, as follows:

Goodwill	–	10%
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Notes to the financial statements

for the year ended 31 March 2019

i. Business combination and goodwill (continued)

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

j. Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	–	20%
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Amortisation is charged to administrative expenses in the consolidated income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

k. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Computer equipment	–	20% - 33%
Fixtures, fittings and equipment	–	20%

Notes to the financial statements

for the year ended 31 March 2019

k Tangible fixed assets and depreciation (continued)

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

l. Leases

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the consolidated income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The group has taken advantage of the exemption under Section 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the consolidated income statement over the period to the first review date on which the rent is adjusted to market rates.

m. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

n. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated income statement.

Notes to the financial statements

for the year ended 31 March 2019

o. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. An assessment of impairment indicators is conducted on an annual basis. The two subsidiaries of the LLP held at 100% of voting rights are Raizen North America, Inc. and Raizen Asia Pte Ltd. Their overall strategic mission is to:

- Serve industrial ethanol customers with effective and flexible ethanol supply solutions in their local markets
- To generate new sales to complement the main entity business
- Supply Brazil's oil products (diesel and gasoline) domestic demand
- Capture value from the US carbon credit market (RINS & LCFS)
- Perform its business to the highest standards of sustainability

The LLP has taken advantage of the transition exemption under paragraph 35.10(f) of FRS 102 in respect of measurement of investments in subsidiaries on the date of transition to FRS 102 (1 April 2014) and continues to measure investments at cost.

p. Stock

The stock comprises commodities and is measured at fair value less costs to sell. In determining the fair value, the group uses as a reference the indices disclosed by public sources and related to the products and active market where it operates. Changes in the fair value of these stocks are recognised in the consolidated income statement.

q. Cash and cash equivalents

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

r. Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- (i) Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.
- (ii) Provision is not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Notes to the financial statements

for the year ended 31 March 2019

s. Financial instruments

The Group has chosen to adopt the recognition and measurement provisions of IAS 39 and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Classification

The Group classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and measured at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset and liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets and liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Measured at amortized costs

Receivables, payables and Loans due to/from related undertakings are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets and liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and liabilities.

(ii) Recognition and Measurements

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within interest income or expenses in the period in which they arise.

(iii) Derivative financial instrument

The Group holds futures and over the counter derivative financial instruments as part of its commodity trade transactions and the management of its hedging policy for product sale transactions.

Derivatives, including physical commodity contracts, futures and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in cost of sales as appropriate, unless they are included in a hedging arrangement.

The Group has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Notes to the financial statements

for the year ended 31 March 2019

s. Financial instruments (continued)

(iv) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated income statement.

(v) De-recognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(vi) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

t. Members' capital, remuneration and allocation of profits

Members' capital is accounted for within equity and is repayable only with the consent of all members. The current members are corporate entities and do not receive remuneration in respect of services provided to the partnership.

Profits of the LLP are allocated between members on a pre-determined basis as set out in the Members' Agreement and the allocation of profits is therefore shown as in the consolidated income statement as a deduction from profits.

u. Related party transactions

The LLP has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Raizen Energia S.A, whose financial statements are publicly available. Hence, it does not disclose transactions with members of the same group that are wholly owned. The LLP discloses transactions with related parties which are not wholly owned with the same group.

v. Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the financial statements

for the year ended 31 March 2019

v Critical accounting judgements and estimation uncertainty (continued)

(a) Critical judgements in applying the Group's accounting policies

i) Basis of valuation of stock

Under the 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' and amendments to FRS 102 published in July 2015, companies are permitted to record their stocks at fair value under certain circumstances. However, the statutory changes do not apply to Limited Liability Partnerships, and a true and fair override is therefore required in order for the Group to apply fair value accounting to its stocks. Consistent with the requirements of FRS 102, applying fair value accounting to stocks provides a more relevant measure of the entity's performance because the entity operates in an active market where sale can be achieved at published prices, and stock is a store of readily realisable value. Management believes the fair value of its stock can be reliably determined. On this basis management consider a true and fair override to be appropriate.

ii) Brazilian Anhydrous Ethanol Curve

The market price curve considered to mark to market the physical contracts of Brazilian Anhydrous Ethanol is informed by Raizen Energia's trading desk in Brazil based on market price information (market players' current bid-and-ask prices) to determine this market curve.

iii) RINS & LCFS curves

The market price curve considered to mark to market the contracts of RINS & LCFS is informed by OPIS, which is the most widely-accepted price benchmark for supply contracts and competitive positioning. OPIS price methodology is approved by IOSCO (International Organization of Securities Commissions) for objectivity, OPIS complies with all international standards for price reporting agencies set forth by IOSCO, the International Organization of Securities Commissions for spot market pricing

(b) Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Fair value measurement

The Group measures its stocks, physical commodity contracts and derivative financial instruments at fair value less costs to sell. In many cases the underlying asset is traded or stored in locations with limited market liquidity. In such cases the fair value is approximated by applying an adjustment to the price observed on the principal market. Such adjustments require a degree of estimation and are therefore regularly reviewed by management.

ii) Intangible assets reclassification

FRS 102 requires judgement to be exercised when determining whether software costs should be recognized as tangible or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is to be treated as a tangible asset. However, where the software is not an integral part of the related hardware, software it is to be treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

Notes to the financial statements

for the year ended 31 March 2019

4. Turnover

The total turnover of the Group for the year has been derived from its principal activity (bulk trading) wholly undertaken outside the United Kingdom and could be classified by destination and activity as follows:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Brazil	1,967,282	840,708
America	179,567	150,190
Europe	117,529	80,906
Asia	266,033	207,486
	<u>2,530,411</u>	<u>1,279,290</u>

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Ethanol	958,457	1,082,325
Diesel	1,164,835	134,892
Gasoline	346,515	62,452
RINs / LCFs	40,604	0
	<u>2,530,411</u>	<u>1,279,290</u>

5. Other operating income and expenses

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Other operating expense	<u>(296)</u>	<u>(306)</u>

Notes to the financial statements

for the year ended 31 March 2019

6. Operating Profit/(loss)

This is stated after charging:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Depreciation of tangible fixed assets	24	55
Amortisation of intangible fixed assets	238	520
Operating lease charges	3,401	2,853
Change in derivatives at fair value recognized in cost of sales	13,534	(19,731)
Inventory recognised as an expense	2,385,511	1,094,628
Auditor's remuneration	269	217

Auditor's remuneration can be analysed as follows:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Audit services – parent	250	198
Audit services – subsidiary	19	19
	269	217

7. Member and member costs

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Average member profit before allocation	16,620	22,702

The average monthly number of members during the year was as follows:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>No.</i>	<i>No.</i>
Number of members	2	2

The member with the largest entitlement to the profit for the year is Raizen Energia S.A with a share of 99.99% 2019: US\$ 33,236 k (2018: Raizen Energia S.A US\$45,398k).

Notes to the financial statements

for the year ended 31 March 2019

8. Staff costs

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Wages and salaries	3,470	3,422
Pension costs	198	229
Social security costs	468	390
	<u>4,136</u>	<u>4,041</u>

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

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>No.</i>	<i>No.</i>
Traders	8	5
Administration & operations	17	15
	<u>25</u>	<u>20</u>

Key management compensation

Key management includes the members of partnership. The compensation paid or payable to key management for employee services is shown below:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Wages and salaries	1,003	1,092
Pension costs	39	52
Social security costs	46	69
	<u>1,088</u>	<u>1,213</u>

9. Net Interest expense

(a) Interest receivable and similar income

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Bank interest	<u>1,308</u>	<u>161</u>

(b) Interest payable and similar charges

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
On bank loans and overdrafts	<u>418</u>	<u>73</u>

Notes to the financial statements

for the year ended 31 March 2019

10. Tax on profit on ordinary activities

Certain companies consolidated in these financial statements are subject to corporate taxes based on their profits for the financial year. Income tax payable on the profits of the LLP is solely the personal liability of the individual members of those LLPs and consequently is not dealt with in these financial statements.

The Group is not subject to UK corporation tax as it has no taxable activities in the United Kingdom. The Group pays overseas corporation tax on the activities of its subsidiaries and branches, the principal jurisdictions being Switzerland, USA and Singapore. Accordingly, no reconciliation of the tax on the profit for the year to the expected tax charge at the prevailing rate of UK corporation tax is presented.

The charge to tax, which arises in the corporate subsidiaries included within these financial statements, is:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Current tax:		
UK corporation tax on profit for the year	-	-
Overseas corporation tax on profit for the year	2,749	9,818
Total current tax	<u>2,749</u>	<u>9,818</u>

Reconciliation of tax charge

Tax assessed for the period is lower than the standard rate of corporation tax in Switzerland for the year ended 31 March 2019 of 24% (2018: 24%). The differences are explained below:

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Profit on ordinary activities before tax	<u>35,988</u>	<u>55,221</u>
Profit multiplied by the standard rate of tax in the 2019 of 24% (2018: 24%)	8,637	13,253
Effects of:		
- Unrecognised deferred tax and Raizen Trading LLP - Geneva Branch tax ruling	(8,637)	(13,253)
- Overseas taxes	2,716	9,748
- Others	33	70
Tax on profit on ordinary activities	<u>2,749</u>	<u>9,818</u>

Notes to the financial statements

for the year ended 31 March 2019

11. Tangible fixed assets

	<i>Computer equipment US\$000's</i>	<i>Fixtures, fittings and equipment US\$000's</i>	<i>Total US\$000's</i>
GROUP			
Cost or valuation:			
At 1 April 2018	101	531	632
Additions	27	222	249
At 31 March 2019	128	753	881
Accumulated depreciation:			
At 1 April 2018	(90)	(460)	(550)
Charge for the year	(10)	(14)	(24)
At 31 March 2019	(100)	(474)	(574)
Net book value:			
At 1 April 2018	11	71	82
At 31 March 2019	28	279	307

Notes to the financial statements

for the year ended 31 March 2019

11. Tangible fixed assets (continued)

	<i>Computer equipment US\$000's</i>	<i>Fixtures, fittings and equipment US\$000's</i>	<i>Total US\$000's</i>
LLP			
Cost or valuation:			
At 1 April 2018	74	457	531
Additions	1	201	202
At 31 March 2018	75	658	733
Accumulated depreciation:			
At 1 April 2018	(69)	(406)	(475)
Charge for the year	(1)	(9)	(10)
At 31 March 2019	(70)	(415)	(485)
Net book value:			
At 1 April 2018	5	51	56
At 31 March 2019	5	243	248

12. Intangible assets

	<i>Goodwill US\$000's</i>	<i>Software US\$000's</i>	<i>Total US\$000's</i>
GROUP and LLP			
Cost or valuation:			
At 1 April 2018	2,172	1,527	12,885
Additions	-	273	273
At 31 March 2019	2,172	1,800	13,158
Amortisation			
At 1 April 2018	(1,394)	(1,497)	(12,077)
Charge for the year	(217)	(21)	(238)
At 31 March 2019	(1,611)	(1,518)	(12,315)
Net book value:			
At 1 April 2018	778	30	808
At 31 March 2019	561	282	843

Goodwill is amortised evenly over the estimated useful economic life of 10 years.
Amortisation of intangible fixed assets is included in administrative expenses

Notes to the financial statements

for the year ended 31 March 2019

13. Investments

	<i>LLP</i>	<i>31.03.2019</i>
		<i>US\$000's</i>
<i>LLP</i>		
Cost:		2,641
At 1 April 2018 and 31 March 2019		2,641

The members believe that the carrying value of the investments is supported by their underlying net assets.

Holdings

The limited liability partnership holds share capital of the following companies:

<i>Company</i>	<i>Address of registration or incorporation</i>	<i>Principal activity</i>	<i>Class</i>	<i>Shares held %</i>	<i>Nominal Value per share US\$</i>	<i>Nominal Value of shares US\$</i>
<i>Subsidiary undertakings</i>						
Raizen North America, Inc.	1221 Lamar St, Suite 1328 Houston, TX 77010 / USA	Ethanol Origination Trade	Ordinary	100	0.01	30
Raizen Asia Pte Ltd	77 Robinson Road Level 34 068896 / Singapore	Marketing, Services and Distribution of Ethanol	Ordinary	100	1.00	1,128,966

14. Stocks

	<i>GROUP</i>	<i>GROUP</i>
	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Stock for resale	32,291	37,831
	<i>LLP</i>	<i>LLP</i>
	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Stock for resale	23,921	34,029

Stocks held by the Group at the 31 March 2019 comprises 78,867 cubic meters (2018: 91,523 cubic meters) of ethanol.

Stocks are measured at fair value less costs to sell. The Group operates in an active market where sale can be achieved at published prices and stocks is a store of readily realizable value. This is therefore considered to provide a more relevant measure of the Group's performance. Fair value is determined using techniques that utilize observable inputs. The key input is the market price for the relevant commodity.

Notes to the financial statements

for the year ended 31 March 2019

15. Debtors

	<i>GROUP</i> 31.03.2019 US\$000's	<i>GROUP</i> 31.03.2018 US\$000's
Trade debtors	73,510	47,262
Amounts owed by group undertakings	492,937	161,982
Other debtors	3,698	4,786
Derivative financial instruments	64,822	22,745
Prepayments and accrued income	578	4,022
	<u>635,545</u>	<u>240,797</u>

Amounts owed by group undertakings are paid against shipping documents with a maximum tenure of 60 days after loading. No interest is charged.

	<i>LLP</i> 31.03.2019 US\$000's	<i>LLP</i> 31.03.2018 US\$000's
Trade debtors	70,244	45,000
Amounts owed by group undertakings	470,213	160,026
Other debtors	16,260	23,185
Derivative financial instruments	64,821	22,745
Prepayments and accrued income	366	3,225
	<u>621,904</u>	<u>254,181</u>

Amounts owed by group undertakings are paid against shipping documents with a maximum tenure of 90 days after loading. No interest is charged.

16. Creditors: amounts falling due within one year

	<i>GROUP</i> 31.03.2019 US\$000's	<i>GROUP</i> 31.03.2018 US\$000's
Trade creditors	620,707	137,885
Amounts owed to group undertakings	68,647	172,977
Derivative financial instruments	49,630	21,088
Accruals and deferred income	118,529	57,963
Tax accrual	2,755	9,356
Other creditors	300	54
	<u>860,568</u>	<u>399,323</u>

Amounts owed to group undertakings are repayable against shipping documents with a maximum tenure of 90 days after receipt of documents. No interest is charged.

Notes to the financial statements

for the year ended 31 March 2019

16. Creditors: amounts falling due within one year (*continued*)

	<i>LLP</i> 31.03.2019 US\$000's	<i>LLP</i> 31.03.2018 US\$000's
Trade creditors	292,663	172,593
Amounts owed to group undertakings	292,592	135,202
Derivative financial instruments	49,630	21,088
Accruals and deferred income	118,345	57,053
Tax accrual	2,702	9,046
Other creditors	318	62
	<hr/> 756,250	<hr/> 395,044

Amounts owed to group undertakings are repayable against shipping documents with a maximum tenure of 90 days after receipt of documents. No interest is charged.

Notes to the financial statements

for the year ended 31 March 2019

17. Financial Instruments

The Group has the following financial instruments:

	Notes	<i>GROUP</i> 31.03.2019 US\$000's	<i>GROUP</i> 31.03.2018 US\$000's
Financial assets and commodity contracts at fair value through profit or loss			
- Derivative financial instruments and physical commodity contracts	15	<u>64,822</u>	<u>22,745</u>
		<u>64,822</u>	<u>22,745</u>
Financial assets that are debt instruments measured at amortized cost			
- Trade debtors	15	73,510	47,262
- Amounts owed by group undertakings	15	492,937	161,982
- Other debtors	15	3,698	4,785
- Cash at bank and in hand		267,873	203,967
- Accrued income	15	<u>578</u>	<u>4,022</u>
		<u>838,596</u>	<u>422,018</u>
Financial liabilities and commodity contracts at fair value through profit or loss			
- Derivative financial instruments and physical commodity contracts	16	<u>49,630</u>	<u>21,088</u>
		<u>49,630</u>	<u>21,088</u>
Financial liabilities measured at amortized cost			
- Bank loans and overdrafts	16	-	-
- Trade creditors	16	620,707	137,885
- Amounts owed to group undertakings	16	68,647	172,977
- Other creditors	16	300	54
- Accruals	16	<u>121,284</u>	<u>67,319</u>
		<u>810,938</u>	<u>378,235</u>

Notes to the financial statements

for the year ended 31 March 2019

17. Financial Instruments (continued)

	Notes	LLP 31.03.2019 US\$000's	LLP 31.03.2018 US\$000's
Financial assets and commodity contracts at fair value through profit or loss			
- Derivative financial instruments and physical commodity contracts	15	64,822	22,745
		<u>64,822</u>	<u>22,745</u>
Financial liabilities and commodity contracts at fair value through profit or loss			
- Derivative financial instruments and physical commodity contracts	16	49,630	21,088
		<u>49,630</u>	<u>21,088</u>

The fair value charge included in the consolidated income statement for physical commodity derivative contracts in the year is \$11,012k (2018: \$3,520k), future contracts is \$4,039k (2018: \$-1,612k) and forward contracts is an asset position of \$141k (2018: liability position of \$252k).

Derivative financial instruments- future contracts

The Group enters into exchange-traded commodity futures in order to manage the price risk associated with its trade in physical commodities. At 31 March 2019, the outstanding contracts had a fair value of \$4,039k (2018: \$-1,612k), and all contracts mature before the financial year ending March 2020. The contracts represent notional purchases and sales of 524k and 627k cubic meters respectively of ethanol and purchases and sales of 753k and 703k cubic meters respectively of hydrocarbons (2018: 541k and 275k cubic meters of ethanol respectively and 266k and 283k of hydrocarbons respectively). The futures are concluded for the future purchase or sale of ethanol and hydrocarbons in line with the Group's hedging requirements as set out in the Designated Member's Report.

Derivative financial instruments- physical commodity contracts

The Group trades ethanol and hydrocarbons products using physical commodity contracts under which a price may be agreed with the counterparty for delivery at a future date. The Group is trading hydrocarbons products following same premises as ethanol. At 31 March 2019, the total outstanding physical contracts had a fair value of \$7,084k (2018: \$3,520k), and all contracts mature within the next financial year. The contracts represent physical purchases and sales of 1,319k and 726k cubic meters of ethanol respectively and 223k and 223k cubic meters of hydrocarbons respectively (2018: 610k and 387k cubic meters of ethanol and 211k and 168k cubic meters of hydrocarbons respectively). The Group is trading Renewable Identification Numbers (RINS) and Low-Carbon Fuel Standard (LCFS), contracts under which a price may be agreed with the counterparty for delivery at a future date, which, as at 31 March 2019, represents an open position of \$3,883k and \$45k respectively. The contracts represent purchases and sales of a volume of 143,000k gallons and 145,500k gallons respectively for RINS and purchases and sales of 60k credits and 110k credits respectively for LCFS. As mentioned in RINS & LCFS curves description above, the main agency for RINs prices is OPIS (more than 95% of the RINs trades). Therefore, the Group use OPIS quotes for RINs as market reference as most of times the Group RINs deals' are ethanol related.

The market price curve considered to mark to market the physical contracts of Brazilian Anhydrous Ethanol (BAE) is informed by Raizen Energia's trading desk in Brazil based on market price information (market players' current bid-and-ask prices) to determine this market curve. At 31 March 2019, the BAE outstanding physical contracts represent a net of physical purchases and sales of 2,359k cubic meters (2018: 0k cubic meters) out of the total physical contracts of ethanol stated above. The fair value of this contract at 31 March 2019 was US\$ 160k (2018: US\$ 0k).

Notes to the financial statements

for the year ended 31 March 2019

17. Financial Instruments (continued)

Derivative financial instruments- forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk in foreign currency-denominated ethanol contracts. At 31 March 2019, the outstanding contracts all mature within 3 months (2018: 5 months) of the year end. The Group is committed to buy USD in exchange for EUR.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilize observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:EUR. The fair value of the forward-foreign currency contracts is an asset position of \$141k (2018: liability position of \$252k).

18. Financial risk management

The Group has exposures to four main areas of risk - foreign exchange currency exposure, liquidity risk, interest risk and customer credit exposure i.e. credit risk

Foreign exchange transactional currency exposure

The Group has an established policy governing the management of its foreign exchange risk.

Given the geographic diversity of the Group's sales and the countries in which it operates, the earnings and operating costs of the Group are influenced by a wide variety of currencies. The reporting currency of the Group is USD, while some of the Group's turnover and costs are in EUR. The objective of the risk management policy is to ensure that all exposures related to its turnover and costs, in currencies other than the USD, are adequately hedged so as to protect margins and maximise shareholder return.

The Group's treasury function, under the direct supervision of management, provides a centralised service to the Group for its funding and foreign exchange risk management. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts. The forward foreign exchange contracts all mature within 12 months.

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available.

Credit risk

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

If customers are not approved for payment via credit terms, LC's are requested to secure payment.

Interest rate risk

The Group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

Notes to the financial statements

for the year ended 31 March 2019

19. Commitments

Letters of credit

The Group and LLP have open guarantees and letters of credit totalling US\$16,562k at 31 March 2019 compared to \$ 6,869k open letters of credit at 31 March 2018. The inventory, debtors and certain insurance policies are pledged on behalf of these letters of credit as security for the debt.

Foreign exchange commitments

The Group and LLP have unrecognised open foreign exchange commitments totalling US\$2,077k at 31 March 2019 that will be settled and accounted for when they realise during 2019 compared to US\$9,432k at 31 March 2018. The unrealised gain on these contracts at 31 March 2019 was US\$141k compared to a loss of US\$252k in 31 March 2018.

Operating lease commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31.03.2019	31.03.2018
Payments due	<i>US\$000's</i>	<i>US\$000's</i>
Not later than one year	1,013	1,032
Later than one year and not later than five years	688	376
Later than five years	-	-
	1,701	1,408

The LLP had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31.03.2019	31.03.2018
Payments due	<i>US\$000's</i>	<i>US\$000's</i>
Not later than one year	113	156
Later than one year and not later than five years	447	-
Later than five years	-	-
	560	156

Notes to the financial statements

for the year ended 31 March 2019

20. Related party transactions and controlling party

Controlling party

The Raizen group of companies is a joint venture between Cosan S.A and Royal Dutch Shell PLC which are the ultimate controlling parties. They share control of Raizen Energia S.A (RESA) and Raizen Combustiveis S.A (RCSA), which collectively hold all beneficial interest in the entities within the Raizen Group structure. RESA is the intermediate parent of Raizen Trading LLP.

The Group is governed through Raizen S.A (RSA), in which the joint venture partners hold a direct stake. RSA does not hold direct ownership of any other entity within the Raizen group of companies.

The immediate parent undertaking of the LLP is RESA, which is also the only company to consolidate the LLP's financial statements. Both Members of the LLP (RESA and Raizen Araraquara Açucar E Alcool LTDA) are registered in Brazil. The financial statements of RESA are available from the Group headquarters at Avenida Brigadeiro Faria Lima 4.100, 11º andar, Parte V, Itaim Bibi, São Paulo, Brazil.

Notes to the financial statements

for the year ended 31 March 2019

20. Related party transactions and controlling party *(continued)*

Related party transactions

The Group had the following transactions and outstanding balances with related parties:

for the year ending and as at 31 March 2019 (US\$ 000's)

Name of related party	Ethanol sales for the year ended 31.03.2019	Ethanol purchases for the year ended 31.03.2019	Hydro-carbons sales for the year ended 31.03.2019	Hydro-carbons purchases for the year ended 31.03.2019	Debtor balance as at 31.03.2019	Creditor balance as at 31.03.2019
<u>Subsidiaries of joint controlling party</u>						
Shell Trading	72,396	43,668	12,196	588,542	21,537	38,110
Shell Trading, Rotterdam	6,826	-	-	-	3,262	-
Shell Argentina	900	-	-	-	-	-
Pilipinas Shell Petroleum Corp.	15,982	-	-	-	1,297	-
<u>Fellow joint venture subsidiaries</u>						
Raizen International	-	-	-	-	51,043	-
Raizen Energia	119,498	261,835	33	-	25,595	30,537
Raizen Combustiveis S.A	57,114	-	-	-	4,809	-
Raizen Araraquara Ltda	-	18,439	-	-	-	-
Petroleo Sabba S.A.	217,440	-	-	-	30,542	-
Agricola Ponte Alta Ltda.	1,679	-	-	-	-	-
Blueway Trading	4,892	-	1,198,814	5,590	354,775	-
Raizen Centroeste	-	-	-	-	-	-
Raizen Paraguaçu	21	3,394	-	-	-	-
Raizen Mime	-	-	-	-	-	-
Iogen Energy Corporation	-	-	-	-	77	-

Notes to the financial statements

for the year ended 31 March 2019

20. Related party transactions and controlling party *(continued)*

for the year ending and as at 31 March 2018 (US\$ 000's)

Name of related party	Ethanol sales for the year ended 31.03.2018	Ethanol purchases for the year ended 31.03.2018	Hydro-carbons sales for the year ended 31.03.2018	Hydro-carbons purchases for the year ended 31.03.2018	Debtor balance as at 31.03.2018	Creditor balance as at 31.03.2018
<u>Subsidiaries of joint controlling party</u>						
Shell Western Supply and Trading Ltd.	43,606	143,336	-	122,642	381	172,855
Shell Trading Rotterdam B.V.	6,076	3,800	-	-	-	-
Pilipinas Shell Petroleum Corp.	11,840	-	-	-	1,205	-
<u>Fellow joint venture subsidiaries</u>						
Raizen Energia	104,327	172,714	-	-	47,235	122
Raizen Combustiveis S.A	148,605	-	-	-	9,661	-
Raizen Araraquara Ltda	3,704	14,266	-	-	-	-
Petroleo Sabba S.A.	290,377	-	-	-	41,795	-
Agricola Ponte Alta Ltda.	80,387	-	-	-	21,211	-
Blueway Trading	12,082	-	-	-	30,522	-
Raizen Centroeste	3,482	-	30,522	-	-	-
Raizen Paraguaçu	38,396	-	-	-	9,221	-
Raizen Mime	2,433	-	-	-	-	-
Iogen Energy Corporation	-	-	-	-	750	-

Notes to the financial statements

for the year ended 31 March 2019

21. Notes to the statement of cash flows

	<i>31.03.2019</i>	<i>31.03.2018</i>
	<i>US\$000's</i>	<i>US\$000's</i>
Profit before taxation	35,988	55,221
Net interest income	(890)	(88)
Operating profit	35,098	55,133
Adjustments for:		
Amortisation of intangible assets	238	520
Depreciation of tangible assets	24	55
Defined benefit pension scheme	-	26
Working capital movements:		
Decrease/(increase) in stocks	5,540	(28,299)
Increase in debtors	(394,362)	(132,161)
Increase in payables	467,848	325,139
Cash flow from operating activities	114,386	220,413
Net cash from operating activities	114,386	220,413